

Trade Liberalization: The Ongoing Challenge

The process of opening markets begins with negotiating freer trade between nations, and we have been as aggressive as any government in the world in pursuing trade liberalization.

While still negotiating the General Agreement on Tariffs and Trade (GATT) Uruguay Round, Canada and the U.S. entered into the Free Trade Agreement (FTA), which enhanced our access to the world's largest market.

We are already seeing the benefits from that first, key initiative.

In a time of global recession and mounting pressure from protectionism, the FTA keeps the largest trading relationship in the world on track. When trouble does flare up, the FTA helps to localize and, sometimes, eliminate disturbances. Canada and the U.S. have striven to resolve our differences on issues in a manner that respect our mutual obligations.

The benefits from the FTA will continue to accrue. For, clearly, the Agreement is helping to speed Canada's transformation into a more competitive economy by changing our export profile. Look at the figures.

Our merchandise trade with the U.S. has increased by 10.7 per cent during the first three years of FTA implementation -- from \$292.5 billion in 1986-88 to \$323.7 billion in 1989-91. In the first quarter of this year, exports to the U.S. reached an all-time high.

In addition, the FTA has bolstered our leading-edge industries. Exports of Canadian end-products to the U.S. have grown by \$4 billion since 1988, with excellent results in the aerospace, industrial machinery, transportation equipment and specialty chemicals sectors.

Now, we are going beyond the FTA with an even more comprehensive trade liberalization initiative -- the proposed North American Free Trade Agreement (NAFTA).

Canada entered the NAFTA negotiations with the confidence that came from knowing that the FTA had proven itself a winner.

Our confidence proved to be fully justified.