

relationships at the seventh meeting of the Canada-Japan Ministerial Committee, which is expected to take place in the near future.

China The high point in the past year in our developing relationship with China was undoubtedly the official visit made by the Prime Minister last October, the fruits of which included a trade agreement, understandings on consular relations and reunification of Chinese-Canadian families and negotiation of exchanges in fields as diverse as medicine, trade, culture, and sport; in addition, exchanges were agreed on in the fields of science and technology, following upon the visit to China of the Minister of State for Science and Technology just prior to the Prime Minister's visit. In view not only of our growing trade relationship but also of the expanding and mutually beneficial contacts in the human field, I think we can anticipate that the momentum of this very fruitful relationship, with a nation populated by a quarter of the world's people, will be successfully maintained.

Canada-U.S. relations My report to this Committee would not be complete without some reflections on our relations with the United States. These have improved considerably during the past year, and I should like to review the reasons and 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 The U.S. has withdrawn from Viet-Nam.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.