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# STATEMENTS AND SPEECHES

Notes for a speech by the  
Honourable Flora MacDonald,  
Minister of Communications,  
for the  
Right Honourable Joe Clark,  
Secretary of State for  
External Affairs, to the  
Council for Foreign Relations

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Canada

I intend to speak today about two particular countries -- yours and mine; two particular issues -- trade and pollution; and the lessons for the world in the way our two countries address those two issues.

I will spare you the usual rhetoric about Canada and the United States:

- the longest undefended border;
- the common commitment to defending freedom in war and extending it in peace;
- the trading relation that is the largest in the world -- you trade more with Canada than you do with Japan; more with us than with Europe; so do we with you.

Those are inescapable realities of our neighbourhood together in northern North America, both of us enjoying freedoms and opportunities most nations only dream of.

To some degree, our good fortune is good luck.

We are relatively young societies on rich land; free societies that grow from the ingenuity and independence of our citizens; located in a new continent, far from the conflicts and constraints of an older world, free to build our own future.

But the successes of Canada, the successes of the United States, are more than luck.

Our history is a record of reaching out -- you to build a new nation and start new traditions, we to unite communities across a continent and extend the best of old traditions.

We have grown in different ways, become quite different countries, but our method has been to reach out to opportunity, to face up to challenge.

Consider some examples.

We did not start the world wars which began 64 and 49 years ago. But we did not avoid them either. And our interventions, when they came, helped end those conflicts and restore freedoms and peace.

The decisions whether to participate and how to participate were not easily taken. In both our countries there were complex and sometimes divisive issues at stake.

But, given the choice of hiding out and hunkering down, we reached out, decisively.

And when the war was over, our two countries led the effort to establish international agencies that might avoid the causes of war -- the League of Nations, the United Nations, the invaluable agencies they spawned.

It was no accident that the UN Charter was signed in the United States, and its headquarters located here; no accident that the idea of using soldiers to keep peace, under the UN flag, came from Canada.

And in trade, when the world economy was at its most desperate, in the 1930s, when voices everywhere were preaching protection and retreat, two countries stood against that darkening tide, and negotiated and signed an historic Most-Favoured Nation Trade Agreement.

That Agreement, signed between President Roosevelt and Prime Minister King in 1935, started the movement toward international economic cooperation that led to the General Agreement on Tariffs and Trade, the GATT.

And one could argue, therefore, that it was the foundation of the largest expansion of world trade in history.

On the environment, 76 years ago, before the issue became a trend, Canada and the United States established the International Joint Commission.

Later, in 1972, we negotiated the Great Lake Water Quality Agreement and then refined it twice again in 1978 and 1987.

We have each used the International Joint Commission to resolve environmental problems. The Great Lakes Water Quality Agreement has been instrumental in reducing the levels of toxics in those waters, setting them on the course towards ecological regeneration.

This recitation of history has, of course, a point.

That point is that the friendship and cooperation of Canada and the United States have, at our best, reached beyond our fortunate continent, to build standards and institutions for the world. In a very real sense, multilateralism is a North-American invention.

That is a tradition to remember and renew today. Particularly at the time when the world beyond our continent seems ever more troubled, and the illusions grow that we can hide out behind our power and good fortune, or that we can resolve threats by ignoring them.

For the sake of argument, that might have been possible in 1776, or even 1867. It isn't now.

The Canadian philosopher Marshall McLuhan called our world "A Global Village", and it is, not just in the news we receive, but in the direct way we are affected by events that once were foreign.

To take the most extreme modern case, terrorism respects no boundary.

We in Canada have mourned a young Alberta woman, and her infant child, whose only crime was to choose the wrong plane in the Middle East.

We have been to Dunmanus Bay in Ireland with the grieving families of the 329 victims of the explosion of Air India Flight 182.

And we have seen Embassy guards and officials shot in the quiet streets of Ottawa.

Terrorists, of course, move deliberately outside the law, as drug dealers do. But other events remind us how fragile the rule of law itself can be, and how contagious is violence.

In Iran and Iraq, in the Middle East, in southern Africa, rage is building. Extremism is taking root. And it affects all of us.

And if that is true of political developments, so is it of economics.

Brokers in Chicago go to bed looking at the Hong Kong and Tokyo Exchanges and wake up evaluating the results of the London Market. Bankers in Chicago have an acute interest in political developments in Brazil.

Your farmers have been as sensitive and indignant about the Common Agricultural Program of the European Community, as Canadian farmers are to your own Export Enhancement Program.

There are no seats left on the sidelines. Powerful or weak, rational or extreme, politician or businessperson, we are all in this together, in a world that needs leadership.

And our two countries, with our wealth and our influence, have special responsibilities.

Let me now come back to the two specific issues -- trade and pollution -- issues important to our two countries now, but with much wider implications.

Earlier this year, in January, Prime Minister Mulroney and President Reagan signed the Canada-U.S. Free Trade Agreement, the product of almost two years of tough and intensive negotiations.

The Agreement is the largest commercial accord in history, bringing with it major benefits for each of us in the bilateral merchandise and services transactions we have.

Like almost any agreement, it is not perfect. Neither of us obtained everything we wanted. But the Agreement is a substantial step forward, with ramifications extending well beyond our bilateral commercial dealings.

Clayton Yeutter, the U.S. Trade Representative described the Agreement as being "as significant in the economic sphere as the Arms Control Agreement signed last December in the national security arena".

And so it is when you consider its provisions.

Beginning in January of next year the Agreement will eliminate or phase out all tariffs over the course of a decade.

It puts in place new rules for trade in services, for financial services activity, and for investment flow in either direction. Capping it all will be a unique mechanism under which we will be able to adjudicate our trade disputes.

When we began negotiations two years ago I do not think either of us really understood the magnitude or the difficulty of the task ahead of us.

For all that we have so much in common, we are still sovereign nations. And we do see certain issues differently.

Cultural sovereignty, for instance. To Canada, culture is not an area to be traded as one would shoes or autoparts. It is part and parcel of our distinct character as a nation and for that reason we had to insist upon certain protections.

Eventually, Trade Representative Yeutter understood and accepted our position and with certain exemptions in place, negotiations on other issues could progress.

Similarly, we understood that the U.S. could not fully meet the Canadian position on an issue of sovereignty of your own. And so, over the next several years we will continue to negotiate a fuller and more comprehensive dispute settlement mechanism.

And so, eventually, we reached an agreement.

And now our government will bring legislation implementing the Agreement to and through our Parliament expeditiously, as a matter of priority. And we expect that your Administration and Congress will want to proceed with equal speed.

It may not be easy in the face of special interests who prefer the comfort of their protected privilege to the challenge of competition. But it must be done and we both expect and believe it will be.

If Canada and the United States, friends, allies and neighbours, enjoying the largest exchange of goods and services in the world, cannot agree on the rules of trade, then who can?

There is far more at stake here than simply bolstering our own economic advantage and liberalizing the trade between us. The Free Trade Agreement is of enormous significance to each of us but it also has to be seen in its broader context.

In September of 1986, in Punta del Este, Uruguay, the 96 signatories to the General Agreement on Tariffs and Trade came together to launch a new round of multilateral trade negotiations, the eighth such round since the GATT was first established.

This new round of negotiations is critically important to all of us in the international trading community. Because global independence is not a platitude.

It is a reality that is brought into sharp focus every day, more dramatically on occasions such as last October's stock market crash or in the more mundane daily transfers of more than a trillion dollars in the world's money markets.

The GATT has served us well, overseeing the greatest expansion of wealth the world has ever witnessed. Now it needs to be strengthened, not abandoned or ignored as irrelevant or inconvenient.

Strengthening the rules of world trade is what this latest round of multilateral trade negotiations is all about. Governments around the world, including yours and mine, must make these negotiations succeed.

We must produce both a better and more systematic set of international trade rules. We must silence the skeptics, and assure both investors and traders everywhere that governments are committed to trade expansion. And not protectionism.

Our own Free Trade Agreement has shown the directions in which we must take the GATT as we approach the turn of the century:

- reduced tariffs;
- better dispute resolution processes;
- new rules for services;
- new rules for intellectual property and investment; and
- in addition and as a priority, better rules to attack the gross over-subsidization of agricultural products.

There will be a mid-term review of progress in this negotiating round, in Montreal in December. That conference will help us all to sharpen our focus and make practical early progress in moving the rules of the GATT ahead.

With luck history will repeat itself.

Just as the 1935 agreement between Canada and the United States led the way to the creation of the GATT so may our Free Trade Agreement set us on the path to a stronger and more effective system of world trading rules.

Another kind of exchange across the border -- the movement of acid rain -- is equally urgent for us to address and resolve.

Just over two weeks ago, in New York, Prime Minister Mulroney said:

"The obligations of neighbourhood also include the stewardship of our natural environment. The boundary between us is political but the environment pays it no notice. On no issue is this clearer than acid rain."

I fully realize that this is a contentious issue in a state like Illinois which produces coal, whose industrial well-being depends upon the advantages of low cost energy, whose citizens, if they are like ours, already find their utility bills too high.

But if the issue were not contentious, it would have been resolved long ago. But clearly it has not been, and it must be addressed.

This is not a question of blame or guilt. We are both polluters and both to blame for the damage our economic goals have inflicted on our environment.

The real question is what are we going to do about it? How are we going to face up to this aerial assault which causes such real and evident damage?

Somewhere around 50 per cent of the acid rain which falls within the confines of Canada's borders comes from your country. The remainder is our own.

In Canada, both the provincial and federal governments are acting to dramatically lower our acid-rain emissions by the year 1994. This will not only benefit Canada, it will also aid in reducing the emissions generated in Canada which are affecting the states of New England.

But what about the other half of our problem, the half that Canada cannot deal with ourselves? The answer, in our view, is the establishment in this country, the United States, of targeted mandated reductions of emissions which cause acid rain.

This is not now a question of evidence or research. The facts are known: scientific studies in Canada, your own country and many Western European countries all constitute an inescapable testimonial to both the causes and effects of acid rain.

The consequences of not acting, for you and for us, would be tragic.

The damage already inflicted on our habitat has been enormous: 14,000 Canadian lakes are dead, and another 150,000 are being acidified while an equal number are vulnerable.

Salmon-bearing rivers in Nova Scotia and maple trees in Quebec are damaged beyond repair or in jeopardy and more than 80 per cent of the best agricultural land in Eastern Canada is receiving unacceptably high levels of acid rain.

In the United States the effects of acid rain are particularly evident in New England, which suffers from one of the highest levels of acidic deposition in all of North America.

A study released earlier this week by the State of New York indicates that 26 per cent of Adirondack lakes are considered dangerously acidic and that 25 per cent of the Adirondack lakes had no fish in them.



But its effects are found elsewhere as well.

Some recent research indicates that portions of more than 4,850 streams extending over 8,350 miles in parts of the Southeast and Middle Atlantic states have been acidified and another 25,643 streams are sensitive to acidification.

In the past, when you and we had problems, we grasped the challenge and responded with the International Joint Commission: And with the Great Lakes Water Quality Agreement.

Little more than one year ago President Reagan, speaking in our Parliament, said:

"The Prime Minister and I agreed to consider the Prime Minister's proposal for a bilateral accord on acid rain, building on the tradition of agreements to control pollution of our shared international waters."

We took the President up on his offer and prepared such an accord, one which we think will effectively come to grips with the problem. We think it deserves a serious and credible response.

More than that, it demands it.

As we know from our rivers, you cannot clean up just one stretch while you ignore pollution in another.

Reductions in Illinois will not work if there are no reductions in Ontario. Reductions in Ontario will not be the answer if there are none in Ohio. And so on.

The magnitude of the problem, the absolute urgency with which it must be addressed, the resources we must commit to a solution... all demand the best efforts and the full efforts of our two nations.

We have the knowledge and we do have the resources. What we must also have is the vision and the political will to act; for ourselves, yes, but even more so for those who come after us. The great thing about it is that we can do it.

Our shared history has seen us time after time take bold steps together and in the world at large.

With imagination and will our two countries have demonstrated the best virtues of neighbourliness and by so doing have set an example for the rest of the world.

In the darkness of the depression we moved against fear and blazed the trail for global trade promotion through the GATT.

We have acted in defence of the ecosystem, be it to clean the waters that lap the shores of this city or to protect the fragile ozone layer that envelopes our planet.

We have accomplished much, together, and the challenge now, as friends, or neighbours, as leaders in a troubled world, and as the closest of neighbours in this global village is to continue to act in that North American international tradition.