

We have launched that at a time when protectionism in your own country is becoming more pronounced. We have persisted despite tariff and countervail actions, by the United States, which have generated anger and anxiety in Canada, and resulted in economic consequences which are harmful to us both. A year ago June, you imposed a tariff on cedar shakes and shingles from Canada, an unbound item under the General Agreement on Tariffs and Trade. The result, in your country, is that the price of logs has gone up, and the price of shingles has gone up; but there is not one iota of evidence that employment in your shakes and shingles industry has gone up. You struck out at us - and you hurt us - and you hurt yourselves. In our country, there were two results. People who don't like the United States had a new excuse to attack you, and all your works, including the trade negotiation with Canada. And we, left with no other response, imposed our own retaliatory tariff, on other unbound items, which we removed last month, because they hurt us as much as they hurt you.

The lesson here is not the futility of tariffs. The lesson is that, even with the best will by governments, there are pressures in both our countries that can frustrate, and potentially defeat, initiatives which would bring great benefit to us both. If you believe in better trade relations with Canada, or better trade relations with the world, you cannot take these current negotiations for granted. You cannot assume they will succeed because they are sensible. They need active support in every state and region in your country as well as in your White House.

I mentioned the trade statistics earlier. Let me add two comments about them.

The old system of reporting was wrong, last year, in the order of eleven billion dollars. Your preliminary statistics reported a Canadian surplus on merchandise account of twenty-three billion dollars; the accurate figure is closer to twelve billion dollars. But the true figures never catch up to the false ones, and your government has now agreed to changes that will give a true picture from the beginning.

My second point is that our surplus on merchandise trade is nearly balanced by your surplus on services. Until 1983, that resulted in an overall U.S. surplus on current accounts. In 1986, Canada had a current account surplus of four billion dollars - that represents only two percent of our total bilateral trade for 1986.