Finally, any arrangement that is entered into with the United States must be compatible with GATT and acceptable to our trading partners. The only arrangement which is acceptable to the GATT and acceptable to our trading partners is a free trade area under Article 24. It could be a custom's union, or it could go further. However, essentially it has to meet the criteria of the GATT. I would like to say a word in that context about the sectoral approach.

I have always been, as I suppose we all should be, a great advocate of the sectoral approach. There is nothing like carving out those niches in someone else's market, penetrating them, and exploiting them. That is what we attempted to do. That is the best of all possible worlds. Unfortunately, in the areas we were interested in penetrating in the U.S. market during our negotiations and meetings with Mr. Brock who was then the U.S. trade ambassador, it became quickly apparent that the Americans were not interested in such sectoral agreements. Going beyond that, as Members of this House probably know, although some may not, sectoral agreements are totally incompatible with the GATT and require waivers from two-thirds of the GATT members in order to enter into them.

These are not areas, and this is not an approach which enhances international trade. It restricts international trade. Hence, that is why the GATT itself sanctions a comprehensive free trade area, which cannot be prejudicial to third parties, which cannot restrict trade, but in the long term is intended to expand and enhance international trade.

Returning to the criteria and assessing this agreement, I pointed out that there were a number of important thrusts. First, the importance of securing access to the U.S. market. Why is this such an issue? Why can this not be resolved through the GATT?

[*Translation*]

So I would have this to say to my colleagues. Although tariffs may have been noticeably reduced since the Second World War, members of the GATT, including Canada and the United States, have obviously introduced clever new mechanisms in order to protect their national products against foreign competition. As you know, madam Speaker, this is what we call non tariff barriers and there is a whole range of these barriers as far as the United States are concerned and also other countries, even Canada. These non tariff barriers, although not very visible, are quite real and indeed reach incredible proportions. In fact, hundreds of them have been pointed out in studies conducted by the GATT on this matter. One glaring example of this, and I will come back on it later on, is a non tariff barrier that exists in the United States, that is the preference being given national products by all levels of Government in the United States as far as public procurement is concerned.

Also, madam Speaker, as we know full well here in Canada, there are the so-called trade remedies being used by Americans, antidumping laws, countervailing duties and other special measures aimed at protecting their national products against foreign competition. The list of Canadian products that have been hit by these measures is long: chemical products, canned clams, salt, cut flowers, potatoes, fish, pork, steel, wood shingles, and of course the most famous case of all, softwood lumber. So there is the problem!

• (1940)

[*English*]

Can we resolve this kind of non-tariff barrier through the agreement? The sad part is that I do not think we have. I do not think that the agreement provides the kind of security of access that we desired and that we anticipated.

The binational dispute settlement mechanism, that is, the provisions of Chapter 19, is a very far cry from a dramatic breakthrough. It is really, in essence, a substitute for the U.S. court system. They do not become relevant, as I presume Members know, until a dispute, whether it be softwood lumber, shingles or whatever, has travelled the same route as it does now, namely, the U.S. Commerce Department and the International Trade Commission.

Going back to our own experience as a Government, the issue was not a distrust of U.S. courts; it was trying to create a surprise-free environment which would inhibit the introduction of these actions destined to harass Canadian industry. The experts can argue that with the creation of this binational dispute settlement mechanism, which will apply to the domestic law of the United States, the process may be shortened.

In most cases that we will be concerned with regarding disputes between our two countries, one would hope that it never reaches that level, because it is the creation of that uncertainty through the International Trade Commission and the Commerce Department that has been the problem. The softwood lumber dispute settled in 1983 never went to the court system; it was settled at the level of the International Trade Commission.

Was there an alternative? I would argue that there was. If this agreement is adopted, I would hope that the process will be examined and that efforts will be made to find a mechanism to create a surprise-free environment.

Let me offer an example. The Hon. Gerald Regan, when he was Minister for International Trade in the previous Government, had proposed such a mechanism and had discussed it with some of his U.S. colleagues. We were told that the Americans would not surrender sovereignty over a dispute mechanism, that they would insist upon the application of their laws or insist upon the ultimate authority of Congress. I believe that the Canadian Parliament should have the same authority.

The mechanism that was suggested was that up front there would be a binational panel of this kind, without travelling the full administrative route in the United States, which would render a binding decision subject only to it being overturned by