

A second major conclusion of the review was that, in current circumstances, there is no convincing evidence of the need for a radical shift in approach in Canadian trade policy, such as pursuing the option of a full free trade arrangement or customs union with the U.S.A.

We recognize, however, that we need to do more simply to preserve our existing stake in the U.S.A. market. I referred earlier to our growing unease about pressures in the U.S.A. for trade restrictive actions. At the risk of stating the obvious to this group, certainty and predictability of markets is a key consideration in any investment decision. Access to the U.S.A. market is a vital element of the Canadian investment climate.

We have, therefore, decided to give careful consideration to the advantages and disadvantages of limited free trade arrangements with the U.S.A. in particular sectors, such as urban mass transit equipment and textiles and clothing. In addition, following the U.S.A. action to restrict imports of specialty steel, steel has been identified as a sector for priority examination. We are concerned that these restrictions might be broadened to include carbon steel, possibly disrupting Canadian exports valued at \$1 billion. Other sectors will also be examined, including petrochemicals, telecommunications, heavy electrical generating equipment. The provinces and private sector are identifying their own priorities. For example, Roland Frazee of the Royal Bank has suggested that we begin discussions with the United States on an arrangement on trade in computer services.

Such arrangements might be patterned on agreements already in place, whether bilateral like the automotive agreement, or multilateral like the GATT Agreement on trade in civil aircraft.

The widespread interest in this initiative in all regions of Canada and in many sectors of the economy is, I believe, evidence of a new confidence on the part of Canadians in our ability to compete in the North American market.

I am pleased to be able to say that this initiative has been well received by the U.S. Administration, which I understand is identifying its own priority sectors.