

This point is illustrated in the Japan-U.S. trading relationship, where massive imbalances have generated mounting pressures for the adoption of managed trade practices.

I am sure I do not have to tell you about the dangers inherent in the drift towards managed trade between the world's two largest economies. Not only do such measures undermine the open international trade regime based on agreed rules that we all support, but they distort international trade patterns in a way that inevitably discriminates against third parties.

The single most important step we can take to blunt these menaces is to conclude a substantial result in the MTN as soon as we can.

I can say that we are moderately encouraged by recent developments in reform of the EC's Common Agricultural Policy. This could well pave the way for the U.S. and EC to resolve their differences on agriculture. Of course, progress on agriculture is crucial to global settlement of all the outstanding elements of the trade round.

The sooner we can put these issues behind us, the sooner we can realize the great potential offered through implementing the Round for worldwide trade expansion, growth and development.

But our challenges do not end there. We have also sought to promote an open, liberal-minded trading culture through creative initiatives at the regional and sub-regional levels.

A moment ago, I mentioned our constructive involvement in the APEC process. We also fully support the building of appropriate sub-regional structures designed to meet more specific needs, as long as they are consistent with GATT.

This concept of "open regionalism" is precisely the thinking that lies behind the Canada-U.S. Free Trade Agreement, as well as our participation in the negotiations for a North American Free Trade Agreement (NAFTA). We understand the proposed ASEAN Free Trade Agreement (AFTA) embodies the same policy approach. We believe these initiatives can strengthen the commitment to free trade principles that would underpin a Pacific trading culture.

On this basis, Canada welcomes the commitment of the ASEAN leaders to strengthen economic co-operation and trade liberalization within the region. We view this renewed effort to reduce trade barriers among the ASEAN countries as a positive development that should, over time, enhance economic development within ASEAN and undercut the forces of protectionism.

We consider our own efforts to create a North American free trade area as mutually reinforcing in terms of our approach to, and stake in, the multilateral trading system. They are parallel