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In addition to the benefits flowing from the dispute resolution mechanism, tariff reductions will provide major benefits to the mining industry. Since American tariffs on metals and minerals now escalate when value is added to the raw resource, the removal of these tariffs will stimulate exports at the higher value-added sectors in the mining industry such as smelting and refining.

I would like to conclude with a brief discussion of the steel industry. With the recent share acquisition by Dofasco, Algoma Steel is part of the largest Canadian steel producer and is also one of the top five steel producers in North America. The trade agreement enjoys broad support in the steel industry, and rightly so. Algoma exports 25 per cent of its production to the United States and will greatly benefit from the dispute resolution provisions.

It is interesting to note that although both opposition Parties have vowed to tear up this agreement, no one has offered a viable alternative to our Government's two-track trade strategy. It is ironic that both the opposition Parties have indicated that after tearing up the trade agreement, they will attempt to negotiate a series of more limited agreements that are confined to specific sectors, although the eligible sectors have not been fully identified! Unfortunately, the so-called sectoral approach was attempted earlier this decade by the Liberals and failed. Furthermore, three years ago, the Macdonald Royal Commission on economic union and development prospects carefully considered the sectoral approach and concluded that it was open to "several serious objections."

Likewise, although the sectoral approach was one of the options considered in our 1985 discussion paper, my cross Canada consultations quickly led me to conclude that the sectoral approach was unworkable. I therefore find it highly ironic that both opposition Parties are now attempting to offer the sectoral negotiating approach as a viable alternative to this trade agreement. The sectoral approach was tried less than five years ago and it got nowhere. There is absolutely nothing to indicate that this discredited approach would fare any better today.

The comprehensive trade agreement we have negotiated with the United States is the product of extensive consultations with Canadians from every walk of life. As a result of this grass roots consultation process, this trade agreement will provide major benefits to all regions of the Canadian economy. In particular, northern Ontario will be the big winner because its forestry, mining and steel industries stand to gain significantly. I therefore look forward to voting for Bill C-130 later this week.

**Mr. James:** Madam Speaker, the Hon. Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand) spoke about the GATT and the Common Market. I would like to ask the

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Hon. Member for Sault Ste. Marie (Mr. Kelleher), the former Minister for International Trade, to comment on that.

When speaking about the trade agreement, the Member opposite talked about the things we keep hearing about. He did not talk about anything very new, but there are a couple of new things on the horizon. Last week, President Reagan signed the omnibus trade Bill and the competition Act in the United States. A month ago in London, the EEC External Affairs Commissioner, Willy de Clercq, said, and I quote:

—the concept that will be imposed on importing nations after the EC opens its internal market in 1992 is one of "over-all reciprocity." He asserted that this was consistent with the international trade rules under GATT (General Agreement on Tariffs and Trade). But most nations see the Europeans extending the protectionism they now practice in agriculture to such areas as financial services, merger policies, government procurement, local content rules and so on.

We have a major Bill in the U.S. and the expressed opinion of the Commissioner for External Affairs for the European Economic Community talking about protectionism. The Japanese, Latin Americans, and Southeast Asians are looking at this sort of movement and are not likely to change their barriers to trade. Yet the Hon. Member for Notre-Dame-de-Grâce—Lachine East undoubtedly supports his Leader who says that he will tear up the agreement.

From the Minister's experience, what would he see happening if we allowed ourselves to tear up an important agreement with the United States? What kind of signal would that send out to these other important trading blocks that have already expressed some pretty important protectionist sentiments or have already passed some in Bill form?

**Mr. Kelleher:** Madam Speaker, I can certainly advise the Hon. Member that if one looks at the trade statistics over the years, one will see that 10 or 15 years ago, we exported as much as 20 per cent of our product into the European Community. Today, following the creation of the European Economic Community, we export only 7 per cent or 8 per cent.

I know what happened to Canada when Norway and Sweden came in as associated members. We were denied access to some of our trade in the pulp and paper industry. I know what happened to Canadian trade when Portugal and Spain became members of the European Economic Community. Again, our trade suffered as a result.

It is absolutely vital for us to protect our market in the United States where approximately 75 per cent of our exports go. One of the things the critics have overlooked in condemning our Bill and in telling us that they will tear it up is the very important, careful, methodical studies that have been done by recognized experts on what will happen if we do not have this trade agreement. There is no such thing as the *status quo*. We cannot stand still. We either go ahead with this agreement or we will be subjected to continued protectionist pressures from the United States. We saw all kinds of that before we negotiated and concluded this agreement, and there is no reason to suspect that if we do not sign this agreement, those pressures will not continue. One only need look at the continuing trade