

In devising the correct Canadian response to such trends, we set ourselves 2 fundamental goals.

One was to improve the ability of our companies to compete; and the second was to improve their opportunity to participate in all 3 markets.

Central to the issue of competitiveness was the Canada-U.S. Free Trade Agreement.

For the FTA will clearly improve the ability of Canadian-based enterprises to compete not just in North America, but in the other 2 mega markets of Asia-Pacific and Europe. We see it as a stepping stone to all 3 pillars; just as the Europeans see 1992 as a strategic necessity in the face of North American and Japanese competition. It is a key part of what Premier Peterson has correctly described as "a winning formula".

But we also recognized that the ability to compete and participate worldwide is irrelevant without opportunity. Hence our desire to also make multilateral progress in the GATT -- progress on such difficult issues as agricultural trade, procurement, technical barriers and trade in services -- progress which we hope will maximize trade and investment flows between the 3 mega markets.

That is what we mean by a three pillar strategy, with the Free Trade Agreement as the key to Canadian competitiveness and freer trade through the GATT as the door to opportunity in all 3 mega markets.

And that's where the 1992 exercise comes into play. For, as I said this morning, it is the link between these internal Community reforms and the external GATT commitments of the European Community that will determine what 1992 ultimately means for Canadian firms and Canada.

I strongly hope that 1992, like our own Free Trade Agreement, will be a force for freer multilateral trade; with the rules extended on the basis of most-favoured-nation and national treatment. It is in the interest of the Community to do so. But because of the disparities within the Community, I have no doubt that protectionist forces will be at work. They must not prevail.

Minister Ruggiero, it is our hope that the 1992 process does not successfully roll back the frontiers of states within Europe, only to see them reimposed at the Community level.