

At the moment, computers are your largest single export to my country. But I can tell you that during the six long months we call winter, the food we put on our tables would be awfully dull without the fresh fruits and vegetables from the Imperial and San Joaquin Valleys. Except our artichokes come from Castroville.

Energy is one of our key exports to you. You get some of your electricity from British Columbia, and I gather you'd like to get even more. Natural gas from Canada began flowing to Southern California in 1981, and in ever growing quantities. We expect sales of gas alone to total over a billion dollars this year, making it our largest export to the California market.

Our number two export to you is pulp and paper. In fact, if it weren't for Canadian trees, you might have a hard time reading about this speech in tomorrow's newspapers.

The point is that trade between us is not a zero-sum activity. It is a win-win activity. We both gain by it. It fuels growth in both our countries. And it provides a great many jobs. In point of fact, the jobs of more than two million Canadians -- and of more than two million Americans, as well -- are directly dependent on our mutual trade.

And yet, we insist on impeding it. We continue to maintain barriers of all kinds -- tariff and non-tariff -- to the movement of goods and services between us. We still have a trade wall, and it is a very effective deterrent to achieving the full potential of which the Canadian and American people are capable.

It is true that, through successive multilateral trade negotiations, this wall has been gradually lowered. By

the time the final tariff cuts from the Tokyo Round take effect in 1987, up to 70% of our trade will be free of duty. But that figure is somewhat deceptive. It is 70% of the products we actually trade. It doesn't count the ones we would like to trade -- but can't, because the tariffs are too high. You charge up to 23%, for example, on petrochemicals.

In the meantime, non-tariff barriers have emerged on both sides of the border to add new problems to trade and investment. And the pressures for more protectionism seem to be growing. There are more than 300 different protectionist bills now before the U.S. Congress.

That is very troubling. It is troubling in general terms for the effect that it might have on global trade. It is troubling in specific terms for the effect it might have on specific industries. Let me take a moment to look at the one that is currently centre-stage, softwood lumber. It's an issue that California has a direct interest in.

There are now three bills before Congress to curb your imports of our lumber. These bills are the product of heavy lobbying by U.S. lumber producers. They were introduced in spite of two separate investigations by the U.S. Department of Commerce -- both of which concluded that Canadian timber is not subsidized and does not present unfair competition to U.S. producers.

One of the things our lumber does is help build your houses. In a state like California, which has a lot of houses to build, this means a lot of jobs. It also means housing at the lowest possible cost to the consumer. What would happen if our lumber were subjected to quotas or tariffs? The answer comes from a recent study by Wharton Econometrics of Philadelphia.