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Some plain talk on free trade's future

"A negotiation is not a static thing... there are some matters on which we want movement from the U.S...."
 External Affairs Minister Joe Clark, May 22, 1987.

VENICE

NOT JUST movement; Canada also needs detailed proposals on what the Reagan administration is prepared to offer us in some key areas.

These include secure access to the U.S. market via a set of North American trading rules, binding arbitration for bilateral trade disputes, and a clear idea of how we can compete on contracts and purchases of the U.S. government.

In addition, there is the vital matter of U.S. administration commitment to passage of a successful Canada-U.S. free-trade deal. How hard is the administration prepared to try, and how many political chips is it prepared to call in when the poker game with Congress enters its final crucial stage?

Those are not idle questions which Brian Mulroney put to President Ronald Reagan and Finance Minister Michael Wilson put to Treasury Secretary James Baker here last week. Joe Clark followed up with Secretary of State George Shultz later in the week, in Reykjavik, Ireland.

This all reflects growing dissatisfaction in Ottawa with the pace and quality of negotiations — to the point where serious reassessment of the entire exercise has already been considered.

Must decide quickly

The economic summit provided the perfect opportunity for a top-level meeting to clear the air, and determine whether or not to continue negotiations; if yes, then how to redirect the exercise along fresh lines.

From the standpoint of Canada's interests, the bilateral meeting was the most important reason for the Venice trip. The summit itself was not pressing for us. But we could not delay a bilateral discussion of the free-trade issue.

Why not? Because Ottawa must quickly decide whether a deal which gives us secure market access to the U.S. is possible, or whether it makes more sense to cut our losses and run. An alternative course, very much second best, is to scale down the shape of a deal.

The Mulroney-Reagan meeting was not a confrontation, nor, as some in the U.S. contingent feared, did it include a request for new American negotiators.

Nor was it expected to reach definitive conclusions. No Canadian principal doubts

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Reagan's personal commitment to a free-trade arrangement — which he strongly and publicly reaffirmed at the end of the session.

But general endorsement of a free-trade deal, and short-order delivery of a particular kind of free-trade deal, are two different things.

Mulroney's challenge was to explain what Canada needs as a minimum package, and why U.S. negotiating strategy is endangering the talks and placing Ottawa in an intolerable political box.

The Prime Minister, who feels deeply about the issue, and was forceful in his presentation, requested an immediate change in the U.S. approach, I was told.

Under pressure

Starting with bargaining sessions this week in Ottawa, he asked that the U.S. declare clear positions on Canada's key demands so both sides can move quickly into intense bargaining.

The objective, I was told, was the outline of a deal by the end of June at the latest. The Conservative government, under intense pressure and exposure at home, needs to know what it can expect to get, give up, and defend.

The U.S. has the luxury of time, but Ottawa does not. August is probably too late to wait.

To meet the deadlines, it will be necessary for senior White House officials to ride herd on negotiations, make decisions when necessary, provide political impetus, and block attempts by some elements of the administration to place competing agendas on the table.

The U.S. response in Venice was that it is prepared to push the cause, both at the table and after it is submitted to Congress in October.

White House Chief of Staff Howard Baker made it clear that Canada's primary need for a new set of trade rules will be difficult to get by a protectionist-minded Congress. But Baker, a former senator with congressional experience, thinks there is a chance.

Baker will have to be a point man on the trade issue, along with Jim Baker, who heads Reagan's economic policy council, and Frank Carlucci, who heads the national security council.

All three are now fully briefed on the bilateral objective, and Reagan's desire to see it succeed.

Mulroney, Wilson, and Derek Burney, the PM's chief of staff, were all satisfied with events in Venice. But there is still too far to go in too little time to be complacent or congratulatory.

The best that can be said is that Venice marked a good start.

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