

pressures south of the border. These pressures will probably continue until the U.S. experiences a stronger economic recovery. But the facts are clear: trade agreements help us defend our interests; they set out rules; they impose disciplines; they limit the scope of protectionist actions; and they offer recourse when such actions are used.

Put simply, trade protectionism is the problem; trade agreements are the solution. Leaving the NAFTA table would be surrendering to protectionism. By staying at the table we combat protectionism and further Canadian interests.

I urge Premiers Harcourt and Rae to recognize that it will not punish the United States if Canada withdraws from NAFTA. Such a rash action would simply result in the U.S. and Mexico signing a bilateral agreement tailored to their interests only. But if we are not part of NAFTA, investments that could go to either the U.S. or Canada would be diverted to the U.S. They would have better access to the Mexican market. This does not make our attachment to the NAFTA inevitable, but the premiers of B.C. and Ontario have yet to provide me with a compelling argument for turning our back on an agreement that will benefit exporters and investors and their employees.

When the Canada-U.S. Free Trade Agreement was put into force in 1989, Canadians made a commitment to a more assertive, outward-looking and competitive approach to our economic and trade relations.

The benefits of that decision are clear for those willing to look at the issue objectively. In the course of the last year, Canadian monthly exports to all countries rose more than nine per cent. In May, they set a record of \$12.9 billion, and our trade balance posted a \$1.2 billion surplus. In addition, Canadian exporters have been achieving increased shares of certain U.S. sectoral markets. This may surprise some of you, but among those sectors are manufactured products in general and electronics in particular.

The success of the FTA is told not only in numbers. It is told also in the clear victories Canadians have won in rolling back unfair U.S. trade actions. Canadians have heard a lot recently about actions initiated by protectionist-minded U.S. industries against Canadian lumber, steel and beer.

An accusation made on an industry petition or even a ruling by the U.S. Department of Commerce is not yet a defeat. Thanks to the FTA and its dispute settlement process, we have the ability to challenge such protectionist bullying and reverse unfair rulings. Just ask auto makers who established that non-mortgage interest is a legitimate cost in the calculation of North