

## Chapter 4

# CANADA'S REGIONAL INTERESTS

### The United States of America

The relationship between Canada and the United States can be viewed as a model for relations between two countries of vastly disproportionate power and responsibility. The two nations espouse parallel commitments to freedom and democracy, and advance distinct but compatible visions of the world.

The need to resolve differences between two nations in such geographic proximity, and which have the world's largest bilateral trading relationship, has been a constant policy preoccupation of Canadian governments. Relations became somewhat strained during the early part of the Reagan Administration, with differences covering a wide range of economic, environmental and, occasionally, foreign policy issues. Relations have, however, improved since 1982, and a series of meetings between the Secretary of State for External Affairs and the United States Secretary of State were particularly useful in this regard.

The major effect on the Canada-United States bilateral relationship of the reorganization of the Department of External Affairs was the appointment of an Assistant Deputy Minister, United States Branch, as the focal point for managing the relationship. The ADM has responsibility over all areas of economic and investment relations, social issues, legal matters and defence. That appointment, and the restructuring of the USA Branch, was paralleled by a recent reorganization in the State Department which renamed its Bureau of European Affairs (which dealt with Canada) the Bureau of European and Canadian Affairs, and which created the position of Deputy Assistant Secretary for Canadian Affairs. This complementary reorganization illustrates the growing importance each country places on managing relations with its neighbour and most important trading partner.

During the US Secretary of State's visit to Ottawa in October 1982, he and the Canadian External Affairs Minister agreed that they would meet four times a year to give personal direction to the management of the bilateral relationship. Since that Ottawa meeting the two ministers have met during the NATO ministerial meeting in Brussels, December 1982; in Washington, April 1983; in Bangkok, June 1983; in Halifax, October 1983; at the Brussels NATO ministerial meeting in December 1983, and in Washington, April 1984.

The objectives of these meetings were to reinforce the viability of this management mechanism, to exploit its utility as a forum for candid exchanges on bilateral and multilateral topics, and to use the meetings to set the tone and priorities for sound management of the bilateral relationship. The meetings have been particularly useful supplements to contacts between the Prime Minister and the President, who met in Washington in April 1983, at the Williamsburg Summit in May 1983 and in Washington in December 1983. The US Vice

President visited Ottawa in March 1983.

None of the meetings covered the full bilateral agenda because of time limitations, particularly when held as an adjunct to international meetings. Since the first meeting, solutions have been found for a number of issues, e.g. trucking, the lumber and potato trades, the Skagit River Treaty, a supplement to the bilateral tax treaty, a Memorandum of Understanding on Anti-Trust Matters; and there was progress on other issues, e.g. mutual assistance on criminal matters, the Garrison Diversion Unit, protection of the Flathead River, Great Lakes water quality, Foreign Investment Review Agency (FIRA) procedures, and the extraterritorial application of US law. The meetings should not, however, be regarded as "problem-solving sessions", and this was not their purpose. Rather it was to allow the two ministers to review bilateral and multilateral agenda priorities, "to manage the management" of the relationship, and to give direction by ensuring that both were fully aware of each other's respective priorities and points of view. The meetings also allowed both principals to forewarn each other of developments affecting the relationship with a view to forestalling problems early, so that they would not assume proportions that could affect the relationship as a whole.

Many issues in bilateral relations result from initiatives in the US Congress, rather than from policies set by the Administration. Where once foreign governments could make their views known through the Administration, and could expect to have these views considered by Congress, changes in the respective powers of the executive and legislative branches in the United States have brought about a situation where more direct contacts with representatives and senators need to be made to ensure that Congress is fully aware of Canadian positions on issues before it. For liaison, the Department has authorized contracts with a number of Washington-based consulting firms which, through their contacts in the Administration and Congress, can inform Ottawa of developments that may affect important Canadian interests and advise on how these new initiatives might be dealt with. In comparison with many other foreign governments, Canada's efforts in this field are modest but they will expand as the need arises and expertise in using these outside consultants develops.

United States concerns during the year under review included the Crown Share provision of the National Energy Program, the Canada Bank Act limits on foreign bank assets in Canada, and Canadian legislation affecting pharmaceutical licensing and transborder broadcasting. American concern over the operations of FIRA declined.

Of mutual concern to both countries was the delimitation of those boundaries between Canada and the United States which have yet to be resolved. One area, the Gulf of Maine,