

We have another important objective in these talks. After more than three years' experience with the FTA, we see prospects for improvements in Canada-U.S. trade relations. It is clear, particularly in the wake of the Honda ruling, that rules-of-origin must be more clearly articulated in the NAFTA than they are in the FTA. Canada and the United States can also agree on some fine-tuning of customs procedures, to ease the flow of goods and services across our common border. This can be accomplished while still preserving the balance of benefits and obligations in the FTA.

Preservation of the FTA has been our position from the beginning, and we have not wavered. The FTA has not been compromised by these talks, and it will not be. Canada and the U.S. negotiated a good agreement in 1988. And we have both made it very clear, inside the negotiations and out, that any changes in that agreement will not be made unless they serve the interests of our respective citizens well.

Now, world markets, as I have said, are vital to Canadians, and the lowering of international trade barriers a pre-eminent policy objective. But there is another dimension to this barrier issue, and it arises from the fact that Canada's most important market may actually be right here at home, among other Canadians. While we are making important and necessary efforts to increase our access to foreign markets, Canadians are today encumbered by more than 500 artificial internal trade barriers. The Canadian Chamber of Commerce has made the point eloquently: "Interprovincial trade barriers they say, act like a tax on local residents and on the national economy, and are a contributing factor to Canada's low productivity growth.... It's not difficult to see how their removal will aid in global competition."

The Canadian Manufacturer's Association says that these barriers cost Canadians \$6.5 billion a year. A restricted market results in inward-looking, less-efficient companies. Canadians are bearing an important hidden burden that results in lost confidence, diminished competitiveness, lost sales, lost income for Canadian workers, and in lost opportunities for all.

Most Canadians neither understand nor accept these barriers. They want to know why you can't buy beer made in New Brunswick here in Montreal, when it is among the top 10 imports in all 50 American states. They are amazed that you can't use bricks made in one province on construction sites in another. They think it's inefficient that wire and cable companies, selling to provincial utilities and phone companies, must establish local residency in order to win contracts. They know the country is over-regulated when trucks transporting goods across Canada have to obtain 10 different approvals, and must comply with regulations in each province.