

GATT, with a mandate to create a fair, open, rules-based system. The benefits of the GATT are impressive: since its creation, the gross domestic product of the United States has increased from US\$2 billion to US\$6 trillion in constant dollars. Meanwhile, the world economy has grown more than 20 times from what it was less than 50 years ago.

Growth in international trade has increased world economic growth by expanding the markets of domestic producers and providing consumers with competitively priced goods and services.

At the same time, growth in United States value of trade was enormous. Today, trade is a central driving force of the U.S. economy. According to U.S. government estimates, the value of trade equalled 13 per cent of the U.S. GDP in 1970. That figure could exceed 30 per cent in 1995.

As world trade has evolved, so have the trading rules. The new World Trade Organization expands greatly the scope of the GATT to provide disciplines in new areas such as trade in services and in intellectual property. As well, substantial gains were made in traditional areas.

For example, we have cut tariffs on average by one third. We have agreed on a phase-out of the restrictions governing trade in textiles. Of particular importance to both Canada and the United States is that, for the first time, there are meaningful rules to deal with agriculture. We have also strengthened the multilateral trading system, through the creation of an effective and credible dispute settlement system in the World Trade Organization.

On the bilateral side, a few years ago the United States and Canada decided that there was a need to deepen our relationship. This led to the negotiation of our free trade agreement.

We then brought Mexico into the NAFTA, where the rules governing our bilateral relationship were further strengthened. We have established more than 20 other NAFTA working groups and committees to resolve issues of mutual concern, everything from the mutual recognition of standards to government procurement. The three countries are now engaged in negotiations with Chile on its early accession to NAFTA.

Yet despite the remarkable stride of the last decade, recent events underscore that there is an important trade agenda that remains unresolved. The recent U.S./Japan auto dispute may have been good domestic politics, but it risked undermining the still fragile rules-based trading system we have all worked so hard to create.