



CANADA

# STATEMENTS AND SPEECHES

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## THE CHOICES IN CANADA-U.S. RELATIONS

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Rotary Club of Armour Heights, Toronto, June 20, 1972.

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...I thought I might say something about a subject which has given Canadians more concern lately and which is more controversial -- relations between Canada and the United States. For this purpose I shall first review briefly some important recent developments and then go on to comment on them.

First, then, the events themselves. Whether this has been a good year or a bad year for Canadian-American relations is something we can discuss; it has undeniably been a big year. More persistently than any others, economic issues have caught the headlines. Last August 15 came the dramatic announcement of President Nixon's new economic policy. This carried a number of implications for Canada. Some of these are only now coming fully into focus. At the time, you will recall, Canadian interest centred on the American decision to impose a temporary import-surcharge as one of a number of measures designed to deal decisively with the chronic problem of the United States balance of payments. We spent a good deal of the late summer and autumn locked in discussion, both in Canada and abroad, about the wisdom, equity and probable effects of the surcharge. Finally, toward the end of the year, the United States agreed to drop the surcharge as part of a bargain involving the readjustment of the parities of the major international currencies.

For Canada, the vital element of this bargain was that our case for allowing the Canadian dollar to continue to float received international recognition. The Smithsonian agreement dealt for the time being with the monetary side of the problem. Attention then turned to bilateral trade issues. A number of the issues in Canadian-American trade relations were long-standing. They had been only temporarily pushed into the background by concern over the surcharge. The notable example is the Auto Pact. This subject had already been under discussion between the two countries for some time. A new complication was added, however, with the introduction of the DISC legislation in the United States. There were other trade "irritants" on both sides. An