

## United States of America

For both the United States and Canada, the year 1973 was a period of adjustment to important international events such as the Middle East war and the energy crisis, which not only affected the bilateral relation but also had a significant impact on the international system as a whole. Since Canadian and American views on many aspects of international economic developments were often parallel, the two countries were able to co-operate on a number of important multilateral issues, including the energy situation and the maintenance of monetary stability.

Canada supported the U.S. initiative towards a restatement of the objectives of the Atlantic Alliance. At the same time, bilateral questions of trade, energy and the environment retained their special importance and there was a mutual disposition to examine issues objectively and frankly. There was also a turn-around in the U.S. balance of payments. As a result of these developments, some bilateral trade and economic issues that had been potentially divisive, such as the Automotive Agreement, assumed less immediate importance.

The Canadian objective continues to be to live in harmony with but distinct from its great continental neighbour. Consistent with this so-called "Third Option" (1972), Canada tried to strengthen its economy and diversify its external economic relations in order to reduce its vulnerability to external shocks. At the same time, the United States and Canada remained each other's most important trading partners.

To support Canada's objectives in its relations with the U.S. it seemed desirable to promote a wider knowledge in that country of Canada, including its dual heritage, its policies and its aspirations. To this end, information programs in the United States have been intensified through the Canadian Embassy in Washington and the network of 15 consular missions. The continuing policy of facilitating visits by American journalists, including an extensive program during the Commonwealth Heads of Government Meeting in Ottawa in 1973, helped to provide the American public with greater understanding of Canadian domestic and international policy. A large variety of American student and other groups received official briefings in Ottawa and elsewhere in Canada in the course of familiarization visits. Canadian artists and companies like the National Ballet, the Toronto Symphony Orchestra and the Shaw Festival made successful tours in the United States, creating an awareness of distinct Canadian cultural achievements.

### Trade and economic relations

The year 1973 saw a number of developments that helped reduce the so-called "trade irritants" in Canada-U.S. relations stemming from U.S. concern over its balance of trade with Canada in the years 1971 and 1972. There was a return in 1973 to a deficit for Canada in the automotive trade under the Canada-U.S. Automotive Agreement. Consultations on the agreement continued

during the year between Canadian and U.S. officials. In January 1973, the Canadian Government presented a note to the United States requesting consultations under the General Agreement on Tariffs and Trade in an effort to persuade the U.S. to remove the countervailing duties it had imposed on imports of Michelin tires produced in Nova Scotia under Regional Economic Expansion grants and other incentives.

Under existing arrangements for resolving bilateral trade problems in the agricultural field, consultations took place during the summer between Canadian and U.S. officials. To provide some relief for Canada from fluctuations in domestic U.S. markets, Canada imposed a temporary surtax on the import of U.S. beef and sweet cherries. Canada also implemented a temporary export-licensing scheme for soya beans and other protein feed supplements following the decision of the United States to place an embargo on the export of the same products from the U.S.

Canada and the United States shared many common interests in multilateral trade and monetary questions during 1973, particularly the establishment of a stable monetary environment and the success of the GATT tariff negotiations begun in Tokyo in 1973.