

and made a series of specific recommendations that the two leaders pledged to implement.

Progress was also made in developing a Canada-US Niagara River Toxics Management Plan. The Plan is an important step in developing a co-ordinated, co-operative approach to addressing effectively the problems of toxic chemical contamination of the river and downstream waters, which are the source of drinking water for millions of people on both sides of the border.

Hardships were experienced by lakeshore residents due to record high water levels in the Great Lakes system. Canada and the United States agreed to examine a possible reference to the International Joint Commission on the problem to help find practical and feasible ways to deal with the problem of fluctuating water levels.

Canada made strong representations about the possible siting of a US high-level nuclear waste repository near the international boundary. In a succession of meetings, the Right Honourable Joe Clark, Secretary of State for External Affairs and departmental officials expressed firm opposition to any development that could harm the health of this or future generations of Canadians or the Canadian environment.

In close co-operation with the Province of Manitoba, the Department continued Canadian efforts to resolve the long-standing Garrison Diversion question. Legislation to implement the recommendations of the Garrison Commission, acceptable to Canada, proceeded through the US Congress.

Negotiations proceeded on an agreement to construct a joint Canada-US ring-dike around Emerson, Manitoba and Noyes, Minnesota. Discussions began with the United States and the State of North Dakota on sharing the costs of the

construction of the Rafferty and Alameda dams in Saskatchewan.

The Department conducted a wide range of academic, cultural and information activities in the United States aimed at developing a knowledge and appreciation of Canada. Thus it continued to support growth in Canadian studies programs at American universities. Interest in Canada by US academics and students continued to increase, as indicated by the number, diversity and quality of the applications under various awards programs. Through a variety of programs and services, the Department promoted American interest in Canadian performers and works of art.

Approximately 70 million Canadians and Americans cross the world's longest undefended border each year with a minimum of formality.

Canadians engaged in trade in goods and trade in services are experiencing difficulty in gaining admission to the United States because of restrictive American immigration laws. A recent US Court decision which temporarily restricted the ability of Canadian companies to perform after-sales installation and service was particularly disruptive. The Department has become increasingly involved in assisting persons who encounter such difficulties, and there are ongoing negotiations with the US government.

The thrust of the government's approach to Canada-US relations is one of self-confidence and a genuine determination to make the most of opportunities which can be of benefit to both countries. There are bound to be differences, but the "Spirit of Quebec" is one of greater co-operation and closer consultation between two friends and allies.

CANADIAN TRADE WITH THE UNITED STATES

(balance of payments basis)

Current account – (not seasonally adjusted) (in millions of Canadian dollars)	1983	1984	1985
	Merchandise exports	66 744	85 464
Merchandise imports	52 681	65 738	74 119
Merchandise trade balance	14 063	19 726	20 537
Service receipts	8 556	10 139	11 161
Service payments	20 750	23 296	24 721
Balance on service transactions	-12 194	-13 157	-13 560
Net transfers	104	109	155
Total current account balance	1 973	6 679	7 133
Capital account – (not seasonally adjusted)			
Long-term capital movements	-2 891	-2 773	-3 550
Short-term capital movements	3 505	-700	-3 101
Total net capital balance	613	-3 472	-6 651
Total current and capital account balance	2 586	3 207	482

	Percent share of Canada's total exports, imports		
	1983	1984	1985
Merchandise exports	73.5	76.2	78.8
Merchandise imports	72.0	71.9	71.8
Percent change in Canada's total exports, imports			
	1984-83		1985-84
Merchandise exports	28.0		10.8
Merchandise imports	24.8		12.7
Service receipts	18.5		10.1
Service payments	12.3		6.1