

For 1990, the highest trade relations priority for both our countries is undoubtedly the effective implementation of the Free Trade Agreement. To succeed in reaching the mutual benefits of the Agreement we have to be serious about expanding trade, serious about negotiating new rules for trade, serious about living by those rules, serious about resolving disputes, and even more serious about avoiding disputes in the first place. Our both adhering to the spirit of the Agreement provides that necessary signal to other nations.

As I see it, the Agreement offers both an opportunity and a responsibility: an opportunity to enrich the remarkable flow of commerce between our two countries; and a responsibility to ensure that the new rules make a clear and positive difference in this most vital aspect of our relationship.

We know that the FTA is designed to phase out tariffs, that it encourages investments, facilitates cross-border travel of business persons and establishes rapid and open mechanisms for resolving trade disputes.

Overall, we can say that the Free Trade Agreement gives Canada and the U.S. a better blueprint and better rules to ensure a more stable, more predictable trading environment - in other words, stronger incentives to do more business with one another...

So the theory goes. How are we doing in putting the FTA into practice? Well as it turns out the reality comes pretty close to matching the theory. And those of you who have studied economics know that is quite a coup.

Many tariffs were out on January first of 1989, and many companies on both sides of the border want to speed up the rate of tariff elimination.

Several weeks ago, we agreed to reduce tariffs to zero on hundreds of additional items, covering some \$8 billion of bilateral trade, and including items that figure importantly in Canada-Florida trade, such as telecommunications equipment and aluminum products. Each tariff reduced responded to a specific request from the business communities on both sides of the border for accelerated liberalization -- a sure sign that business is adjusting rapidly to the new trade environment.

We have set up eight binational working groups which are starting to harmonize technical regulations and standards for a wide range of agricultural, food and beverage goods.