

worth upwards of half a billion dollars annually was made more secure.

Dispute settlement efforts by Canada over the past few years have proven the value of the FTA. Its clear rules and objective decision-making have avoided the danger of power-based dispute settlement. Experience demonstrates that whenever there is scope for the United States government to exercise discretion, it tends to exercise that discretion in favour of domestic interests at the expense of Canadian interests, even where the case is weak. Objective panels, however, have overturned a number of these decisions. While the immediate cost may appear high, the end result is the highly prized objective of gradually strengthening the rule of law and enhancing stability and predictability.

Beyond dispute settlement, the FTA's institutional provisions have proven an effective way to defuse conflicts before they become disputes. Last week I met with U.S. Trade Representative Carla Hills in Washington for one of the periodic meetings of the Canada-U.S. Trade Commission. Together we reviewed the whole gamut of potential problems. Our aim was not to score points, but to share information, to answer questions and to clarify procedures in order to head off disputes.

When two countries do \$250 billion of business per year, there will always be frictions. The challenge is to manage them and keep the little problems from becoming big problems. The FTA's rules and procedures have proven a critical factor in meeting this challenge.

Over the next few months, bilateral trade in steel products should provide a good test of these rules and procedures. We operate in an integrated North American steel market. We are not causing problems in the U.S. market and we should not be included in any investigation. We play by the same rules, however, and if the U.S. industry launches an action against our steel producers, they should not be surprised if Canadian producers seek an investigation of U.S. exports to Canada.

The biggest issue between us now is softwood lumber. It has been a contentious issue for more than a decade. Billions of dollars in trade is at stake. Last year we determined that the Memorandum of Understanding which we had negotiated with the U.S. in 1986 in order to avoid a countervailing duty action was no longer warranted. Circumstances had changed. It was time to put lumber trade back on a normal footing.