



Minister for  
International Trade

Ministre du  
Commerce extérieur

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# STATEMENT DISCOURS

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Notes for an opening statement  
by the Honourable Pat Carney,  
Minister for International Trade,  
to the Senate Standing Committee  
on Foreign Affairs

OTTAWA

December 15, 1987.

Canada

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Mr. Chairman,

It is a pleasure for me to be here. Before we proceed with your questions, I would like to make a brief opening statement. In his third appearance before this committee, I understand that Ambassador Ritchie has just reviewed with you the highlights of the final text released last week. I would like to take a few moments to tell you why I believe that the proposed trade agreement is good for Canada.

The agreement reached on October 3 and released last week meets the needs of Canada's resource, agricultural, fishing, manufacturing and service industries. It is far-reaching and innovative. It builds on the past and is responsive to special needs. It is consistent with our GATT obligations. It provides time for adjustment. It preserves certain programs and policies where Canada wished to retain freedom of action, such as those providing for marketing boards and supply management in the agricultural sector, for regional development incentives, for our cultural policies and programs and, of course, our network of social support programs.

This agreement will create a whole new environment in which Canadians work and live. It will create new opportunities for jobs. It will encourage application of more advanced technology. It will increase the incomes Canadians earn. It will encourage Canadians to seek their futures in Canada and attract the best from abroad. In general, it will create a positive, constructive kind of environment with new opportunities for expansion and growth.

In particular, the agreement:

- 1) provides our exporters of goods and resources with the best access of any industrialized country to the largest, wealthiest market in the world;
- 2) constitutes a major step forward in managing the biggest trading relationship in the world and away from unilateral border measures; and
- 3) for the first time, provides a set of disciplines covering a large number of service sectors, as well as facilitates the flow of investment and temporary entry for business purposes.

The agreement is good for Canada because it strikes a delicate balance between our export interest and our import sensitivities.

For example, the agreement on agriculture provides for an important package of trade liberalizing measures and ensures that agricultural products will benefit from the increased security of access flowing from the arrangements on dispute settlement. At the same time, nothing in the agreement will in any way affect the right of the federal government and the provinces to introduce and maintain programs to protect and stabilize farm incomes.

As another example, the agreement on energy will secure Canada's access to the United States market for energy goods. The two countries have recognized that they have a common interest in ensuring access to each other's market and enhancing their mutual security of supply. They have, therefore, built on their existing GATT rights and obligations and agreed that, as each other's best customers, they should get fair treatment should there be any controls on energy trade. At the same time, both remain free to determine whether and when to allow exports and may continue to monitor and licence exports.

The agreement is also good for Canada because it allows for measures to ease the adjustment to a freer trading environment.

First of all, based on extensive consultations with the private sector, tariffs will be eliminated over a period of ten years. Secondly, during this transition period, there will be scope to impose restrictions on imports to deal with surges causing serious injury to domestic producers. Finally, the government has maintained scope to provide adjustment assistance where necessary, focussing on labour adjustment and building on our current extensive programs of assistance to labour and firms.

In a fundamental way, the proposed trade agreement is key to the government's objective of creating an attractive climate for investment and jobs in Canada. By responding to the twin challenges of global competition and U.S. protectionism, the agreement sends out a powerful signal to all investors: that combined with our educated and skilled labour force, as well as our natural resources and technical know-how, Canada is second to none as an investment location.

But this agreement is not a radical departure from the past. It builds on fifty years or more experience in Canada and around the world in cutting barriers to trade and investment. And that experience has been uniformly positive.

It builds on previous trade agreements between the United States and Canada dating back to 1935, including the Auto Pact, the Defence Production Sharing Arrangements, the Air Agreement and others. We borrowed from the work of the International Joint Commission.

And it builds on our commitments to each other under the GATT, the OECD, the International Energy Agreement and more. The habit of cooperation between Canada and the United States is not new.

But we knew we could do better. Both governments believed we could achieve even more open and secure access to each other's markets. The government sought to give Canadian manufacturers secure access to a market of some 250 million so that they could plan and invest with confidence. And we achieved those goals.

In the final analysis, the trade agreement is good for all Canadians because it is the product of extensive consultations with Canadians.

Some of the milestones of these consultations include:

- 1) the hearings of this Committee several years ago;
- 2) the consultations of my predecessor Jim Kelleher during the spring and summer of 1985;
- 3) the hearings of the Special Joint House-Senate Committee reviewing the green paper on foreign policy during the summer of 1985;
- 4) the hearings of the Macdonald Royal Commission;
- 5) the close work of the TNO with the private sector (ITAC/SAGITS) and the provinces (CCTN/FMMs) and
- 6) the hearings conducted by provincial legislatures, both before and after October 4, as well as the current hearings of the House and Senate Committees.

Finally, while this is a mammoth undertaking, it is, after all, only a trade arrangement. It does not, in itself, constitute any necessary threat to the sovereign independence of either country, as experience with such arrangements around the world has clearly and unequivocally demonstrated.

It does not mean political annexation. It does not limit our freedom of action on social policies, cultural policies, defence policies, or even trade policies vis-à-vis the rest of the world. We will be as free once the agreement is in place as we are today to follow our own destiny, from our broadest national purposes to the specifics of farm supply management or regional industrial development.

Surely, the only constraint on our "sovereignty" is this: if the advantages of this agreement prove to be very substantial, so too would be the cost of abrogating the agreement for any future government seeking to move in directions inconsistent with the agreement.