

Let me start by thanking the Empire Club for the opportunity to speak today.

Revolutionary is not a term that is typically used to describe Canada's trade policy. And yet, almost unnoticed, we find ourselves on the leading edge of an economic revolution that is transforming the Americas — a revolution as profound in its long-term implications as the changes underway in Asia, Eastern Europe and the ~~former Soviet Union~~.

A clear expression of this revolution is Canada's decision earlier this year to enter the North American Free Trade Agreement [NAFTA] with the United States and Mexico, building on our fundamental commitment to the expansion of multilateral, rules-based trade in the new World Trade Organization [WTO] to come into existence on the first of January 1995.

What the NAFTA reflects — and reinforces — is the emergence of a more truly integrated North American economy; an integrated economy which goes beyond more intensive trade linkages to encompass converging infrastructures, common distribution networks, and an increasingly intricate web of cross-border production.

Nor is the movement toward closer economic integration limited to the northern half of the hemisphere. In addition to the NAFTA, Mexico has entered into a free trade arrangement with Venezuela and Colombia. A revived Andean Pact will link the economies of Peru, Bolivia, Colombia, Ecuador and Venezuela through freer trade.

And just this month Argentina, Brazil, Paraguay, and Uruguay signalled their intention to move the Mercosur further toward a full common market. Nowhere in the world has the drive for economic liberalization and reform been more vigorous and more far-reaching than in this hemisphere.

Yet despite these rapid advances in recent years, there are signs of late that this revolution of market liberalization may be faltering. After playing a leading role in securing the successful conclusion of both the NAFTA and the Uruguay Round of the GATT [General Agreement on Tariffs and Trade] last year, the United States is in danger of losing its momentum for freer trade.

This danger is already evident in the context of current Canada/United States bilateral relations. Although we enjoy the world's largest trade relationship — one in which the vast majority of our two-way trade flows without impediment — we have encountered a number of corrosive disputes that reflect, for the most part, the triumph of narrow, protectionist interests over a broader trade vision.