

Canada-U.S. Free Trade Agreement

Mr. Mulroney: No analysis was more thorough, no body of research more impressive, and no conclusion more compelling to my colleagues and myself than that of the Macdonald Royal Commission calling for a comprehensive free trade agreement with the United States of America.

This Government chose to act on that strong analysis and on that recommendation. This was not just the view of the Hon. Donald Macdonald, a distinguished former Minister of Finance in the Government of Canada. It was also endorsed by other commissioners such as Tommy Shoyama, a widely respected former Deputy Minister of Finance; by Laurent Picard, former President of the CBC, by Albert Breton and Clarence Barber, both prominent economists; by Jean Wadds, a former High Commissioner to London; and by Michel Robert, a distinguished Quebec lawyer soon thereafter elected President of the Liberal Party of Canada.

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Meanwhile, the Government had been pursuing studies and consultations on the same topic. In 1985, we issued a major discussion paper setting out the options for Canada. We appointed the late Tom Burns, a veteran trade policy expert and former President of the Canadian Exporters Association, to consult with Canadian business and labour leaders.

We established an international trade advisory committee, involving prominent Canadians from all regions of Canada. We appointed 15 sectoral advisory groups. And we invited the Public Service to review options and explore prospects with the Americans and bring forward plans for a clear and realistic course of action.

In all of these consultations, in all of the studies and analyses there was one overwhelmingly and singular conclusion: Canada had to act quickly and decisively to confront the new reality of the future.

We are a nation of only 25 million people, heavily dependent on trade and living next door to the largest and richest market on earth. Almost 75 per cent of our exports, worth \$108 billion, will go to the United States.

Millions of jobs are dependent on the success of this economic relationship, which is the largest between two nations anywhere in the world. That rich market, on which so many Canadian jobs depend, was turning inward and protectionist.

[*Translation*]

The Hon. Pierre MacDonald, Minister of International Trade in the present Government of Quebec, wrote this:

“Since the early 1980s, the United States has been grappling with an enormous trade deficit, which they absolutely must reduce. Consequently, a new wave of protectionism has appeared and has gained much ground among American politicians. This trend is highly disturbing to a number of trading partners of the United States. Given the importance of the U.S. market for Canadian and Quebec exports, protectionism is viewed with particular concern here.”

And Minister MacDonald, speaking on behalf of the Quebec Government, continued:

“It is in this perspective that free trade talks were undertaken in 1986. The time could not have been more opportune to discuss free trade with the United States.”

Mr. Speaker, Minister MacDonald, speaking for the Government of Quebec, was quite right. The time could not have been more opportune. We acted when we had to.

Some Hon. Members: Hear, hear.

Mr. Mulroney: Indeed, as the Macdonald Commission noted, Canada's economic growth is critically dependent on secure access to foreign markets. More, better and more secure access to the U.S. market represents a basic requirement, while denial of that access is an ever-present threat.

Access to our most important market was indeed being threatened. About 40 per cent of our exports to the United States were subject to quotas, “voluntary” restraint and other restrictions.

[*English*]

At that time, by way of illustration of the mood and atmosphere that existed in the United States, the Ottinger Bill, passed three successive years by the United States House of Representatives, sought to destroy the Auto Pact. That was the object of that exercise. The Americans demanded punitive action against Canadian steel, uranium, cement, subway cars, fish, lumber, in fact virtually all of our exports. There was a crisis a month for one Canadian exporter after another, as new trade barriers were erected against Canadian products and new legal interpretations were advanced to inhibit Canadian access to the U.S. market.

That is the challenge that we faced at that time and the negotiation of a bold new trade agreement offered the most realistic solution on behalf of the people of Canada.

I doubt that any other initiative taken by any Canadian government has been the subject of as much thought and consultation with Canadians as the launching of the free trade negotiations.

[*Translation*]

Indeed, Mr. Speaker, this is a quite legitimate question: How did we approach the negotiations? First, Mr. Speaker, we selected Simon Reisman as chief negotiator. He was the most able person we had, a man of great talent and unparalleled negotiating experience. Mr. Reisman's involvement in trade policy on behalf of Canada goes back to the very foundation of the GATT four decades ago. In bilateral trade, he was best known as the architect and negotiator of the highly successful Auto Pact, which has brought such prosperity to Ontario and Canada. Mr. Reisman then selected a team of the best and brightest public servants in the trade policy field, one of the finest such groups ever assembled—and properly so, Mr. Speaker. The mission we were giving them was one of the most important in Canadian history. Mr. Reisman led a series of consultations with Canada's private sector to ensure that the Government got the best possible counsel.