

Let me start by thanking the Canadian-American Business Council for the opportunity to address this gathering. It is customary on occasions such as these to reflect on the state of Canada-U.S. relations and, perhaps more important, to muse on the future of North America as a whole now that we are partners in a far-reaching trade agreement with Mexico.

To that end, I suppose that I could have dusted off that hoary speech about the world's longest undefended border. Or I could have reminded you for the umpteenth time that Canada is the United States' largest trading partner, that you export more to Ontario alone than to Japan, that our trade disputes affect only five percent or so of our two-way trade — and so on.

But you know all that. What I want to talk about is the fact that despite five years of bilateral free trade and now trilateral free trade, the disputes do not go away. Before the ink was dry on the final GATT [General Agreement on Tariffs and Trade] text in Marrakesh, the United States announced that it would seek to limit the import of what it alleges is subsidized Canadian grain — despite the fact that such allegations have never been substantiated by various panels and reviews, and despite the existence of a growing market vacuum which the United States has largely created itself with its own subsidy practices. The United States also persists in its eight-year effort to curtail imports of Canadian lumber — again despite repeated trade panel decisions that our lumber exports are neither subsidized nor cause injury, and despite the fact that domestic supplies are short and prices high. These, moreover, are merely the latest in a growing list of disputes — from pork, to beer, to steel — which, if allowed to escalate, risk creating a trade and investment chill between our countries.

What is going wrong? On one level, these disputes expose important aspects of the original Canada-U.S. Free Trade Agreement [FTA] and of the subsequent North American Free Trade Agreement [NAFTA] that were left unresolved in the initial negotiations — the so-called "unfinished business." Canada's original objective in 1988 was not merely to reduce tariff barriers between the two countries — this had already been achieved or was about to be achieved under the Uruguay Round. What Canada wanted was mutually agreed trade rules and exemption from the increasingly arbitrary application of U.S. trade remedy laws — laws that allow vested interests to use the courts to compete instead of the free market.

The final outcome fell short of addressing this key concern. In place of common trade rules, the FTA offered a consolation prize — a binational dispute settlement mechanism to ensure that each country's domestic trade laws were applied fairly and consistently. It did not oblige either country to bring its laws in line with the realities of an open border and an integrated market. Nor did it eliminate the time-consuming and costly legal battles which have done so much to inhibit trade between our two countries.