

United States Administration in its desire to correct certain fundamental imbalances in international monetary and trade relations. We made our contribution to the correction of some of these imbalances, for example, by floating our currency and by advancing tariff reductions under the Kennedy Round many months before the United States announced its New Economic Policy, and we are prepared to go further, as we indicated to your Government some time ago. Regrettably, they did not accept our offer.

This is only a part of the search for further liberalization of international trade, a search in which Canada would wish to see all of the world's trading nations engaged, even as they seek to protect their own essential economic interests.

In this endeavour, the whole trading world looks to the United States for responsible and effective leadership. We look to the United States for vigorous support of multilateral liberalized trade based on non-discriminatory principles, further improvements in the terms of competition and the encouragement of outward-looking postures by other countries.

Recent statements by President Nixon suggest that longer-term United States economic interests call for the pursuit of the objectives of freer international trade and capital investment and for an orderly and effective international trading and monetary system, reformed and adapted to the new international situation.

And this suggests that the United States, far from turning inward, is reasserting its leadership responsibilities and charting a course for future trade liberalization that serves its own interests and those of all trading nations.

If this reading is correct, and I believe it is, I have no fears for the future United States-Canada trading relation.

The \$20 billion in total trade between Canada and the United States involves about 67 per cent of our total exports and about 75 per cent of our total imports. These facts, taken together with the high degree of American ownership of the Canadian economy, mean that Canada is particularly vulnerable to the vicissitudes of the American market and to changes in your economic policy. To offset this vulnerability, the thrust of Canadian policy is to seek the maximum diversification in our export markets. Our aim is not to reduce the dollar value of our exports to you but rather to increase our exports to the rest of the world at a faster rate, so that the proportion of our exports entering this country will be stabilized and perhaps, over a period, somewhat reduced.

In this endeavour we have to be realistic, even hard-headed. For Canada, there is not, and will not be, any substitute for the market this country represents. Canadian prosperity depends on access to the American market. But I think that, if there is one thing Canadians and Americans agree about, it is that Canada should remain free, sovereign and independent. If we are to do this, we must not allow ourselves to drift from interdependence with you to total dependence upon you.