

There are no seats left on the sidelines. Powerful or weak, rational or extreme, politician or businessperson, we are all in this together, in a world that needs leadership.

And our two countries, with our wealth and our influence, have special responsibilities.

Let me now come back to the two specific issues -- trade and pollution -- issues important to our two countries now, but with much wider implications.

Earlier this year, in January, Prime Minister Mulroney and President Reagan signed the Canada-U.S. Free Trade Agreement, the product of almost two years of tough and intensive negotiations.

The Agreement is the largest commercial accord in history, bringing with it major benefits for each of us in the bilateral merchandise and services transactions we have.

Like almost any agreement, it is not perfect. Neither of us obtained everything we wanted. But the Agreement is a substantial step forward, with ramifications extending well beyond our bilateral commercial dealings.

Clayton Yeutter, the U.S. Trade Representative described the Agreement as being "as significant in the economic sphere as the Arms Control Agreement signed last December in the national security arena".

And so it is when you consider its provisions.

Beginning in January of next year the Agreement will eliminate or phase out all tariffs over the course of a decade.

It puts in place new rules for trade in services, for financial services activity, and for investment flow in either direction. Capping it all will be a unique mechanism under which we will be able to adjudicate our trade disputes.

When we began negotiations two years ago I do not think either of us really understood the magnitude or the difficulty of the task ahead of us.

For all that we have so much in common, we are still sovereign nations. And we do see certain issues differently.

Cultural sovereignty, for instance. To Canada, culture is not an area to be traded as one would shoes or autoparts. It is part and parcel of our distinct character as a nation and for that reason we had to insist upon certain protections.