

I conducted a series of policy studies in order to put our relationship into a new perspective. I outlined to the Committee last year the options facing Canada. We have since had a number of bilateral consultations at the ministerial and official level, including those I have had with Dr. Kissinger. These have helped to clarify a number of aspects of the new relationship on both sides.

This better climate has also been brought about by the resiliency of the American economy and by the turnaround in the U.S. balance of payments. The consequence of these developments is that the trade and economic irritants of a few years ago seem less immediate.

There are, nevertheless, several areas of great importance for both Canada and the United States -- such as the resource, economic and environmental sectors -- where the formulation and implementation of our respective national policies will not necessarily coincide. Close consultation and mature consideration are necessary to ensure American understanding of policies likely to affect their interests.

On one hand, the elaboration of a Canadian energy policy must, for instance, not only take our own long-term requirements into account but also the consequences of the United States intention to become self-sufficient by 1980. On the other hand, the Canadian desire to develop mineral resources at its own pace and to encourage further processing in Canada may not entirely accord with the United States desire for rapid exploitation of known resources, an accelerated program of exploration for unproven resources, and the importation of resources in increasing amounts and in their raw form.

The United States will remain Canada's major economic partner for the foreseeable future. The trend, in fact, points toward an increase in trans-border trade. From this, we can expect problems to occur, along with the obvious benefits. To ensure that the problems will not unbalance our relationship, we shall rely on the habit of consultation and timely explanation.

Like resource and economic policy, environmental questions have a direct and immediate impact upon the populations of both countries. Perhaps for this reason, Canada and the United States have for over 65 years been innovators in dealing with bilateral environmental problems. From the Boundary Waters Treaty of 1909, through the Great Lakes Water Quality Agreement of 1972, our two nations have worked out responsibilities, obligations and courses of action that are precedents in international terms. As technological capability grows, and as resource requirements increase, there is an accompanying need for new measures to protect our physical and

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