

Third, as the smaller partner in the Canada/U.S. relationship, I mean smaller in terms of population, we know that we will usually lose in any dispute that is based simply upon power politics. It is therefore in our interest as a country to ensure that trade disputes between our two nations are resolved on the basis of facts, not on the basis of politics and are resolved in accordance with the rule of law. This agreement not only restores the rule of law; we will be devising - after five years or seven years - better rules and better laws to govern cross-border commerce in the future.

There are a lot of accusations, a healthy number of them emanating from politicians in the province of Ontario, that the dispute resolution mechanism that is in place in this agreement, is in fact not a step forward. Let me tell you just briefly about that agreement and why it is a step forward.

It remains the case that U.S. commercial law and Canadian commercial law will continue to apply. That is to say we can't write in Canada the commercial rules that are going to apply to the United States and they can't write in the United States our commercial laws. Each countries laws will apply. Our problem has never been with the law. Our problem has been with who judges the law. What will be in place as a consequence of the free trade agreement is not a change in the law but a change in the judge. And instead of having the American law applied by the United States Commerce Department, which is subject to all sorts of domestic political influences as we well know, we will in the future, after this agreement comes into affect, have a trade law that is judged in the final analysis by an impartial bi-national panel drawn from both countries. That change in the impartiality of the judge is of fundamental importance in ensuring a return to the rule of law and providing some kind of guarantees for the smaller partner in this North American relationship.