

*The Address—Miss Carney*

lumber case. We won the case in 1983. We then faced a number of legislative initiatives seeking in one way or other to limit our exports to the U.S. We then faced a fact-finding investigation and yet another countervail action this year. Now, the threat is that if the U.S. industry does not get what it wants there will be the likelihood of more Congressional action. This is why we seek new rules. We seek a better shield against the forces of protectionism. The existing rules may be law, but their enforcement does not always lead to justice. We want more certainty. We want a more confident environment for investors and producers in Canada. This, in turn, will generate jobs and economic growth.

What about enhanced access? One example is our industries' ability to sell goods to the U.S. state and federal Governments. For example, the "Buy American" requirement prohibits the use of foreign steel in projects funded under certain acts. This closes an important part of the U.S. market to our producers. We want better access to these markets so that our world-class technology in areas such as telecommunications and electrical generating equipment can compete on an equal footing with U.S. producers.

There are many other trade actions taken by the U.S. which irritate us. I am reminded of the Prime Minister's words that we are best friends, America and Canada, and that we are each other's biggest trading partners, but at times it is difficult to be friendly with your best friend. I could also mention, for instance, potash, uranium, the wheat subsidy war and other U.S. support practices.

However, we are not walking away. Rather, we are seeking through negotiations a better framework for trade between us.

• (1610)

The U.S. administration, for its part, has indicated that it sees important benefits for its country. Canada is the largest market for U.S. exports and it is one of the few markets in which U.S. exports are increasing. Canada is the largest recipient of direct U.S. investment and millions of cross-border transactions link our two national economies.

The U.S., of course, has its concerns and we are willing to listen to them. We will adjust for them where we are able to do so. That is the process of negotiation. Any trade treaty clearly must be beneficial to both partners.

Some who oppose this initiative say we are undermining the GATT by advancing our interest on a bilateral basis. That is simply wrong. A bilateral agreement is consistent with GATT rules. Moreover, our bilateral talks with the U.S. are not only consistent with the GATT but could serve as multilateral models. We are well aware that Canada-U.S. agreements in such areas as procurement and services could be models for multilateral action. We are negotiating with this in mind.

So those are some of the realities that have prompted us to embark upon this two-track approach. They make a compelling case for our two-track policy. The critics who are here today have a responsibility to address these same realities and

to tell Canadians how their policies meet the needs of Canadians today. I suspect they will not be able to because their policies are not based on fact or supported by past experience and their policies do not meet the needs of Canada in today's world.

I recognize that much of this criticism has been directed at the hearts of Canadians, not their heads. Canadians have been warned of the traumatic adjustments that will flow from an arrangement and they have been warned that our cultural sovereignty is at stake. Those are two false accusations, so let me take a minute to address these two fears.

First, regarding the trauma of change, let us just put this in perspective. Canada has been reducing its trade barriers step by step since the beginning of GATT in 1947. Canadians have not only survived this process but have prospered under it. If Canadians have prospered through seven rounds of trade liberalization, why would the next step be any different?

Second, there is the issue of cultural sovereignty. I would like to remind the House that there were two important events in the life of Canada which took place in the late 1940s. One was the creation of the GATT, the start of the trade liberalization process that has continued to this day. The other was the Massey Royal Commission on the National Development of the Arts, Letters and Sciences, the start of a cultural development process that has also continued to this day. These two processes went hand in hand because it was the prosperity created by trade liberalization that allowed us to create all those institutions and programs which helped to define us as Canadians today.

Just as trade liberalization continues, the challenge to build a national identity continues today. We in the Government recognize that and we have said very clearly to our negotiators that this Government's ability to protect and enhance Canadian culture is non-negotiable. We want a country whose people can communicate with one another through the arts and the popular media. The essence which makes us Canadian cannot and will not be compromised.

Before I close my remarks, let me make a final point, Mr. Speaker. So far, I have talked about our two-track trade policy. Let me note another element of our over-all trade strategy, the need to seek new export opportunities. I view the promotion of Canadian exports as being a key element of my portfolio. Essential as it may be, it is not enough to negotiate changes in the rules governing trade. We must continue to seek new markets for our goods and services. As was stated in the Speech from the Throne, particular emphasis will be placed upon trade with Japan and other Pacific Rim countries. I will be addressing this theme again in the coming months.

So, Mr. Speaker, we know precisely what we are doing. We are well prepared and we are convinced that our strategy is the best way to advance our national interest. We are actively consulting with the provinces. Indeed, our response to the softwood lumber case is a prime example of federal-provincial co-operation in a trade matter.