

THE SPEED OF CHANGE IN ASIA IS UNPARALLELED AND THE IMPACT ON CANADA IS VERY REAL. NEVER BEFORE HAVE WE RELIED SO MUCH ON ASIAN TRADE.

CANADA HAS ALWAYS BELIEVED THAT THE BEST MEANS OF DEVELOPING OUR FULL GLOBAL POTENTIAL LIES IN FOSTERING A FREE FLOW OF GOODS, SERVICES, TECHNOLOGY AND CAPITAL WITH OUR TRADING PARTNERS. THUS, THE MULTILATERAL TRADING SYSTEM, ROOTED IN THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT), REMAINS THE CORNERSTONE OF CANADA'S INTERNATIONAL TRADE POLICY. THE FREE TRADE AGREEMENT (FTA) IS PART OF CANADA'S APPROACH TO SEEKING THE GRADUAL REDUCTION TO BARRIERS TO TRADE. THE CANADA/U.S. FREE TRADE AGREEMENT IS PART OF CANADA'S OBJECTIVE FOR A MORE OPEN WORLD ECONOMY. THERE IS NO "FORTRESS NORTH AMERICA" MENTALITY IN CANADA.

THE FTA, AT ITS MOST BASIC, IS A TRADE LIBERALIZING AGREEMENT. IT IS DESIGNED TO REMOVE ALMOST ALL BARRIERS TO TRADE IN SERVICES AND INVESTMENT. IT PROVIDES A CODE OF CONDUCT FOR TRADE RELATIONS BETWEEN CANADA AND THE UNITED STATES AND WILL HEAD OFF A POTENTIAL RISE IN DAMAGING PROTECTIONISM BETWEEN CANADA AND THE UNITED STATES.

SECONDLY, THE FTA SECURES BETTER ACCESS FOR CANADA TO A WORLD SCALE MARKET - A RESPONSE TO CANADA'S AGE-OLD PROBLEM OF MARKET SIZE.

I KNOW THAT HONG KONG BUSINESS PEOPLE ARE AMONGST THE MOST KNOWLEDGEABLE ABOUT THE FTA AND THAT THEIR REACTION TO IT HAS BEEN VERY FAVOURABLE.

THE POTENTIAL POSITIVE IMPACT OF THE FTA ON THIRD PARTNERS, SUCH AS HONG KONG, AND ON INVESTMENT CAN BE PREDICTED ON THE BASIS OF THREE GENERAL PHENOMENA:

- IMPROVEMENT IN THE GENERAL ECONOMIC WELFARE IN CANADA SHOULD LEAD TO INCREASED CONSUMER SPENDING INCLUDING SUCH MAJOR SECTORS FOR HONG KONG AS CLOTHES, FOOTWEAR PRODUCTS AND LEISURE PRODUCTS;