

The relationship Canada has with the United States is unique and by far the most important of our bilateral relationships.

It operates in three main areas:

-- In respect of global, political and security issues which affect Canada, but in which we are not directly involved but where we lend our efforts to a solution. Examples of this are: Viet-Nam and Middle East.

-- In respect of multilateral questions, in which Canada is directly involved and where we may support, seek the support of, or indeed oppose the United States, such as the Law of the Sea.

-- In respect of the many problems which are special to us, where we seek to promote or protect the Canadian interest through mutual accommodation, such as oil and gas export.

#### Global Situation in the 1970's

The relationship therefore, even in the strictly bilateral area, is significantly affected by developments abroad. It is useful, therefore, to look briefly at what the political scientists call the "international system". The post-war structure of international relationships and institutions is undergoing very important changes in the 70's.

Let me describe these changes under three headings:

First, changing relationships at the political level. The achievement of nuclear parity has led the two super powers -- the United States and the Soviet Union -- to seek appropriate means for stabilizing their relationship. Negotiation has replaced the confrontation of the cold war period. The United States is in the process of complementing the initial SALT Agreement with a second Agreement to cover offensive weapons. Détente is being pursued at both the multilateral level, such as in the Mutual and Balanced Force Reductions (MBFR) talks and at the Conference on Security and Cooperation in Europe (CSCE) and at bilateral levels, in augmented commercial, technological and cultural exchanges between East and West.

Diplomatic contact, if not formal diplomatic relations, have been established between Washington and Peking. Regrettably there has not been a similar improvement in relations between Moscow and Peking even though diplomatic relations are formally correct. The United States has withdrawn its combat units from Viet-Nam and is actively pursuing peace in the Middle East with at least the tacit approval of the Soviet Union. Many aspects of traditional defence relationships are in the process of re-examination in the context of the changing international strategic environment.

The second relates to the new functional influences on the international system. These go beyond the traditional concerns over economic or military power we have been accustomed to.