

In the absence of an agreement to secure and enhance trade, U.S. protectionism could seriously hinder the access of Canadian exports to the USA, affecting our prosperity, especially the security of many thousands of jobs. Canada-based companies could increasingly be obliged to set up operations in the USA to reach and serve the U.S. market. Financing the instruments of our distinctive nationality, including our social programs and our instruments for cultural self-expression, could be more difficult.

The Government is seeking the views of all interested Canadians on this issue. How best can we secure and enhance the access of Canadian exports to the U.S. market? Do Canadians believe that an agreement on closer trade relations with the United States entails important economic, cultural and foreign policy advantages or disadvantages? In summary, what kind of relationship with the United States do Canadians want?

The process of consultations with Canadians is already under way. Decisions may need to be taken before the Parliamentary review is completed. At the Quebec Summit Meeting in March of Prime Minister Mulroney and President Reagan, the two leaders agreed to search for ways to secure and facilitate trade and investment flows. A bilateral mechanism to examine all possible and mutually acceptable ways of reducing and eliminating existing barriers to trade was established and the respective ministers responsible for trade were asked to report to the Heads of Government within six months.

Strengthening the Multilateral Economic System

We need the international economic system to conduct our extensive two-way trade and capital investment. That system is being strained by financial uncertainty and trade protectionism. We have an important interest in doing our share, and more, in preserving and improving it.

For the multilateral system to work better, progress will have to be made on macroeconomic and financial cooperation, trade rules, international debt and development assistance. Sound fiscal and monetary policies in the major economies are needed to achieve a stable economic climate for the world as a whole. The U.S. deficit and U.S. interest rates are obviously central factors and U.S. leadership is pivotal. But others, including Canada, also have a responsibility to the larger system and must play their full parts, particularly when setting national macroeconomic, industrial and trade policies.

There are two crucial, related Canadian trade policy objectives: to enhance our companies' existing access to markets and to preserve the integrity of the GATT system. Investors, farmers, businessmen and labour need to know what the ground rules are, what and how they can sell abroad, and what and how foreign producers can sell in our market.

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We must judge existing or proposed federal and provincial policies not only on their substantive merits but also on their impact both on the international system and on our own capacity to adjust to international changes and to compete. For instance, the government is currently providing protection against international competition to the footwear, clothing, automotive and certain agricultural sectors. Our financial sector is also shielded somewhat. Might we allow more international competition to prevail?