

has said his "feeling is that cross-border chemical bulk trade volumes are up and free trade has been positive." Vic Rempel of Sun Ice Clothing has said, "we are repatriating our U.S. production to Canada and as a result, our Calgary factory will be busy." Mogens Smed of Smed Office Equipment Manufacturing has said, "Free trade is forcing us to become more efficient. Ultimately free trade will be a really good thing. Firms that are claiming free trade has been their downfall are simply using it as an excuse for their own inefficient and sloppy business practices."

The fact is that the Free Trade Agreement will help Canadian business sharpen its competitive skills. As for the prophets of doom and gloom who point to the effects of the recent recession and blame them on free trade, they have no facts to support their arguments. If Canada is losing under free trade, if we're being swamped by the Americans, as critics of free trade charge, then someone will have to explain to me why we had an \$18-billion trade surplus with the Americans last year, an increase of nearly \$5 billion from 1989. Since 1988, the value of all Canadian merchandise exports to the United States has increased by almost \$8 billion, or nearly 8 per cent.

The FTA has also increased investment in Canada. In 1988, the last year before FTA implementation, Canada had a net direct investment deficit of \$2.4 billion. Last year, Canada had a record net surplus of \$5.1 billion -- the first time in more than 15 years there was a positive inflow of net direct investment. And the Royal Bank, the country's largest financial institution, concludes this turnaround suggests "that overseas investors see Canada as an increasingly attractive base for their North American operations since the implementation of the Free Trade Agreement."

Yet the same doomsayers are making dire predictions for Canada if we and the United States conclude a North American Free Trade Agreement with Mexico. They ignore the fact that fully 80 per cent of Canada's imports from Mexico are already duty-free. These same doomsayers claim we will be overwhelmed with cheap Mexican goods which will cost us jobs. I'm not very impressed by this argument. If cheap labour is a determining factor in building factories, why is it that 87 per cent of goods imported to Canada come from the U.S., Europe or Japan, rather than from low-wage countries?

In today's marketplace, labour costs are only one component of comparative advantage. There are many others, including quality, delivery, the availability and cost of materials, and the mobility and motivation of the work force. Again, the Alberta economy is more than prepared for any challenge that might come from Mexico. What's opening up is a market of 85 million people, in addition to 240 million in the United States. The "new