

to 1985 all U.S. exports grew by less than 0.5%. Your exports to Japan grew by less than 8% and your exports to the European Community actually fell by 4.5%. During those same three years, your exports to Canada grew by more than 40%.

It's true that at the moment, you have a fairly sizeable trade deficit with Canada. But this is a recent, and probably passing phenomenon. The U.S. usually runs a surplus with Canada. The current deficit is due, more than anything else, to the high price of the American dollar, over which we have no control.

The other thing about your trade deficit with us is that it is only on merchandise trade. In services, the advantage is all yours -- by 13½ billion dollars -- so that our total current account is pretty much in balance. We're slightly ahead, but only slightly. And when you come right down to it, we couldn't afford to use the financial expertise you've developed here on Wall Street -- or enjoy the Florida sun -- if you didn't buy our merchandise.

So far, I've been talking bilaterally. But the significance of our bilateral trade negotiations goes well beyond our bilateral trading relationship. The United States' trading interests are global to a degree unmatched by any other country. The United States, like Canada, belongs to no regional trading block. We share an enormous interest in the successful launching this fall of the next round of multilateral trade negotiations under the GATT -- and in the successful conclusion of the round.

We also share with the United States a desire to broaden the agenda of the next round to include agriculture, trade in services and intellectual property. That desire is not shared by some of our other trading partners. It will be an uphill battle

to get these items on the agenda, let alone to make real progress on them.

The success of the GATT to date has been essentially in merchandise trade. To bring agricultural commodities, services, and the trade related aspects of intellectual property under the GATT presents novel negotiating problems, as well as extraordinarily sensitive political issues. The difficulties of moving 90 countries through uncharted territory are enormous.

Our bilateral negotiations could be extremely helpful in this regard. While many of the issues will be similar, the reduction in the number of players makes the process a bit simpler, and, presumably, faster.

If the U.S. and Canada can succeed in putting together agreements in these new areas, we can act as both a catalyst and an example to the rest of the world.

But if we fail, the omen will be there for all to see. If the U.S. and Canada can't strike a deal, who can?

And right here I should say that, although we both want to talk about trade in services and intellectual property, our interests and positions on these issues are not exactly the same as yours. They do not, for example, stand as high on our list of priorities as they do on yours. Our service sector is relatively advanced, but its development is uneven. We are net importers in certain areas where you are net exporters.

When it comes to intellectual property, we are largely importers, while you are generally exporters. Your emphasis is on the protection of property rights. Ours is on promoting the transfer of technology.

What we are more concerned about are the U.S. import relief laws. They