

has necessarily to cover United States interests and objectives.

Both Governments will need to be satisfied that any sectoral arrangements are mutually advantageous. Moreover, political realities decree that an arrangement would need to be broadly acceptable to the companies and labour unions involved on both sides of the border. Accordingly we will need to aim as much as possible at balance within particular sectoral arrangements. Cross-sectoral trade-offs may, however, have limited application, e.g., in the overall procurement area.

Because we recognize the requirement for mutual advantage and balance, we have of course begun to exchange views with the United States Administration to clarify the perspectives of the two sides. I know that Mike Smith, who will be speaking to you at lunch, will want to elaborate on the U.S. position. It is already clear that the U.S. Administration sees this initiative as an opportunity to bring about trade liberalization and to demonstrate to Congress that there is a viable alternative to protectionism.