

Good evening, ladies and gentlemen. I welcome the opportunity to address this gathering of the Council of the Americas and the Canadian Manufacturers' Association here in Toronto.

Tonight, I would like to discuss the new trade initiative the Canadian government has undertaken in concert with the governments of the United States and Mexico. If successful, it will create the largest unified trading region in the world. On February 5, 1991, Prime Minister Brian Mulroney, U.S. President George Bush and Mexican President Carlos Salinas de Gortari announced the decision to begin negotiations on a North American Free Trade Agreement (NAFTA).

I want to situate this initiative in the context of this government's overall approach to economic and trade policy. I will outline our general objectives in the negotiations and mention some of the major elements of our work. I will also stress the big role that has to be played by the private sector. You in the private sector need to advise the Government during the conduct of the negotiations. But, perhaps even more importantly, you will have to take advantage of what is negotiated and ensure that it brings benefits to Canada and Canadians. The Council of the Americas and the Canadian Manufacturers' Association are particularly well placed to be in the vanguard of this effort.

The ultimate goal of these negotiations is to create a North American market free of tariffs and non-tariff barriers. The agreement would permit the free flow of goods, services and investments among the three countries. It would provide for the protection of intellectual property rights. And it would establish a fair and expeditious dispute settlement mechanism. It would create a market of 360 million people, larger than the 12 countries of the European Community.

The negotiation of such a North American agreement is a continuation and extension of the Canadian government's approach to economic policy -- an approach that sees increased trade linked to increased competitiveness and increased prosperity.

During the past six-and-a-half years, the Government has undertaken sweeping domestic policy reforms. It has introduced tax reform and a program of deficit reduction. It has improved the climate for investment and privatized major Crown companies. It has introduced adjustment programs to help workers adapt to the demands of the modern, outward-looking economy. All these reforms were carried out with one goal in mind -- increasing Canada's competitiveness in an increasingly globalized trading world that is characterized by tough competition.

That drive for competitiveness has been coupled with a firm commitment to the progressive reduction of tariffs and other trade impediments. You see this commitment in Canada's efforts to secure a successful conclusion to the Uruguay Round of the