

how to determine the value of a tree. Simply because other countries manage their natural resources differently from the United States does not mean that they are unfair traders.

Difference in resource management policies do not automatically constitute subsidies!

In Canada, critics argue that actions such as the softwood lumber countervail are reason to call off the trade talks. I disagree. I do not believe that either country's long-term interests will be served by walking away from these discussions. I must say however, that these actions certainly impede the process.

When I was in Washington two weeks ago I met with U.S. Trade Representative Clayton Yeutter to discuss this very subject. We recognized that trade irritants can affect the progress of negotiations which are aimed at creating a comprehensive trade agreement. We agreed, therefore, that we would meet on a quarterly basis to attempt to resolve such irritants at an early stage. Similarly, U.S. Commerce Secretary Baldrige and I agreed to keep in closer touch.

This will allow our negotiators to pursue their goal of creating a trade treaty to govern a large, complex, and sophisticated commercial relationship, within a new treaty that will reduce not just trade barriers, but also uncertainty.

As business people know better than anyone, uncertainty creates an unhealthy climate for business decisions because it chips away at the confidence that is so vital to a thriving economy.

Benefits of a Trade Agreement

The challenge facing the Canadian and U.S. negotiators is to reach an agreement that meets the key objectives of both countries. This goal is not an easy one, but it is in the interests of both countries to strive for a successful outcome.

In Canada there has been a longstanding debate over the benefits and costs of a new trade agreement. Although the subject continues to arouse controversy, a broad consensus has developed around the position that Canada would gain from a trade agreement with United States.

Most of the nation's business community and the provincial governments accept this view. And of course the Canadian Government is also convinced that a trade agreement would increase jobs and advance Canada's economic interest.