

## The Third Option: relations with EC, Japan, U.S.A.

The year 1975 saw the further development of the "Third Option" policy, by which Canada seeks to lessen over time the vulnerability of the Canadian economy to external factors — particularly the preponderant impact of the United States — and to strengthen Canada's capacity to advance its own goals. Consistent with this long-term strategy is the deliberate diversification of Canada's political and economic links in the international community. Relations with Western Europe, and particularly the European Community, which — because of historical, cultural, institutional and personal ties — have always had an important place in Canadian priorities, continued to provide the most promising opportunities for diversification. The visits to Western Europe during the year of Prime Minister Trudeau and of Allan J. MacEachen, the Secretary of State for External Affairs, were indicative of the importance that Canada attached to the relationship. As the year ended, substantial progress had been made in preparing the way for the formal negotiation of a framework agreement for economic and commercial co-operation between Canada and the European Community. It was expected that the opening round of negotiations would take place during the first quarter of 1976.

As the world's third economic power, a liberal democracy and a Pacific power, as well as Canada's second-largest trading partner, Japan also occupies a key place in the Canadian pursuit of a comprehensive, long-term strategy of developing and strengthening the Canadian economy and other aspects of national life. The seventh Japan-Canada Ministerial Committee meeting in June, which was attended by five Canadian ministers led by the Secretary of State for External Affairs, set the stage for positive progress in the development of mutually-beneficial co-operation in the economic and other fields.

While Canada continued to pursue a policy of diversification in its international relations, it was clear that the relationship with the United States remained by far the single most important element in Canadian foreign policy, with implications for almost every aspect of Canadian national life. Developments in the United States continued to have a direct, and sometimes immediate, impact in Canada. However, there is also an increasing awareness in the United States of Canadian actions and attitudes, as important sectors of the United States grow more conscious of the degree to

which Canadian activities can, and do, affect United States interests. Accordingly, Canadian policy sought the promotion of co-operation and consultation on a wide range of issues and the maintenance of a sound general relationship that by its magnitude, diversity and unique nature is central to Canadian foreign policy.

The year 1975 brought both new and continuing challenges for the international community and for Canada. It brought renewed recognition of global interdependence and the need for dialogue and collective action to solve the many and ever-increasing problems of common interest and concern. It saw the emergence of new relationships and new mechanisms and significant progress towards consultation and co-operation rather than confrontation — dialogue and discussion rather than division.