

For our part, in Canada, we are seeking to open up the rules relating to both trade and investment. Some of you will have heard of Canada's Foreign Investment Review Agency and will rejoice with us that it is gone. To demonstrate the influence of a policy on practice, foreign investment in Canada reached a level of 4.7 billion dollars in the first six months of 1986, compared to 5.4 billion dollars in all of 1985. That is because the signal has been received that we have reduced significantly our limitations on foreign investment.

In trade, we entered deliberate negotiations with our largest trading partner, the USA, to seek a freer trade arrangement between our two countries. That same spirit leads us to take an active role in new GATT negotiations and, of course, any arrangement between Canada and the USA will be fully consistent with our GATT obligations. Indeed, history teaches us that a successful trade negotiation between Canada and the United States can significantly strengthen the GATT.

Fifty years ago, the United States was gripped by protectionism. Smoot-Hawley was passed, and insular USA policy dragged the world deeper into depression. That destructive pattern was broken by a bilateral agreement between Canada and the United States in 1938. That was the beginning of liberalized trade between our two countries. That agreement became the basis of the GATT, just as an agreement now, between Canada and the United States, could help break the new tide of American insularity, and thereby open new opportunities for a more liberal world trading system.

Of course, a stronger and more vigorous North American economy would provide an expanded market for all our trading partners, including the dynamic economies of the Pacific Basin. A new trade agreement with the USA could offer investors in Canada guaranteed access to a market of over 27.5 million people.

Our national trade strategy clearly identifies the Pacific Region as an area of priority. It has resulted in concrete actions on our part, such as the opening of new offices in Auckland, Osaka and Shanghai. I have taken great pleasure personally in visiting many countries in the region, and have taken the opportunity to actively promote trade and investment, as well as endure the more esoteric experiences that befall a foreign minister.