

scale lie. That's what generates revenue -- revenue which can be used for modernization, for research and development, for expansion and training. And that revenue creates jobs and sustains them.

In 1984, this Government produced a policy paper called "Competitiveness and Security." That paper concluded: "... secure access to a larger market is a necessary precondition of competitiveness." Protectionism -- the greatest threat to that secure market access -- was a problem we knew then had to be addressed. That policy paper noted that "the rise of protectionism abroad threatens to reduce our access to foreign markets ... with potentially damaging consequences for our industrial structure and national prosperity."

The FTA, the MTN, and the North American free trade talks are complementary, not competitive. They flow from the same reality, the same logic, the identical requirements for access to larger markets which sustain our competitiveness and build our prosperity. The Canadian requirement for secure market access and the need to guard against protectionism led us to negotiate the Free Trade Agreement with the United States. It lies behind our ongoing push for a successful conclusion to the multilateral trade negotiations. And it has driven our decision to join with the United States and Mexico in trilateral free trade talks.

I want to outline today in as clear a fashion as I can the reasons this Government decided to enter into free trade talks with the United States and Mexico. I want to explain what we seek. And I want to make clear what we will not accept.

First, a North American free trade agreement will equip Canadian industry to be more competitive on this continent and beyond. This is a market of 360 million people with an economic product of \$6 trillion. That's bigger than Europe, bigger than any other market. Canadian industry which can compete on this continent will be able to compete around the globe. As with the FTA, that market will allow us to achieve new economies of scale and specialization. Our firms can become more efficient and more productive. That will create wealth and create jobs. And it will do so for all three countries as each exercises its comparative advantage.

Second, with free trade, the Mexican market itself will be open to Canadian industry. That market is at present relatively small -- accounting for just over \$2 billion in two-way trade, less than half of 1 per cent of our exports and just over 1 per cent of our imports. But Mexico is a market poised for expansion. It is open for business as never before. President Salinas has taken brave steps to liberate his economy from protection, regulation and bureaucracy. The President of the World Bank has described his reforms as "one of the most ambitious, courageous