

Why do I say this? Let's look at the facts.

Fact number one - the size of our relationship. Canada and the United States are each other's largest trading partners by far. This year, trade in goods between us will exceed \$120 billion (U.S.). Add in services such as shipping, tourism, insurance, and telecommunications, and the amount rises to \$146 billion (U.S.). This relationship is simply too large and complex to be governed by existing trade laws. It should be governed by a treaty tailored to its special needs. We need better rules of the road appropriate for such heavy two-way traffic.

Fact number two - exports mean jobs for both American and Canadian workers. More than two million American and two million Canadian jobs depend on trade between us. In fact, you enjoy a large surplus in trade in manufactured goods and Canada is one of the few export markets where American exports are increasing. Already some 21% of total U.S. exports find their way north. If you allow special interests to block our exports and slow our economy, we will obviously have less demand for your goods and services.

Take for example, our steel trade. Currently, American interest groups are lobbying to curtail our steel exports. But what they fail to explain is that every \$1 of exported Canadian steel generates \$1.25 of American goods and services exported to Canada.

Fact number three - businesses thrive in a secure and predictable environment. Traders and investors in both countries need governments to set standards of conduct which are appropriate for a relationship of such size and sophistication. And a long-term binding trade agreement could give them that certainty, by limiting the ability of interest groups on both sides of the border to use harassment tactics.

Fact number four - trade barriers raise prices and depress consumer and business spending. For example, the decision to impose a duty on softwood lumber will clearly depress American housing starts - one of the engines of American economic growth. A trade agreement should create better methods of dispute settlement, thereby limiting the possibilities of such self-inflicted wounds.

Fact number five - trade barriers often lessen the international competitiveness of domestic industries. Here in New England, for example, your high technology sector depends on a secure supply of competitively priced Canadian hydro power. So it's hard for us to see how you would benefit from a surtax at the border, as some in your Congress propose.

And fact number six - a trade agreement holds the potential to set precedents for global action on such vital issues as trade in services. Services, which are the fastest growing parts of our economies, are not yet properly regulated by international treaties. A Canada-U.S. trade treaty could make an important contribution to broader international negotiations.