

3. To compete fairly, both in North American and in global markets;
4. To face up to adjustment, not just from U.S. competition, but from the imperatives of a fiercely competitive global market.

Our purpose, in short, is to raise incomes, job opportunities and living standards on both sides of the border.

If we and our American partners cannot strike a deal that will achieve these goals, a deal will not be struck. Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character — these are the essence of Canada.

They are not at issue in these negotiations. Canada is a bilingual country, in law and increasingly in practice. Our bilingual character is one of the reasons federal and provincial governments promote culture through direct financial support; it is why there are special rules regarding our cultural sector in our Investment Canada legislation. When it comes to discussing better trade rules for cultural industries, you will have to understand that what we call cultural sovereignty is as vital to our national life as political sovereignty. And how could it be otherwise living, as we do, next door to a country with ten times our population. Such propinquity requires unrelenting vigilance by Canada at all times.

Canada and the United States are different sovereign democracies. In the United States, you cast the net of national security over more areas than we; in Canada, we cast the net of cultural sovereignty more widely than you.

Notwithstanding the concerns that always arise from the prospect of change, I am convinced that Canadians strongly support our attempt to negotiate a new trade agreement with the U.S. There is in Canada as in the United States some skepticism as to whether any such agreement could get by a Congress which seems to be growing more and more protectionist.

To these skeptics, and indeed to the Congress, let me underline the important stake you Americans have in our bilateral trade.

Canada is your biggest export market. Despite the higher level of the U.S. dollar, we bought \$53 billion in American goods last year. We take 20 per cent of all your exports, and those exports are concentrated in manufactured goods. Canada is your fastest growing market, increasing 40 per cent in the past two years. In Illinois alone your exports to Canada grew in 1984 by 25 per cent to a record \$3.8 billion. Last year the trade in goods and services between our two countries amounted to close to \$150 billion, the largest exchange between any two nations in the world. It is fifty percent greater than America's commerce with Japan, it is also greater than your trade with all ten nations of the European Common Market combined. The paycheques of over four million workers living on both sides of our border are directly dependent on our mutual trade.

Obviously, then, it would be a mistake for U.S. Congressmen, or businessmen, or workers, to underestimate the importance of the economic relationship with Canada.

When I speak to you of the mutual advantage to be gained from more open trade between our two countries, I underline the word *mutual*. And when I speak of the mutual danger of protectionism, again I underline the word *mutual*. American investment in Canada represents some 80 per cent of all foreign capital in Canada (and 25 per cent of all U.S. investment abroad). Canada is among the largest foreign investors in the U.S.A.

And we are more than economic partners. We have joint tenancy of this great continent and of its environment. We have a joint responsibility to preserve this environment, on land, in our waters, and in the air. Governments, individuals and a host of private and public institutions co-operate across the border in a multitude of endeavours, for the benefit of our two peoples and, in some cases, of mankind.

We are partners in NORAD and allies in NATO.