

Canada has a number of objectives in these talks, none more important than our desire to be part of the richest and largest market in the world. Mexico has a growing economy; we want Canadian companies to become part of that dynamic growth.

Through the NAFTA, international investors will be assured that North American companies, whether located in the U.S., Canada or Mexico, will all enjoy the benefits of being able to serve the whole North American market. Serving this US\$6 trillion market of 360 million people will require that companies in each of our countries forge strategic alliances with business partners in all the other countries, placing all the players involved on a better footing to meet global competition.

We have another important objective in these talks. After more than three years experience, we see prospects for fine-tuning the Canada-U.S. agreement. It is clear, particularly in light of the U.S. ruling on Honda imports from Canada, that rules of origin must be more clearly articulated in the NAFTA than is the case with the FTA. Canada and the U.S. can also agree on some improvements of customs procedures, to ease the flow of goods and services across our common border.

Ultimately, preservation of the FTA has been our position from the beginning, and it has not and will not be compromised. Canada and the U.S. negotiated a good agreement in 1988. And we have both made it very clear, inside the negotiations and out, that any changes in that agreement will not be made unless they serve the interests of our respective citizens well.

Trade liberalization is critical for the economic betterment of all nations. In particular, bringing down barriers is a key step in sustaining and broadening the dramatic economic transformation taking place in Eastern Europe and the former Soviet Union, and that is being echoed in varying degrees in many developing nations.

This is another reason for a successful and early conclusion of the Uruguay Round of the MTN. A growing world market, with an open international trading system, is the best policy framework for providing the reforming economies with an outlet for their goods and services, and for them to acquire much needed investment and technology.

But again, the positive prospect also carries with it the potential for peril: for opportunity passed by. We have to recognize that this transformation is just beginning, particularly in the former Soviet Union.

Macroeconomic stabilization, together with structural reforms, are absolutely essential for economic growth in that region. To meet this challenge, tough but necessary decisions must be taken. The ex-Soviet republics have to adopt and persevere with strong,