

Ladies and Gentlemen:

It gives me great pleasure to be able to join you today at this luncheon meeting where discussions of fish are restricted to the choice of entrée.

1989 was one of the most difficult years I have personally experienced in public life. But these difficulties did not stem from the Free Trade Agreement. In fact, I am pleased to report that the Free Trade Agreement was implemented in a remarkably smooth and orderly manner, given the size of this undertaking.

As you all know, the legislation, regulations, processes and institutions are now in place.

Two tariff cuts have been made on schedule;

We have expanded the provisions for temporary entry of business visitors;

The technical groups are up and running;

The dispute settlement procedures are being vigorously used; as they were intended to be; and

At the request of industries on both sides of the border, we were able to agree to accelerated tariff elimination on 400 tariff items with a total value of \$6 billion, with another round of talks to come.

All things considered, we can be well satisfied with our progress to date - a tribute to the officials on both sides of the border.

As you also know, I recently presented the Government's view on the first year impact of the FTA in what I hope you will agree was a credible and balanced way.

I stated our belief that twelve months was simply insufficient time to make a credible statistical analysis.

I noted the 193,000 net new jobs created since January of 1989, and the 12% increase in Capital investment over the first three quarters of the year - evidence, in our view, that the economy is adjusting well and that businesses are gearing up to exploit export opportunities.

And I reaffirmed that the FTA remains a cornerstone in our strategy to improve Canada's competitiveness. For it improves access to our most important export market so Canadian-based firms can achieve world-class scale and specialization. And it creates opportunities for Canadians which otherwise would not exist.

Note my use of the word cornerstone. I use it intentionally. It is a word that implies the FTA is an indispensable part of our overall policy structure. But it also recognizes that there are other building blocks in our strategy.

And that is what I would like to focus on today - other aspects of the competitiveness challenge before us; specifically, four challenges facing Canada in 1990 which I believe will greatly influence our ability to compete and prosper in the years ahead.