

So we have a threat we cannot ignore. Canada can't afford to lose jobs, or to have them continue under constant threat. The arrangements we have now are not good enough. We need a better mechanism for settling trade disputes and irritants; for reaching agreement on controversies over subsidies for industry, agriculture and fisheries. In brief, we need something better just to preserve Canadian jobs.

That speaks of some of the obstacles we want to discuss with the Americans, in the interest of Canadian jobs and security. But let's also look at the opportunities.

A better, fairer, more open trade arrangement with the United States would create new jobs, and better jobs. It would encourage new investment, not only foreign investment, but investment by Canadians as well, and that would build our industries and make them more competitive throughout the world. We would, in other words, be selling more products not only to the United States but to the rest of the world as well. Because we would be more competitive.

There are a great many Canadian producers who relish the challenge of greater access to a market of 250 million people. They are confident about their capacity to compete in a more certain North American environment. They have confidence in their capacity as managers and in the skills, know-how and diligence of their workers.

Consider for example the case of the Canadian petrochemical industry. Given Canada's abundance of natural resources, particularly natural gas, at relatively favourable cost, petrochemicals are one of Canada's strongest manufacturing assets. However, the industry is capital intensive. In order to be internationally competitive, it needs considerable economies of scale, which means having unfettered and secure access to a large market.

Another example of an industry which suffers today from inadequate access to the US market is the Canadian urban transit equipment industry. The Canadian market for urban transit equipment is limited. Canadian manufacturers have to export to survive. Their natural and nearest export market is the US. But "Buy America" and similar content requirements imposed at state levels, make this market extremely difficult for Canadians.

The government wants these firms to flourish. We know that this is a more promising avenue to growth and employment than bail-outs — or taking a plunge into our own brand of protectionism.

These, then, are the threats and the opportunities we face. In confronting them, we have been very conscious of the fundamental importance of involving Canadians directly in any decisions about what we might negotiate. In our economic statement of November 1984, we promised to consult closely with business, labour and other groups. And throughout the last year we have done just that.

Beginning in January, we issued a discussion paper on "How to Secure and Enhance Canadian Access to Export Markets". In May, we tabled "Future Directions for Canada's International Relations".

In the spring, my colleague, Jim Kelleher, the Minister for International Trade, undertook an intensive six-week tour across Canada meeting with hundreds of interested Canadians.

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