

sort. But the Federal Government was aware that many foreign subsidiaries already had a high proportion of Canadians on their boards. It was aware that a firm required to alter the composition of its board by law might simply seek out passive directors. And it was aware that key decisions were often taken not by the board of a subsidiary but by the board of the parent company itself. For these and other valid reasons, the Federal Government has preferred to approach the problem of foreign ownership instead from the point of view of corporate performance and economic benefit to Canada. This is the approach embodied in the Federal Government's legislation on foreign take-overs. But, as I have suggested, a problem as deep-rooted and complex as this is not going to be solved by one single act at one point in time. It is something the country at large has to go on struggling with.

In the years immediately ahead, then, there will continue to be particular problems -- difficult, although not fundamental problems -- which will complicate our economic relations with the United States. Canada will continue to diversify its trade, with a view to becoming less dependent on the United States market. The United States will, however, undoubtedly remain Canada's most important trading partner and it would, in my view, be a mistake not to exploit fully the possibilities of that market. The relationship will also be complicated, no doubt, by a continuing discussion within Canada of the problems of foreign ownership, with the United States as a generally sympathetic bystander. In international discussions, I foresee no serious complications likely to arise between Canada and the United States so far as the search for an improved international monetary system is concerned. As for international trade, Canada will continue to look to the United States for leadership in moves towards non-discriminatory multilateralism to minimize the effects of the formation of trading blocs like the EEC. The Government has already declared its support for the Administration's proposal that there should be a new round of international negotiations for this purpose.

What of some of the other issues? In environmental matters, the Great Lakes Water Quality Agreement represents a real step forward. The Government is now urging on the United States the importance of giving the International Joint Commission an enhanced role in the protection of boundary waters. Fortunately, on these environmental questions, there is growing and shared public concern in Canada and the United States. We can count on it to ensure that problems like the oil-pollution danger in coastal waters receive the fullest consideration of both Governments. The general prospect, then, is for further joint action by Canada and the United States to meet some of these threats to the environment.

I should not care to say whether, in the case of the oil-transportation problem on the West Coast, the insistent repetition of Canadian concern, and of the concern of environmentalists in the United States as well, will finally succeed in excluding large tankers from western coastal waters. All we can do is keep pressing our case. At the same time, we can draw attention to the alternatives for moving northern oil to southern markets and insist that all the options be kept open for careful examination. On the whole, I should expect energy problems to continue giving Canada and the United States a fair number of headaches in the Seventies, but I foresee no problem which will not respond to the exercise of patience and imagination.