

# Welcome Mat Put Out for Canada

## Trade Relations Seldom Warmer

By William Lowther

WASHINGTON — One cold and gray February morning this year, a small troop of Canadian boy scouts carrying a Canadian flag filed through the doors of the United States Senate building on a guided tour.

Immediately on seeing the flag, one of the guards jumped to attention and saluted.

"That's the only flag aside from the stars and stripes that I'll honor," he said with a big friendly grin.

The incident — trivial, charming, even touching — is a pointer to the underlying depth of goodwill in Washington towards Canada. Nor does it stop at Capitol Hill guards. It goes right to the top.

And it's reflected in the current warm and receptive attitude towards Canadian trade.

There are some possible storm clouds on the horizon and special interests such as the border broadcasters and Maine potato farmers quite often cause an anti-Canadian furor.

But when the overall trading relationship is brought into perspective from the American side the atmosphere and the tone is seen to be very positive.

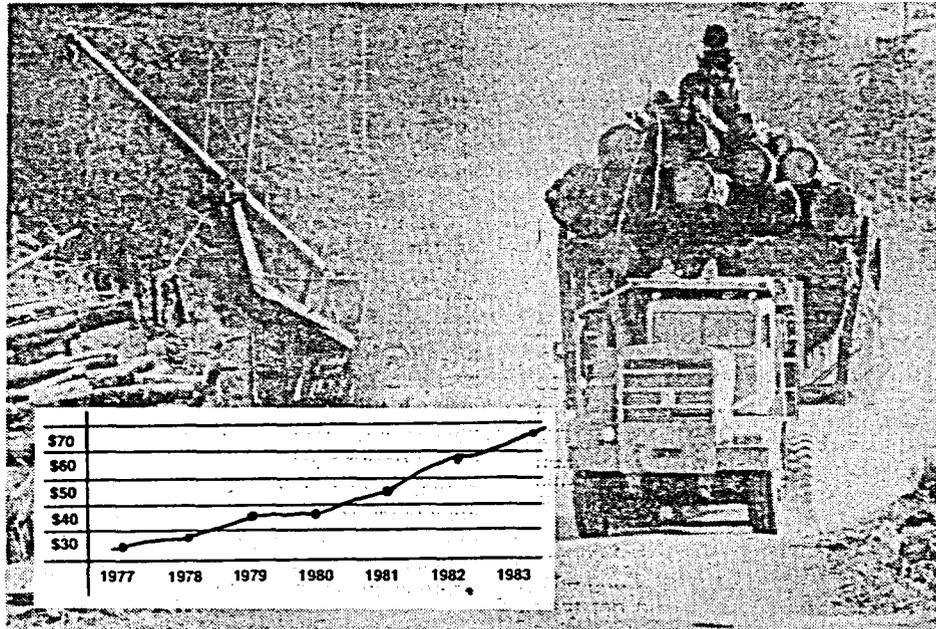
On February 17 William Brock, the United States Trade Representative, met in Washington with Gerald Regan, Canada's Minister for International Trade, to open talks aimed at eliminating trade barriers in certain sectors of the economy.

Initially the ongoing talks are focusing on steel, agricultural equipment, government procurement of urban mass transit equipment, and trade in computer services.

Canada requested the talks and the United States readily agreed. Working groups from both sides are now investigating the implications in depth and will report back by early May on the practicality of this kind of trade liberalization.

Says Brock: "With all the negative news on trade, both domestic and international, and the pressure on the world trading system, it is a matter of real consequence that the two largest trading partners in the world are holding conversations about liberalizing trade, about expanding trade, jobs and growth."

His words are echoed by economist Dr. Peter Morici of the privately funded National Planning Association which makes a special study of U.S.-Canadian relations.



Sales to U.S. pace export rise

Dr Morici stresses that not everything is rosy — there is concern in the United States about the procurement provisions of the National Energy Programme which effects U.S. exports to Canada for example — but in general he insists "the atmosphere is very favourable."

He adds: "Things are pretty good. There are irritants but no major problems. Americans have big trade problems with the European and the Japanese and certain Third World countries. That's where the attention is."

A number of American industries, including copper and steel, have asked for import relief in the form of quotas or higher tariffs to protect them during this difficult economic time and as a result of the complex legal system involved President Ronald Reagan will be called upon to make a decision in these cases this autumn, just a month before the presidential election.

It has been suggested that he might be

scrambling for votes in industrial states at that time and will be under enormous pressure to bow to protectionist interests.

Dr Morici is fairly confident this won't happen but he points out: "This is an election year. Things are bound to be a little more active but I think that ultimately we will find that rhetoric will exceed the bite."

William Merkin, a U.S. Government official who works on Canadian trade affairs, agrees. "We are very interested in freeing up trade bilaterally" he says. And he adds: "Generally there is a very positive atmosphere concerning trade with Canada right now. That's not to say there aren't isolated disputes but the tone is right."

"Even where we do have disputes we are talking and trying to find solutions as opposed to the confrontation that characterized the relationship a couple of years ago. U.S.-Canadian trade relations are much better than U.S. trade relations with any other major country."

## Canada and U.S. Sign Bilateral Trade Understanding

Canada and the U.S. have signed a bilateral "Understanding" which provides for consultations before either country imposes protective import restrictions that could affect the other.

Gerald Regan, Minister for International Trade, who signed for Canada, described the Understanding as a "constructive and

positive step, and further evidence that bilateral trade relations are generally in good shape."

He added that the understanding resolves some long-standing differences between Canada and the U.S. on the interpretation of safeguard provisions under GATT.

## Strong Support On Free Trade

That view, coming from the administration side, is backed up on Capitol Hill where Canada has so often been threatened in the past by proposed protectionist legislation.

A House of Representatives staff member who deals directly with Canadian trade issues is now adamant: "There is no negative sentiment regarding imports from Canada."

"There is a lot of negative sentiment regarding imports from Japan and to some extent from Western Europe but that does not have a spill-over effect on Canada."

On the question of free trade between Canada and the United States, the Congressional official said: "I think that's up to you guys. All we can do is sit on the sidelines and see how the political climate develops in Ottawa."

"There is greater support for free trade in the U.S. than there is in Canada. Obviously because the Canadian economy is more vulnerable than the American economy Canada has more to gain but also more to lose if things don't go right."

Looking to the future, the official felt it was possible if President Reagan is re-elected that legislation backing free trade with Canada in at least some sections of industry will be introduced about this time next year and that it could become law in 1986.

He felt however that a Democratic president will be less likely to push the free trade idea and that under a leader such as one present Democratic Party contender, former vice president Walter Mondale, there might be a gradual increase in some forms of protectionism that could eventually impact Canadian goods.

Interestingly however, Senator Gary Hart of Colorado, the candidate now running ahead of Mondale, favours free trade with Canada and is committed to actively push for it if elected.

All in all, the long term view sees Canadian-U.S. trade relations continuing along a steady if not exactly smooth path. There will, of course, be occasional potholes, muddy patches and puddles.

But seen in the context of the complete trade picture they are expected to remain minor.

"There is a definite sense that both sides are working for improvement and that's got to benefit everyone," said the Congressional official.

## CANADA EXPORT TRADE MONTH

"Exports build Canada."

That is the theme of Canada Export Trade Month which will be observed nationally during October.

The co-operative undertaking of federal and provincial governments, business and labor, Canada Export Trade Month is directed towards making all Canadians more aware of the

importance of exports as a source of employment, investment and economic expansion.

Awards will be made to businesses and individuals for superior export performance. Trade exhibits will be presented and export seminars will be held. Special efforts will be made to attract more businesses, particularly small and medium ones, into the export trade.

Canada's exports have been growing vigorously in recent years as producers have become more competitive in the pricing and quality of their products and more experienced in marketing abroad.

Canada Export Trade Month is directed towards helping to maintain that growth.

