

Regional Industrial Expansion, it organized a diversified Investment Development Program, financed at over \$330 000 for projects in the United States. In addition to ministerial visits with key US business groups and targeted media campaigns, activities included seminars on doing business in Canada for prospective corporate and entrepreneurial investors, and information sessions and missions to Canada for portfolio investors and the US financial community. Canadian posts in the United States pursued individual investment and technology transfer leads as well, handling close to 4 000 enquiries and cases. They also worked with provincial and local Canadian authorities in furthering their particular interests. A senior investment counsellor was appointed to the consulates general in Los Angeles and New York, significantly boosting promotional effectiveness in these major business regions.

The Department's US Corporate Liaison Program continued to be an important instrument for generating an appreciation of Canada's interests among US business leaders and, through them, US political groups. Over the course of 1986-87, in concert with their Congressional liaison and public affairs activities, Canadian posts in the United States met one-on-one with selected senior US business people, discussing such matters as Canadian foreign investment policy, the Canadian business climate, firms' plans for investment in Canada, protectionism, bilateral trade negotiations, patent protection, energy developments and environmental issues, including US federal and state trade and economic policies and positions. In turn, the views expressed by these corporate contacts contributed to the development of trade and economic policies and programs in Canada.

### **Environmental and transboundary issues**

The acid rain issue continued to dominate bilateral environmental relations as steps were taken to implement the recommendations of the Special Envoys on Acid Rain. As recommended by the Envoys, a Bilateral Advisory and Consultative Group of senior officials, chaired by the assistant deputy minister of the Department's United States Branch, and his US counterpart, was formed. The group met several times to discuss implementation of the report. In March 1987 President Reagan announced that he would seek the full amount of funds recommended (\$2.5 billion over five years) for a coal technology demonstration program to broaden the choice of potential acid gas abatement measures.

Other environmental milestones included the entry into force in October 1986 of the Niagara Toxics Management Plan by the Canadian, United States, Ontario and New York governments. The aim is to reduce loadings of toxic chemicals to the Niagara River. Earlier in the year, in response to continuing high water levels on the Great Lakes, the governments of Canada and the United States submitted on August 1 a joint reference on the matter to the International Joint Commission, seeking a comprehensive evaluation of and recommendations on dealing with fluctuating water levels in the Great Lakes-St. Lawrence system.

The *Garrison Diversion Reformulation Act* was signed into law by President Reagan on May 12, 1986. Close co-

operation between External Affairs, the government of Manitoba and US groups interested in the project ensured that the Act contained safeguards for Canada and scaled down the project.

The bilateral Canada-US Pacific Salmon Commission negotiated arrangements for the 1986 Salmon fishing season under the provisions of the Pacific Salmon Treaty (1985) and negotiations were well advanced for the 1987 season. Negotiations between the two governments with regard to Yukon River salmon resources continued.

Canada, in co-operation with the territorial governments and native groups, negotiated a draft Agreement on the Conservation of the Porcupine Caribou Herd. This herd of 180 000 animals, which migrates between Canada and Alaska, is important to the way of life of groups of native Canadians. The Agreement will create a bilateral board to provide advice and recommendations on the management and protection of the herd.

Canada, again in consultation with the territorial governments and native groups, made representations to the United States concerning a proposal to open up the Alaska National Wildlife Refuge to oil and gas development. Uncontrolled development would threaten shared transboundary wildlife.

### **Energy and transportation**

Since the Quebec Summit, Canada-US energy trade has been one of the success stories of the bilateral trading relationship. The commitment of both governments to a market approach encouraged a bilateral energy trade in 1986 valued at approximately \$12 billion. In 1986 Canada was the leading supplier of crude oil to the United States and virtually the only international supplier of natural gas and electricity to the US market. In turn, the United States exported significant amounts of petroleum products and crude oil to Canada and was the only supplier of Canada's \$744 million coal imports. These secure and reliable supplies promote economic efficiencies and provide substantial benefits in both countries. That is not to say that there are no problems in this area; the wave of protectionist sentiment in the United States has affected the bilateral energy relationship. Beginning in mid-1986, numerous bills have been tabled in Congress which could have major direct or indirect consequences for all Canadian energy exports. A December 1986 ruling by the Federal Energy Regulatory Commission posed a serious risk to exports of Canadian gas to the United States.

Management of the transportation aspect of the relationship was critical to ensuring that the flow of goods and people across the border continued to take place quickly and efficiently. Regular bilateral meetings dealing with the technical and policy dimensions of surface transportation took place. A new Canada-US Seaway/Great Lakes Consultative Group was established to assist in the management of this facet of the transportation relationship.

### **Space**

On communications and space issues, Canada made strong representations on the need for an adequate spectrum allocation, as envisaged in a 1982 Exchange of Notes, for Canada's proposed mobile satellite system. Canada and the United States will co-operate in multilat-