

economic and political considerations and not be distorted by emotional or dated impulses.

Most business leaders I have spoken to on the initiative have welcomed it as a modest but pragmatic and incremental technique for improving and securing access to the United States market.

The sectoral free trade concept emerged from the Trade Policy Review which appeared last August. The Review recognized the importance of trade in the Canadian economy and it reconfirmed Canada's fundamental commitment to the multilateral trading system as the bedrock of Canadian trade policy.

The Review also took into account the evolving nature of the trading relationship with the United States:-

- The United States is by far our most important single trading partner; the increase in our trade to the U.S. last year was double our total trade with Japan, our second trading partner.
- trade liberalization is already far advanced; over 80% of our exports will enter the U.S. duty