

The U.S. chose to trigger its countervailing duty procedures. Along with the industry and the provinces, we are fighting the U.S. case with every tool at our disposal -- under the FTA and the GATT. The recent final subsidy determination by the Commerce Department may have reduced the subsidy level to 6.51 per cent but it is still offensive. We are appealing this finding to an FTA panel. If the International Trade Commission finds injury later this month, we will appeal that decision also. We are confident of our case.

We are currently fighting the ruling by U.S. Customs that cars assembled by Honda in Alliston, Ontario do not contain enough North American content. What did they rule? That the engines were not North American? Where are they made? Ohio. The U.S. position is, of course, hard to understand and we expect that our view will prevail in the end, but the issue underlines the need to continue to improve and strengthen the rules and procedures so that there will be no repeats.

The bottom line, however, is whether any of the issues I have mentioned, difficult as they may be, would be easier to manage without the FTA. The answer is no. Of course, the FTA is not a panacea. Just because you build yourself a good, sturdy house doesn't mean you expect it never to rain. On the contrary, problems will continue. But they are more likely to be resolved in our favour on the basis of the clear rules and balanced procedures of the FTA. And that's what counts.

Nonetheless, we can never rest on our laurels. Steel, softwood lumber and Honda cars demonstrate that we must be ever vigilant in protecting and promoting Canadian interests, whether by pursuing our rights under the current rules or by negotiating better rules. From that perspective, and this is my third point, the FTA is also proving its worth. It provides a superior platform from which to seek stronger and better rules than anything we have had before. That's not just my view. That's the view of my colleagues around the world.

But the most telling vote of confidence in the FTA comes from the people of Mexico. In effect what they have sought and will soon get is an extension of the benefits of the FTA to them. They looked at the Canada-U.S. FTA and told us that that's what they want.

In effect, that's what the NAFTA negotiations are all about. They are about taking the rules of the FTA and extending them to Mexico. That is why the onus in these negotiations is on Mexico. It is Mexico that will have to stand and