

In 1988, the value of Canada's exports to the United States was C\$102.6 billion. In 1992, it was C\$122.3 billion. Over the same period, the level of United States exports to Canada has risen from \$88.8 billion to \$104.6 billion.

A recent study by the Government of Canada on trade patterns in the past 30 years shows that merchandise trade between the United States and Canada has grown faster than either country's gross domestic product.

Significantly, over the past 10 years, both countries have increased their share in each other's markets. U.S.-based, non-transportation manufacturers saw their share of the Canadian market grow from 18 percent in 1986 to a record 21 percent in 1991. Canadian manufacturers, too, have reached an all-time record share in your markets. It is worth pointing out that these records have been reached since the Canada-U.S. Free Trade Agreement has been in effect. Simply put, free trade expands trade.

Clearly, the FTA has been a win-win situation for both countries.

During a difficult economic period, total two-way trade in goods and services between our two countries increased by 16 percent under the FTA. Trade between Canada and the United States reached \$227 billion in 1992 - the largest two-way trading relationship in the world. Many Americans - and Canadians alike - are still surprised by the magnitude of this relationship.

Moreover, it is a relationship that is balanced. Canada enjoys a merchandise trade surplus with the United States. But the United States has a positive current account balance with Canada, thanks largely to Canada's trade deficits in tourism, business services and foreign-debt payments.

The Free Trade Agreement has not made the Canada-U.S. trade story an entirely harmonious one. There continue to be frictions, as you might expect in the world's largest trade relationship. We have serious problems now in steel, beer and softwood lumber. But over 95 percent of our trade continues without any problem. And, thanks to the FTA, we are in the enviable position of being able to address our differences through what has proven to be a transparent, fair and equitable dispute-settlement mechanism. And this mechanism has been strengthened in the North American Free Trade Agreement.

Canada is committed to the NAFTA. Our Parliament has nearly completed its consideration of legislation to implement the Agreement. The passage of the legislation will culminate shortly in Royal Assent conveyed by Canada's Governor General. Then we must wait for the corresponding implementing legislation to be passed in Washington and Mexico City.