

United States

The year 1977 was one of notable achievement in Canada/United States relations, and was marked on both sides by willingness to consult on policies or actions that might affect the interests of either country.

During the year Canada continued to give high priority to its relations with the United States. In recognition of the importance, scope, complexity and need for careful co-ordination of those links, the Secretary of State for External Affairs announced in April the establishment within the Department of a separate Bureau of United States Affairs.

In February, Prime Minister Trudeau, accompanied by the Secretary of State for External Affairs, made an official visit to Washington, so becoming the second head of government to do so since the inauguration of the new Administration. In addition to having frank and cordial discussions with President Carter on a variety of bilateral and international issues, Mr Trudeau became the first Prime Minister of Canada to address a joint session of Congress.

The *rapprochement* established between the Prime Minister and President Carter, and between other members of the Canadian Government and the U.S. Administration, influenced positively the handling of a number of important issues during the year. An Interim Fisheries Agreement concluded early in the year allowed time for efforts to reach a settlement of maritime boundary delimitation and related resource issues; later, special negotiators were appointed to seek a comprehensive settlement. Particularly significant was the successful negotiation of an agreement to permit the construction of a pipeline to transport northern natural gas across Canadian territory to southern markets. A visit to Ottawa by U.S. Attorney-General Griffin Bell, made at the request of the President, launched renewed efforts to establish principles and mechanisms governing the application in one country of anti-trust laws and activities of the other. The year 1977 also saw the signature of a Transit Pipeline Treaty and an Interim Nuclear Co-operation Agreement, as well as the initialling of an agreement to establish a new toll structure for the St Lawrence Seaway. Mr Trudeau visited

Washington a second time in September to attend the ceremony marking the signing of the Panama Canal Treaties and to confer again with President Carter.

During the year, many Canadian cabinet ministers met their U.S. counterparts, either in Washington or in Ottawa, and personal contact and consultations were maintained between Canadian Parliamentarians and U.S. Congressmen. The eighteenth meeting of the Canada-U.S. Interparliamentary Group was held in Victoria, B.C., from May 27 to 31, and issues of interest to the legislators from the two countries were discussed. At the end of the year, preparations were being made for a visit to Canada early in 1978 of Vice-President Mondale and Mrs Mondale.

Economic questions

Canada and the United States continued in 1977 to be each other's largest trading partners. Two-way trade exceeded \$60 billion—the largest bilateral trading link in the world. Canada achieved a small surplus on merchandise account with the United States but sustained a considerable deficit on current account, as service and dividend payments increased and the deficit on travel account climbed sharply. Canadian borrowing in the United States during the year was somewhat less than in 1976, owing partly to the narrowing of the U.S.-Canadian interest-rate differential and the competitiveness of European capital markets.

Because of the breadth of economic relations between the two countries, a great many issues were, as in previous years, under active discussion between the governments. There was continuing concern about the possible extension to Canada of U.S. anti-trust investigations and certain U.S. trade regulations. At a meeting in Ottawa in June between the U.S. Attorney-General and Canadian ministers, it was agreed to establish a mechanism to provide more extensive consultation and co-operation in anti-trust matters. Officials began working on a definition