

At the conclusion of the Second World War, Canada and the United States co-operated in an ambitious effort to translate the gains made under the Reciprocal Trade Agreements Program into a general exchange of benefits among all participating countries. Originally confined to 23 countries, the General Agreement on Tariffs and Trade, signed at Geneva in October, 1947, became the foundation for the largest expansion of world trade in history. The GATT now boasts 95 members, with a further 30 countries applying its rules on a de facto basis.

Throughout the seven rounds of GATT negotiations held between 1947 and 1979, Canada and the United States gradually lowered barriers between them and established better and more certain rules to govern trade. Concurrently, they also explored whether a basis existed for an even better regime. As early as 1947, a comprehensive free-trade agreement was being negotiated between the two countries. Before the pact could be ratified, however, Prime Minister Mackenzie King concluded that the country was not ready for such an agreement and satisfied himself that the GATT would serve for the time being. Prime Minister Louis St. Laurent came to a similar conclusion in 1953 when President Eisenhower suggested that the two countries go further.

Bilateral accords, however, were pursued in the defence sector, building on the experience gained in the allied war effort. The Defence Production Sharing Arrangements, based on the 1941 Hyde Park Agreement between President Roosevelt and Prime Minister Mackenzie King, ensured virtual free trade in defence material and equipment. These arrangements provided Canadian industry with the opportunity to participate in North American defence efforts. In 1965, the two governments concluded the Auto Pact, providing for duty-free trade in cars, trucks and parts. That accord allowed the Canadian industry to rationalize and prosper. Today, the Canadian automotive industry is the mainstay of the Ontario economy, employing some 132,600 Canadians. It exports some 60% of its production, many fold what it exported 20 years ago.

Early in this decade, however, Canadians began to question whether enough was being done to enhance and secure access to our principal market. They looked south with wary eyes as one congressional bill after another threatened their access and as action after action closed or narrowed their export opportunities. In 1983,