

We are each other's largest trading partner, with Canada sending between 60 to 70 percent of its exports to the United States. President Carter's energy strategy would be easier to implement if there were Canadian co-operation, particularly in terms of bringing Alaskan natural gas by a cross-Canada pipeline to the United States. The difficult decisions on this issue must be made by Canada this summer. On this question, as on all others, we have no wish to be dog-in-the-manger in our response to American needs. We have emphasized repeatedly, however, that the first and principal test of Canadian decisions must be that they are in the Canadian interest. That is why, in recent years, we have moved to strengthen our cultural sovereignty and to assess all new foreign investment against the basic criterion of "significant benefit to Canada".

Foreign control of the Canadian economy is in many respects our most important on-going problem and while our concern extends equally to foreign investment from all countries, the pattern of our development has meant, inevitably, a very large infusion of American investment capital and thus the domination from outside of several key sectors of our economy. We have recognized the futility of attempting to buy back the past and we are equally conscious of our continuing need for large amounts of foreign capital. We are determined, therefore to preserve Canada's reputation as an attractive country for investment and to administer our rules even-handedly to all interested parties abroad. By applying the sole test of benefit to Canada in our screening process, we are succeeding in increasing the degree of Canadian participation in various undertakings without slowing seriously the needed flow of foreign capital or making our requirements unreasonably burdensome.

I have stressed that Canada's foreign investment policy treats all countries equally. I do so because while our relationship with the United States must be regarded as unique in many respects, and for obvious reasons, Canada is now committed to the expansion and strengthening of its economic and political ties with all countries and with those new groupings of nations, such as the European Economic Community, which are having such a profound effect on traditional patterns of international relations.

We fully understand Britain's motives in joining the Community but the result has been a rapid acceleration of the rate of change in long-established Canadian-U.K. trading relationships. For this and other reasons, we have sought and obtained a contractual link with the Community as a whole in recognition of the practical need for a mutually beneficial arrangement and of the Canadian wish for broadened international ties.

This new emphasis on the Community need not be at the expense of our long-standing friendship with its individual member countries; indeed, there is a new vitality in our relations with our two mother countries - Britain and France. Cultural and other exchanges between