

U.S. doubts trade issues resolved by October

WASHINGTON (CP) — The deadline for negotiating a free-trade deal between the United States and Canada is looming with major differences unresolved and political tensions mounting, top Reagan administration officials warned Thursday.

U.S. Trade Representative Clayton Yeutter and Peter Murphy, the administration's chief free-trade negotiator, said an agreement is still possible but negotiations are coming down to the wire with major differences on key issues unresolved.

"I'm not convinced the task is an impossible one," Yeutter told the U.S. Chamber of Commerce. "(But) it's going to be very difficult to bridge those gaps between now and October."

Negotiators have missed a June deadline for reaching a first draft and now are working against an October deadline for submitting the guts of an agreement

to the U.S. Congress.

At a separate private briefing for U.S. senators and their aides, Murphy raised the possibility of politics thwarting a deal in the end even if a balanced economic package was negotiated.

On the Canadian side, he noted Prime Minister Brian Mulroney's sharp decline in public popularity, raising questions about whether this could weaken his resolve to go the distance, according to Senate aides who attended the briefing.

On the U.S. side, he cited growing political pressure on the administration and Congress to protect U.S. industries from foreign imports, the aides said.

While Yeutter and Murphy made their Washington rounds, Mulroney and U.S. President Ronald Reagan repeated their personal support for the initiative in Venice where they had attended the annual economic summit meeting of the seven major industrial democracies.

After a 40-minute private session with Reagan, Mulroney told reporters there is still a "long way to go" but prospects for reaching a free-trade accord remain good.

Yeutter said the next couple of months are crucial and that U.S. negotiators plan to table "definitive, concrete, tangible" positions on virtually every issue at the negotiating table by the end of the month.

He said he hopes Canadian negotiators would do the same so the two aides have something concrete from which to work.

The aides also quoted Murphy as saying that while he remains hopeful an agreement can be nalled down, it won't be the end of the world if it doesn't happen.

The aides said Murphy pointed out the two countries had been trading successfully without a trade agreement until now.

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