

Common Agricultural Policy (CAP) on our farmers. At the Economic Summit in Toronto, leaders will be coming to grips with all these issues.

Countries are exporting a growing proportion of their GNPs. For Canada the figure is now one-third. Trade patterns can also change rapidly. Consider this for example: the first shipment of Hondas produced in the United States is expected to arrive in Japan next week. Technology is revolutionizing production and marketing the world over.

This is the economic environment in which we live.

It is important to appreciate that the forces of interdependence lead to the greater competitiveness of nations - and hence to their greater prosperity. The forces of interdependence can also lead to friendlier relations among nations - provided they manage their interdependence well. Secure and open access to each other's markets, based on fair rules, is more vital than ever.

We all know full well that Canada's most important trading partner by far is the United States. We share with that country the largest and most complex bilateral trading relationship in the world. If we want to enter the 21st century in good shape we had better get that relationship right. Clearly, it has not been working as well as it should. Even to list the Canada-U.S. trade disputes in the 1980s would take up most of my time tonight.

Confronted with this situation, the government did not choose the route of vicious trade wars. We chose the positive route. The result is that today we have a free trade agreement that is the envy of our other trading partners. It will give us open and secure access to the biggest market in the world. A major benefit, only now coming to be fully appreciated by our exporters, is that it will also strengthen our competitiveness in third markets.

The agreement will not make us any less Canadian, only more prosperous, as joining the Common Market did for Britain and as the trade agreement between Australia and New Zealand did for them. In the area of foreign policy, the Canada/U.S. free trade agreement is one of this government's greatest achievements - and, you may be sure, one of its most enduring.

The free trade agreement is fully compatible with the General Agreement on Tariffs and Trade (GATT). It will reinforce our efforts for trade liberalization in the Uruguay Round. It breaks new ground in areas like trade in services and agriculture that we hope to advance in the multilateral negotiations.