

It is impossible to have watched the course of events over the last year without recognizing that something fundamental is happening to the international trading system. The past 12 months have witnessed the birth of NAFTA [the North American Free Trade Agreement] and the World Trade Organization. APEC [the Asia-Pacific Economic Co-operation forum] has agreed - against all predictions only a year ago - to reach free trade among its developed economies by 2010 and among its developing economies by 2020. Not to be outdone, the countries of the Western Hemisphere have set 2005 as their target date for free trade, while Canada, the United States and Mexico have launched immediate discussions for the accession of Chile to NAFTA. At the same time, the European Union has proceeded with its own plans for expansion both northward and eastward.

Few would argue that what we are witnessing is nothing short of a momentous transformation of the world trading system. The myriad of agreements literally breaking out everywhere ensures that our trade policy agenda will be full for years to come.

But, despite our basic commitment to put into place a rules-based international trading system, little will result from our efforts unless companies seize the initiative to capitalize on falling trade barriers. We must pull together our collective talents and resources to exploit fully the trade and investment opportunities offered by the buoyant and emerging markets in Asia and Latin America; the 350 million strong European Union market where our established interests must be revitalized and expanded; and the traditional and rich U.S. market where we must strive to maintain and expand further our market share.

We are on the right course. As recent year-end trade figures showed, we did exceptionally well in 1994. Canadian exports increased by 21 per cent last year, reaching over \$219 billion. Our annual trade surplus totalled \$17 billion, up almost \$8 billion from 1993. With the United States alone, our trade surplus was \$28 billion, more than \$8 billion higher than in 1993. With Japan, we reversed a deficit of \$265 million in 1993 and recorded an impressive merchandise trade surplus of \$1.3 billion.

Enumerating trade statistics, however, tells only half the story. The other half is about how we got there. Our current export success is not attributable to any single cause. Rather, a mix of economic and trade policy initiatives, combined with sustained trade development efforts and a sharper, more competitive business community have put into place the underlying circumstances for our further export growth.

On the trade policy front, we have improved access for Canadian exporters in markets all over the world.

With NAFTA, we further secured our access to the U.S. market. We opened the doors to the growing Mexican market. We strengthened