

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 have a 42% duty on men's suits, for example, and tariffs of from 15% to 23% on our 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.

There are now three bills before Congress to curb your imports of our lumber. Two of them call for quotas or tariffs, and the other would change American trade laws to permit a countervailing duty. These bills were introduced in spite of not one but two investigations by the U.S. Department of Commerce. These two American studies concluded that Canadian timber is not subsidized. These two American

studies concluded that Canadian timber does not present unfair competition to American producers. What the Commerce Department found was that Canada was competing by the rules of fair trade.

Our lumber helps build your houses and this means jobs not just for the construction industry but for wholesalers, retailers and transportation companies. Most importantly, it means housing at the lowest possible cost to the consumer. Wharton Econometrics of Philadelphia recently concluded an analysis of the effect of tariff-induced increases in U.S. lumber prices. Let me highlight their conclusions:

- A 30% tariff-induced increase in lumber prices would result in a small increase in employment in four states (Alabama, Georgia, Mississippi and Oregon). The principal beneficiary, Oregon, would gain 188 jobs.

- Each of the other 46 states would experience losses in employment. California would lose 3,765 jobs, and eight other states would lose at least 1,000 apiece.

- The net effect of such a measure would be a loss of 15,000 jobs in the United States. Wharton did not go into the havoc it would raise in Canada.

Lumber is obviously not the only irritant in the trade between us. Given the immense volume of business that we do with each other, there are bound to be some disputes, and at present there are 18 formal actions going -- eight on your side, and ten on ours, involving everything from potatoes and raspberries to iron and steel.

These are some of the reasons that we in Canada believe a new bilateral trade agreement would be in the interest of both sides. The initiative got underway two and a half months ago, when Prime Minister Mulroney sent a