

negotiated the FTA and it makes sense to build on that agreement by negotiating a NAFTA.

The FTA now covers the largest bilateral commercial relationship in the world, exceeding more than C\$200 billion of trade in 1990. It governs an unprecedented range of economic activities, including trade in goods and services as well as investment. And it does more to achieve fair and open market access under the rule of law than anything that has been achieved bilaterally or under the GATT to this day.

In 1989, manufacturing investment in Canada increased by 15 per cent. Investment in new plant and equipment accounted for more than 16 per cent of the Canadian GNP. That level was second only to Japan's among the G-7 nations and was considerably better than the 12.5 per cent figure recorded in the United States.

In 1990, Canada's trade performance was one of the bright spots in an otherwise pessimistic economic outlook. In a recent report, the OECD points out that Canada's strength in international trade has cushioned the country from a more debilitating recession.

Since the implementation of the Free Trade Agreement, our trade surplus with the United States has been increasing and reached about C\$18 billion in 1990, compared to close to C\$13 billion in 1989. The share of Canadian exports going to the United States has also been increasing, while the import share of the United States in Canada has not.

The investment picture has been even more impressive. While the media highlights plant closures and southward job migration, the facts are that even more jobs and investment are migrating to Canada.

In a recent report, the Royal Bank of Canada points out that in 1988, there was a net direct investment outflow of C\$7.3 billion. In the first three quarters of 1990, there has been a substantial reversal. We now have net investment inflow to Canada. Foreign and domestic investors see Canada as an attractive place to do business. Rather than deepening the recession, the Royal Bank concludes, free trade with the United States is cushioning its impact by improving access to the U.S. market and sustaining new investment aimed at restructuring Canadian industry.

A trilateral accord embracing Canada, the United States and Mexico would take these achievements even further. It would transform a free trade area of nearly 275 million people into one of almost 360 million people -- larger than the 12