

The critical question is how do we revitalize the transatlantic community? No doubt there are a number of existing institutional tools such as NATO [the North Atlantic Treaty Organization] or the OECD [Organization for Economic Co-operation and Development] that could be employed more effectively to further our mutual interests; no doubt, these structures could be revitalized and reformed. But if we are indeed living in an era when political diplomacy is giving way to economic diplomacy, then any meaningful effort to strengthen relations between Europe and North America must be primarily economic in nature.

As strong as our trade and investment relations are, they have potential to be better. Even after the Uruguay Round is fully implemented both sides will continue to face tariff barriers in key sectors. And tariffs are not the sole — or even the central — impediment to the further integration of our economies. National treatment for investment, differing standards, restrictive procurement practices — these and other systemic differences must be the new focus of our liberalizing efforts. In a sense, our goal is not simply to secure market access, but to enhance the competitiveness, dynamism, and critical mass of the transatlantic economy.

This conference can be where we begin to canvass our options for our future together. We do not need to be constrained by what has gone before or what we have accomplished in other fora. While it is premature to outline the details of such a policy, let me set out three principles that might serve to guide us in redefining our relationship.

The first is that it is easier to head off problems before they are established than it is to solve them after they have become firmly entrenched. If we can establish common practices — or at least some form of early warning system — then perhaps we can limit the potential for trade friction.

Our recent negotiations on testing and certification for product standards attempts to achieve just that. If we can create a system whereby Canadian laboratories can test Canadian products to European standards — and vice versa — then exporters on both sides can enter markets with less risk and more certainty.

A second principle is that it is often easier to accomplish new goals than to solve old problems. The latter become bogged down with a negotiating history. There are several irritants in our trading relations that have not changed in years — the denial of Canadian grain rights in the Union, for instance, or our countervailing duties on EU beef. But while those problems may seem intractable we are beginning to negotiate new agreements and new co-operative frameworks that have the potential to enhance greatly our economic relationship. Our agreement on science and technology, when it is signed later this year, will open the door