

"International Canada" is a paid supplement to *International Perspectives* sponsored by External Affairs Canada. Each supplement covers two months and provides a comprehensive summary of Canadian government statements and of political discussion on Canada's position in international affairs. It also records Canadian adherence to international agreements and participation in international programs. The text is prepared by *International Perspectives*.

Bilateral Relations

USA

Trade Negotiations

Negotiations aimed at a free trade agreement between Canada and the US continued during this 2-month period (See "International Canada" for June and July 1987) as the October 3, 1987, US congressional "fast-track" deadline approached.

On August 5 the *Toronto Star* reported that members of the US senate finance committee had warned that Canada would have to start negotiating seriously if it hoped to gain congressional support for a free trade agreement. Senator Max Baucus (Dem.) said after a briefing of the committee by US negotiators, "If Canada waits until the 11th hour to offer its proposals on the table, it would be difficult for this congress to accept." Canada's chief negotiator Simon Reisman said in response that "We are negotiating very hard and we are negotiating in a very professional way. With the best will in the world and with all the effort we can muster, we will be negotiating right up to the last hour." The *Toronto Star* reported that the senators saw the key issues on which Canada must bend as foreign investment restrictions, cultural nationalism, government subsidies and exemption from US trade laws. Committee chairman Lloyd Bentsen said, "Neither side has to have this agreement," and senator John Danforth added, "The Canadian position . . . is that they want things to go their way You can't have an agreement that is acceptable to us where everything goes one way We are going to be looking out for the interests of the United States and . . . not any old agreement is going to satisfy us." Mr. Reisman replied that "If it isn't [a comprehensive, mutually beneficial] agreement from our point of view, we won't buy it. We are looking to a balanced agreement."

Following his briefing of the US senate finance committee, US chief negotiator Peter Murphy met with Mr. Reisman on August 5 for another round of talks in Washington. While the teams negotiated, the US House of Representatives' task force on Canada-US trade told a news conference in Washington that Mr. Murphy should seek concessions from Canada on high Canadian tariffs, import restrictions on US alcoholic beverages, and auto trade and subsidy practices. In return, Canada would gain access to a market ten times

the size of its own, he said, but "if there is no quid pro quo, it is quite clear there can be no agreement from the American perspective." Mr. Reisman, after his three days of talks concluded, pointed out that "I don't negotiate with the senate or the congress and [Mr. Murphy's] negotiations are with me." He added that he and Mr. Murphy would be in daily contact until the next round of talks while working groups continued to negotiate specific aspects of an agreement (*Ottawa Citizen*, August 7).

Meanwhile, in Geneva Park, Ontario, delegates to the 56th annual Couchiching Conference were told by keynote speaker John Holmes, a veteran Canadian diplomat and foreign affairs analyst, that "the American empire is unlikely to last, as we have known it during this past half-century," and "if you were going to choose your moment [to pursue a bilateral trade agreement with the US] this wouldn't be it . . . because they are the world's biggest debtor country." John Kirton, a professor of international relations at the University of Toronto and a conference director, said that, instead of tying itself more closely to the US, Canada should look to countries on the rise, such as Japan and South Korea, for trade (*Globe and Mail*, August 8). Couchiching delegates were told by Minister of State for Finance Thomas Hockin later in the meeting that Canada was unlikely to sign a free trade pact with the US unless it included some reliable mechanism for settling trade disputes. "If we don't get that, there is not nearly as much incentive for us to go along with an agreement," the Minister said, adding that "a lot of major decisions will not be made [in the talks] until September" (*Globe and Mail*, August 10).

On August 11 International Trade Minister Pat Carney offered both Opposition leaders a confidential briefing from a senior trade negotiator on the free trade talks before they entered their final sixty days. NDP leader Ed Broadbent declined the offer, saying that "your suggestion that I would have to maintain the confidentiality expected of Privy Councillors would seriously restrict me in carrying out my obligations as leader of an opposition party." Liberal leader John Turner also declined, urging the Minister that the