

undertook a political commitment to halt protectionism. They reaffirmed their support for the new round of multilateral negotiations and they charged their respective trade ministers to explore all possible ways to reduce and eliminate existing barriers in our bilateral trade.

In mid-September, the United States Trade Representative, Clayton Yeutter, and my colleague, Jim Kelleher, the Minister for International Trade, recommended that the two countries explore the scope and nature of the broadest possible bilateral trade agreement. As a result, on September 26, Prime Minister Mulroney announced to Parliament that the Canadian government has decided to pursue a new trade agreement with the United States.

The Canadian proposal has been warmly welcomed by President Reagan. The ball is now in your court in terms of the domestic procedures which have to be followed in this country before negotiations can begin in a formal sense. Some three weeks ago, in Calgary, Secretary Shultz reaffirmed the positive response of the administration to our proposal and indicated to me that the United States should be ready to begin early in 1986.

The Prime Minister has appointed a distinguished and highly experienced Canadian, Mr. Simon Reisman, to spearhead the Canadian effort. He will be working closely with the Canadian provinces and consulting with business, labour and all interested Canadians to make sure that we are fully prepared for these negotiations.

What would be involved in negotiations? For our part, we are prepared to examine the broadest possible package of reductions of tariff and non-tariff barriers, and we recognize that any deal would have to be mutually beneficial. We want the United States to respond to our concerns about the protectionist effect on Canadian exports and jobs of your trade remedy legislation; about our desire to compete on a fair and competitive basis for federal and state government contracts; about the need for a more effective and predictable way to settle our differences. The United States administration will want us to listen to your concerns, for instance about the level of our tariffs, and about such things as our federal and provincial government procurement practices. We will both want to look at developing international rules regarding trade in services.

By listening to each other — by placing these concerns on the table — neither side is committed to accepting what the other side is proposing. But only by frankly discussing each other's objectives and concerns will we know whether a good deal is possible.

This is a bold move by the Canadian government, and it has, naturally, aroused some concerns in Canada. We must, as a government, be sensitive to these concerns as we move to the preparatory phase. It is precisely for that reason that we have established the most extensive consultation process ever associated with a Canadian trade initiative. We want Canadians to know what we are doing. But it is important that Americans too be sensitive to the seriousness of our initiative and to the concerns it has aroused.

Canada, like the United States, has its own distinct political, social, cultural and juridical systems, and an economy that reflects the special character of our geography, our natural resources and our people.