

negotiations in Geneva and elsewhere and I am hopeful that in the coming months we will be able to resume the high-level political dialogue that is essential if we are to resolve our differences.

What about the FTA? Has it made a positive difference to Manitoba? Again the answer is yes.

Even if it is still far too early to provide a definitive assessment of the FTA, there is some solid preliminary evidence that has been produced by several major institutions and think tanks. The Royal Bank, a respected international accounting firm and the Canada West Foundation have all recently concluded that the FTA is working for Canada. Let's look at the facts on jobs and investment.

The Royal Bank of Canada recently produced a comprehensive analysis of the economic effects of the FTA. The study is convincing because it goes beyond the newspaper headlines and carefully analyzes the economic data regarding investment. It concludes that investment and jobs are moving to Canada. The following facts are revealing.

In 1988, just prior to the implementation of the FTA, there was a net direct investment outflow out of Canada of \$2.5 billion. In the first three quarters of 1990, these figures showed a substantial improvement for Canada because there was a net direct investment inflow of \$880 million into Canada from all countries.

The Royal Bank concluded that this net direct investment turnaround of over \$3 billion suggested, and I quote:

... that overseas investors see Canada as an increasingly attractive base for their North American operations. The FTA has, if anything, encouraged this perception by providing more secure access to U.S. markets and the ability to utilize more extensive economies of scale.

There is additional independent evidence to support the Royal Bank's findings. Earlier this month, *The Globe and Mail* published an article regarding a recent study that shows free trade has prompted more investment in Canada. The study was prepared by the international accounting firm KPMG Peat Marwick Thorne. One of the firm's senior officials agreed that this rise in domestic investment is a "rebuttal" to free trade critics who say the deal has produced only closed plants and a drift of investment dollars southward.

When we discuss the economic effects of the FTA, I think it is important that we talk about empirical facts that are based on solid economic research. The Canada West Foundation has produced numerous research studies on the FTA. Last February, it published a balanced evaluation entitled *On Track -- The Canada-*