

We are convinced, and our experience with the Canada-U.S. Free Trade Agreement (FTA) bears this out, that the income effect of trade agreements will more than offset any shifts in existing trade patterns. Increased investment and trade opportunities will arise as a result of rationalized production and enhanced markets. By tying together a market of more than 360 million people, NAFTA will generate tremendous new trade and investment opportunities not only within North America but also worldwide.

I know that companies in this region are well known for their flexibility and adaptability in order to take advantage of the changing environment. I therefore find certain statements about the NAFTA, attributed to some leaders in Asia, somewhat disturbing. We've got a good agreement here where there are very significant opportunities to be seized by your very own traders and investors. Their attitudes and confidence in an expanded North American market that will result from the NAFTA may well be influenced by what I believe are unfounded negative reactions. With positive leadership, the Asian business community will quickly realize the benefits and opportunities created by the agreement.

I am happy that this APEC meeting gives me the opportunity to outline for you the elements of the deal which, hopefully, will help to dispel some of the misconceptions. The briefing both here and in Washington by Canadian and American officials last night is indicative of our eagerness to have the agreement well understood. Canada has maintained close contact with a number of your officials throughout the negotiations, and will be making further efforts in the weeks and months ahead to provide information to all interested parties on the agreement and, in particular, on provisions in the NAFTA of specific interest to this region.

Given the detail and sheer length of the agreement -- over 1,000 pages, five diskettes -- it has taken a few weeks to complete a full draft of the text. This draft was made available to the public earlier this week. The final legal text should be completed in a few weeks. I am confident that, with all this information in hand, you will concur with our assessment of the opportunities that lie ahead.

The NAFTA is a comprehensive agreement, possibly the most comprehensive of any trade agreement entered into by any group of countries to date. Like the FTA before it and the closer economic relations agreement between Australia and New Zealand, the NAFTA is based on a concept of open regionalism and could serve as the model for future trade-expanding initiatives in the region.

Without going into details, let me outline for you some of the key elements that make this a major step toward liberalization: