

under the FTA, and I commend Premier McKenna for his strong support of the agreement.

The FTA focusses on five initiatives designed to ease trade between our countries: eliminating barriers to trade in goods and services, facilitating conditions of fair competition, liberalizing conditions for investment, establishing procedures for the administration of the FTA and the resolution of disputes, and laying the foundation for further bilateral and multilateral cooperation.

The precise impact of the FTA can be assessed only over the long term. Already, however, it has created the dynamics for beneficial change. Critics of the agreement have seen their arguments wither as opinion and evidence increasingly demonstrate the opportunities introduced by the FTA for a more competitive Canadian economy with higher employment and incomes. Many critics are becoming converts. Look at Ontario Premier David Peterson, for example. His province is now touting the advantages of the FTA in its advertising south of the border.

The FTA dispute settlement mechanisms are working, and working well. Canadian and American traders want to use them to resolve their differences. They will largely replace the fruitless pattern of "action-retaliation-reaction-further retaliation" that could otherwise characterize our trade differences.

Chapter 18 of the FTA now provides a general dispute settlement mechanism that allows us to resolve trade disputes effectively and efficiently. Two panels have been created so far. Chapter 19 provides a more specific dispute settlement mechanism for countervailing and antidumping duty laws and cases. Eleven such panels have been requested.

We know that our trade fences will need mending from time to time. Even the best of friends cannot conduct \$200 billion worth of bilateral trade without irritants arising. One Chapter 18 panel, for example, is now examining a U.S. law prohibiting the import of Canadian live lobsters that do not meet the U.S. federal size limit. The Canadian government has acted to press its case in every way. We are confident that the Free Trade panel will respect the merits of our position and will redress this bilateral dispute appropriately.

I remind you that trade disputes account for only about 1% of our total bilateral trade. Let me put it another way. Almost 99% of our bilateral trade in 1989 was dispute-free.