

Let's not lose sight of the major progress that has been made in the GATT negotiations since last winter. I refer of course to the Dunkel draft text of the Final Act produced last December; to the agreement within the European Community (EC) on agricultural reform; to the narrowing of differences between the EC, the U.S. and the Cairns group on agriculture; and to the confidence expressed by the G-7 leaders at Munich in July that the round could be completed by the end of this year.

The door is now open for a renewed push for the successful completion of the Uruguay Round. We must not lose this opportunity.

#### **The GATT-NAFTA Connection**

Of course, some critics have argued that the Canada-U.S. Free Trade Agreement, and now the proposed North American Free Trade Agreement, mean that we are turning our back on the GATT and the multilateral trading system.

This simply is not the case. In fact, the best rebuttal of that charge was offered by the Director General of the GATT himself. In a speech in Rio de Janeiro four weeks ago, he said:

"Multilateralism and regionalism can co-exist; better, they actually reinforce one another ... the founders of GATT never thought to place global and regional approaches to trade liberalization in opposition but considered them to be two sides of the same coin."

Rather than hindering the multilateral process, the NAFTA should provide an impetus to the successful conclusion of the Uruguay Round. It will encourage renewed interest in achieving a major MTN market access result, one of the principal negotiating areas still outstanding. It will also show other newly industrialized and developing countries that they, like Mexico, can successfully enter into freer trading relationships with developed countries. This is very important to us.

The NAFTA is a comprehensive agreement, possibly the most comprehensive trade agreement in history. Like the FTA before it and the Closer Economic Relations (CER) Agreement between Australia and New Zealand, the NAFTA is based on a concept of open regionalism. It could serve as the model for future trade-expanding initiatives in other regions.

Let me briefly outline some of the key elements of the NAFTA that make this a major step toward global trade and investment liberalization.