

Q. Did you press Mr. Schultz to perhaps do what he could to speed approval of gas exports from Nova Scotia, offshore gas, anywhere else to the United States.

A. (M) No I didn't press, not yet, that may come in the future.

Thanks for the tip.

Q. During the past couple of days you both spoke somewhat about the good relationships between Canada and the United States. At the moment there are a number of outstanding issues, particularly in the area of trade, for instance natural gas exports, steel and so on. Can you tell us what progress has been reached in those areas.

A. (M) Well on natural gas, we did discuss that. I think that that is a situation that is moving but there was a more accommodating atmosphere in that area in our meeting today. We have attempted to make our gas export policy more market sensitive and without speaking for Mr. Schultz, I think that has been noted by him. On specialty steel of course we have brought to the attention of the American authorities the impact of the application of Article 19 on Canadian sales and we are presently working, Mr. Reagan is working Mr. Brock, on possible solutions. We don't know if they will take place but certainly it is an area where discussions and possible action is in place.

(S) I would add a point, the trading relationship between the United States and Canada is the largest country-to-country trading relationship in the world and I think you can take two facts, inferences, from that fact. Number one, we must be doing something right, number two there will always be problems and so these problems come and go and we try to work them out. I think when we talked the last time we talked a lot about trucking and lumber. We didn't talk about those anymore because those problems have been dealt with. I think that the proposal, the paper put forward by Mr. Regan on behalf of the Canadian government on trade is a very interesting one and he proposes that we go about the continued opening of trade, and I believe that something like 80% of the trade takes place without any tariffs, quotas, or anything, but continued opening on the basis of a sectoral approach. We think that offers some interesting possibilities. So I would expect to see that pursuit on specialty steel and petro-chemicals