

# STATEMENT DISCOURS

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87/39

Remarks by the  
Right Honourable Joe Clark,  
Secretary of State for  
External Affairs, at the  
International Freedom Festival  
Freedom Award Luncheon  
Economic Club of Detroit  
Cobo Hall

DETROIT, MICHIGAN

July 2, 1987

OTTAWA

July 8, 1987.

It is a great pleasure to be here with my friend and colleague Secretary Schultz, to receive with him the Freedom Award of the Windsor-Detroit International Freedom Festival. It is a particular pleasure to be back in Michigan. My grandmother was born and raised in Bay City. Her father, Archibald MacDonnell, was a Republican Mayor-Do you still have Republican Mayors? Perhaps if she had stayed in Michigan, I would be in Congress today, fighting acid rain, promoting freer trade, reminding the United States how lucky you are to have a big country like Canada next door to look after you.

Some of the issues that are dealt with between Canada and the United States are the vital themes of the International Freedom Festival itself. They include our respective contributions to international security and the importance of trade. They also include increasingly urgent environmental issues, including the problems we share in the Great Lakes/St. Lawrence Waterways and the mounting cost of trans-boundary pollution.

Since Secretary Schultz and I began meeting almost three years ago, environmental issues have been high on our agenda-National issues like acid rain and important regional issues like the proposed Detroit incinerator. These problems require both hard work and real will and are particularly important to us. Acid rain is not an equal opportunity destroyer. It threatens our economy and the health of our people more than yours. Nonetheless, the sheer urgency of the problem and the increased cooperation between the Prime Minister and the President will, I feel confident, eventually bring about significant reductions of acid rain causing emissions on a realistic timetable to the benefit of both Canadians and Americans.

Respecting the incinerator, the interests of Canadians and Americans alike would be served most effectively by ensuring that when the incinerator goes into operation it is equipped with the best available control technology. In the past, we have made encouraging progress in successfully addressing such problems through instruments like the Boundary Waters Treaty and the Great Lakes Quality Agreement. We hope and expect that pattern to continue, on issues which literally poison the atmosphere between our countries.

The Freedom Award cites Canada and the USA as "the world's stongest most enduring allies." On June 5, 1987, the Mulroney government tabled a Defence White Paper which, for the first time in 16 years, sets out a comprehensive and farsighted review of Canada's defence policy. It commits

Canada to sustained real growth in defence spending until the end of the century with improvements to our defences in North America and in Europe, the Atlantic, the Pacific and in the Arctic. It signals to Canada's allies our commitment to making a full contribution to collective defence.

The White Paper is not a bolt from the blue but a logical step along the road to improved Canadian capacity to carry a fairer share of the defence burden. The Mulroney government acted on that commitment soon after coming to power. Our troops in Europe were increased by 25%. The Canadian Airgroup based in Germany was re-equipped with CF-18s. In NORAD, our joint aerospace command, the North Warning System is being modernized. The Defence White Paper continues that Canadian commitment to a strong collective defence.

In that context, I commend George Schultz for his leadership, with his President, in arms control and disarmament. We stand on the verge of the first agreement in 40 years which will actually reduce the number of nuclear arms in the world. In addition to the growing possibility of an agreement on intermediate-range nuclear missiles, (INF), both the USA and USSR are agreed on the basic elements of a strategic nuclear arms accord which could also result in deep reductions. The long-standing vision of a world with fewer nuclear weapons seems finally, potentially within our grasp. We in Canada will continue to direct our influence and our expertise to move that process forward.

Let me speak now on Trade.

What is Canada looking for in this comprehensive Trade Agreement? We are, after all, already each other's largest trading partner. The United States exports twice as much to Canada as it does to Japan; those exports have grown by 40% over the past four years. At the same time 78% of Canada's exports go to the USA. Our total merchandise trade totalled 172 billion Cdn dlrs in 1986. Moreover our trade is in rough balance, when both merchandise and non-merchandise trade are considered. Over four million jobs on both sides of the border are directly tied to this trade. We both have a lot at stake! But we can do more.

We have entered the final stage of the trade negotiations. It will be the most difficult stage, both because the negotiators must move from general principles to specific language, and because, on both sides of the border, controversy will grow as we draw nearer the date of decision.

There is nothing new about that.

Twenty-two(22) years ago the same kind of controversy was generated by proposals for an agreement between Canada and the United States on automotive trade. As you know, the Auto Pact was signed, to the great mutual advantage of both Windsor and Detroit, Canada and the United States. Last year, automotive trade between our countries totalled over 60 billion dollars. It is fair to say that, had the critics prevailed 22 years ago, that trade would be billions of dollars less; there would be thousands fewer jobs on both sides of the border, and the economy and vitality of both our cities, both our countries would be diminished.

In Canada today, a group led by the Canadian Labour Congress and certain Parliamentarians, is resolutely opposed to a free trade agreement between Canada and the United States, in the same way that their counterparts opposed the Auto Pact 22 years ago. In the United States, there is a more chilling echo of the protectionism which nearly brought the world to its knees in the Depression. With the Auto Pact, and in the thirties, larger views prevailed, and our countries signed trade agreements which increased jobs and prosperity on both sides of the 49th parallel. Indeed, in the thirties, the implications reached well beyond our two countries. The agreement signed, in 1935, by Prime Minister King and President Roosevelt became the basis of the General Agreement on Tariffs and Trade, the basis of world prosperity.

In both Canada and the United States there will be public pressure urging governments to back away from these historic negotiations, and public voices raising fears about foreigners. There are groups in both countries who are ready to be afraid, or who think it is better politics to look inward than to reach outward. In this home stretch of the negotiations, we will need the active support of business and other leaders who understand the world's need for more open trade.

Because there will be no limit on the imagination or the accusations of our critics, each change in the weather will be blamed on the trade negotiations. For example, as the Blue-Jays continue their inexorable march to the American League pennant, each victory will be seen in the United States as part of a Canadian plot, and any occasional loss will be seen in Canada as proof of American Cultural Imperialism.

If this negotiation fails, let it fail on its own merits. If it is to succeed, as it certainly can, all of us who know the merits of expanded trade must enter fully in debate.

The immediate challenge is to the two governments and our negotiators. We have three months to finish negotiation of a draft agreement. Some of the parameters are clear. Neither government will sign an agreement which imperils our national interests. Both insist on consistency with the GATT, and an agreement will bring tangible benefit to both sides. The negotiators have identified several areas where real progress is possible. But major problems remain. The United States is interested in rules regarding investment and that has always been contentious in Canada. For Canada's part, there is no point to a trade agreement which leaves us subject to the unilateral or capricious application of US law or regulation. We do not seek exemption from fair trade rules. Rather, we seek to submit the trade between our two countries to jointly-agreed rules backed up by a binding mechanism to settle disputes.

These are not easy issues, nor are they the only problems in the negotiations. But resolving problems is what negotiation is about, and the most important negotiations are those which confront the toughest problems. That is the case in the arms control negotiations President Reagan is pursuing with the Soviet Union. It was the case in the historic Constitutional Accord Prime Minister Mulroney negotiated with our provincial premiers a month ago. It is the case in trade.

Awards, by their very nature, are an encouragement of the pursuit of objectives upon which the giver places high value. Your support of the Freedom Award is, for that reason, very important to me. Whatever efforts Secretary Schultz and I make in pursuit of an enhanced relationship, they would be in vain if they did not find favour and your active support. I hope we can both count on that continuing support as we work this year to advance the efforts I have addressed here today.