

removed by Washington. But while it was in effect, thousands of Americans were forced to pay more for their new homes because of the duty. And inflation in the United States was higher than it otherwise would have been.

Actions such as this, fuelled frequently by local discontents, disrupt trade and investment decisions, hurt consumers and corrode our bilateral relationship.

These continuing actions risk undermining the essential value of the Agreement. In endorsing the NAFTA, Canada argued that the expanded economic area would give companies improved access to an open North American market of 370 million people. Tariffs and non-tariff barriers would no longer distort economic development.

Producers would be more able to realize their full potential by operating in an integrated North American economy. As a result of heightened competition, consumers would benefit from better products and prices.

To a considerable degree, those goals are being realized, as is evidenced by the fact that trade among NAFTA partners has increased by 10 to 20 per cent during the first six months of the Agreement.

But how can one reconcile our trilateral goal of freer trade with actions such as in the lumber case? It points precisely to the unfinished business of the NAFTA and indeed of the FTA [Canada-U.S. Free Trade Agreement] before it. I speak of the reform of countervail and anti-dumping laws.

Canada entered first into the bilateral Free Trade Agreement and then the trilateral precisely because we want and need a stable trading environment. We were willing to meet the heightened competition that free trade brings; we endured sometimes painful adjustment; and we restructured so that we could compete in an integrated North American economy, the prerequisite to yet greater global competition.

Having made those commitments to greater competitiveness, we want the free trade agreement to work.

It doesn't work when industries in all three countries continue to try to block imports through countervail or anti-dumping actions.

Because this issue is so important to us, we insisted, as a condition of our participation in the NAFTA, that two trilateral working groups develop ways in which we can reform trade remedy laws by December 31, 1995.