

restrictions. The recent U.S. omnibus trade bill has given us problems. Fortunately, however, after our strong representations to Washington, a provision governing natural resource subsidies was deleted from the bill. Had this provision become law it could have reopened the old question of whether Canadian stumpage practices were countervailable -- thus putting at risk, for a second time, two billion dollars worth of softwood lumber exports from BC and other provinces.

I do not want my remarks to be construed as singling out the U.S. for criticism. There are many countries in the world -- including most of the GATT -- that are more protectionist than the United States.

Nor is the picture entirely negative. A substantial volume of the trade across our border already moves free of tariffs. By 1987, when the Tokyo Round is in full effect, some 80% of Canadian exports to the States and approximately 65% of their exports to us will be duty free. Nevertheless, there are important areas where duty rates are high, particularly in the field of fully manufactured goods. And, among the major non-tariff barriers, on both sides of the border, is extensive discrimination in procurement by all levels of government.

I believe there is a compelling case for us to explore all possible ways to secure and enhance our market access to the United States.

Fortunately, I am by no means alone in this belief. The question is being posed more frequently, particularly in the business community, whether we should not be seeking special bilateral arrangements with the United States.

A number of ways have been suggested for approaching new bilateral arrangements. These include negotiating a general trade enhancement agreement, sectoral agreements, functional arrangements and a comprehensive agreement. Each has advantages and disadvantages.

A trade enhancement agreement might provide a framework in which the two governments would agree in principle to work towards the goal of more open trade. For example, joint institutions might be created to examine means of improving trade and resolving problems that arise from time to time. A trade enhancement agreement would establish longer term objectives but would not bring any immediate substantive change in our trading arrangements with the States.