

effect on Canada's transformation into a more competitive economy by changing our export profile.

In the first three years of the FTA, our exports with the U.S. have increased by 10.7 per cent -- from \$292 billion in 1986-88 to \$323.7 billion in 1989-91. The FTA has also bolstered our leading-edge manufacturing 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 speciality chemicals sectors.

We are actively taking advantage of the access we have gained through the FTA. In the early part of this year, we were beating records each month in our exports into the U.S. market. In July, we exceeded \$10 billion a month in exports for the first time in our history -- \$10.1 billion worth into the U.S. market.

Now, we are going beyond the FTA with an even more comprehensive trade liberalization initiative, which has captured the attention of all our trading partners: the proposed North American Free Trade Agreement (NAFTA). We have entered those negotiations with confidence and with three key objectives. First, we wanted better access for Canadian goods and services to Mexico -- we got that. Second, we wanted to secure the benefits achieved through the FTA and, at the same time, improve access to the world's richest market -- we succeeded. Finally, we wanted to guarantee Canada's status as a highly desirable location for investors to serve the entire North American market -- that, too, was achieved.

In short, we attained all three of our key goals. By creating an open economic area with 360 million people and a combined gross national product of more than \$7 trillion, we set up the conditions for massive cross-fertilization of creative ideas, energies and abilities. We all stand to become more competitive globally as a result of this deal.

What does it mean for Canada? Canada gets access to the Mexican market, which encompasses 87 million people. It is a young market (the average age of the population is in the low 20s), with a growing and not insignificant middle-income sector of 20 to 25 million people. There are many solid opportunities that will open up in Mexico because of the change in access we have to that market. The NAFTA that we have negotiated provides for an elimination of the requirement for import licences, as well as tariffs. This will put us on a level playing field for full access to that market.

For Canadian businesses seeking to find partners to work with in the competitive globalized marketplace, Mexico holds excellent potential. There is a new dynamism in the Mexican economy, where