

In 1988, just prior to the FTA, there was a net direct investment outflow from Canada of \$2.5 billion. In 1990, Canada enjoyed a record net direct investment inflow of \$4.3 billion. Our trade surplus with the U.S. increased from \$14 billion in 1988 to \$17 billion in 1990. Some of that export growth has been manufactured goods, such as electrical machinery and rolling stock, and high-tech products such as aerospace equipment and scientific and professional instruments.

Unfortunately, plant closures and job losses get more press than new investments and increased exports do. But the success stories of free trade are real. There will be more of them as our economy recovers from the recession, and they will provide the base for strong adaptable industrial sectors.

There are many Canadian companies set to benefit from the FTA as it continues to be phased in over the next eight years. Europeans who invest in Canada now can expect to be a part of the success story.

The same economic imperatives which led us to negotiate free trade with the United States have led us into new negotiations with the U.S. and Mexico to create a North American free trade area.

When complete, the North American free trade area will be a market of 360 million people, with a combined gross domestic product in excess of \$7 trillion. It will be a larger market than the EC. Trilateral trade already exceeds US\$250 billion annually. Trade liberalization on this scale will have an impact around the world. Among other benefits, North America will become a larger, stronger and more dynamic market for European goods and services.

Just as the 1992 program and the creation of a European economic area does not constitute a "Fortress Europe," the North American free trade area will not be a bloc closed to trade with others. Europeans who decide to trade with Canada can rest assured that our fundamental orientation towards global trade will remain. We cannot afford economic blocs. Our agreement with the United States, our negotiations with Mexico and our commitment to the General Agreement on Tariffs and Trade (GATT) and to the conclusion of the Uruguay Round are all evidence of our dedication to trade liberalization worldwide.

The North American Free Trade Agreement (NAFTA) is only one item on the Canadian government's trade and competitiveness agenda. We wish to advance Canada's interests wherever we find an opportunity to do so. We are continuing to work towards an early and comprehensive agreement in the Uruguay Round of GATT negotiations. The spirit of trade liberalization which inspired