

The foundations for this new vision of international economic co-operation were established at the end of the Second World War. It has been given institutional form in the World Bank and the International Monetary Fund, the General Agreement on Tariffs and Trade, the Economic and Social Council of the United Nations, and the Organization for Economic Co-operation and Development.

The same conception of international economic interdependence is now beginning to find modest expression and recognition in relations with the countries of Eastern Europe. And, of course, it is reflected in a particularly significant way in the international effort to meet the challenge of development in co-operation with the developing countries of Asia, Africa, and Latin America.

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.

Coming from the Detroit area, as you do, co-operation in the field of automobile manufacturing is of particular interest to you. I should like, therefore, to say a few special words about it.

The Canadian automotive industry has always been closely linked with that in the United States, but has traditionally faced higher costs because of the limited Canadian market. In an effort to find a solution to the problems arising from short runs, and high costs in the industry, and the rapidly-expanding trade imbalance which resulted, the Canadian Government entered into discussions with the industry and the United States Government. The result, as you all know, was the Automotive Products Agreement, concluded in January 1965.

This agreement is one of the most important and imaginative trading arrangements ever made between our two countries. For the first time in the history of our trade relations, we have concluded an agreement which recognizes that in certain cases differences in size, financial strength and the relative development of our industries may call for special provisions to ensure that Canada, in fact as well as in theory, derives genuine, reciprocal benefits from its trade with its larger neighbour.