

*Canada-U.S. Free Trade Agreement*

Canada's Minister of Finance (Mr. Wilson), in his speech to the Americas Society in New York last week, said:

There are times in a nation's history when it must make important and difficult choices if it is going to take charge of its economic destiny. Our recent election was just such an occasion. Canadians were given an historic choice: either to continue the march of history toward freer and more efficient trade or to slip backward toward increased protectionism.

We in Calgary know from painful experience, as our Prime Minister (Mr. Mulroney) has said, what happens when we make the wrong choices, when we try to swim against the tide, for example on energy policy or investment policy, or to resist the global trend toward more open trade. One had only to walk through the western Canada of the late seventies or the early eighties to see the devastation inflicted on western Canada by the wrong policy choice in energy. That will not happen again.

During the election campaign, some argued that a vote for the Free Trade Agreement was a vote for a Canada that turns its back on distinctive cultural and social values that help to define our country. On the contrary, we believe the Free Trade Agreement will strengthen our capacity to enhance those values through increased economic prosperity and growing national confidence.

After a thorough and energetic debate, Canadians boldly opted for the opportunities and the strengthened prosperity that will accompany the Canada-U.S. Free Trade Agreement. It was a decision based on our national confidence in our ability to compete and compete successfully in an increasingly competitive market-place and on our maturity as a distinct and dynamic nation.

We in Canada have debated this subject for over 14 months. Prior to that the, Macdonald Royal Commission held hearings, conducted interviews and heard from Canadians in all parts of the country. It was a healthy exercise. However, the debate has also involved hypothetical notions and hysterical emotions and has left many Canadians asking what it will do for them, what happens when the Free Trade Agreement is implemented.

When the Canada-U.S. Free Trade Agreement enters into force on January 1, 1989, a number of changes will immediately come into effect. Among them, tariffs will be completely removed on about 15 per cent of dutiable bilateral trade. Upon entry into force of the agreement,

such items as computer equipment, fur and fur garments, frozen fish, animal feed, skis and skates, and, as the Minister for International Trade (Mr. Crosbie) has noted, whisky, will cross the border duty free if they are of Canadian or U.S. origin.

On the same date, tariffs will be reduced by 20 per cent on about one-third of dutiable traded goods. Such goods include machinery, paint, furniture, paper and paper products, hardwood, plywood, petroleum and after-market auto parts. Each January 1, another 20 per cent of the tariff will be removed until these goods become duty free on January 1, 1993.

On the remaining goods, consisting of about 50 per cent of dutiable bilateral trade and including such items as clothing and textiles, appliances, most processed foods, footwear, drugs and cosmetics, et cetera, tariffs will drop by 10 per cent on the date of entry into force and 10 per cent each year thereafter until they become duty free by January 1, 1998. Canadian consumers will be the first to benefit.

Of more specific interest to the people of Calgary Southeast, the Canada-United States Free Trade Agreement provides Canada with the opportunity to maintain control over our energy future. Canada's energy industry will flourish in a competitive environment while we maintain Canada's ability to control ownership and regulate the industry.

Today Canada has a thriving and developing energy industry. Nearly 275,000 Canadians work in the field, and that number is growing. In 1985, we produced over \$60 billion worth of energy and energy products. Energy is our third largest export, and more than 20 per cent of our total production goes to the United States. In fact, we did over \$12 billion worth of energy business with the United States last year.

It is simply not true and completely misleading to suggest that Canada has committed itself to a "continental energy policy". Under the energy provisions of the Free Trade Agreement, the federal and provincial Governments maintain their unassailable right to implement distinctive Canadian energy programs. The producing provinces will continue to exercise all rights of ownership, to determine rates of production and to levy royalties.

The agreement specifically allows for government incentives to industry to develop new energy supplies, to increase conservation measures and to implement policies that ensure the maintenance of a strong and viable oil and gas industry. Under the Free Trade