best choice among the options available rest, ultimately, on an assessment of the importance of barriers to Canadian access identified in the consultations; the advantages and risks of each option; the negotiability of defined objectives; and, the political will of both governments to undertake such negotiations.

80. Consultations with those whose interests are at stake is indispensable to the reaching of decisions on the best course to follow. But two caveats must be registered. There is no risk-free option, including the status quo. Second, no amount of analysis or consultation will provide guaranteed assurances in advance. There are dynamics which extend beyond existing analytical disciplines and unpredictable elements affecting the economic and political environment which inject caution, if not uncertainty, into any assessment. Nevertheless, the relevant factors and questions need to be identified as a focus for consultation and informed debate.

81. First, there is a need to focus the consultations on market access issues which are paramount to Canadian industry and to the adjustment of the economy in a rapidly changing, intensely competitive and less predictable trading environment. The greater the security and enhancement of access achieved in a reciprocal arrangement for the reduction of trade barriers, the more substantial would be the impact upon production, investment and employment in Canada. This would manifest itself in the modification and specialization of production patterns to realize economies of scale. It would include expansion in sectors where Canada enjoys an actual or potential competitive advantage and contraction in those sectors which are ill-placed to face intensified import competition.

82. Second, is the impact of new arrangements with the U.S. on the structural adjustment which would, over time, lead to a more cost-efficient Canadian economy, strengthen Canada's ability to compete in all export markets, and provide higher returns to a more productive Canadian work force. Various options for Canada-U.S. trade arrangements have been the focus of analysis for a number of years, most notably the Senate Committee Report of 1982, and studies on economic models conducted by Canadian academics. Within the limits of assumptions about exchange rates, taxation, energy, labour costs and other factors, there is a general consensus among economists that, viewed from a strictly economic standpoint, there would be real income gains of from 5 to 10 per cent arising from the rationalization of Canadian industry to larger production runs; there would be productivity increases of up to 30 per cent overall, concentrated in labour-intensive industries, with a