

the government of Prime Minister Trudeau concluded that something more than reliance on GATT was required and initiated efforts to conclude more bilateral accords modelled on the Auto Pact. The U.S. government welcomed the initiative and officials on both sides of the border tackled the challenge of identifying the right sectors. A year later, the two governments concluded that, while the goal was right, the chosen method was not. Finding the right sectoral fits was proving too difficult. Other means had to be found.

A New Beginning

On September 4, 1984, Canadians chose the Progressive Conservative Party of Brian Mulroney to form a new government. They gave him the largest electoral mandate in Canadian history. From the outset, the new Prime Minister established that good relations with the United States would be key to his political and economic program. Within 10 days of being sworn in, the new Prime Minister visited Washington and established a personal relationship with President Reagan.

March 17-18, 1985, in Quebec City marked the first bilateral summit between the two leaders and the beginning of a co-operative effort to conclude a new trade agreement. The President and the Prime Minister agreed that they "would give the highest priority to finding mutually acceptable means to reduce and eliminate existing barriers to trade in order to secure and facilitate trade and investment flows." They charged their trade ministers to explore all possible ways to reduce and eliminate existing barriers to trade.

Six months later, the two leaders exchanged letters pledging their two governments to an effort to negotiate "a new trade Agreement involving the broadest possible package of mutually beneficial reductions in barriers to trade in goods and services." That effort culminated in the historic accord signed on October 3, 1987. U.S. Treasury Secretary James Baker, Trade Representative Clayton Yeutter and Deputy Treasury Secretary Peter McPherson, working closely with Ambassador Peter Murphy on the American side, and Finance Minister Michael Wilson, International Trade Minister Pat Carney, the Prime Minister's Chief of Staff, Derek Burney, and Trade Ambassador Simon Reisman for Canada, agreed on the elements of a new bilateral trade agreement.