

The original justification for the Canada-U.S. Free Trade Agreement and the subsequent trilateral agreement with Mexico was really just that: to push forward in areas where our degree of economic integration seemed to call for a deeper, more comprehensive, more expeditious regime of rules and procedures than the GATT could provide. It is Canada's goal to extend this deeper free trade relationship throughout the hemisphere and beyond, beginning with negotiations on Chile's accession to the NAFTA.

Although the negotiation and implementation of the NAFTA has forced Canada's attention in recent years southward to the rest of this hemisphere, we must also begin to explore new means of expanding our trade relations eastward across the Atlantic to Europe, and westward across the Pacific to Asia. As you know, the government has made the expansion of Canadian involvement in Asia-Pacific trade and investment a top priority, and we have backed up that commitment with concrete and continuing action.

Our motivation is clear: Last year, Canada exported \$16.5 billion worth of goods across the Pacific, and our imports amounted to \$21.5 billion. We have enjoyed a growing trade and investment relationship with many Asia-Pacific countries. However, we know that, overall, Canada's level of commerce has not kept pace with the growth of a region that will, by the year 2000, account for 50 per cent of global production and 40 per cent of global consumption.

What has held us back? Part of the problem is undoubtedly related to our proximity to, and success in, the huge U.S. market. It is the single biggest, richest market in the world, with similar laws, customs and tastes. However, in a globalized economy in which competitive challenges and opportunities are global in nature, Canadian firms cannot afford to overlook the Asia-Pacific market, home of half of the world's people.

The government is keenly aware that Canada's full participation in Asia-Pacific markets has suffered as a result of tariff and non-tariff barriers, discriminatory practices and standards, and obscure rules and customs. Canada is working hard, both through the GATT and through the Asia-Pacific Economic Cooperation forum, or APEC, to tackle and progressively eliminate all these barriers. To this end, the APEC leaders, including Prime Minister Chrétien, agreed at their summit meeting last month in Indonesia to announce their commitment to complete the achievement of the goal of free and open trade among Asia-Pacific countries no later than the year 2020. They also agreed that the pace of implementation will take into account the differing levels of economic development among APEC economies, with the industrialized economies achieving the goal of free and open trade and investment no later than the year 2010.

The APEC leaders emphasized their strong opposition to the creation of an inward-looking trading block that would divert from the pursuit of global free trade. They agreed to pursue free and open trade and investment in the Asia-Pacific region in a

manner that will encourage and strengthen trade and investment globalization in the world as a whole.

The leaders also noted the significant contribution APEC made in bringing about the successful conclusion of the Uruguay Round, and agreed to carry out their Uruguay Round commitments fully and without delay.

Honourable senators, the government is committed not only to changing the international rules and regulating trade but also to helping our business community take advantage of the market-opening opportunities that these rules provide. One element is the "Trade Team Canada" approach to international business development which the Minister of International Trade is developing at the direction of First Ministers. The advantages of this approach were demonstrated by the signing of contracts worth potentially \$8 billion in China and over \$100 million in Vietnam when the Prime Minister led a team of nine provincial premiers and some 375 business leaders to Asia last month. As an active participant both in the preparations for this mission and in the mission itself, I can assure the Senate that the achievements of the mission are real. The government intends, when appropriate, to use a similar approach in other regions, adapted, of course, to the local political and commercial environment.

The implementation of the GATT Uruguay Round agreements by the world trading community will begin a whole new set of negotiations to advance the terms of reference of world trade. The Uruguay Round has taken 12 years from start to finish, and the new round which now begins in innumerable conversations, bilateral sessions and multilateral fora, will probably take as long or even longer.

As I have said, the present Uruguay Round agreements moved the trading world forward in many fields, particularly the protection of intellectual property rights, the gradual reduction of tariffs on agricultural products, definitions of many terms for trade remedy rules, limitation on antidumping laws as protectionist devices, and a dispute settlement system with some teeth.

A more sophisticated understanding of the nature of trade practices and their economic roles is now creating an entirely new set of issues: Questions relating to labour conditions, environmental standards, human rights, and the economic costs and benefits attributed to domestic policies, when added as a factor of cost in international trade, will open new dialogue and many unheard-of new arguments. We saw the emergence of some of these issues in the development of the North American Free Trade Agreement with the preparation of side letters to define these issues. Trinational bodies to deal with environmental and labour issues have already been established under NAFTA.

Many issues were raised by various of the parties but left out of the Marrakesh agreements. The United States pressed the movement of cultural products such as movies across national boundaries, and the opening of markets to financial service companies. These matters will be the subject of renewed pressure, and Canada may again find itself on the defensive.