

- 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 cooperation between Canada and the the U.S. 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 U.S. dollars 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 forty percent 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 and 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 negotiating a new North Warning System, which will increase the security of both our countries by improving the radar warning system that is key to deterrence.

In cultural terms, your ingenuity and volume have created fears that U.S. culture will dominate Canadian culture. As you know in Los Angeles, that is a two-way street. Three of Hollywood's illustrious major studios - Warner Brothers, United Artists and MGM - were founded or co-founded by Canadians, Jack Warner, Mary Pickford, and Louis B. Meyer. Ivan Reitman has made a