

Third, a comprehensive work plan over the next year to resolve a wide range of specific impediments to increased trade. One of the major areas here is the so-called "Buy America" or "Buy Canada" provisions to procurement programs.

There are good reasons for such policies, including the need to provide employment to specific sectors of the population -- such as the inner city minorities in the States and the negative growth regions in some Canadian provinces. Yet both countries have learned in the past 20 years or so that there are all sorts of hidden costs in such artificial purchasing policies, including inefficiency and resistance to change. What we intend to do is to see whether government procurement might be better designed.

But we in Canada also have a longer-range program going. It is a program intended to allow us to secure and enhance our access to export markets throughout the world, but with specific emphasis on the United States. We started it up back in January by publishing a discussion paper on the options open to us, and I am now in the middle of a cross-Canada tour of consultations with business and labour primarily, but also with consumer groups and academics.

Let me talk for a moment about the importance of this issue to Canada.

Few nations in the world are as dependent on trade as we are. Nearly 30% of our national income comes from exports -- as compared to about 10% in the U.S. But there are growing threats to our trade. The forces of protectionism are alive in every country, and they are becoming very strong now in the United States. Under the General Agreement on Tariffs and Trade (or the GATT), the world's trading nations have been trying to get their act together for 40 years -- and through seven rounds of multilateral trade negotiations. But for every tariff barrier that comes down under the GATT, another kind of barrier goes up. A quota here, a voluntary restraint agreement there, a change in regulations somewhere else -- whatever will protect local industries that can't quite compete. I sometimes think that man reserves his greatest creativity for building new kinds of walls.

Aside from outright trade barriers, we face other problems as well. World production has tripled in the past 40 years, and a lot of the new production is coming from countries in the Pacific Rim and elsewhere which have been successfully building their industries. There is, in other words, a lot