

Days dwindling down

BY JEFFREY SIMPSON

VENICE

Prime Minister Brian Mulroney returned to Ottawa last night, the Meech Lake constitutional deal pocketed, tax reform forthcoming and a clock ticking louder with each passing day.

Only about 14 weeks remain before the American Congress must receive a proposed free trade deal with Canada. The Congress will then have three months to chew over the deal before accepting or rejecting it.

The last two sessions of the trade negotiations — the next begins on Monday — have been hard going. The negotiators have brushed aside the pebbles and cleared away some rocks, but most of the major stumbling blocks remain strewn across the road. And this precarious state of affairs largely explains why Mr. Mulroney yesterday met U.S. President Ronald Reagan and got him to declare yet again his support for the negotiations.

You could see some of the stumbling blocks in the communiqué of the Venice summit. It spoke about reducing barriers to "trade-related investment," to intellectual property and to trade in services.

These are all areas the Americans want changed within the international trading system, largely because they believe they will benefit most from liberalized rules in these areas. They are also areas where the Americans want action from Canada in the free trade negotiations.

In any Canada-U.S. trade deal, Canada stands to benefit disproportionately because the U.S. market is so much larger than ours. That means the Americans need the deal — presuming they do need it, of course — for reasons other than its intrinsic merits. They need it as symbol to their other trading partners of the future direction of the world trading system. And this, in turn, requires them to get from Canada a liberalization of our rules on intellectual property rights, services and investment.

When Mr. Mulroney spoke yesterday of a "host of things unresolved," he wasn't kidding. For their part, the American negotiators have not been forthcoming on some of what Canada considers to be major stumbling blocks. Indeed, the last negotiating round, despite headlines to the contrary, was dominated by Canadian complaints about American hesitation.

These include American restrictions on investment, the powers of a bilateral tribunal to resolve trade disputes and, more generally, ways of exempting Canada from the effects of American trade laws.

In the great miasma of the American system, the Congress looms as the largest obstacle to any deal. The Reagan administration keeps saying all the right things; the President even included a reference to free trade in his State of the Union address. It's just that Mr. Mulroney fears both that the administration's attention tends to flag, and that if a deal is struck, the administration won't pull out all the stops on Capitol Hill to get it passed.

The approaching advent of a steamy summer in the two capitals, and the attendant departure of the politicians, can only cast a certain pall over the negotiations. The negotiators will slog on toward the October deadline, but political attentions will probably be drifting.

Indeed, even mentioning October is decidedly misleading, since the negotiators will know long before then whether a deal is at hand or whether both governments had better start drafting their explanations for failure.

Mr. Mulroney's Government can always walk away from the negotiations, claiming it gave free trade the old college try. Success, however, would be politically sweeter, which is why in the luxuriant garden of the Cipriani Hotel, with the glories of Venice at his feet, President Reagan smiled his way through yet another Canadian plea to make the negotiations succeed.