

The two governments have decided to make these summit meetings an annual affair, so that, at least once a year, the president and the prime minister will meet to discuss directly the progress in relations between our two quite different countries.

But I want that mutual interest to go beyond governments and become a more permanent part of the understanding of the people of our two countries. That is unavoidable in Canada, where we are always aware of your presence. But Californians are perhaps not as aware of the importance of Canada to the United States and I want to review, very briefly, that Canadian contribution to your strength and prosperity.

We are your most important trading partner, surpassing by a rather wide margin your trade with Japan. In 1984, our two-way trade exceeded \$105 billion (US). Whether that is expressed in your dollars or in ours, it represents a tremendous volume of trade. It amounted to more, last year, than your total trade with the entire European Economic Community. What is most significant is that, in addition to being one another's largest market, we are also one another's fastest growing market.

These facts directly affect California. Let me mention just the question of Canadian military procurement. Approximately half of our \$3-billion purchase of *CF-18* interceptor aircraft went to the Northrop Corporation here. Our long-range patrol aircraft — the model you know as the *P-3* — were supplied by Lockheed Company of Southern California in a billion-dollar program that has become a model of co-operation between Canada and the US industry. Hughes Aircraft supplies the radars for the *CF-18* and has been a partner with Canadian companies on a number of communications satellites both in Canada and other countries.

The volume of trade between Canada and California alone is immense. In 1983, it exceeded \$5.5 billion (US), which is large enough to make California Canada's third largest trading partner (after the United States in total and Japan). We are, of course, your state's second largest trading partner.

The Canada-California commercial relationship is in many ways a model. The two-way trade remains almost in balance in terms of commodity shipments, although when services, tourism and other invisibles are included, I expect that it would be somewhat in California's favour. Further, the type of commodities traded between us includes a wide variety of both primary and manufactured goods.

California's major exports to us are, in order of importance, computers, fruits and vegetables, telecommunications equipment and aircraft and parts, followed by a wide variety of other basic and high technology items. On the other side of the coin, although almost 40 per cent of our sales to you are in natural gas, the rest cover a wide mix of products such as pulp and paper, aircraft and parts, precious metals, lumber, petroleum, communications equipment, and motor vehicles.

Canada was one of the founders of NATO — the North Atlantic Treaty Organization. We are one of the few NATO countries which maintains forces outside our borders on a permanent basis, and our new government is committed to strengthening the effectiveness of Canada's contribution to collective defence. In our North, which is a potential route of attack by the Soviets on North America, we are