

The NAFTA, like the Canada-U.S. Free Trade Agreement on which it is built, will be consistent with the General Agreement on Tariffs and Trade (GATT) in both policy and law. The underlying principle of both our regional and our global approach to trade is that of liberalization.

In this connection, Arthur Dunkel, Director-General of the GATT, commented some time ago that regional and global approaches to trade were "two sides of the same coin." He said: "Multi-lateralism and regionalism can coexist: better, they can actually reinforce one another."

Those of us who do business across the Pacific can be pleased with the important contribution of APEC, the Asia-Pacific Economic Co-operation Forum. It has furthered the MTN process and given strong support to trade liberalization at all levels within our region.

The dark cloud on the horizon is the tendency toward managed trade between Japan and the United States.

I spoke with Prime Minister Kiichi Miyazawa and other members of the Japanese cabinet last April concerning the dangers of managed trade possibly undermining our multilateral efforts and about the real damage it could do to Japan's other suppliers. At the time, Canadian auto parts suppliers were running into "buy USA" discrimination in their dealings with Japanese companies.

We have continued to remind both Japan and the United States of our concerns. We have been assured that increased market access will be on a Most Favoured Nation (MFN) basis. But you can appreciate our doubts given political pressure to reduce the trade deficit in the United States.

I want to emphasize that our participation in the NAFTA in no way detracts from our commitment to trade liberalization through the Uruguay Round. Our top trade priority continues to be the successful conclusion of the Round.

Involving six long years of negotiation, this is undoubtedly the most ambitious Round ever attempted in GATT history. Leaders in government and business around the world generally agree that a successful conclusion to the Round will inject much needed stimulus to the world economy. I share that assessment.

Last week, I hosted a one-day working session with my colleagues from the United States, Japan and the European Community to look at ways we can move the talks forward on the issue of market access. I am pleased to report that good progress was made and that momentum is building for substantive discussions at the