

published by the Asia-Pacific Foundation, Dr. Wendy Dobson, director of the C.D. Howe Institute, cites uncertainty about Canada's access to the U.S. market as a major reason why Japanese trade with, and investment in, Canada have not been even greater in the early 1980s.

The fact that Canada plays a major role in the North American market is a major competitive advantage that we must protect. Our place in this Continent's economy is a major competitive advantage, a leading incentive for investment. Increased investment and the resulting increases in trade it so often brings are vital to Canada's economic development. Clearly, Japan is not the only country with a keen interest in Canada's access to the American market.

Second, while there are no tariffs already on many products traded between Canada and the U.S., an agreement would reduce or eliminate all other tariff and non-tariff barriers over a specified period of time. Transition arrangements for the phasing out of such barriers would, of course, be tailored to the needs of the sectors affected.

There will be some adjustment, but as the Economic Council of Canada recently pointed out, the Canadian economy is constantly adjusting to global competition in any event. Indeed, four million Canadians change jobs every year.

Third, an agreement could establish a mechanism for the fair settlement of trade disputes between our country and the United States. I do not have to remind this audience in this province of the need for such a mechanism.

Such a path-breaking trade agreement with our most important trading partner could also have a significant impact on the international economic environment. First and foremost, it could serve as a model for other countries who want to negotiate liberalized trade agreements. Certainly, Canada is not the only nation with serious concerns about the increase in protectionism south of the border.

A Canada-U.S. Trade Treaty could also set a precedent for global action on such vital issues as trade in services. Services constitute the fastest growing part of both the Canadian and U.S. economies, and yet, they are not properly regulated by international treaties. A Canada-U.S. trade treaty could make a considerable contribution to broader international negotiations.

In addition, it could also serve as a model for the 93 nations of the GATT on how to solve disputes and improve existing codes on subsidies and government procurement. These were top american objectives at the new round of GATT negotiations launched at Punta del Este, the most important round of negotiations since the GATT was established 40 years ago. However, these negotiations will take years to produce significant results, while an agreement between Canada and the