

economic health while the other is ailing; nor can one nation remain insensitive for long to the other's legitimate concerns.

Unresolved problems

I have told of some of the major success stories in our relationship this year. A balanced view requires that I take note of some still unresolved problems. There is the matter of West Coast tanker traffic, our still somewhat differing views on a suitable regime to govern sea-bed mining, the irritating and potentially very serious issue involving the extraterritorial application to Canada and Canadians of American law and the negative impact of the U.S. convention tax on a Canadian travel industry already suffering a deficit, in relation to the U.S., of close to \$1 billion annually.

This audience is very familiar with the auto pact and I suspect that few from either side of the border would seriously advocate its abandonment. Yet, there continues to be obvious shortcomings in the arrangement. For instance, in 1976, Canada had a deficit in auto parts of \$2.5 billion, only partially offset by a surplus of \$1.5 billion in finished automobiles. Canadian agriculture encounters problems from time to time, often in the non-tariff barrier field.

There are, of course, grievances on the American side also; border television is an example of which you in this region are well aware. There are U.S. complaints on occasion, about the application of our Foreign Investment Review Act and with actions by some of our provinces and the Federal Government in the resource sector.

On virtually all of these issues, negotiations are continuing and I can report with satisfaction that there is across-the-board progress towards resolution. This is yet another mark of the good state of Canada-U.S. relations, for in today's troubled economic times, countries usually move instinctively towards isolation, protection and confrontation.

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Although I have discovered that there are many around the world who think otherwise, good Canada-United States' relations are not something we inherited automatically along with our North American domiciles. We have had to work at it; we must still work at it. Otherwise minor irritants, of which there must be many thousands between Canadians and Americans in the run of a year would soon ac-

cumulate and merge into a general feeling of antipathy and even bitterness. This is the fact, and the example we can convey in our international relations.

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It would be easy for Canada to become a mere rubber stamp for American foreign policy, especially since...our objectives and interests so frequently coincide. Easy, no doubt, but most unwise from the standpoints of both our countries.

Canada is a great and sovereign country in its own right. We must be free to make our own decisions and policies and to differ with the United States when we feel this to be necessary. Also, Canadian interests are not always squarely on all fours with those of the United States. There are and will continue to be times when what we are seeking, and need to achieve, will diverge from American objectives and when we pursue different courses, we must do so openly and with a full understanding of each others' points of view.

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Nuclear policy

Canada is a world leader in the fields of nuclear material supplies and technology. We believe that nuclear energy properly controlled and safeguarded offers one of the best hopes for a resolution of the present global energy crisis. In this, too, our capabilities and our convictions do not depart significantly from those of the United States.

Over recent years, Canada has moved progressively to establish what is today the most stringent nuclear policy on exports of any country in the world, including the United States. But though we have shown leadership in the nuclear field, the effectiveness of our policy will remain limited and even perhaps counter-productive until there is a wider degree of international agreement on technology and safeguards than exists at present.

It is of the utmost importance that like-minded nuclear supplier countries arrive at a common policy on this issue and that Canada and the United States, in particular, do not get out of phase in their efforts. We are working very closely to avoid this possibility but for the complex global policy reasons...with which the United States must cope, and for equally complex though sometime different reasons affecting Canada, the achievement of a common approach to the wide range of nuclear questions represents a tremendous challenge.

I am happy to tell you that in recent days, we have reached an interim agreement with the United States covering a broad spectrum of our bilateral nuclear relations and clearing the way for further joint efforts to achieve a more effective world-wide safeguards regime.

Thus if this issue reveals the sometimes difficult nature of the Canada-U.S. relationship, it shows as well the determination to consult and co-operate, which is the mark of true friendship.

Foreign policy independent

An independent foreign policy for Canada is not only a necessity for a strong and vital country, it also provides that element of credibility which gives meaning and significance to Canadian support for United States initiatives in international affairs. If the world community took it as read that Canada would always agree with the United States then Canada would be cast in the role of a mere cipher and we would be no good to anyone — least of all ourselves.

And we must be ourselves. Despite our deep and abiding friendship, we remain two distinct peoples, alike where it counts and different where it counts....

From our side of the border, we Canadians have watched the fascinating drama of a developing, evolving America, sometimes with concern, often with admiration and even envy and always with affection. Canadians appreciate the terrible burden of world leadership the United States has assumed, the remarkable generosity it has displayed and the equanimity with which it continues to endure the harsh and often unreasonable criticism that power and leadership cannot seem to escape.

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...We do not underestimate the seriousness and magnitude of our present problems or of the challenge we now face to our national unity. But Americans who have watched us for so long from their side of the border will know that our sense of national purpose remains strong; that our will and our ability to accommodate legitimate though diverse objectives has not diminished and that the determination of the great majority of Canadians of all backgrounds and in every region is to build a stronger and even more united Canada.

As we pursue this important task, we appreciate the attitude of our American friends. The total absence of any improper

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