

## **Trade and economic relations**

During 1972, contacts took place between Canadian and U.S. officials on a variety of trade questions which had been raised in 1971. While disagreements in such areas as automotive trade, defence production sharing and tourist allowances were not resolved, sufficient common grounds appeared to exist to permit the negotiation of mutually satisfactory solutions.

Canadian officials and counsel made representations to the United States with a view to dissuading its Government from undertaking countervail proceedings against the import of Michelin tires produced in Nova Scotia under Regional Economic Expansion grants and other incentives. Legal submissions were made to the Treasury Department in support of the Canadian position. Nevertheless, countervailing duties were imposed by the U.S. Government in January 1973. Further consultations are expected to take place between the two governments on this question.

In view of their substantially shared interests in multilateral trade and monetary questions, the two governments were in close consultation on these matters throughout 1972. It is expected that co-operation and regular consultation both on international monetary questions and, in particular, on preparations for the 1973 "Nixon Round" of tariff negotiations, will continue.

## **Transport and energy**

Extensive negotiations continued with the United States for the conclusion of a new civil aviation agreement to replace that of 1966, and for an agreement on charter flights. They involve the creation of a large number of new routes as well as the expansion of several existing ones.

On several occasions in 1972, Canadian and U.S. officials met to discuss means whereby the U.S.A. and Canada could assist each other in meeting oil requirements in the event of a curtailment in overseas petroleum supplies. While these discussions were beneficial as exchanges of information, no agreement was reached.

## **Telecommunications**

Early in the year, the Board of Governors of TELESAT requested a broadening of the Corporation's powers and corporate objectives. In November, Canada and the United States effected an exchange of letters setting forth the principles governing the exercise of any augmented powers by TELESAT. The letters recognize the fact that the United States guarantee in 1969 of launch services was given on the understanding that the TELESAT satellites, ANIK I and II, would be used only for Canadian domestic services. The letters make possible the provision of interim services between points in the United States and include reciprocal conditions which would apply should a future US system propose the provision of services to or between points in Canada. The letters provided also for assistance in the event of catastrophic failure in the other country's system or during limited periods of time when there might be an insufficiency of facilities in one country or the other. Specific approval by the appropriate governmental authorities in both countries would be required in each case. The first ANIK satellite was launched successfully on November 9th.

## **Space**

The U.S. launched its first earth-resources technology satellite (ERTS-1) in July, 1972. Under the terms of a bilateral earth-resources technology satellite agreement (ERTS) with the U.S., Canada gained access to natural resource and environmental data on Canadian territory being collected by the U.S. ERTS-1 and subsequent ERTS satellites. Thus Canada, as the only country other than the U.S. to have a receiving station and data-processing facility, is actively participating in the use of this promising new space technology.

The bilateral agreement would also give Canada access to earth-resources data on Canada that may be acquired by the U.S.-manned Skylab project to be launched in mid-1973. Following Canada's agreement in 1971 to the establishment by the U.S. of a temporary Skylab tracking station in Newfoundland, the