

In Asia the changes are no less significant - determined negotiations have brought increased but by no means certain, prospect that a generation of tragic conflict in Viet-Nam may come to an end. The continuing emergence of China into the world, the consolidation of Japanese influence, and the radically altered relationships between the United States and China on the one hand and between China and Japan on the other, have fundamentally altered the complexion of that area. These developments, in turn, are changing and expanding the importance of the Pacific rim to Canada.

Apart from the renewed and regrettable escalation of violence, the most striking development in the Middle East is the growing importance of that region's oil reserves to a world increasingly preoccupied by the prospect of energy shortage and associated balance of payments questions.

All of these changes have significant implications for Canada, providing both challenges and opportunities which must be met with skill and imagination.

The most rewarding and, at the same time, the most exacting of our relations are, of course, those with the United States. In response to growing Canadian concern that vital decisions affecting the evolution of our relations with the United States must be examined, not simply in terms of their short-term economic implications but of their long-term meaning for Canada's political, cultural and economic destiny, my Departmental officials and I embarked upon a comprehensive assessment of our relationship with our neighbour. Our central task was to determine