

*Routine Proceedings*

Europe that have the freely given support of their people, European stability will be put on a durable basis.

But the transition period will have to be managed carefully. And, in fact, the people of Eastern Europe and the leadership of the U.S.S.R. are handling the changing situation very prudently.

In these swiftly changing circumstances, NATO retains its great importance because it is the locus for discussion of the Western response to political change in the East and for coordinating positions in the crucial conventional arms reduction discussions in Vienna and on the super-power negotiations on strategic weapons in Geneva.

• (1140)

[*English*]

Distinctions need to be made between intentions and military capacity. It should be remembered that the Soviet Union retains enormous conventional and strategic forces. Everyone's security objective is served by a balance in military capacity at progressively lower levels of arms. Both sides want lower levels of arms.

NATO is a political, as well as military, organization and is an indispensable part of the western diplomatic infrastructure. It was clear from my discussions with President Gorbachev that neither sides thinks it is time to abandon any alliances. In fact, President Gorbachev signalled very clearly that it would be imprudent to change alliances or institutions in a manner that could destabilize east-west relations, as eastern Europe goes through a period of such convulsive change.

I proposed to President Gorbachev that we seek to establish a closer relationship between himself and the leaders of the major industrialized western countries. In response to President Gorbachev's interest in integrating the Soviet economy over time more closely into the world trade and payment system, I told him I would propose to my G-7 colleagues that each year's chairman be mandated to discuss with him the ideas and strategies that emerge from the Economic Summit. This would provide him with a regular opportunity to obtain a first-hand report on the preoccupations and interests of the leaders of the principal western governments whose co-ordinated policy approaches have produced in recent years an era of remarkable economic growth and a series

of initiatives that both intrigue and challenge President Gorbachev and about which he asked many questions and some of which he would seek to apply, given the new circumstances he chooses to develop in his own nation.

President Gorbachev warmly welcomed this proposal.

[*Translation*]

Agreement was also reached on developing a closer bilateral consultation process on a range of international issues of mutual concern.

The Secretary of State for External Affairs (Mr. Clark) and Mr. Shevardnadze, as well as their officials, will meet more frequently for that purpose.

In Moscow, I also raised with Mr. Gorbachev the Arctic arms control proposals he had set forth in his Murmansk speech several years ago.

I pointed out to him that Mr. Clark had responded to those proposals on several occasions but that we were quite prepared to discuss with the Soviets any refinements they might have to make to their original ideas.

I pointed out, as well, that I continued to believe that current ongoing arms control negotiations between the two superpowers and the two alliances had proven successful and were the best avenues for making progress on these issues.

He understands fully our position and agreed that further review of this issue should be pursued by the Secretary of State for External Affairs (Mr. Clark) and Mr. Shevardnadze.

In terms of bilateral cooperation, last week's visit marked a watershed in our relations.

[*English*]

We signed 14 bilateral agreements—more than had been signed in the previous 20 years—on subjects ranging from international affairs to Arctic co-operation to the environment to military and cultural co-operation to investment protection. Foreign Minister Shevardnadze told *Izvestia* at the end of last week that the Soviets attach particular significance to the environment agreement because "Canada—was one of the first to place environmental protection on the international agenda and Canada has achieved remarkable success in this area."