

I also want to bring you up to date on Canada's initiatives in the international trading arena, particularly the Government of Canada's two-track approach to trade negotiations.

I have just come from the Quadrilateral Trade Ministers Meeting in Japan, where Ministers from Canada, Japan, the EC, and the USA, collectively representing two thirds of world trade, met at a time of increasing world tensions in trade. We sought ways to fight protectionism through closer economic cooperation, particularly through the new GATT round.

Under Canada's two track trade strategy, we are working to liberalize and enhance trade with our partners, like Hong Kong, in the General Agreement on Tariffs and Trade, and we are negotiating a free trade agreement with our principal trading partner, the United States.

I would like to emphasize that Canada is firmly committed to the GATT. That commitment is clearly demonstrated by the leadership role we have taken in the current GATT round on key issues such as agricultural trade.

I would also like to emphasize that our bilateral negotiations with the United States are a complement to our multilateral negotiations. Any agreement with the United States will be consistent with the GATT.

This proposed trade agreement between Canada and the United States has involved months of consultations with the provinces and the private sector and is entering an intensive phase of negotiations. The final phase of the discussions will take place this summer. An agreement must be concluded by October 1987 and signed by January 1988 in order to meet the requirements of the so-called "fast track" negotiating authority granted to President Reagan by the U.S. Congress. There are many obstacles still before us, but we are hopeful that an agreement can be reached by the target date.

What do we hope to achieve with such an historic bilateral trade treaty? First, we want to achieve a gradual reduction and elimination of tariff and non-tariff barriers. Second, we want to establish a new dispute settlement mechanism: a bi-national, impartial body to rule on matters of disagreement. Third, we want to break new ground in areas such as trade in services, an issue of great interest to Hong Kong as well as Canada. A bilateral arrangement that covers trade in services could advance the GATT negotiations on this complex issue.

I am pleased that Hong Kong will remain an independent member of GATT.