

THE SINGLE MOST PERVASIVE CHARACTERISTIC OF THE GLOBAL TRADING SYSTEM TODAY IS THE PACE OF CHANGE AND THE UNCERTAINTY ABOUT THE FUTURE AND ABOUT THE CONDITIONS IN WHICH TRADE WILL TAKE PLACE. SUCH UNCERTAINTY INCREASES THE RISKS OF ERROR IN DECISION-MAKING BOTH BY GOVERNMENTS AND ENTERPRISES, AND HOLDS THE POTENTIAL FOR DESTABILIZING OUR ECONOMIES. TO MAINTAIN THE HEALTH OF THE MULTILATERAL TRADING SYSTEM, THE KEY IS TO ESTABLISH PREDICTABLE CONDITIONS UNDER WHICH INTERNATIONAL TRADE CAN TAKE PLACE. THIS IS ALSO THE KEY TO RESISTING PROTECTIONISM.

AMONG THE OECD COUNTRIES, CANADA IS ONE OF THE MOST DEPENDENT ON INTERNATIONAL TRADE. EARNINGS FROM TRADE ACCOUNT FOR OVER ONE QUARTER OF OUR GNP. WITH ABOUT THREE-QUARTERS OF OUR EXPORTS GOING TO THE USA, CANADA'S ECONOMIC AND TRADE RELATIONS WITH USA ARE AN ISSUE OF VITAL IMPORTANCE.

IN THIS REGARD, A CRITICAL POLICY OBJECTIVE UNDERLYING THE CANADA-U.S. FREE TRADE AGREEMENT IS TO SUPPORT THE OPEN MULTILATERAL TRADING SYSTEM, AND TO GIVE IMPETUS TO THE LIBERALIZING EFFORTS OF THE URUGUAY ROUND. WE HOLD TO THIS OBJECTIVE AND BELIEVE THAT OUR EFFORTS UNDER THE CANADA/US FREE TRADE AGREEMENT WILL STRENGTHEN THE INTERNATIONAL TRADING SYSTEM.