

It was with jobs and economic prosperity in mind that on September 26 I announced in our Parliament that the Canadian government wants to pursue a new trade agreement with the United States. This followed on the declaration that President Reagan and I made in Quebec city last March, to explore all possible ways to reduce and eliminate existing barriers in our bilateral trade. We have been encouraged by the response of the United States, first from President Reagan in September, and last month from Secretary of State Shultz.

Our objectives in the trade talks are very clear:

- (1) to secure and expand market access;
- (2) to institute a better framework of rules for dispute settlement — more certainty, more predictability — hence a more confident basis for investment, expansion, modernization, and specialization;
- (3) to compete fairly, both in North American and in global markets;
- (4) to face up to adjustment, not just from US competition, but from the imperatives of a fiercely competitive global market.

Our purpose, in short is to raise incomes, job opportunities and living standards on both sides of the border.

If we and our American partners cannot strike a deal that will achieve these goals, a deal will not be struck. Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character — these are the essence of Canada.

They are not at issue in these negotiations. Canada is a bilingual country, in law and increasingly in practice. Our bilingual character is one of the reasons federal and provincial governments promote culture through direct financial support; it is why there are special rules regarding our cultural sector in our Investment Canada legislation. When it comes to discussing better trade rules for cultural industries, you will have to understand that what we call cultural sovereignty is as vital to our national life as political sovereignty. And how could it be otherwise living, as we do, with a country ten times our population.

Canada and the United States are different sovereign democracies. In the United States, you cast the net of national security over more areas than we; in Canada, we cast the net of cultural sovereignty more widely than you.

Notwithstanding the concerns that always arise from the prospect of change, I am convinced that Canadians strongly support our attempt to negotiate a new trade agreement with the US. There is in Canada, as in the United States, some scepticism as to whether any such agreement could get by a Congress which seems to be growing more and more protectionist. To these sceptics, and indeed to the Congress, let me underline the important stake you Americans have in our bilateral trade.

Canada is your biggest export market. Despite the higher level of the US dollar, we bought \$53 billion in American goods last year. We take 20 per cent of all your exports, and those exports are concentrated in manufactured goods. Canada is your fastest growing market, increasing 40 per cent in the past two years. In Illinois alone your exports to Canada grew in 1984 by 25 per cent to a record \$3.8 billion.
