

Stop sending mixed signals on free trade, U.S. told

By Adam Meyers Toronto Star ^{Cl-27}

Americans want Canada to open the door to foreign investment, but they fail to admit they are equally protective of their national interests, says former Liberal finance minister Donald Macdonald.

While U.S. free trade negotiators have been saying one thing, their Congress has been doing the opposite, Macdonald, now co-chairman of the Canadian Alliance for Trade and Job Opportunities, said yesterday.

"From the statements of American spokesmen and in the press flurry in Canada 10 days ago, one

would have the impression that it is only Canada which maintains control of foreign investment," he said.

"The truth is both countries have lists of specific exceptions to the freedom of investment, and it is obvious that any trade agreement would have to commence by recognizing those limitations exist and will continue to do so."

Macdonald's group is funded by Canadian businesses and favors a

it would be harder to change non-tariff barriers, such as the attitude reflected in the current Buy American campaign, than it would be to drop tariffs and duties.

"If we expect to be treated fairly by the U.S. authorities, then we are going to have to give American suppliers the same rights to our markets."

Agriculture should be set aside during the negotiations, Macdonald said, because the "economic welfare of those involved in the farming community is a social question which requires attention in a much broader spectrum than trade negotiations alone."

free trade agreement. The two countries must reach some kind of deal by Oct. 1 to ensure congressional approval in 1988.

Macdonald told the Canadian Manufacturers' Association annual meeting that the restrictions on foreign investment proposed in a congressional trade bill — including examination of mergers, acquisitions, joint ventures and licensing — make Canadian efforts seem tame by comparison.

At the same time, U.S. trade negotiators have been urging Canada to drop its foreign investment barriers, he said.

In another area, Macdonald said

It would also be unfair to include food processing industries when their raw materials are maintained at an inflated cost, he said.

The grain trade should be included, however, because it is an international commodity.

Macdonald told reporters after his speech that the big question in the talks remains whether a satisfactory mechanism to solve disputes can be put in place.

He said any arbitration procedure must be taken out of the political arena and placed in a non-partisan, objective forum binding on both countries.

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