

the free world that does not have its own internal mass market. Only through freer trade can we achieve the economies of scale that will enable us to remain competitive. Canadian industry, agriculture and fisheries, must have the kind of access to the U.S. they need to grow and provide jobs for Canadians.

It is the combination of these challenges which has prompted the Government to look closely at the trading world in which we live, and the choices that are open to us. Many are asking whether our needs can still be fully met by relying exclusively on the GATT, which has served us well to date, and on another round of multilateral trade negotiations. International competition, the strength of protectionism and the emergence of regional trading blocs in the Pacific and Europe all raise the question of whether the multilateral system alone can assure us of the markets we need to sustain and expand our economy. The multilateral system remains important to us but I believe that all of us -- governments, the private sector, labour and consumers -- need to have a careful look at our trading relationship with the U.S., as we consider ways to secure and expand our markets there.

This means continuing to look at the sectoral approach to see what it can offer. It also means examining calls from certain parts of the business community for other forms of trade liberalization with the United States.

It must be understood that any new trade agreement, particularly a comprehensive one, involves give as well as take, costs as well as gains. And that brings up some very large questions. They include: the strength of our export industries; the problems of those which already face strong competition; the special measures of adjustment which might be needed; the constraint on certain Canadian policies, such as regional development, which might be involved; and the anxieties of those concerned with Canadian identity in any proposal for a closer relationship with the United States. I do not propose to answer such issues now. I raise them because they compel serious consideration and close consultation with all affected parties.

I want, however, to leave you with one thought in this area. The luxury of a leisurely and prolonged study is not open to us. The pressures are either to go forward in liberalizing trade or to go backwards into protectionism.