

raising the capital for such huge projects, none of the participants judged it would be feasible to ask U.S. consumers to carry these capital financing costs in their utility bills.

#### *Exports of Canadian uranium*

A Canadian delegate briefly outlined Canada's concerns related to access to the U.S. market for Canadian uranium exports. In 1983 uranium imports into the United States had been well below the level of 37.5 per cent of the total U.S. domestic uranium. This was the level of imports that, by law, could trigger a U.S. trade investigation and possible trade restrictions. With shutdowns in the U.S. uranium industry, imports this year could be taking a higher percentage of the U.S. domestic market and could be judged as injurious to the domestic industry. Secondly, this participant pointed out that Canada's existing policy required that all uranium exports be in the most advanced processed state possible (i.e., uranium hexafluoride). However U.S. interests had been demanding exceptions to this policy as a condition of market access, a situation that created a serious problem for Canadian refiners who were already working at one-third their capacity. Canada had very high reserves from the Elliot Lake facility and Saskatchewan was opening new mines. The outlook was depressed at least until 1990. This delegate urged the United States to impose as few restrictions as possible on its imports of Canadian uranium.

The American side commented that the attempt in Congress to renew quotas on imports of uranium had been rejected. A Canadian delegate observed that there appeared to have been considerable over-construction in nuclear electricity.

## II. Defence

The subject of President Reagan's Strategic Defence Initiative (SDI) almost completely monopolized the discussion time on defence issues. On the U.S. side there were some strong advocates and a conviction that the research phase of SDI was going to go forward. Some uneasiness was expressed over funding and as to the effect of SDI on the ABM Treaty and on SALT II. The views of the Canadian side were more mixed with several delegates expressing the opinion that SDI might be considered more an offensive than a deterrent system and that it might be seen as a destabilizing element in arms negotiations. Discussions on the arms control negotiations underlined the critical role being played by the negotiators at Geneva.

#### *The Strategic Defence Initiative (SDI)*

The Canadian side began the discussion on SDI. The first participant pointed out that the Canadian government had not yet decided whether to accept the U.S. invitation to become involved in SDI and had promised public hearings on the question. He himself had strong reservations and there was considerable public apprehension in Canada, he said. First, the initiative was likely to have a destabilizing effect leading to another arms race. Secondly SDI could be interpreted as a change from a deterrent to an offensive policy. Specifically it would be likely to result in a deterioration of the ABM treaty. Even

research and development was difficult to do under ABM, this delegate noted. Previously Canada has lived under the U.S. nuclear umbrella, a situation which allowed it to avoid making decisions. SDI brought Canada right into the front line, since a shield system which screened out space missiles would also require an atmospheric shield against air-breathing weapons. This meant an interceptor response system with all that involved. Canada would be involved automatically. Therefore a U.S. shift of policy from deterrence to offence had major implications for Canada. Finally, there were strong economic arguments both for and against Canadian involvement including "lost opportunity costs".

A second Canadian delegate agreed that the SDI program would affect the ABM treaty in that alleged violations would become very contentious. She herself considered the SDI to be a militarization of outer space. The Canadian decision to participate should not be based on the economic spinoffs. She noted that the Canadian Parliament had not debated the subject, nor had any Canadian Minister questioned the proposal as had Sir Geoffrey Howe of the United Kingdom.

A third Canadian participant commented that the Canadian Prime Minister had not been enthusiastic about SDI. He wondered if the Canadian public did not have a hypocritical attitude to defence as they have been able to enjoy the protection of the U.S. nuclear umbrella.

A U.S. Senator, Chairman of the Senate Defence Appropriations Committee, spoke strongly in favour of SDI and called himself "a foremost SDI defender". SDI was not new, he maintained. It had been an ongoing program since the 1960s and its scope had only become publicly known quite recently. Two years ago the United States launched a missile which intercepted another missile. For its part, the Soviet Union had a functioning low orbit anti-satellite system and it had deployed 600 SS-18s recently. The USSR was building strategic missiles "with utter abandon". The United States needed a non-nuclear response to these strategic missiles and SDI was more sensible than building MX missiles.

He noted his pessimism and concern over what he termed "the audacity" of the new type of Soviet leadership personified by Gorbachev. The SDI was the one thing that would keep the USSR leadership at the arms control negotiating table and that was the only way to achieve an agreement. Questioning and doubts of the allies could undermine this positive effect, this spokesman said. In Congress there was bipartisan support for the program although some disagreement had emerged over funding. It was important that the USSR believed funds would be made available. The USSR knew the United States would not fail if it dedicated itself to this project. "SDI is the biggest bargaining chip in the history of arms control."

This delegate denied that SDI was a destabilizing element. After all SDI was non-nuclear he said. "Is it destabilizing *not* to explode nuclear weapons?" He found it difficult to understand the U.K. and Canadian doubts. The U.S. defence umbrella was leaking and the Minuteman was old. SDI was designed to counter weapons and it was not offensive. Funding