

My congratulations to the *Wall Street Journal* for organizing this conference. It provides a focus for one of the most exciting developments in the world today: the nascent movement toward the creation of a vast hemispheric economic area -- an area encompassing almost three-quarters of a billion people, stretching from the Arctic to the Antarctic.

I want to talk about Canada's perspective on this development -- to talk about Canada as a nation of the Americas -- and, more broadly, to talk about our approach to trade and economic policy in an age of globalization.

Globalization and the Policy Response

Over the past few years, the interdependence of national economies has accelerated. Spurred on by improvements in communications and transportation, and advances in business organization and finance, national barriers to international trade have shrunk dramatically. Flows of capital and knowledge are at least as important as the flow of goods in international exchange.

The international economy, of which we are now an integral part, is both complex and challenging. The competition for markets is keen and the number of players much greater than in the past.

The game is played differently. In the past, tariffs and other border measures were the issue. Today, the focus has shifted toward competition over domestic policies that attract both domestic and international investors. To some degree, there is also a competition for relationships among countries; a desire to be part of a winning combination of trade and investment partners.

Canada, with its enormous dependence on trade and investment, has pursued these international relationships with great vigour. For example, we are active in the Group of Seven leading industrialized countries (G-7), the General Agreement on Tariffs and Trade (GATT), the Organization for Economic Co-operation and Development (OECD), the North Atlantic Treaty Organization (NATO), the Commonwealth, la Francophonie, the Conference on Co-operation and Security in Europe (CSCE), the Asia-Pacific Economic Co-operation Council, the Quadrilateral Trade Ministers and so on. All of these links are useful in strengthening our global interests.

A major focus of that strengthening process now lies in enhancing our role as a nation of the Americas. The opening act came in 1988, when Canada, building on the tenets of the multilateral trading system and strengthening our pre-eminent bilateral relationship, signed the Canada-U.S. Free Trade Agreement (FTA).

Not only has Canadian merchandise trade with the United States increased by 10.7 per cent for the first three years of FTA