

I say this because I know concerns have been expressed that the NAFTA could lead to some trade and investment diversion. Certainly, it would be wrong to claim that regional trade arrangements could not in any way alter existing trade and investment patterns. However, one can not easily link such changes to regional trade arrangements alone, given the wider process of globalization under way in the world.

Our experience so far with the Canada-U.S. Free Trade Agreement bears out the point that the income or growth effects of open trade arrangements, which do not raise barriers to third countries, more than offset shifts in existing trade patterns.

In short, we see the NAFTA through rationalized production and enhanced incomes, generating a substantial increase in trade and investment opportunities for the entire global trading community.

Mr. Chairman, I hope my remarks have persuaded you and your colleagues here today that Canada's close friendship and ties with Australia are in good repair, and that prospects for even greater co-operation between our two countries in the economic sphere is both possible and desirable.

Thank you.