

## WHY NEGOTIATIONS WITH THE U.S.?

**D**ependent as Canada is on trade for economic growth and jobs we need a mega-market for our exports. We have never done as much business with the United States as we do today. But we do not have as secure access as we need to the American market. Indeed, the cloud of protectionism looms along the border. We need an agreement to roll back the gathering storm of trade restrictions.

We seek to open up and guarantee access to the giant U.S. market of 250 million people on behalf of our producers, manufacturers and workers.

Canadian workers stand to gain from a new trading arrangement between our countries. It would give Canadian manufacturers more opportunity to specialize, to achieve world-scale production runs, to improve productivity. By becoming more competitive in the U.S., Canadian exporters can increase their opportunities in the global marketplace. That means more jobs and higher wages.

### WHY A SPECIAL DEAL?

Any agreement reached with the U.S. would be entirely consistent with the provisions of the GATT. But the multilateral GATT negotiations in which we are engaged are complex and will take several years. Meanwhile, Canada and its neighbour believe they can move quickly to free up and expand their mutual trade through a special arrangement under GATT Article XXIV, a deal which is tailored to the particulars of the largest bilateral volume of trade in the world.



## ARE THERE RISKS?

There are risks in any commercial transaction and this negotiation between the world's largest trading partners is no exception. The government believes, however, that the opportunities far outweigh the risks. The greater risk would be to ignore the forces of change and protectionist pressures that impede our trade and economic growth. The assessment of economists Richard Lipsey and Murray Smith illustrates this point:

***"This Canadian initiative (is) not an act of desperation but of confidence. A Canada-United States Agreement offers the most promising opportunity to create a more efficient, adaptive, and outward-looking Canadian – and U.S. economy that would provide rising standards and expanding employment opportunities for the great majority of people."***

## CAN WE COMPETE?

Yes. We've demonstrated that time and time again. Telecommunications and informatics are examples. So is the automotive sector. Access to the U.S. market has made our auto industry world-class. Even our shakes and shingles exports are still competitive, despite U.S. protectionist action. We can compete more effectively under terms of free and fair trade. And trade and competition are the handmaidens of prosperity.

## WHAT ABOUT THE AUTO PACT?

Canada is happy with the Auto Pact and sees no reason to change it. We are prepared to discuss the automotive industry, since trade in its products constitutes a third of our total trade with the U.S. But we will not put the benefits of the Auto Pact at risk. Our view is: "If it ain't broke, don't fix it." If the other side has proposals which would increase Canadian production, jobs and income we will look at them.