

## ENVIRONMENT ISSUES

These then have been the most important economic questions for relations between Canada and the United States in recent months. Other issues have leaped into prominence as well, notably energy questions and environmental issues. Last autumn, the United States Administration proceeded to conduct an underground nuclear test on Amchitka Island. This spring, it has authorized the construction of the trans-Alaska pipeline, thereby strengthening fears that the two countries will face a serious danger from oil spills if ever Alaskan oil begins to move through the narrow waters of the Straits of Georgia and Juan de Fuca. An ominous foreshadowing of these dangers was provided only two weeks ago, when there was a spill - fortunately small - from a tanker unloading at the Cherry Point refinery just south of the Canada-United States border.

Both the decision to conduct the Amchitka test and the decision to authorize the trans-Alaska pipeline produced widespread protest in Canada. The House of Commons adopted resolutions expressing Canadian concern, by one vote short of unanimity in the case of the resolution on the Amchitka test and unanimously in the case of the resolution on West Coast pollution dangers. As a result of the oil spill at Cherry Point, a further resolution, introduced by a Government member, was also adopted unanimously. This calls for a reference of the problem to the International Joint Commission. All these resolutions were promptly transmitted to the United States Government. We understand that they have received attention at the highest level. This form of solemn parliamentary protest is unprecedented in Canada-United States relations.

Recently, the revival of the war in Vietnam has returned that subject to a high place on the list of issues complicating relations between Canada and the United States.

## NIXON VISIT

On the other side of the ledger, we have had a highly successful visit of President Nixon to Canada. In what he said while he was in Ottawa, the President showed a perceptive sensitivity to some of the issues that concern Canadians most. His clear acknowledgement of the separate identities of our two countries is one example of this; what he said about foreign ownership was another. The visit was capped by the signature of an important new agreement on a joint approach to cleaning up the Great Lakes. And from the discussion of international questions that took place, it was clear also that the two Governments hold convergent views about the international order that is now emerging.

...As to the question of exchange rates, it has been a great success for the Minister of Finance and for his predecessor to have so solidly established

the case for allowing the Canadian dollar to continue to float. At the same time, the Government's recent measures to encourage lower interest rates ought to prevent our dollar from moving upwards to the point where exports are seriously affected. With the problem of parities resolved, attention can now turn in monetary matters to reform of the international monetary system. Canada will be making its contribution to that process. Reform is not, of course, a matter for today or tomorrow. For our purposes today, let me simply record that I expect Canada to work in close consultation with the United States on this question and see no reason why it need become an issue dividing us.

## TRADE IRRITANTS

As to the trade irritants, it is impossible to say now what the outcome of the next round of negotiations may be. Nor can I tell you the details of the Government's negotiating position. I can say, however, that the offer the Government made to the United States several months ago was perfectly reasonable. If some of these issues remain unresolved, it is not because of any rooted refusal on the Canadian side to bargain sensibly.

While I cannot speak for the United States, I would warn against seeing patterns in various actions by the United States where none exist. The fact that there are by now a number of outstanding issues to be negotiated is, to an important degree, fortuitous. Without seeking to belittle these problems, I suggest that none of them - not even the auto pact - goes to the heart of the relation between the two countries. In so complex a relation, we should not be surprised at any particular time to find a question of the order, say, of the Michelin Tire problem awaiting solution. But there are no fundamental differences of principle between Canada and the United States in these matters. Canada has every sympathy for the United States Government's desire to correct imbalances in its trade. By allowing the Canadian dollar to float upward months before President Nixon announced his new economic policy, we gave evidence of our willingness to contribute to the necessary process of multilateral adjustment.

## FOREIGN OWNERSHIP

In Canada, the most controversial of these economic questions is obviously that of foreign ownership. I have already drawn attention to the fact that this is more our problem than it is a bilateral problem. I venture to say it is more a problem of federal-provincial relations than of international relations. All we can expect from the United States is sympathetic understanding of the difficult choices which confront us. At the moment, I should say that we have that sympathetic understanding. Whatever future developments there may be in this field, I expect