

recommend it from the point of view of all interested parties both in Canada and abroad, not least of all the United States and our other trading partners.

Need for Co-operation

To succeed along this path we will need a sincere effort and the full co-operation of all segments of the Canadian industry, particularly from the large international oil companies with subsidiaries in Canada, many of which are owned in the United States. We will make every effort to achieve our goals with a minimum of government intervention, consistent always with the success of our programme, which we regard as imperative. We are hopeful that this co-operation will be forthcoming in the full measure required and that it will not become necessary to fall back on a mandatory system of government controls.

Let me assure you that we have approached this programme with no fixed views or inflexible attitudes. There is only one respect in which our views are entirely firm. We are determined to make this programme work.

In formulating our national policy we have taken into account as fully as possible the position of our trading partners whose interests may be affected. We believe that the voluntary system is designed to reach our objectives with a minimum of interference in established trading patterns.

The voluntary programme entails a progressive enlargement of the share of the Ontario market served by Western crude and this will mean some modest displacement of oil imported from the Middle East and Venezuela. This development would be entirely consistent with the declared policy of the Venezuelan Government, which considers that its oil should not penetrate regions in the Canadian interior. This programme also involves a modest and gradual increase in exports to existing oil-deficient markets in the United States West and middle-West. We believe that this modest increase, from about one per cent to 2 per cent of your total oil consumption, would be entirely consistent with the encouragement given to Canadian production and to the building of a pipe line to the Puget Sound area by the United States at the time of the Korean War and the enlargement contemplated when arrangements were made on strategic grounds for the exemption of Canadian oil from the United States import controls in the spring of 1959. The attainment of our objectives will, we believe, foster a healthy and vigorous petroleum industry, which is so vital to the long-term economic and strategic interests of Canada as well as those of the United States.