

tariff reductions and a strong commitment from your private sector to enhance export trade.

Canada achieved the goal of freer trade on a regional level more than four years ago when we implemented the Free Trade Agreement (FTA) with the United States.

Canada's experience with the FTA has been very positive. Our exports to the United States are at record levels. Foreign investment is up, and we have benefitted from the dispute settlement provisions that are the centrepiece of the Agreement.

As further evidence of the success of the Agreement, Canada and the United States recently announced the results of the third round of tariff acceleration affecting \$1 billion in two-way trade. Tariff acceleration provisions enable industry in both countries to request the elimination of tariffs at a rate faster than provided for in the FTA. The overwhelming industry response to tariff acceleration demonstrates that business is eager to take advantage of the benefits of the FTA.

Comparing total figures for the four years prior to 1989 with the four years since the FTA, our merchandise trade with the United States has increased by 18.2 per cent -- despite a slowdown in the world economy.

We improved on the FTA and, together with the United States and Mexico, expanded its area of application when we signed the North American Free Trade Agreement (NAFTA). This will continue and will augment the process of trade liberalization.

The legislation to implement the NAFTA on January 1, 1994, is now before Canada's Parliament; similar legislative packages will be prepared by both Mexico and the United States. Once the Agreement comes into force, applications for membership from other countries are anticipated. Chile has expressed a clear interest, and Canada would view an application from Chile with favour.

As set out in the terms of the Agreement, the existing members will review all applications. Applicants will need to observe the disciplines and meet the obligations of membership. I'm sure we will pursue this topic further. Chile has by itself substantially liberalized its trade and investment environment, demonstrating its commitment to open markets and freer trade.

There is no need, however, to wait for the implementation of the NAFTA to strengthen Canada's and Chile's business relationship. The strong Chilean economy, founded on extensive free market reforms, is ample reason for heightened Canadian business activity here. To improve the climate further, the governments of Canada and Chile together can erect a stronger institutional