

fact, Canada's exports to Michigan alone far exceed our exports to Japan.

In many ways, the Canada-Michigan relationship, dominated by trade in manufactured goods, is a model for free traders everywhere. The Auto Pact of several decades ago allowed both rationalization and specialization, resulting in a continental industry that is increasingly competitive globally.

The North American Free Trade Agreement [NAFTA] builds on that success. By providing much more open access to the growing Mexican market, along with improved rules of origin, NAFTA offers our industries an opportunity to improve their competitiveness.

Having said this, I am also well aware of the fact that the advantages of free trade among the three countries of the NAFTA and the need to remove further impediments to trilateral and multilateral trade are yet to be appreciated fully. Canadian success in the United States market gives rise at times to protectionist impulses from certain regional or sectoral interest groups who have used their influence on Congress and the Administration to deny U.S. consumers the benefits of competitively priced Canadian products and services.

It takes a strong commitment to free trade and its benefits to see beyond the short-term challenges that it can present. It takes constant reminders that the wealth and the high standard of living that we enjoy in both the United States and Canada are largely due to the liberal, rules-based trading system that we have developed since the GATT [General Agreement on Tariffs and Trade] was founded in 1947.

The world trading system, of course, took a quantum leap forward with the successful completion of the GATT's Uruguay Round in December 1993.

Not only are tariffs in general to be cut by an average of 40 per cent, but important new areas are to be brought under world trade rules: trade in services, intellectual property rights, agriculture and textiles.

A unified, effective global dispute settlement system will ensure that all nations, big and small, have greater access to a fair hearing when disputes arise.

And perhaps most important, we shall have a potent World Trade Organization [WTO] to help guide burgeoning trade and investment into the next century.

We shall have a more secure environment in which the increasingly interdependent global economy can grow and develop ... with benefits for all.