

Some basic facts of our situation reveal the magnitude of the problem for us. Canada-United States bilateral trade amounts to about \$40 billion per annum. The United States provides the market for 67% of our exports and supplies 69% of our imports. Canada takes 21% of United States exports and supplies 25% of United States imports. The United States market absorbs up to 35% of all the goods produced in Canada. By contrast Canada buys less than 2% of all goods produced in the United States. By the end of 1971 United States investors controlled 27% of the assets of all non-financial Canadian corporations. In some key industries the United States control is over 75%. Canadian direct investors in the United States own less than one half of one percent of United States corporate assets.

It was figures of this kind that had been with us for a long time that brought home to us the need to re-consider our relations with the United States in order that we Canadians might determine where we should be going. This process got under way at the beginning of the seventies. The economic measures adopted by the United States in August 1971 gave special urgency to this need. Consequently in 1972 we undertook a comprehensive reassessment of Canada-United States relations.

We considered three options:

- (1) maintenance of the status quo;
- (2) closer integration with the United States;
and
- (3) strengthening of the economy and other aspects of national life in order to secure our independence.

The decision was taken to adopt the Third Option. With it we have chosen to develop a comprehensive, long-term strategy intended to give direction to specific policies and programmes which will reduce Canadian vulnerability to the magnetic pull of the United States.