

Foreword

Five years ago, we were in the midst of vigorous debate about the economic future of this country. We debated whether we should open our economy to greater competition and secure a new set of rules to govern our trade relations with the United States. Canadians put forward their views with great passion and conviction. In the end, Canadians wisely chose free trade.

Five years later, the debate has flared up again. There is, however, a fundamental difference in its substance. Five years ago, we staked our faith on what might be; today we can talk about what is. Despite the problems generated by a tough global recession and a spate of difficult disputes with the United States, there is now clear evidence that the Canada-U.S. Free Trade Agreement (FTA) is working. It is laying the foundation for a stronger, more prosperous, more resilient and more confident Canada, a Canada that is a vibrant part of the global economy.

As Canadian companies become more competitive and more confident exporters as a result of their U.S. experience, they are turning to opportunities beyond our borders. In fact, our trade commissioners around the world are reporting an upsurge in inquiries from Canadian companies that want to compete in new markets. At the same time, overseas exporters and investors are increasingly finding Canada a good place to do business.

We live by trade and are critically dependent on rules that ensure a fair basis for all our partners. Because our future depends on it, we have been at the forefront in every major trade negotiation. We know that we remain burdened by the protectionists — at home and abroad — and we know that the only effective weapon against them is a good rule book, premised on open markets; a rule book that is constantly updated and improved. We are a nation with many advantages — an educated workforce, abundant resources and an efficient infrastructure. We need to reward private initiative and encourage entrepreneurs to approach the future with the confidence necessary to exploit new opportunities. The FTA, and now the North American Free Trade Agreement (NAFTA), can provide the foundation for economic vigour.

One of the most telling votes of confidence in the FTA came from the people of Mexico. They looked at the Canada-U.S. FTA and, in large measure, asked to be part of it. The NAFTA looks to the rules of the FTA and extends them to Mexico. That is why much of the onus in these negotiations was on Mexico. Canada and the United States had already adjusted to the rules of the FTA. Now it is Mexico's turn.

In taking this approach, Mexico has shown tremendous courage. There are no precedents for a country like Mexico negotiating on an equal footing with developed, fully industrialized