

and manufacturing sectors will need to be strengthened. The level of employment will have to increase, so as to be in step with an expanding labour force. Regional disparities must be reduced. This will require Canadian decisions on locating industries in areas where they will most benefit our society as a whole. In the resource sector it will mean the development of mineral resources at our own pace, and the encouragement of further processing in Canada.

Our purpose is not to take unfair advantage, as some have alleged, of the United States, nor to ignore its needs, nor to eliminate a cooperation which has been so beneficial to both countries. Our purpose is to ensure a fair return in terms of our own requirements, and to support the international trade and payments systems.

Similarly, in the environmental field we shall continue to protect essential Canadian rights and interests through the process of consultation and negotiation. Four matters in this area have been the subject of considerable recent public attention. They are:

- The proposed flooding of the Skagit Valley
- The Garrison Diversion
- The West Coast Tankers problem; and the
- Reduction of pollution in the Great Lakes.

In each case, we are pursuing Canadian requirements actively.

While Canadian and United States policies in the multilateral field are largely in parallel, there is nevertheless a need to inform and consult with the United States to ensure that policies and actions affecting each other's interests will not be misunderstood or misinterpreted. For example, our search for balance and diversification in our external relations is leading us to broaden our relations with the European Community. At the same time the United States is taking important initiatives of its own towards the Community and towards the Atlantic Alliance as a whole.

I am very much concerned at the current tension which has arisen between the Community and the United States. The United States and the Community members include our major allies. It is necessary for Canada that the widest possible measure of cooperation and understanding exists with them and also, I must say, between them. We also need to ensure that political cooperation between Canada, the United States and the Community is maintained within the NATO framework not only in the interest of collective defence but in the common pursuit of détente.

Tension and disharmony between the two sides of the Atlantic will inevitably be to Canada's disadvantage. I have for some years been concerned with this problem, and in 1971 drew the attention of both the NATO Council and of the OECD to the danger to the economic and financial environment, and therefore to Canada, of any misunderstanding or lack of consultation on economic questions. The same holds true if there is discord on political questions. The Third Option is based, as I have said, on the diversification of our relations, not on our having to choose between our major partners and allies.