

Nowhere in the world is economic co-operation between two countries closer or more varied than between Canada and the United States. Although this may sometimes give rise to special problems, I think both our countries are greatly enriched by the co-operative arrangements which prevail between us.

This co-operation covers many fields. To mention only a few:

1. Water resources, as exemplified by the Columbia River Treaty;
2. The utilization of energy, including electricity, petroleum and natural gas;
3. The special arrangements for the automotive industry.

As the automotive industries are an important part of the economy of this region, I would like to review the progress which has been achieved under the Canada-United States Automotive Trade Agreement.

Like many secondary industries in Canada, the automotive industries traditionally have faced the problems of manufacturing for the Canadian market. No matter how carefully the Canadian vehicle and parts producers managed their businesses, no matter how diligently they took advantage of the latest technologies, they faced higher costs than those of their competitors outside Canada.

Some of the factors have been the higher costs associated with short run assembly and manufacturing operations. This would include the cost of writing off tooling and facilities over much