

Moreover, APEC could assume an important role in addressing and constructing innovative approaches to a new generation of issues arising as a result of the forces of globalization.

Canada and Australia are very much at one about the potential value of APEC to all the countries of the region. I say "potential," because I think it would be misleading to suggest that the APEC process will have a major impact on the economy of the Asia-Pacific region in the short term. We are at an early state in the building of APEC, and it would therefore be unrealistic to expect major results tomorrow. It is a long-term construction process, but one well worth our investment of time and effort.

Mr. Chairman, before I conclude I wanted to say a few additional words about NAFTA, the North American Free Trade Agreement, because there have been suggestions in Australia and elsewhere that we have put in place an exclusive trading bloc that does not seem to be consistent with our commitment to the Asia-Pacific region or to multilateral trade liberalization.

What the agreement initiated when it took effect on January 1 this year was a more predictable and effective rule-based framework to govern trade and investment flows in North America -- that is, a new set of rules to cover investment and more than \$300 billion in annual three-way trade. Essentially, it extends the benefits of the Canada-U.S. Free Trade Agreements to Mexico and strengthens and expands the provisions of that accord. In other words, it further refines and enlarges the framework created by the Canada-U.S. accord which now governs the largest two-way trade relationship in the world.

It is, in fact, a major step forward in trade liberalization and a complement to the broader, and recently concluded multilateral trade negotiations of the Uruguay round. It is also fully consistent with the requirements of the General Agreement on Tariffs and Trade, which provides the basic rules for the international trading system.

The resulting liberalization of trade and investment will not only benefit the three partners to the agreement but also third countries.

Mexico's increased prosperity, as it outgrows its less-developed country status, and the higher overall growth in North America deriving from the NAFTA, will be trade-creating not only amongst the three partners, but between them and other countries. Thus, a more dynamic North American economy, including Mexico, will benefit producers in countries like Australia looking for new market opportunities.