

countries. This is a remarkable story of economic co-operation aimed at achieving mutual benefit between the world's two leading trading partners.

While I do not wish to minimize the seriousness of the trade disputes that we now have with the United States, the trade relationship is solid and is a key ingredient in Canada's economic growth and competitiveness. I am concerned, as are you, about recent U.S. actions against Canadian steel, for example, or the unwarranted decision of the U.S. administration to specifically target Canadian wheat markets in Mexico. These issues and other trade matters figured prominently during the recent G-7 Summit discussions between Prime Minister Campbell and President Clinton.

We should not lose sight of the fact that more than 90 percent of our trade with the United States is dispute-free, but if a dispute is unavoidable, the Free Trade Agreement provides Canada with a unique dispute-settlement mechanism that is unmatched in relations between any other two nations.

U.S. actions against Canada's exports get their fair share of headlines. Lost in the business pages are the binational panel rulings that settle the dispute to the benefit of Canadian producers. The system is fair, advantageous to Canada and reverses negative actions that would otherwise go untouched.

The Free Trade Agreement has clearly been a plus for Canada, and its benefits will only accumulate in the years to come. The North American Free Trade Agreement will build upon the success of the FTA and widen its scope to include Mexico.

Canada entered the NAFTA negotiations two years ago with three objectives. First, we wanted better access for Canadians goods and services in Mexico. Second, we wanted to strengthen the benefits of the Canada-U.S. Free Trade Agreement and improve our access to the U.S. market. Third, we wanted to ensure that Canada remained a prime location for investors wishing to serve the entire North American market.

The former Prime Minister signed the North American Free Trade Agreement last December because we achieved those objectives. Under the accord, Mexican tariffs and other trade barriers, such as licensing requirements -- which are much higher than Canada's -- will be eliminated. Canadian goods and services will, indeed, have improved access to Mexico's growing markets. This is of particular importance to the Canadian automotive sector, which stands to gain access to a market that was virtually closed to them before the NAFTA negotiations.

For Canadians, one of the most important improvements brought about by the NAFTA is that it is much easier to determine which