

*Canada-U.S. Free Trade Agreement*

The average custom tariffs decreased between 1930 and today from 38.5 per cent to more or less 5.5 per cent. This liberalization of trade occurred under the GATT and mainly under the Auto Pact.

Mr. Speaker, the Members of the Opposition, those especially of the socialist persuasion, do not like us to mention the fact that a free trade agreement already exists in the car manufacturing industry. Who would dare rise in the House and claim that Canada could have done a lot better after 1965 without the Auto Pact?

Since World War II, Canada and the United States have worked together to encourage the greatest expansion of world trade in history, and the Free Trade Agreement represents the logical conclusion of this long process.

In 1982, faced with the slowness of GATT and a succession of protectionist measures passed and the United States Congress, the Liberal Government of the time created, at a cost of \$23 million, the Macdonald Royal Commission to analyze our country's economic perspectives.

Having spent \$23 million and three years studying the matter and consulting, the Commission recommended, in August 1985, that Canada seek a bilateral trade agreement with the United States.

Liberal Senator van Roggen, who used to chair the Senate Committee on Foreign Affairs and who had recommended the signing of a Canada-United States trade agreement in 1978 and in 1982, resigned to protest the attitude of the Liberal majority in the Senate at the end of the 33rd Parliament. During the recent economic summit which was held in Toronto, our main trade partners demonstrated their support for the Free Trade Agreement and remarked that it could be used as a model for the changes to be made to the GATT.

Mr. Speaker, these concrete facts did not escape the attention of the Canadian people on November 21. The Opposition's attitude goes against reality. To my mind, they are reacting out of frustration at their electoral defeat.

The Free Trade Agreement, although much publicized, is an integral part of the legislative program put forward by the Government since it took power in 1984. It is part and parcel of a series of crucial measures aimed at economic renewal and national reconciliation along with the Meech Lake Agreement, the tax reform,

the national child care policy, the Québec regional development plan, competition legislation and privatization.

Mr. Speaker, this country is undergoing a process of change, of adjustment, of preparation for the twenty-first century. And I am honoured to take part in the debates in this House, in the parliamentary process leading to the implementation of the Free Trade Agreement.

As you know, Mr. Speaker, Canada's economy is based on our capacity to export. I now wish to enumerate certain indisputable facts in order to enlighten the Opposition and perhaps alter its attitude which can only be one of stubbornness, of frustration, of lack of respect for the Canadian people. How could it be otherwise when they refuse to accept the following facts:

1. Thirty per cent of Canada's Gross National Product is made up of exports;
2. Canada is the only major country which does not have a market of 100 million consumers;
3. Seventy-eight per cent of Canadian exports are destined for the United-States;
4. Canada ranks second among the world's industrialized countries with 26 per cent of its Gross Domestic Product being composed of exports, in comparison with 28 per cent in the case of West Germany, which was the greatest exporting country in the world in 1987.

The world economy is increasingly interdependent and in the Canadian economy growth is linked to the constraints of changing international markets and even more so to interdependence with the American market, since no other two countries in the world have closer economic ties.

These are the facts, Mr. Speaker, and they should convince the liberals and socialists across the way.

The FTA will have the following beneficial effects: In the energy sector, opening up to the American market will encourage the search for new energy reserves and will ensure greater energy production in the medium term, thus making Canada less dependent on world reserves.

Increased direct investment in the United States by Canadian companies in recent years will be rechanneled to Canada, given its access to the American market and proximity to energy sources. Trade liberalization will