

on their side. No doubt, as the negotiations progress, the US side will state that it cannot meet certain Canadian demands; no doubt we will do the same. This is how negotiations work.

But we can make certain understandings explicit. We are prepared to discuss with the US ways we can strengthen cultural industries through trade. But under no circumstances, are we prepared to agree to any measures which weaken those Canadian industries or undermine their capacity to serve our cultural needs.

Canadian culture is strong and vibrant and it will grow and flourish. But I am acutely conscious that Canadian culture and the Canadian economy must grow together. Our government believes we can strengthen our cultural identity while at the same time building on our economic relationship with the US. That is the modern reality in Canada.

Last year the total trade between our two countries amounted to over US \$120 billion (that's over \$150 billion Canadian), the largest exchange between any two nations. Twice as great as America's commerce with Japan, it is greater than your trade with all the nations of the European Common Market. The US does more trade with the province of Ontario than it does with the European Community; more with British Columbia than with China. In the case of New York, the trade of your state with Canada in 1984 was over \$15 billion; a figure larger than all US trade with France.

The pay cheques of over four million workers living on both sides of our border are directly dependent on our mutual trading relationship. Let me put it another way. Imagine if you will that the livelihood of almost every man, woman and child in your neighbouring state of New Jersey depended on our commercial relationship.

American investment in Canada represents some 80 per cent of all foreign capital in Canada (and 25 per cent of all US investment abroad) while Canada is the second largest foreign investor in the US.

Our economies do not grow at the expense of one another. They grow together. The evidence is clear. Even with your trade deficit, trade with Canada still brings jobs and advantages to the United States. Canada is your fastest growing foreign market. In spite of the high value of the US dollar, Canada last year bought \$53 billion in American goods. And trade for Americans as well as Canadians is spelled JOBS. In other words we have an economic relationship that is unique in its volume, unique in its breadth and depth and unique in the challenge and opportunity it presents to our two countries.

These negotiations will not be the first time that Canada and the United States will be sitting down to try to improve our trading relationship. In 1935, we concluded a bilateral trade agreement. Other countries joined us in 1938 and the principles of our bilateral accords formed the foundation of the postwar multilateral trading system. Together we also worked out the autopact agreement and the defense production sharing arrangements. Precisely because we have risen to the challenge before, we know that success at the end of the day repays the enormous effort, and good will and trust which negotiations require.