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New phase in Canada's relations with the United States

In a report to the Standing Committee on External Affairs and National Defence on March 19, the Secretary of State for External Affairs, Mitchell Sharp, described Canada's relations with the United States which, he said, had improved considerably during the past year. Mr. Sharp reviewed the reasons and outlined as follows, the prospects ahead:

...To obtain the proper perspective one must look beyond bilateral matters. First, there has been the rapid and imaginative reorientation in U.S. foreign policy since the elaboration of the Nixon Doctrine a few years ago. A policy of negotiation has been substituted for confrontation of the cold war period. The ensuing *rapprochement* with the Soviet Union and the contacts with China contain enormous possibilities. Areas of *détente*, disarmament and exchanges are now being explored across formerly closed frontiers. The U.S. has withdrawn from Viet-Nam. It is deeply engaged in bringing a peaceful solution to the Middle East. Many international institutions, arrangements and relationships are being adjusted. The postwar period has ended; its structures are being modified in what clearly is a new period.

The posture of the U.S.A. on many international issues is similar to our own. Our perceptions of what the new political, trading and monetary environment requires have many points in parallel.

Secondly, there is the bilateral dimension. The introduction of the new economic policy by the U.S.A. on August 15, 1971 has profound effects in Canada. A number of essentially shorter term issues introduced uncertainties about our longer term relationship. However, the Canadian response has been both measured and reflective. 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 turn-around 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.

Consultation areas

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.

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