

Free Trade

Paul Volcker said it best when he stated that the greatest threat to the international trade system today is the emergence of regional trading blocks. Why? Because they will set walls around regions not only countries; in North America, in the Pacific Rim, in Europe, in Latin America, and there will be a reproduction of the type of trade wars between countries that we saw in the 1930s now happening between regions. They will be hammering one another.

This trade deal starts that right now because we have set up discriminatory trade rules. In the Auto Pact system we say that there is one rule for North American automobiles and another rule for offshore. In the areas of manufactured goods we say that there is one rule for Canada-U.S., and another rule for those offshore. Therefore, by saying that there are different rules we have already substantially contributed to the emergence of a discriminatory trade wall around North America.

How can anyone in their right mind argue that that is helping the international system? How can anyone suggest that by establishing a discriminatory trade block in North America we are somehow providing sweetness and light in the international system? That works against our own interests, because a large part of our commodities are not traded with the Americans. They are traded in the Pacific Rim, in Europe, in the Middle East, and in Latin America. Can you tell me, Mr. Speaker, why a customer who is going to buy our wheat or barley offshore will not suddenly ask why he should buy Canadian wheat when there is lots of surplus in Argentinian, Australian, and other wheat, and when we have just signed a deal which says that he cannot get the same treatment as people in Buffalo? In other words, they are setting in motion a diversion of our trade patterns which will have an enormous impact upon our trading partners down the road.

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In the field of agriculture and commodities they are also doing something very dangerous. They are beginning to play with the fundamental infrastructure of our commodity system. They have admitted in two places in the agreement that the transportation system or the freight rate system that we use to move our commodities from Atlantic Canada and our grain from western Canada is a subsidy which is objectionable under trade rules. It is the first time any Government of Canada has ever admitted that. It is the first time a precedent has been established that the western grain freight system is an unfair trade practice. Similarly the same thing would be true in the Atlantic system.

They are doing some very funny things with international trade rules otherwise. Let us talk about fish processing for a moment before my time comes to an end. We are told in the agreement that the eastern fish processing industry is protected but that the western B.C. one is not. However, when we go to the agreement we find that the eastern processes will still be vulnerable to the GATT rules which were applied to West Coast fishermen and processors. They have also eliminated the remedy which Canada allows, that is, the use of an export tax

remedy. They have put in double jeopardy our fish processing and have taken away remedies normally available to us under the GATT to deal with those problems in both the East and West.

When we talk about using the international system, the Government is abusing the system. For a country which once took leadership in helping to formulate an international commercial economic system, we are now pulling away or retreating. All other countries are getting the signal that Canadians are in full retreat from the international system and they are asking, "why shouldn't we be too?" The end result will be a regional trade war around the world.

I would suggest that what we should have done, and what we have recommended, is tried to achieve a better trade deal for Canadians. We had the opportunity at the Uruguay Round to begin dealing with dispute settlement mechanisms at that level and to start dealing with the question of how we would deal with tariff reductions and non-tariff reductions in the next round.

However, we would do it in company with other countries with similar interests to our own. In the vast and important area of services, countries like Brazil, India, Third World countries, and European countries with which I met in Punta del Este over a year ago indicated that the reason they were nervous was that they knew that service industries were essential to the maintenance of the integrity of their countries. For example, if we give up control of our banking system, our data processing system, and our information system, we would not have a country left. Therefore, when we have rules applying to trade in services we must also have rules applying to the investment in those services and rules applying to the right of establishment in those services to ensure that when multinational companies like IBM or American Express come tromping into the country and say that they will take over our system we have rules which say how they must behave when they are in our country.

What has the Government done in this agreement? It has gone the opposite way. Wrong way Carney has once again scored a touchdown in her own end zone.

Mr. Tobin: For the other team.

Mr. Axworthy: Yes, the other team will get the points. They have opened up trade in services but at the same time they have taken off all controls on investment and all controls on right of establishment. They have said that they can come in and do what they want in our country and we will not say boo.

When they ask why the Liberals want an alternative, that is why we want an alternative. It is to ensure that rules apply to the big economic giants of the country. We recognize that they do not recognize national interest or Canadian interest. They recognize one interest only and that is the interest of their stockholders, if that at all. They are a private government unto themselves. The history of the country has been to try to find rules to apply to them. Surely, after the example of the oil