

of the U.S. market for Canadian exports. Without radically altering our overall approaches to trade, we decided to study the pros and cons of negotiating limited free trade arrangements with your country in particular sectors, such as urban mass transit equipment, textiles and clothing. These might build on the arrangements we already have with you in the automotive and defence products sectors. These studies are underway. I cannot prejudge the results, but they illustrate our search for ways of expanding our mutually beneficial economic cooperation and a confidence in Canada that we can examine closer economic links with you that offer further mutual advantages consistent with Canada's aspirations as a distinct, sovereign entity on this continent.

Another challenge for us in working with you derives from the uniqueness of your political system. In no other country does the legislature have such an independent life. Your founding fathers designed it that way for perfectly valid reasons. But it creates problems for us when access to our principal market for one product or another is suddenly up for grabs in Congress or state legislatures. We long ago learned that when the interests of a foreign country are up in Congress against the constituency imperatives of a small group, or even one member, the foreign country, even your best friend and neighbour, is at a disadvantage.

Often your legislators do not consciously want to cut us off. Canada may not even be at issue; the target may be Japan or Europe. But even if Canada is not the issue, trade barriers hurt us as much or more and, in the long run, hurt you as well.

We don't take such actions personally but we do take them seriously. Both our countries have begun an economic recovery and can look forward to expanded opportunities as a result. The upturn is still not even across the board or firmly entrenched. We must remain wary of protectionist impulses which could precipitate a slide towards "Beggars thy neighbour" protectionism internationally, from which there can be no winner. This was part of the message of the Williamsburg Summit.

To its credit, your administration has stuck to its anti-protectionist guns but Congress does not always supply compatible ammunition. There is always a risk of unpredictable or unilateral action.

Take natural gas. This is a major Canadian export to the United States but accounts for less than 5% of your supply. It is easy to say today that the price of Canadian gas is too high, that our April price reduction and our July