

CANADA-U.S. AUTOMOTIVE AGREEMENT

The following is a statement by Prime Minister Pearson on the occasion of the signing of the Automotive Products Trade Act by President Johnson:

In January of this year, President Johnson and I signed an agreement regarding the automotive trade between Canada and the United States. The Canadian part of this agreement was brought into operation immediately in order to enable Canadian industry to get ahead with production plans without delay. I welcome the action which has now been taken, with the strong support of President Johnson, to give effect to the United States part of the arrangements, with retroactive application.

This event demonstrates again the capacity of our two countries to make and carry out co-operative arrangements of great benefit to both of them. This is the positive and constructive way to deal with our problems and to make the most of our opportunities.

The automotive arrangements remove duties on the bulk of the trade in automobiles and parts between the two countries, and also ensure that the companies in Canada will bring about a very large expansion in sales at home and abroad. In so far as the general expansion might be accompanied by some production changes, the Canadian Government has made provision to assist workers, as well as parts producers, to adjust to the changed conditions and to take advantage of the growth opportunities.

MAJOR AGREEMENT

The agreement is one of the most important and imaginative trading arrangements ever made between the two countries. The automotive industries are a major sector of our economy, not only because of their own production and employment but also in terms of their impact on a wide array of industrial materials and service industries. The opportunities opened up by this far-reaching agreement, for Canadian motor vehicle and parts producers to sell in the vast United States market, will make a major contribution to Canadian economic growth and prosperity and bring lasting benefits for Canadians everywhere.

Already this programme, and the measures adopted earlier by the Canadian Government, have begun to make beneficial effects. The action now being taken by the United States will increase these benefits.

LARGE EXPANSION PLANNED

To date, no fewer than 170 companies in the automotive field in Canada have expanded, or are planning to build or expand, production facilities as a direct result of the Government's initiative. This expansion of the industry includes assembly facilities for cars, production and assembly facilities for trucks and buses, technologically advanced engine plants, a large new trim plant, a new installation for commercial vehicle frames and many other products ranging from ball bearings to modern braking systems.

Most of these new and enlarged facilities are being designed to service not only the Canadian market but the world market as well. Expansions are also taking place in the materials supply and

service industries which rely upon the automotive industry as one of their major customers.

Production during the eight months since the new programme was introduced in Canada has totalled over 550,000 vehicles, an 18 per cent increase over the previous year's record-breaking level.

EMPLOYMENT AND EXPORTS INCREASED

Since special automotive measures were introduced, employment in these industries has increased by 20,000 jobs, or by a third over the 1963 level. More than 8,000 of these additional jobs are in the parts industry and much of the additional employment has occurred in smaller communities, where the additional employment in manufacturing has been particularly welcome.

Exports of Canadian automotive products to all countries amounted to \$156 million during the first half of 1965, an increase of more than 200 per cent over the same period in 1963, and exports to the United States expanded even more spectacularly, with a 400 per cent increase over the same period.

CONSUMER BENEFITS

The buying public is also already benefitting directly from the agreement. The prices recently announced by Canadian manufacturers, for the 1966 models, are lower than those of equivalent automobiles last year. The cuts in total mean savings to the customer in the next 12 months of about the same size as the \$50 million that has been estimated as the amount of customs duties foregone as a result of the agreement.

More benefits for consumers can be expected over the period ahead. As Mr. Drury, the Minister of Industry, has indicated, it can be expected that, when the full effects of the automotive programme are felt, the differential between Canadian and American car prices at the factory will progressively be removed. Prices for the 1966 model year indicate that, for the popular models, the differential has already been narrowed by a third to a half.

With President Johnson's signing of the U.S. legislation, I am confident that the benefits of the automotive agreement will continue to increase as its operation gains momentum.

* * * *

FASTER TECHNOLOGICAL CHANGES

"There is a strong possibility that technological change will take place at a pace significantly greater than that which has occurred even over the past decade," Dr. George V. Haythorne, Deputy Minister of Labour, said recently in Kingston, Ontario. He was speaking on the subject "Technology and Labour" at the annual public lecture series at Queen's University. The subject of this year's series is the "Role of Computers in Society."

Discussing technological innovations, Dr. Haythorne said: