

That is an element of the free trade issue which is purely Canadian. Americans did not see the Free Trade Agreement (FTA) as threatening their national identity or national survival. That is understandable given the nature of the trading relationship and disparities in size. But in Canada free trade did become the singular political issue of the day. An election was fought on it. But we were willing to take that risk because we knew the consequences of failure and the opportunities which would arise from success.

We knew the dangers of protectionist politics in the United States. We knew that if Canada was to compete globally it had to be able to compete continentally. Free trade with the U.S. was not a substitute for successful trade elsewhere. We knew that Canadian companies could not become competitive globally in a country of 26 million people, but that being competitive in a market of 275 million could be a key ingredient to global success.

The Free Trade Agreement is not perfect. But it is a good deal, one which covers the largest bilateral commercial relationship in the world, a relationship involving more than \$200 billion of trade in 1990. That agreement embraces an unprecedented range of transactions including trade in goods and services as well as investment. It provides for fair and definitive dispute settlement. It accomplishes more than has ever been done through multilateral negotiations to this day.

We believe we can begin to see signs of success -- success for both countries, each capitalizing on their own advantages and assets. The Free Trade Agreement is becoming the win-win accord it was intended to be.

But that new order in Canada-U.S. trade requires constant care, the constant exercise of political responsibility and political leadership. And that brings me to a recent disturbing development. This relates to the decision of the United States to invoke the Extraordinary Challenge provision of the FTA in a matter relating to a dispute over the export to the United States of Canadian pork. One of the Free Trade Agreement's key components is the provision for binational panels to rule on trade disputes arising. That provision was intended to ensure impartiality and the rapid settlement of disputes. By and large it has worked well.

The recent U.S. decision to invoke the Extraordinary Challenge provision followed a decision by a binational review panel which resulted in the revocation of the U.S. countervailing duty on Canadian pork imports and a refund in duties already paid. That was a considered decision by the binational panel of experts.