

and Trade, of which there have been seven rounds to date, and which have been a cornerstone of Canadian trade policy. There is an emerging international consensus for a new GATT round, the impetus for which arises from the need: (a) to head off protectionist pressures; (b) to further multilateral trade liberalization; (c) to clarify existing rules; (d) to cover new areas, such as trade in services; (e) to bring newly industrialized and developing countries into the multilateral framework with some reciprocity of benefit.

The government wishes to develop the Canadian approach to the next GATT round with full co-operation of the provinces and the private sector. The next round of negotiations could cover, *inter alia*, various aspects of the following elements: safeguards, trade in agricultural products, government procurement, trade in services, trade in resource-based products, textiles and clothing, tariffs and non-tariff measures, and strengthening and extending the multilateral system.

Part III: Canada-United States Trade Relations

Because of its extraordinary predominance in our total trade, the Canada-US relationship requires special attention; it is improbable that

the long-term trend toward greater involvement with the United States in trade, investment and access to technology will be reversed.

The main problem for Canadian access to the US market is the increased threat of protectionist measures (not all of which are specifically directed at Canada). Our exports of lumber, steel, copper, fish, urban transit equipment, cement and certain agricultural products have experienced the threat of US restrictions, and protectionist sentiment is unlikely to diminish in the foreseeable future. In addition, some Canadian exports are affected by measures of general application designed to give preferences to US producers, e.g. "Buy America" legislation. At the same time Canada is by far the United States' most important export market, accounting for 19 per cent of the US total; US exports to its second customer, Japan, are just over half of the total purchased by Canada.

The direction of future Canada-US trade arrangements and determination of the best choice for Canada among available options depend, ultimately, on our assessment of the importance of barriers to Canadian trade identified in negotiations with the US, the advantages and risks of each option, the negotiability of defined objectives and the political will of both countries to undertake such negotiations. Two

Table 4
1984 Major Canadian Exports to the United States

Rank	Items	Value in \$000,000	% exports sold to US
1.	Automotive Products	\$28,748	97.8%
2.	Forest Products	11,239	74.2%
3.	Petroleum & Natural Gas	8,261	99.8%
4.	Fabricated Metal Products	7,607	80.5%
5.	Chemicals & Chemical Products	3,481	65.7%
6.	Agriculture & Food	3,444	31.8%
7.	Telecommunications & Office Equipment	2,687	72.1%
8.	Industrial Machinery	2,118	74.5%
	All Other Items	15,182	53.3%
	Total	82,796	75.6%