

American content. Or ask Canada's hog producers who recouped \$20 million a year ago in unfairly collected duties.

We will continue to fight U.S. action methodically and with determination. Though it will take a little time, using the uniquely powerful dispute settlement process, we intend to obtain fair rulings.

We have had three and a half years of experience with the FTA now. I am more than ever convinced that its fundamental principles of trade barrier removal and effective dispute settlement are sound.

There are always things that can be improved in detail. For instance, the U.S. Customs Administration declared that U.S.-built engines in Canadian Honda Civics could not be counted as North American content. From the absurdity of that ruling, it was obvious that FTA language needed to be clarified.

The NAFTA negotiations have provided the means to address this matter, and we have seized the opportunity. We have been able to take a good deal and make it better. As a result, NAFTA will certainly contain better rules on North American content on autos so that ludicrous actions like that against Honda don't happen in the future.

The NAFTA, which will become the new operational trade agreement between Canada and the United States, will contain other elements that will make this agreement FTA-plus. It will address intellectual property for the first time, strengthening the rights of creators to reap the rewards of their traded products, from books to computer software. It will ease business travel between the U.S. and Canada and ensure business people don't pay duty on the tools of their trade. It will provide some additional protection for Canadian exporters against U.S. emergency safeguard measures aimed at other countries.

Taken one by one, these aren't dramatic measures. But together they represent a significant improvement that will further secure our access to the U.S. market and make our trade relationship more predictable. It will build incrementally and positively on what is already a strong and effective agreement.

I stress that none of the changes erodes Canadian benefits or reduces U.S. obligations within the original agreement.

When I first outlined Canada's approach to NAFTA on April 25, 1991, in my speech in Montreal, I made clear that important issues settled in the FTA would not be re-opened in a NAFTA. I said that the Auto Pact would remain in place. I said also that the FTA exemption for cultural industries would be preserved.