

Only two decades ago, the notion of free trade with the United States – not to mention Mexico and soon Chile – was so alien to trade theology that a Canadian trade minister would have mused about it only at the risk of being labelled a heretic. Today, it is commonplace to talk of an integrated North American economy, an economy based upon not just more intensive trade linkages but on converging infrastructures, common distribution links and an intricate web of cross-border production and investment. Canada-U.S. trade figures illustrate the rapidity with which this integrated economy is evolving. Today, Canada exports more manufactured goods to the United States than are sold in our own domestic market. Today, two-way trade between Canada and the United States is a billion dollars a day, every day of the year. Last year, Canada enjoyed economic growth of 4.8 per cent, with near zero inflation. Record levels of exports have been the main driving force behind this strong growth. Exports now represent a record 36 per cent of our GDP.

Accumulated public debt is a potential impediment and recent budget deficits have been far too high. However, in the February 27 budget, we have unveiled a plan to attack systematically this problem. Relying almost entirely on spending reductions rather than increased taxes, we shall cut our deficit to 3% of GDP in 1996. Subsequently, we expect economic growth to outpace the increase in debt and an ongoing reduction in the debt to GDP ratio.

As part of this future, I see Canada-Australia trade and investment expanding in several directions. With globalization and the advent of innovative technologies, our companies can embark together on new business ventures. Although much of the business between our two countries has traditionally been exporting and importing, we are witnessing the emergence of new methods of doing business, as companies on both sides of the Pacific devise innovative forms of co-operation that meet the challenges of today's international marketplace.

For us, Australia is an attractive market. It is a market that continues to be receptive to Canadian goods and investment, especially in high technology areas such as telecommunications and information processing, aerospace and defence, transport equipment, mining and the environment. Increasingly, Canadian companies, in partnership with Australian companies, or from Australian bases, seek to pursue opportunities in the wider Asia-Pacific region. Firms such as Cognos and Footprint Software have elected to establish their regional headquarters in Sydney. In making Australia their regional base, they join other Canadian companies such as the Moore Group, DMR Group, Northern Telecom and McCain Foods.

Conversely, many Australian companies find Canada both an attractive market in itself and also the ideal gateway to the larger NAFTA [North American Free Trade Agreement] market. More and