

they stressed the importance of both the timing and the possible psychological repercussions as factors to be carefully weighed. However, I am confident that they have a better understanding now of our objectives and that they are reassured of our intention to maintain an effective Canadian military presence in Europe.

Another aspect of our foreign policy review which attracted considerable interest was our decision to open negotiations on diplomatic relations with the People's Republic of China. All the Nordic countries except Iceland have embassies in Peking and I formed the impression that they welcomed the Canadian initiative. I also took advantage of my presence in Stockholm to get a personal report on this subject from our Ambassador there.

EAST-WEST RELATIONS

We had some very useful exchanges of views in the Nordic capitals about the general question of East-West relations and European security. I explained Canada's vital interest in the search for *détente* between East and West and for a lasting solution to Europe's security problems. This was why we had welcomed the various initiatives, including the Budapest Declaration, that had been taken concerning the possibility of holding a conference on European security.

I expressed support in particular for the positive but realistic approach of the Finnish Government and for their view that any conference that might eventually meet should be without pre-conditions, should be fully prepared, should involve all countries concerned and, above all, should be assured of reasonable prospects for success.

The West at least had no interest in a conference that failed and it would therefore be wise to proceed step by step, sounding out the possibilities of agreement, beginning with the easier problems and moving on gradually to the more difficult ones. I explained that we envisaged this in terms of a steady on-going process, in which NATO consultations had an important role to play, rather than in terms of some great occasion which there was likely to be an abrupt clash of views on stubborn points of contention. I also made it clear that Canada intended to be involved in this process from the beginning and throughout. I found that there was a near identity of view on these points between all the Nordic Governments and ourselves, and it was agreed that we should keep in close touch as bilateral consultations proceeded.

We also had an opportunity to discuss developments in Western Europe, including future prospects for the European Common Market and its relation to proposals for a Nordic economic union. We found it useful to compare notes on the situation in the Middle East, in Nigeria and in Vietnam. We exchanged views on the disarmament negotiations and on United Nations matters, including peacekeeping operations and the provision of aid in disaster situa-

tions. On all these questions we found that more often than not our appreciation and approach were very close to those of the various Nordic Governments.

TRADE

In each capital we discussed a number of bilateral questions concerned with trade and other forms of exchange. It should be borne in mind that Canada is the second best customer for Denmark and Sweden.* We found everywhere a desire to increase co-operation on a functional basis and some specific suggestions were discussed, particularly in the economic, scientific and technological fields. Interest was expressed in reciprocal visits by parliamentarians and I hope, Mr. Speaker, to have a chance to discuss this with you at an early date.

In meetings with the public media as well as with governmental authorities, I made a special point of explaining Canadian policies and objectives in terms designed to make clear that we had our own view of the world, our own aspirations and our own way of doing things that were not quite like anybody else's. As a result I think there is a better knowledge of Canada in the Nordic countries and a better appreciation of the possibilities for our working together. I, in turn, have a much clearer picture of these countries and their peoples and of the prospects for joint action.

* Canada ranks immediately after the United States as the second best non-European customer of Denmark and Sweden.

DEFENCE COMMUNICATIONS PACT

The United States, Britain, Canada and Australia have announced their agreement to continue into phase 2 of the advanced development of the "Mallard" project, an unprecedented international undertaking in which a common tactical communications system is being developed for the armies and associated navies and air forces of the four nations.

A design for the future, the long-range task is being carried out in phases as an international co-operative venture. The first phase, devoted to intensive study and system design by both government and industry teams, began in April 1967 and is nearing completion.

Three major system studies, two in the United States and one in Britain, have been completed and were augmented and complemented by 58 separate studies of the techniques involved.

The next phase, which will cover a period of about two years, will be devoted to modelling and simulation of the selected Mallard system design.

Canada will contribute 5 per cent of the \$50 million (U.S.) required for the second phase of the program.