

Significantly, over the past 10 years, both countries have increased their share in each other's markets. Despite a decline between 1985 and 1988, U.S. manufactures have staged a comeback in the Canadian market. Non-transportation manufactures saw their share of the Canadian market grow from 18 per cent in 1986 to a record 21 per cent in 1991. Canadian manufacturers, too, have reached an all-time record share in your markets. It is worth pointing out that these records have been reached since the FTA has been in effect. Simply put, free trade expands trade.

We are already seeing the mutual benefits that flow from trade liberalization. The NAFTA strengthens the foundations for global competition laid down in the FTA.

However, the Free Trade Agreement has not made the Canada-U.S. trade story an entirely harmonious one. There continue to be frictions, as you might expect in the world's single largest trade relationship. We have serious problems now in steel, beer and softwood lumber, but, thanks to the FTA, we are in the enviable position of being able to address our differences in what has proven to be a transparent, fair and equitable dispute settlement mechanism. The NAFTA will improve on that mechanism.

During the months of negotiating the NAFTA, we have heard a lot about free trade and fair trade. However, too often what constitutes fair trade remains in the eye of the beholder. Restrictive trade barriers exist in both of our countries. We need to reduce and eliminate those barriers. You have the Buy America Act and the Small Business Set Aside. We have inter-provincial trade barriers. But I am happy to report that the federal government has initiated comprehensive discussions with the provinces to reduce those barriers and allow greater competition, through a sort of "internal NAFTA," if you will.

Our trade liberalization efforts, however, are only part of a wider government package to restructure the economy and improve the environment in which you conduct your business. We accomplished this restructuring through the agenda for economic renewal, which we introduced in 1984 and which has guided the policies of the government ever since.

These efforts are designed to make Canada a strong contender in today's demanding global marketplace. First, we have brought government finances under tighter control, instituting a careful and deliberate multi-year plan to lower government deficits and establish sound fiscal management.

Indeed, government operating costs, after inflation, are today more than 20 per cent lower than when the Mulroney government came to office. In fact, the government is actually running a surplus on its operations, net of those all-too-high debt servicing costs. And by law, every penny of our goods and services tax -- our equivalent of the European value-added tax --