

The recently proclaimed North American Free Trade Agreement [NAFTA] can also provide a complementary tool for expanding opportunities for Canadian exports, but only if it remains fundamentally open to new partners -- partners who are prepared to live by the NAFTA disciplines; who will take a constructive approach to international rule-making; and who can provide further balance in a trading arrangement where the United States remains predominant.

What we do not want to see is a NAFTA that turns inward on itself, devolving into a form of continentalist, protectionist bloc. For this reason, I believe we must focus our attention on the accession issue and underscore its importance as a means of strengthening trade and investment relations, not only within our hemisphere but across the Pacific for those Asian countries ready for a comprehensive economic partnership.

But the WTO and NAFTA are not the only tools available to Canada to expand our trade relations beyond North America. Another approach could be to explore the prospects for negotiating bilateral free-trade arrangements with selected Pacific Rim countries. In this respect, Canada's role in the FTA [Canada-U.S. Free Trade Agreement] and now NAFTA can be translated into a major competitive advantage on an international scale by encouraging greater economies of scale, greater specialization and greater productive efficiency. To do this, however, it is essential that we view our North American base not as a buffer against international competition, but as a springboard into a rapidly expanding global economy.

The second part of this more strategic approach to trade policy is to devise ways to target government programs and resources more effectively, to assist Canadian companies to be even more successful international players. Of particular concern to this government is the role of small and medium-sized enterprises, which have the potential to be the growth engines of the future but often lack the critical mass, the financial resources, or the technical expertise to penetrate foreign markets. In co-operation with the Minister of Industry, I have instituted a full review of this matter with the aim of ensuring that our small and medium-sized firms have access to the tools and the environment needed to compete. Export and venture financing, delivery of market information, co-ordination of government programs and the pooling of private-sector resources -- all of these issues are now on the table. By adopting a more market-driven approach to trade development -- one that sees government as an export facilitator rather than an export leader -- we can use market signals to help set our real trade priorities.

Finally, we must foster a domestic economic environment conducive to export-led growth. It has become commonplace to observe that the boundary between national and international issues is