

serious environmental problem in both countries and a serious transboundary problem.

- Prime Minister Mulroney confirmed that Canada had agreed to build the Mobile Servicing Centre (MSC) for the Space Station.
- The two Heads of Government signed a five-year renewal of the North American Aerospace Defence (NORAD) Agreement.

There were, however, unresolved differences. The challenge to Canadian sovereignty over the Northwest Passage, represented by the Polar Sea ice-breaker incident of August 1985 was the most visible. Growing protectionist pressures in Congress were equally troubling.

The 1987 Ottawa Summit

Between the Washington Summit and the Ottawa meeting of April 1987, a number of actions by the US government gave cause for concern. On the trade front, the imposition of a 35 per cent countervailing duty on shakes and shingles, the Commerce Department's ruling on softwood lumber, export subsidies on agricultural products, and the December 8, 1986 Federal Energy Regulatory Commission's (FERC) "as-billed" decision on natural gas imports all undermined the "standstill" commitment made at Quebec. Regarding acid rain, the initial reluctance of the US Administration to seek new funding (as recommended by the Special Envoys' report) for a control technology demonstration programme in the 1987/88 budget submission seemed to signal a step backward. With regard to Arctic sovereignty, discussions on a settlement to the issue were continuing but fundamental differences persisted.

Against this background, Prime Minister Mulroney invited Vice-President Bush to Ottawa for a frank review of the agenda. The January 1987 visit by the Vice President, accompanied by Treasury Secretary James Baker, was followed by the President's endorsement of the trade negotiations in his 1987 State of the Union address and to a "fresh look" at the acid rain problem. The latter in turn led to the renewed commitment on March 18, 1987 to seek (inter alia) funding as recommended by the Special Envoys' report on acid rain.

Canada's objectives for the April 5-6, 1987 visit to Ottawa of President Reagan and several of his most senior cabinet advisers were: the consolidation of progress already made; attainment of incremental progress on other issues; and a friendly and open dialogue on a wide range of questions of importance to both countries. The Ottawa Summit was successful: