

Discussion of the GATT, of course, leads directly to the issue of regional trading arrangements. The question here is whether these are substitutes for, or complements to, the multilateral trading system.

All of us -- the U.S., Canada and Mexico, all members of the GATT -- have agreed since the outset of the North American Free Trade Agreement (NAFTA) talks that North American free trade must be complementary, and not an alternative, to the global agenda of the GATT. Indeed, I see it as a means of accelerating trade liberalization and promoting the principles of fair trade that are fundamental to the GATT.

These principles formed the foundation upon which the Canada-U.S. Free Trade Agreement (FTA) was built. Equally it is the basis for negotiating other trading arrangements, of which there have been 23 over the last 25 years. Furthermore, the GATT will provide the basis for expanding continental trade with the emerging European Community and the high-growth Asia-Pacific region.

Let me just make a few quick comments about the FTA and the potential NAFTA. I know that, here in the U.S., critics of the NAFTA have raised many concerns about the future of some industries in the U.S. In fact, they have given you a flavour of what we, in Canada, have faced in putting the Canada-U.S. Free Trade Agreement into place. But I have yet to hear critics on either side of the border explain why such a supposedly bad deal has seen steady growth in Canada-U.S. trade since the agreement, despite a long downturn in the North American economies. I guess it's hard to argue with success!

There's another point I want to emphasize. The FTA has not eliminated all trade disputes between Canada and the U.S. I'm sure that no one here this morning is naive enough to imagine that there would never be any trade disputes in the largest two-way trading relationship in the world, with an annual value of more than \$200 billion.

What the FTA does provide is a superior method of resolving disputes when they do arise. The FTA recognizes that trading partners will inevitably face disagreements from time to time, and so provides a fair, efficient and timely format in which to resolve them. In that respect, the FTA is a solution, rather than the source of the problem.

The confidence our government places in the FTA is reflected in our decision to join the U.S. and Mexico in negotiations for a North American-wide agreement. It is a logical extension of the FTA, adding a market of 85 million people to the existing free trade area.