

As a member of the ICCS Canada has followed what we call an "open mouth" policy -- we have been open and direct in public statements in the belief that by so doing we can contribute to better understanding of the tasks confronting the International Commission in Viet-Nam.

Now let me see if I can contribute to better understanding of Canadian attitudes toward the United States by some friendly and frank talk about economic developments affecting relations between our two countries.

First, some simple and obvious facts. Total trade between our two countries exceeds 25 billion dollars annually. We are each other's best customer. Your overall trade with us is double that of your trade with Japan, your next largest trading partner. We invest heavily in each other -- in per capita terms Canadian investment in the United States exceeds that of American investment in Canada. This will probably strike you as a very satisfactory and mutually rewarding arrangement. In most respects it is.

However, there is a catch -- and that is found in the disproportionate size of our economies. You are ten times larger in population and eleven times larger in gross national product. Thus the degree of Canadian ownership of the American economy is negligible, whereas U.S. investment in Canada results in about 50% American control of Canadian manufacturing industries. In some sectors including automobiles and petrochemicals, the percentage of U.S. ownership is much higher.

You are the market for some 70% of our total exports. We purchase about 69% of our total imports from you. These figures speak for themselves about the intimacy of our economic involvement. They leave no doubt that when Washington, Chicago or New York sneezes, the draught is felt in most parts of Canada. Conversely a native Canadian virus is less contagious in the United States.

What about trends? The United States' share of our exports and of imports has grown gradually over the years particularly as the proportion of traditional trans-Atlantic trade declined. The growth of U.S. investment in Canada has followed a steeper upward curve. The United States' share of net direct foreign investment in Canada has been running recently at 80 to 90% of the total.

Project these figures some years ahead, taking into account the recent acceleration of economic polarization and you will readily understand Canadian anxieties. You will understand why we were so concerned about the 10% surcharge on imports by the United States Government in August 1971 in order to help meet your balance of payments deficit.