

sense to work on several trade fronts at once. So we seek to make improvements where we can. But the NAFTA will be a poorer deal if MTN negotiators fail to make the needed breakthrough in the next four or five months.

This deserves a few words of explanation. Many of the issues under negotiation in the NAFTA are the same as those being negotiated in the MTN. Subsidies: What kind of government financial aid distorts trade and what kind is acceptable for domestic reasons? Trade remedies: When are anti-dumping and countervail actions warranted and when should they be banned? Government procurement: How much access to government supply and services contracts should be granted to foreign companies? These issues -- and more -- are currently being negotiated at the MTN. And there is an understandable reluctance among all three countries in the North American free trade negotiations to commit themselves in some of these areas until there is a clear understanding of what will emerge at the MTN. Obviously a comprehensive and ambitious agreement among the more than 100 members of the General Agreement on Tariffs and Trade will offer a tremendous base for a NAFTA to build on. Without it, the three partners will have to be more careful where they break new ground.

There are good reasons to be optimistic about the outcome of the MTN, despite the disappointing stalemate reached at the conference in Brussels last December. A lot of water has passed under the bridge since then and the outlook for a successful completion of the Uruguay Round now appears much more promising. Having peered over the brink, at a potential international trading regime that would be increasingly subject to capricious and arbitrary actions aimed at protecting narrow self-interests, and realizing that such a world would only lead, not to a strengthening, but to a shrivelling up of the world economy, GATT members have decided that they must try again to save the Uruguay Round, and none too soon.

The negotiations towards a North American Free Trade Agreement between Canada, the United States and Mexico are on their own track and proceeding smoothly. As you know, at the inaugural ministerial meeting held in Toronto last June, the trade ministers from the three countries declared their intention to achieve a comprehensive agreement, broad in scope, that would confer real benefits on its participants.

General principles agreed to at the outset in Toronto included a maximum possible free exchange of goods, services and investment. Under such a free trade system, goods and services would move completely duty free among the three countries. There are sensitivities of some sectors with respect to the elimination of all duties. But we are confident that we can resolve these, on the basis of extensive and open consultations leading to a timely