Production of petrochemicals and other chemical products represents an important upgrading of Canadian resources and this increased processing both for domestic and foreign markets is very much in line, as you know, with a major thrust of Government economic policy.

Although your industry is, in general, capital-intensive it employs a labour force which is well educated and which has high technical capabilities. Moreover, it has had an unquestionably good growth record over recent years which shows promise of continuing. The industry has vital links into other segments of Canadian industrial production. The textile industry must have ethylene glycol as a base for producing polyester fibres. The plastics industry, with its wide variety of output depends upon adequate and competitively priced resins. As an indirect consumer of petrochemicals, a growing percentage of finished motor vehicles (designed to be lighter and more energy-efficient) is made up of such downstream products as moulded and extruded plastic parts.

It is evident that domestic and foreign trade barriers are but one influence on the competitive situation facing the chemical producing industry. Scale of production, degree of specialization, upstream and downstream relationships, feedstock costs relative to competitors in other countries, capital costs and taxation, competition and transport policies all have an