

Canada-U.S. Free Trade Agreement

part of that campaign. When you try to pin them down, they say that there is going to be more open competition between Canadian and U.S. firms. That is going to be the cause of this. That myth is exploded by the facts that I have given this morning, of the growth of social programs and regional development since World War II. It is at the same time that we were reducing our trade barriers with the U.S. All of these other things were burgeoning forth. It is going to continue that way. That is why we are going to always have improving child care systems, that is why we can have programs like the Atlantic Canada Opportunities Agency. It is not disappearing; it is improving. It can only improve as long as we have the economic wealth to improve it, and we are only going to have the economic wealth to improve it if we can improve our access to the United States market. That is the sequence.

They point also to the negotiations over the next five to seven years on countervail and anti-dumping. What is anti-dumping? Anti-dumping is about selling goods for less in the other country's markets than in your own, so that cannot be the problem.

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So then they point to countervail. What are countervailing duties? We use countervailing duties just as the Americans use them and every other country uses them. They are to protect a domestic industry from significant harm caused by unfair, trade-distorting subsidies given to foreign companies exporting into your market. If some foreign country exports into Canada at prices less than their costs or less than they sell at home, then we can bring in a countervailing duty, or if they subsidize their goods with unfair subsidies, trade-distorting subsidies, to compete in other countries, we can bring in a countervailing duty if we can prove it. The U.S. does it and we do it. It includes things like direct export subsidies.

For example, if Canada paid the producers of a widget 50 cents for every \$1 widget to the United States, that would be a direct export subsidy. If the company exports its widgets to the United States, the Government will pay it 50 cents a widget, a direct export subsidy. The Americans would have a right to complain. It has nothing to do with medicare, child care, old age pensions, family allowances or social programs and has nothing to do with regional development programs of general application.

A general regional development program such as ACOA which is open to everyone, general application, cannot be challenged with countervailing actions, or it cannot be challenged successfully. Of course anything can be challenged. The point is, can it be done successfully?

We want to achieve a clear set of rules for countervail that prevents the kind of politicized decision-making we saw in the U.S. in the softwood lumber case. Binding dispute settlement is our main line of defence against those politicized decisions while we are working out the countervail rules with the Americans. If the Americans suggest, some time in the next

five to seven years, some kind of distorted approach to those issues, we will simply say no. We will not agree to their suggestions. That is all we have to do, just say no. Nothing forces us to say yes.

The final representation I will deal with this morning is what I call the hijacking of the GATT. The Opposition claims the free trade agreement undermines the multilateral trading system that is so important for our access to global markets. That is not true. That is confirmed, of course, by Arthur Dunkel, the Secretary General of GATT. He has said that the free trade agreement will in no way hinder each country's trading obligations with the rest of the world.

We follow a two-track policy in trade negotiations. Bilaterally, with our largest trading partner, the U.S., we are improving the relationship by a bilateral agreement. Multilaterally, through the GATT, we are negotiating now with the GATT. I have been at several meetings myself. Our chief negotiator is Sylvia Ostry. We are going to Islamabad in the first couple of days of October to meet again with 22 other countries in preparation for the mid-December meeting in Montreal of all the GATT countries, the mid-way point of the Uruguay Round of GATT negotiations. We are pursuing a two-track policy.

We have achieved success in the bilateral negotiations with the U.S. We hope for a successful outcome in the MTN negotiations, but those are far from complete. They have another couple of years to go. We have to get 95 other countries to agree. GATT Article 24 specifically provides for free trade agreements between member countries and our agreement comes within GATT Article 24.

In June in Toronto, as we all remember, the seven leaders at the summit, our largest trading partners in Europe and Asia, strongly welcomed the free trade agreement and noted the contribution it would make to success in the multilateral trade negotiations. Our policy is two-track: one U.S.-Canada where 75 per cent to 80 per cent of our exports go, the other with the world.

Let me give the last word on the nature of the Opposition's criticism to a Liberal Senator. I will quote George Van Roggen, one of the most experienced and knowledgeable individuals on trade matters in Parliament. He is the Liberal Chairman of the Senate Committee and has been at dozens of Canada-U.S. parliamentary meetings. He is widely respected, but stabbed in the back by his Leader when his Leader made a statement calling on the Senate not to proceed with this agreement, not to give this a sober second look but to give it an inebriated no look at all, I suppose. Senator George Van Roggen has said:

I think if it weren't for the verbal terrorism of the (free trade) opposition frightening people to death, the man in the street would be instinctively in favour of (the free trade agreement).

That is an exact description of it, verbal terrorism. Then he went on to say: