

At the same time, however, it is of critical importance to Canada to secure our access to the American market. The erection of barriers to that market, or even the threat of barriers, can have a negative impact on our economic growth.

Protectionism in the U.S. is an ongoing challenge. In the past few years, several important Canadian exports have been the subject of investigations under American trade remedy provisions. The most recent problems have come from the Omnibus trade bill passed by the last Congress. Fortunately, after our strong representation to Washington, a provision governing natural resource subsidies was deleted from the bill. Had this provision become law it could have reopened the old question of whether Canadian stumpage practices were countervailable -- thus putting at risk, for a second time, two billion dollars worth of softwood lumber exports.

Unfortunately, however, the bill does contain a provision which affects our steel exports. It requires country-of-origin marking of all imported piping. The marking would have to be stamped into the pipe, and this might affect the quality of our product. The marking requirement does not apply to steel produced in the U.S. It is inconsistent with American obligations under GATT. Canadian companies with whom I have spoken indicate that it would result in substantive lost sales for Canadian exporters of pipes, tubes and fittings. Our efforts have been directed to achieving immediate relief from the law by securing a flexible interpretation and application by the Administration. This relief has been agreed on for 120 days. For the longer term we are pressing the Administration to seek repeal of the legislation as soon as Congress reconvenes. And, together with the European Community, we are raising the issue in the GATT.

I do not want my remarks to be construed as singling out the U.S. for criticism. There are many countries in the world -- including most of the GATT -- that are more protectionist than the United States.

There are of course some very bright spots in the picture. A substantial volume of the trade across our border already moves free of tariffs. By 1987, when the Tokyo Round is in full effect, some 80% of Canadian exports to the States and approximately 65% of their exports to us will be duty free. Nevertheless, there are important areas where duty rates are high, particularly in the field of fully manufactured goods. And, among the major non-tariff barriers, on both sides of the border, is extensive discrimination in procurement by all levels of government.