

Production Sharing Arrangements. Two of the largest military procurements in Canadian history have been made under that program — for the *Aurora* long-range patrol aircraft and for the *F-18* fighters, both of which are bringing substantial economic benefits to California and to Los Angeles. In this decade one of the major tasks before us is the upgrading of North American aerospace defences.

Sharing a continent also means sharing an environment. There are a great many issues between us in this area, not the least of which is acid rain. The challenge here will be to deal with transboundary airborne pollution as we are doing with water pollution in the Great Lakes. We know enough about this phenomenon that we must both act now.

We must continue our efforts to conclude a salmon interception treaty for the West Coast, a goal which has eluded us for decades to the detriment of the resource. On the East Coast, we have referred our maritime boundary dispute to the World Court. Canada, however, remains concerned at U.S. lack of restraint in fishing in the disputed area, the resources of which are, after all, *sub judice*. The need for co-operation is even more urgent now than it was when the fisheries treaty was withdrawn from the U.S. Senate.

Looking ahead, the major challenge between Canada and the U.S. will, I think, be managing the relationship. Here I refer more to principles than to mechanisms. In recent months various groups and individuals on both sides of the border, anxious to improve Canada-U.S. relations, have made a number of proposals, ranging from private sector consultations through to joint cabinet meetings. I certainly agree that there is always room for improvement in the channels of communication and dialogue. But I think we have to recognize that Canadian and American interests are not identical, and that new mechanisms are not going to alter that fact. If the public perception in the U.S. is that Canada has veered towards a kind of radical economic nationalism, the perception in Canada is that it is the U.S. which has shifted along the political spectrum.

Dialogue
continues

The point I am trying to make is that differences do not arise always out of inadvertence or happenstance. There has been no shortage of dialogue, including at the highest of levels, and the lines of communication are reliable. The challenge, in managing this massive bilateral relationship of ours, is to respect our differences as we build on the areas of agreement.

These then are some of the challenges I see ahead for Canada and the U.S. The turbulent Eighties will test us both, whether the political winds are blowing East-West or North-South. To meet them it is vital that we fashion foreign policies which respond to the underlying causes of change in the world and which are faithful to our common values. It is also vital to remember that the enormous goodwill we Canadians and Americans feel for each other does not change. It remains a constant upon which we both can count and both can build for a prosperous future.