

*Canada-U.S. Free Trade Agreement*

another's economies in the wake of the depression of the 1930s, leading to the establishment of the GATT.

In 1982, the Canadian Senate, dominated by Liberals, issued its report on free trade with the U.S., which report stated, and I quote:

—the desired restructuring, growth and competitiveness of Canadian industry can best be achieved by the negotiation of a bilateral free trade agreement with the United States..

In 1983, Prime Minister Trudeau appointed the Royal Commission on the Economy, headed by Donald Macdonald, a former Liberal Finance Minister. That commission was in place for three years, during which time it held public hearings in every part and region of Canada. Its conclusions were straightforward and clear:

Free trade will help make us richer and, by making us richer, strengthen the fabric of our country and increase our self-confidence. It will offer our nation a more secure relationship and make us less vulnerable.

Earlier this month, Canada hosted the GATT countries in Montreal for the purpose of conducting a review of the mid-point results from the GATT Uruguay Round.

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GATT was formed January 1, 1948. Canada was one of the 23 founding members. This agreement sets out the rules for international trade. We remain firmly committed to GATT today and the rules it has put in place. It remains the cornerstone of our trade policy. The FTA is fully consistent with the spirit and letter of GATT. Article 24 allows GATT signatories to negotiate free trade areas.

The most current round of multilateral negotiations began in September of 1986. It is to be concluded in 1990. These negotiations, called the Uruguay Round, included on the agenda across the board negotiations on agriculture. Unfortunately, there was no agreement. There is an obvious need for more discussion within GATT on agriculture. Canada's import controls in support of supply-management programs are in conformity with GATT. This is not the case with the U.S. or the European Economic Community. The U.S. and EEC support policies that generate large surpluses which are in turn dumped on the world market with the help of massive export subsidies.

At the recent Montreal meetings we worked to reduce trade distorting subsidies which are causing serious difficulties for our farmers. What we were concerned with at those meetings in Montreal was the fact that Article 11, dealing with supply-management and import

restrictions, is imprecise. Canada's position is that the Article should be clarified to ensure that it is not misused, that the appropriate agricultural products are covered and the Canadian supply-management system is compatible with post-Montreal GATT obligations. Unfortunately, the 96 GATT member countries at the meeting could not agree on a negotiating framework and the gap between the EEC and the U.S. was too great at this time. However, we will continue to work toward a solution at future meetings.

Because of Article 11, even if you were to throw out the Free Trade Agreement you would still be faced with doing something about trade distortions. That is something the opposition Members failed to tell the farming community.

The Government had three objectives regarding agriculture in the Free Trade Agreement. One was to improve access for farm products, then to make access more secure, and then to preserve our agricultural policy instruments. Those objectives were met. The agreement gradually eliminates all tariffs and addresses a broad range of agricultural non-tariff barriers. It also safeguards the Canadian agriculture marketing system, and provides flexibility for the introduction of new supply-management systems consistent with rights and obligations under GATT.

With respect to the specific impact on the major agricultural sectors of most interest to the people of the Fraser Valley, this agreement will have no effect on the supply-management system for dairy products or the poultry industry. There will be no effect on primary producer returns for poultry and eggs from tariff reductions since import controls are maintained, although import quotas for chicken, turkeys and eggs will be increased slightly to the benefit of the food processor. That was based on an average of imports over the previous five years. Increased export market opportunities for high quality finished cattle for slaughter and high quality beef and pork is what is expected by that industry.

The Opposition, over these many months, has been saying that we sold out our energy. Nothing could be further from the truth. The Free Trade Agreement says, in Article 902, that Canadian and U.S. rights and obligations under GATT on legitimate trade restrictions on energy products are affirmed. Canada retains its power to control the flow of Canadian energy exports. It also says that if you have contracts, contracts must be lived up to. As it affects British Columbia, this part of the agreement talks about the Bonnyville power system