

WHILE THE NEGOTIATIONS ARE IN PROGRESS, WE STILL HAVE TO MANAGE THE SPECIFIC "IRRITANTS" -- THE POLITE WORD OUR FOREIGN MINISTRIES USE TO DESCRIBE PROBLEMS. THEY HAVE PROVIDED A GOOD ILLUSTRATION OF THE NEED TO REACH THE NEW UNDERSTANDINGS BETWEEN US ON THE RULES OF THE ROAD.

BUT LET US NOT FOOL OURSELVES. THESE IRRITANTS ARE NOT LIKE AN ITCH THAT NEEDS TO BE SCRATCHED. DEALING WITH THEM, INFLUENCES HOW WE ARE GOING TO DO BUSINESS TOGETHER IN THE FUTURE AND THE ENVIRONMENT IN WHICH WE ARE TRYING TO NEGOTIATE AN HISTORIC AGREEMENT.

LOOK AT STEEL FOR A MOMENT. LAST YEAR AMERICAN STEELMAKERS SUFFERED A RECORD \$4 BILLION LOSS. OVER THE PAST FIVE YEARS STEEL MILLS IN YOUR COUNTRY HAVE SHUT DOWN AND EMPLOYMENT IN THE INDUSTRY IS GREATLY REDUCED.

WE IN CANADA HAVE HAD SIMILAR PROBLEMS. BUT OUR INDUSTRY RATIONALIZED AT GREAT EXPENSE BECAUSE IT KNEW THAT IF IT WAS TO COMPETE IT COULDN'T COUNT ON GOVERNMENT SUBSIDY AND BAILOUTS TO KEEP IT HEALTHY. THE BIGGEST EXPORT MARKET FOR CANADIAN STEEL IS THE US. NOW WE FIND OURSELVES UNDER INCREASING PRESSURE TO AGREE TO SO CALLED "VOLUNTARY EXPORT RESTRAINT" EVEN THOUGH WE ARE FAIR TRADERS AND OUR STEEL IS BEING SUCKED INTO THE US MARKET THROUGH THE INABILITY OF US INDUSTRY TO MEET DEMAND.

WE BOTH BENEFIT FROM TRADE IN STEEL. ONE THIRD OF US STEEL EXPORTS GO TO CANADA, THE LARGEST FOREIGN MARKET IN THE WORLD FOR US STEEL. CANADIAN STEEL MILLS BUY OVER 95% OF THEIR COKING COAL AND ONE THIRD OF THEIR IRON ORE FROM US MINES.