

Of course, the Canada-U.S. trade relationship, larger than any other in history, has its frictions, and they didn't just start in 1989 with the FTA. In as large a trade relationship as this, there are bound to be some. They were there in the seventies and the pre-NAFTA eighties. We disagreed with U.S. actions, the U.S. protested our actions. Sometimes the disagreements were quite deep. Recently, I have made clear our government's objections to the U.S. Administration's decision to impose a duty on Canadian softwood lumber. We have also protested the decision of U.S. Customs to impose a duty on Canadian-built Honda Civics.

I do not propose to dwell here on either of these issues, except to point out that they have, among other things, served to stimulate further questioning in Canada of what we achieved in the Free Trade Agreement. We have each benefited from the increased and assured access to each other's markets. But to ensure that access, we each won the right to our day in court, in an open process, held before arbitrators fairly chosen by both sides. In cases like the Honda audit, we won the power to have these trade actions judged and held up to scrutiny in a way that will force both governments to be accountable for their behaviour. And, on lumber and other anti-dumping and countervailing cases such as pork -- we made a major breakthrough in international trade law. We have obtained a process where biassed, politically motivated decisions will be struck down. Canadian pork producers can tell you that -- \$20 million went back into their pockets after an FTA ruling. Other decisions went in favour of the United States. That demonstrates that it is a fair process. It shows that the FTA remedy system is working. Give the process time and it will continue to work.

The confidence the government has placed in the FTA is reflected in our decision to join the United States and Mexico in negotiations for a North American Free Trade Agreement. NAFTA is a logical extension of the FTA to Mexico, adding a market of 85 million people to the free trade area.

Canada has a number of objectives in these negotiations. We are drawn to the opportunities offered by the expanding and dynamic Mexican market driven by the far-sighted reforms of the Salinas government. Under the possible agreement we seek, Canadians will be better able to market their goods and services in Mexico. They will also gain important experience for further expanding their horizons to the rest of Latin America.

Through the NAFTA, we also want to assure investors that Canada will continue to be an excellent location from which to serve the whole North American market. Companies that build facilities or start up services here will be able to reach customers in both the U.S. and Mexico. They will also be able to forge strategic alliances with business partners in all three countries, thereby placing themselves on a better footing for global competition.