

very strong R&D base and will gain access to Glaxo's marketing and technical power to bring IAF Biochem's leading-edge products to an international market.

In Vancouver, Quadra Logic Technologies (QLT) Inc. -- a world leader in photodynamic technology -- an anti-cancer therapy -- signed an agreement in late 1989 with the American giant, Cyanamid Company. This agreement will allow co-development and commercialization of new products. The new alliance has led to an innovative management technique, called "a tiger team," in which the two partners' selected "champions" bring together their expertise in manufacturing, marketing and clinical research.

Alliances can also be formed to exploit emerging market opportunities in areas such as the former Soviet bloc. For example, Alliance Medical Inc. was formed in 1989 to produce veterinary and human health care devices. This alliance is unusual not because of its purpose but rather because of its members. Established in Montreal, Alliance Medical is a joint Canadian-Hungarian-Soviet joint venture.

Business development in new markets depends not only on finding the right partners but also on having the right environment to work in. That is why one of the government's top priorities is the successful completion of the General Agreement on Tariffs and Trade (GATT) Uruguay Round, as well as the North American Free Trade Agreement (NAFTA).

Our protectionists have never accepted the proposition that people like members of the Canadian Exporters' Association would be able to take advantage of the opportunities created by the FTA. Well, they are wrong. You have done just that.

Canadian exports to the U.S. increased by 4.6 per cent in 1990 -- a healthy rate, given that both Canada and the U.S. were in a recession. Moreover, since implementation of the FTA, Canada's positive trade balance with the U.S. has widened, from \$14.2 billion in 1988 to \$17.4 billion in 1990.

The composition of our exports to the U.S. is also changing. Since 1988, exports of Canadian end-products have grown by \$4.0 billion. The following sectors have expanded sales to the U.S.: aerospace, industrial machinery, transportation equipment and specialty chemicals. Clearly, the FTA is helping speed Canada's transformation into a more competitive economy.

The FTA has also encouraged capital investment. In 1988, the year before FTA implementation, Canada had a net direct investment deficit of \$2.5 billion. Last year -- for the first time in 16 years -- we had a record net direct investment inflow of \$4.3 billion from all countries. Meanwhile, domestic business investment increased 15.9 per cent in 1988 and 7.9 per cent in