

Canada to sustained real growth in defence spending until the end of the century with improvements to our defences in North America and in Europe, the Atlantic, the Pacific and in the Arctic. It signals to Canada's allies our commitment to making a full contribution to collective defence.

The White Paper is not a bolt from the blue but a logical step along the road to improved Canadian capacity to carry a fairer share of the defence burden. The Mulroney government acted on that commitment soon after coming to power. Our troops in Europe were increased by 25%. The Canadian Airgroup based in Germany was re-equipped with CF-18s. In NORAD, our joint aerospace command, the North Warning System is being modernized. The Defence White Paper continues that Canadian commitment to a strong collective defence.

In that context, I commend George Schultz for his leadership, with his President, in arms control and disarmament. We stand on the verge of the first agreement in 40 years which will actually reduce the number of nuclear arms in the world. In addition to the growing possibility of an agreement on intermediate-range nuclear missiles, (INF), both the USA and USSR are agreed on the basic elements of a strategic nuclear arms accord which could also result in deep reductions. The long-standing vision of a world with fewer nuclear weapons seems finally, potentially within our grasp. We in Canada will continue to direct our influence and our expertise to move that process forward.

Let me speak now on Trade.

What is Canada looking for in this comprehensive Trade Agreement? We are, after all, already each other's largest trading partner. The United States exports twice as much to Canada as it does to Japan; those exports have grown by 40% over the past four years. At the same time 78% of Canada's exports go to the USA. Our total merchandise trade totalled 172 billion Cdn dlrs in 1986. Moreover our trade is in rough balance, when both merchandise and non-merchandise trade are considered. Over four million jobs on both sides of the border are directly tied to this trade. We both have a lot at stake! But we can do more.

We have entered the final stage of the trade negotiations. It will be the most difficult stage, both because the negotiators must move from general principles to specific language, and because, on both sides of the border, controversy will grow as we draw nearer the date of decision.