

**THE DRAFT CANADA-UNITED STATES
FREE TRADE AGREEMENT**

**Statement
by the
Business Council on National Issues**

**Toronto
October 21, 1987**

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Following a meeting of our membership this morning, and based on our assessment of the Preliminary Transcript of the Canada-United States Free Trade Agreement, the Business Council on National Issues has concluded that the Agreement is sound and in the national interest.

The Agreement would accomplish six key goals that the Council has supported since the Canada-United States initiative began.

1. A more disciplined and stable two-way relationship that would ensure long-term security of access for Canadian exports to the United States market.
2. A stronger competitive base so that Canadian industries and workers can expand their opportunities in the North American and world markets.
3. Lower prices and greater choice for consumers in all parts of Canada.
4. Expanded investment by Canadians and non-Canadians alike in Canada and in Canadian enterprises.
5. Benefits under the Agreement that will flow to all regions of Canada and that would encourage the dismantling of barriers to trade within Canada.
6. An Agreement that would serve as a model and a catalyst for trade liberalization initiatives on a global basis.

The Agreement is consistent with long-standing goals of Canadian trade policy - the gradual dismantling of barriers to trade at both the bilateral and multilateral level. The Agreement respects Canada's international obligations under the General Agreement on Tariffs and Trade (GATT).

There is no doubt in our minds that the Agreement will help to secure access to the United States market. The proposed disciplines on trade law remedies are important innovations - in particular those dealing with safeguards and the application of anti-dumping and countervailing laws.

Some critics are suggesting that what has been accomplished in the area of dispute-resolution is of little consequence. They are wrong. By international standards, these components of the Agreement represent significant progress in the application of the rule of law to a large and complex two-way trading relationship.

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The Agreement also will improve access to the United States market through a gradual dismantling of tariffs between the two countries over a ten year period, and through liberalized procurement rules.

It also will create new trade opportunities in the automotive, energy, agricultural, and fisheries sectors all the while ensuring that vital Canadian interests are protected.

Trade in services, an important area of economic activity which multilateral negotiators have sought to regulate for some time, are included in the Agreement. The Business Council's long-standing recommendation that Canada's cultural industries be exempted from the Agreement has been respected.

The Agreement also underscores the close link between trade and investment. By relaxing restrictions on foreign investment, each country recognizes the importance of its investment stake in the other's economy.

While the Business Council has concluded that the proposed Free Trade Agreement is sound and in the national interest, we reserve final judgment until we have had an opportunity to scrutinize the formal legal text of the Agreement. Based on what we have seen to date, however, it represents a major advance in bilateral co-operation. It brings to the world's largest two-way trading relationship the rule of law. It confers concrete economic benefits on both Canadians and Americans. And it establishes a sound foundation for future progress on the basis of rational and balanced negotiation.

Since the tabling of the draft Free Trade Agreement, we have been surprised and disappointed by the shrill and biased opposition it has engendered. Among some of these critics, it seems to be irrelevant that the vast majority of businesses - small and large - support the major tenets of the Agreement; businesses, we might add, that are responsible for almost all the investment and the job creation that Canada experiences year after year. The critics seem equally unimpressed that Canada's consumer movement supports the Agreement, or that the preponderance of objective analysis favours an Agreement.

Particularly sinister are those who wrap themselves in the Canadian flag and attack the Agreement and its supporters as somehow disloyal to Canada. Their cause is that of fear. Their arguments often ignore the facts. Their agenda is not what it seems.

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In the coming months as the national debate intensifies, we urge that Canadians in all parts of the country study the proposed Agreement with great care and assess its strengths and weaknesses. What is necessary here is informed and dispassionate enquiry and discussion. The Canada-United States trade initiative is far too important to be confined to the extremes of partisan politics or the ideological polemics of the nationalists. This is a time when the real patriots should stand up and be counted.