

- ° the operations of a Canada-United States Interparliamentary Group; its annual meetings usually cover bilateral trade and economic matters, as well as defence/security and environmental issues.

Mention might also be made here of the Joint Ministerial Committee on Trade and Economic Affairs created in the mid-1950s, which assembled annually until the early 1970s but has been inoperative since that time. This body is described in more detail below. To the above list could also be added a number of arrangements between governments of Canadian provinces and neighbouring states, which provide periodic opportunities for discussions of trade and economic issues of special regional interest, as well as other regional matters. In the private sector, several trade and industry associations on both sides, for example the two Chambers of Commerce, have well established cross-border links; and the C.D. Howe Institute and the National Planning Association have long collaborated in their Canadian-American Committee.

### Inadequacy of Existing Arrangements

The GATT and other multilateral agreements and institutions have their limitations as frameworks for the management of the large and important Canada-U.S. bilateral economic and trade relationship, or for dealing with bilateral issues of special or unique importance to the two countries. The GATT rules, important as they are to both countries in governing cross-border trade, have permitted trade policies and practices on both sides which result in continuing bilateral frictions, block or threaten to block cross-border trade in many areas, and give rise to uncertainties and lack of confidence about the future use of trade restrictive measures. There are many recent and current bilateral conflicts which demonstrate a need for special rules to govern Canada-U.S. bilateral trade. A number of these involve measures on both sides, which may be perfectly legal under GATT rules, whose trade restrictive effects could be lessened under special bilateral rules. They include, among others: continuing government procurement and other policies at the federal and provincial/state levels which favour domestic suppliers; threats posed with increasing frequency by the U.S. countervailing duty and "safeguard" import systems to major Canadian exports of lumber, steel, fish, potatoes, hogs and pork; and the continuing farm support policies on both sides that can severely limit or block entirely large potential areas of bilateral trade, including the recent U.S. restrictions on imports of products containing sugar.

Similarly, the GATT tariff negotiations, successful as these have been in lowering and eliminating tariffs on bilateral Canada-U.S. trade, as well as globally, have left intact a surprising number of high tariffs on both sides of the border which limit opportunities for otherwise profitable and efficient trade. Notable examples are the tariffs of both countries in excess of 20 per cent on most clothing, footwear and many textile products, and tariffs on one side or the other in excess of 15 per cent on a longer list of goods such as many petrochemicals, furniture, household appliances and a variety of other consumer goods. It is misleading to point, as so many do, to the impressive percentage of bilateral trade that is duty free. The statistics mask those tariffs and other barriers which can greatly reduce bilateral trade flows or block it entirely.