

controls to Canadian oil. Indeed, continental security requires that a more rational use be made of such continental resources as these, and the Canadian Government is determined to persist in its efforts to secure unimpeded access of Canadian oil to the markets of the United States. The President has expressed the hope that in the course of further conversations agreement can be reached which will take fully into account the interests of Canada and other oil producing states. We sincerely hope that his expectations are fulfilled, for the Canadian Government is bound to use all means at its disposal to safeguard vital Canadian interests.

What I have said would apply with equal force to the sharing of defence production contracts required to fulfill the continental defence partnership into which we have entered with the United States. It is of the utmost importance that the highly proficient research and development skills and techniques which have been developed in Canada be preserved and expanded and that Canadian materials, finished products and component parts be used in the common defence effort. This participation by Canada can be justified on political, economic and military grounds. A strong Canada means a strong partner in our continental defence. It is sometimes discouraging to learn that these problems which are of such vital concern to Canada are most imperfectly understood by large sections of the American business community. Indeed, there is often a total unawareness of their existence. To you, as businessmen, I say that we must be persistent in our efforts to gain recognition of our rights and interests when working out practical relationships with our good neighbours to the south.

Our problems as a world trader are not, of course, confined to our relations with the United States, important though they are. One aspect of current economic developments which we follow in Canada with interest, not unmixed with concern, is the creation of the European Economic Community or common market and the various proposals -- none so far successful -- for associating with it, in a less integrated grouping, the United Kingdom and most other countries of Western Europe. Because more than one-quarter of total Canadian exports go to Western Europe, our trading arrangements with that area are of the utmost importance. They are also, I need hardly point out, of fundamental interest and importance to this city through which so much European trade passes. A strong, prosperous and outward-looking Europe would contribute to the expansion of Canadian trade, but a restrictive regional trading group would, by contrast, have most serious implications for us.

May I digress from this discussion of our trade problems to dwell for a moment on a related problem with which the Government has been preoccupied of late -- that of the extent of the territorial sea and fishing limits, which is of such great significance to Canada's fishing industry. Canada