

Canada's economy is dependent on trade to a greater degree than almost any other country. Today we export about one-third of all we produce and we import about 30 per cent of what we consume. Growth in trade translates into growth in economic wealth. For the first 40 years since the post-war world first adopted the international rules of the General Agreement on Tariffs and Trade, Canada's exports have multiplied 10 times over and our national wealth has more than tripled. Today our international trading system which helped create unprecedented wealth is in trouble. It is being eroded by protectionism as countries try to reduce unemployment by putting up barriers to other countries' goods and services.

Part of the problem is the GATT itself. Its institutions have become dated, its procedures are ineffective and its dispute mechanisms are often cumbersome. That is why the 92 countries of GATT met in Uruguay last fall to start the eighth round of trade liberalization under the GATT which was first established in 1947. One major objective of that round was to reduce trade barriers and to define rules and regulations for those areas in which no rules exist: areas like services, the fastest growing trade area, and intellectual property and investment. Very importantly, the agricultural sector has never been adequately covered by international rules and regulations.

If one wonders about the value of international rules and regulations governing trade, one need only take a look at the agricultural sector in which no such rules exist. The result is anarchy in agriculture. World agriculture trade is governed not by comparative advantage but by the size of national treasuries. For example, for every dollar the Japanese farmer receives, the Japanese taxpayer pays \$2.50. For every dollar the European farmer receives, the European taxpayer pays \$1.50. In the United States, the taxpayer pays \$1.38 for each dollar the U.S. farmer receives. Canada cannot afford to compete with these huge subsidies and that is why the Prime Minister pushed so hard to get agriculture on the agenda of the economic summit.

Where does the U.S.-Canada bilateral fit into this world-wide picture? These are two answers. The first is jobs. We believe that this provides the best opportunity to create hundreds of thousands of new jobs and economic studies support this. I can cite studies done by the Economic Council of Canada which show that with free trade, as many as 370,000 jobs could be created in the next five years while we could lose half a million without free trade. University of Maryland studies indicated that a free trade agreement with the U.S. could cause an increase in GPD of Canada of about 5 per cent. Trade is where the jobs are.