

authorities. At the same time, information on American business views, which was gathered in the course of the program, contributed to the policy-making process in Canada.

The restructuring of FIRA and the introduction of Investment Canada legislation were well received in the United States as signals of the government's recognition that foreign investment has a positive role to play in the development of the Canadian economy.

In order to promote the image of Canada as a desirable place for investment, the Department participated, for the first time, in a national site location conference in the United States. To further the same objective, the Department participated in national conferences for investment analysts and for international investors. Again for the first time, the Department sponsored two incoming missions to promote investment. The first mission was a national tour by a group of investment analysts from the US West Coast; the second was a group of senior investment executives from the northeastern states. In addition, Canadian consulates general, in co-operation with provincial officials and the Canadian private sector, organized three investment development seminars.

The Department has sought to increase participation by Canadian industry in the United States through the commissioning of private consultants to study regional markets for specific Canadian products. Five studies were completed, and six were initiated, in the past year. These studies uncovered new export opportunities and matched them to the specific capabilities of small and medium-sized Canadian firms. Workshops and seminars on completed studies were carried out, in co-operation with other federal government departments, provincial governments and trade associations, to brief industry representatives and to prepare follow-up marketing strategies.

The Department provided assistance to new and experienced exporters in central Canada through a specialized study on transportation links with southern US markets. As part of Export 85, copies of this study were distributed to approximately 5 000 Canadian exporters. Further specialized studies for exporters located in Western and Atlantic Canada are underway.

In 1984-85, the Department, in close consultation with DRIE, provincial governments and the private sector, implemented a Sector Marketing Strategies Program for the United States. Five strategies were completed: agricultural equipment, manufactured wood products, sporting goods, urban transportation and home heating. In addition, strategies for a further ten sectors, including oil and gas equipment, defence equipment, computer software and apparel, have been initiated.

The Department, through its Promotional Projects Program, sponsored the participation of 500 Canadian firms in 33 major trade fairs in the United States. Approximately 60 per cent of these firms were new exporters (of which 85 per cent were classified as small or medium-sized companies). Approximately 500 American buyers were assisted in undertaking visits to manufacturers and producers in Canada. The Promotional Projects Program as a whole generated more than \$163 in export sales for each dollar spent.

The Department also sponsored approximately 80 smaller and relatively inexpensive trade promotion events, such as solo, regional and in-consulate shows, designed to assist firms

in taking advantage of quickly emerging marketing opportunities. These activities generated \$167 in exports for each dollar spent.

In 1984-85, the United States was the prime target for the Program for Export Market Development, and applications were approved for a total of \$34.2 million. The most popular sections for the US market continued to be PEMD B (Business Exploratory Visits to the United States) and PEMD C (Participation in Trade Fairs Located in the United States), with the combined number for these categories exceeding those for any other destination.

Bilateral energy relations continued to be managed under the aegis of the Energy Consultative Mechanism, a forum established in 1979 to enable energy officials of both countries to exchange views periodically on bilateral and multilateral energy questions. One of the highlights of the year was complementary reform of the Canadian and US regulatory regimes governing trade in natural gas. The new Canadian regime, which took effect November 1, 1984, allows Canadian exporters to negotiate the export price of natural gas for the first time since 1974.

Energy exports to the United States continued to be a strong dollar earner for Canada in 1984. Calendar year exports were estimated at \$7.1 billion in petroleum, \$3.9 billion in natural gas and \$1.4 billion in electricity, for a total of \$12.4 billion compared to \$11.1 billion in 1983.

Significant progress was achieved on environmental issues, as Canada and the United States renewed their determination to deal with them in a responsible and co-operative spirit. The three-year stalemate on acid rain was broken at the Quebec Summit when the Prime Minister and the President announced the appointment of two special Acid Rain Envoys, former Ontario Premier William G. Davis and former US Transportation Secretary Drew Lewis, with a mandate to pursue consultation on laws concerning acid rain and to identify mechanisms for improving the North American environment.

The conclusion of the Skagit River Treaty removed fears in British Columbia that the Skagit Valley might be flooded (as a result of a 1942 International Joint Commission order for the raising of the Ross Dam in the United States) and exemplified the ability of the two countries to agree on mutually satisfactory solutions to difficult bilateral issues. Similarly, the Garrison Commission, established by Congress in July 1984, made recommendations to the US Secretary of the Interior in December for a Commission Plan which would limit irrigation service to the Missouri basin and defer Hudson Bay irrigation. The Canadian government has informed the United States that the Commission Plan, if approved and implemented, would essentially resolve the long-standing Garrison issue.

With regard to the Niagara River, the US appears to be moving towards a more positive response to Canadian requests for urgent and effective clean-up of toxic waste disposal sites on the US side of the river, but much work remains to be done.

A major development in fishery relations with the United States occurred during 1984-85 with the completion and ratification of the Pacific Salmon Treaty, which took over 15 years to negotiate.