

And raw statistics tell only part of the story. Because of the intricate economic linkages, an improvement in the Canadian economy benefits the United States far more than a comparable rise in any other country or region; the reverse is equally true - in spades. It is not by choice only that we co-operate to fight to-day's major economic problems; it is a matter of necessity. Neither country can enjoy real economic health while the other is ailing; nor can one nation remain insensitive for long to the other's legitimate concerns.

I have told of some of the major success stories in our relationship this year. A balanced view requires that I take note of some still unresolved problems. There is the matter of West Coast tanker traffic, our still somewhat differing views on a suitable regime to govern sea-bed mining, the irritating and potentially very serious issue involving the extraterritorial application to Canada and Canadians of American law and the negative impact of the US convention tax on a Canadian travel industry already suffering a deficit, in relation to the US, of close to a billion dollars annually.

This audience is very familiar with the auto pact and I suspect that few from either side of the border would seriously advocate its abandonment. Yet, there continues to be obvious short-comings in the arrangement. For instance, in 1976, Canada had a deficit in auto parts of 2½ billion dollars, only partially off-set by a surplus of 1½ billion in finished automobiles. Canadian agriculture encounters problems from time to time, often in the non-tariff barrier field.