

the FTA. I urge you to maintain the momentum for free trade and support quick passage of the NAFTA legislation in the U.S. Congress.

My conviction about the worth of the FTA is not based on faith: it is based on the hard evidence that shows the Agreement is indeed a win-win situation for both our countries. During a difficult economic period, two-way trade in goods and services between our two countries increased by 16 per cent under the FTA, and in 1992 really took off. For example, Canada's exports of goods to the United States were up 13.6 per cent and are a key factor in Canada's recovery.

The FTA is helping North American industry increase its international competitiveness. The NAFTA will do as much for Canadians, Americans and Mexicans.

The FTA has made clear improvements to Canada's overall economic climate and the growth of Canada's gross domestic product. Economic analysis shows the Agreement has had a correspondingly positive effect on employment. It has also resulted in cheaper imports, which have helped restrain inflation to an annual rate below 2 per cent -- an enviable achievement. The recession of 1990 and 1991 would have been significantly worse for Canada if it had not been for the Agreement's net beneficial effect. It is our healthy export performance that is leading us out of that recession.

The broad economic indicators, however, provide only part of the picture. Trade figures remain the key and here the results are overwhelmingly positive. Canadians and Americans are selling more to -- and buying more from -- each other. As a force to strengthen the North American marketplace, the Free Trade Agreement is clearly proving its worth.

For example, in 1992, the amount of trade between our two countries reached \$227 billion. This is the largest two-way trading relationship in the world -- a fact that still surprises many Americans and Canadians alike -- and the volume of trade continues to expand on both sides of the border. In January, Canada's exports to the U.S. increased by a record 23 per cent over January 1992. Exports from the U.S. to Canada were up almost 15 per cent over a year ago.

The overall trading relationship between our two countries can be characterized as one of balance. Canada enjoys a merchandise trade surplus with the U.S., while the U.S. has a positive current account balance with Canada, thanks largely to Canada's trade deficits for tourism and business services.

A recent study by the Government of Canada on trade patterns in the last 30 years shows merchandise trade between the U.S. and Canada has grown faster than either country's gross domestic product.