

I might mention that there is plenty of historic precedent for a bilateral trade agreement between us. Five decades ago, the world was in the midst of the Great Depression, and trade wars had broken out to make things worse. Canada and the US were the first to react to the rampant protectionism of the times. In 1935, we signed a bilateral agreement to bring the barriers down, and its principles became the foundation for the multilateral trading system we have today.

I don't believe it would be going too far to say that a new bilateral agreement between us might yield somewhat similar results. A new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT) is expected to begin next year, supported wholeheartedly by the United States and Canada. Negotiations for this eighth round will take many years. They will not be easy, for not all the world's trading nations are agreed on what they should cover. If Canada and the United States could lead the way, if we could show the rest of the world that trade liberalization is to everyone's advantage, I believe it likely that the multilateral negotiations would yield better results — that more barriers would come down faster throughout the world.

Some people in both our countries have questioned the need for bilateral negotiations. They say we should rely only on the multilateral process under the GATT. But they are wrong. The GATT is vital to the maintenance of an orderly trading system throughout the world, and it has brought real gains in attacking trade barriers. But it must take the needs and aspirations of a 100 nations into account, and so its progress is necessarily slow. By itself, it is not equipped to address the needs of a bilateral trading relationship as extensive, dynamic and complex as the one between Canada and the United States.

From Canada's perspective, our bilateral trade negotiations should be, as President Reagan pointed out, free of any preconditions. An agreement should aim to achieve three major mutual objectives. First, we seek assured and stable access to each other's markets so as to create employment in all regions of Canada and the United States and to stimulate balanced economic development in our two countries. Second, we believe that we should attack the remaining tariff and non-tariff barriers as a basis for ensuring that our producers can compete fairly, both in North America and in the rest of the world. And third, we need a binding agreement to institute a better framework of rules for dispute settlement. With more certainty and predictability, we will both have a more confident basis for investment, expansion, modernization and specialization.

A new trade agreement would need to come to grips with a wide range of trade barriers if it is to be of benefit to both sides. An agreement should aim at the reduction or elimination of tariffs over an agreed upon period of time, with phasing and transitional arrangements tailored to the needs of the sectors involved. But tariffs are only part of the package. It is in the area of non-tariff barriers that the most potential benefits are likely to come. We need to look at local content rules. We need to deal with "Buy America" and "Buy Canada" restrictions to government procurement.

We must focus on ways to reduce the scope for harassing each other's competitive exports. We in Canada are deeply concerned about the increasing level and scope of US trade protection laws — at the extent to which anti-dumping, countervail and emergency safeguard actions are being demanded

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