

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

92/35

CHECK AGAINST DELIVERY

**NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
AT THE CONCLUSION OF THE
NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)**

August 12, 1992

I am pleased to report that after this final, intense week of negotiations, Canada has reached agreement with the United States and Mexico on the North American Free Trade Agreement -- or NAFTA -- which will create the world's largest free trade area.

Canadians should be confident that this agreement will eventually create more jobs, better jobs. It will put more money in the pockets of Canadians. So this isn't just a trade deal, it's a prosperity deal as well.

Our fundamental trade and economic interests were at stake in these talks. That is why we got involved. Only by being at the table could we protect Canada's interests; only by being involved could we win new access to the expanding Mexican market and position ourselves for new success throughout this hemisphere.

Our objectives were clear and uncomplicated:

- improved access for our goods and services to Mexico. We got that.
- building on the benefits of the Canada-U.S. Free Trade Agreement (FTA) and improving our access to the biggest single market anywhere. We did that as well.
- guaranteeing Canada's position as a prime location for investors seeking to serve all North America. That, too, was achieved.

The new deal will build upon and strengthen the FTA -- an agreement that is clearly working. Our exports to the United States are at an unprecedented level.

The NAFTA is a good agreement for all three countries. New Canadian access to 85 million Mexican consumers and their growing spending power will benefit Canadians and Canadian businesses across the country: our fishing industry on both coasts; forestry and related industries right across the land; our producers of manufactured goods and high-tech products; the men and women in our highly competitive services sector, like oil field services, trucking, banking and insurance; and those who work in the agriculture and food-products area.

These are just a small indication of what we can expect from the elimination of Mexico's tariffs and the lifting of other import restrictions. Improved protection for intellectual property -- things like copyright, patents and trademarks -- along with an improvement in both trading rules and the dispute settlement mechanism covering all three NAFTA partners will also contribute to additional gains under the Agreement.

I am going to deal with three specific matters in a bit more detail, simply because they have been the subject of a lot of speculation.

Throughout these negotiations, and the FTA talks before them, Canada stressed its commitment to preserve the Auto Pact and strengthen our auto industry. We have done that, and the outlook

continues to brighten. You have probably heard that two of the big car companies are investing an additional \$3 billion in Canada. With the NAFTA benefits, we can be confident of greater access to Mexico for these products.

For the first time, the dynamic Mexican auto and parts market will be truly open to our exporters. A new 62.5 per cent rule will define North American auto content. This figure balances the diverse interests of our auto sector -- the Big Three, Asian manufacturers and the parts industry. The new rules of origin will help our industry avoid disputes such as the Honda Civic case. The net result will keep Canada as a prime North American location for investment by auto makers, no matter where they come from.

Another sector of concern to Canadians is agriculture -- it is not just an industry, but a tradition and a way of life as well. We ensured in the FTA that the import quota system for dairy and poultry farmers and egg producers would continue. We have protected that right in the NAFTA. At the same time, we are opening the Mexican agri-food market to Canadian producers and food processors.

There has been a lot of talk, too, about textiles and apparel. Since the FTA began, the sector has made impressive gains in exports to the United States. For example, apparel exports to the United States have risen 60 per cent; yarn exports have more than doubled, and fibre exports have risen by 50 per cent.

We were determined to protect those gains, and we have done so. The rules of origin on textiles and apparel will be tighter. But for our exports that do not meet these new rules, we have negotiated quotas that give greater access to the United States. The terms negotiated in the NAFTA will ensure that we have a healthy and growing textile and apparel industry.

Similarly, Canada has benefited from the dispute settlement process established in the FTA. We have won a majority of cases. And now we have negotiated a strengthened dispute settlement system with safeguards to ensure that the system runs fairly. The rule of law, not power, will prevail in settling trade disputes.

Some of the considerations we had to keep in mind involve core Canadian interests -- cultural industries, medicare and social programs, water and the environment. The news is consistent with our commitments.

The NAFTA reaffirms the FTA by specifically exempting our cultural industries. We remain free to support our medicare and social programs, and unconstrained in protecting our water resources from large-scale exports.

This Agreement has a new and innovative ingredient for a trade deal: it talks about sustainable development, and environmental protection and enforcement, as fundamental objectives. In fact,

it has more environmental provisions than any other trade agreement. The NAFTA recognizes each country's right to maintain environmental standards even higher than those recommended by international organizations. It recognizes also that the NAFTA countries should not lower health, safety or other environmental standards to attract investment.

Those of you who are interested in this new trade deal will have plenty of opportunities to learn more about it. Explanatory materials are being prepared. And the wide community consultations and public debate that have already begun through the Prosperity Initiative on trade, learning, innovation and other competitiveness issues, will continue right through parliamentary consideration of the Agreement.

The end result should be a more competitive Canada, which we are actively promoting through our market development initiatives around the world. To give you one specific example of this, External Affairs and International Trade Canada will undertake 20 trade promotion projects covering a variety of sectors in Mexico in the next six months.

Let me re-emphasize the link between trade agreements, such as the NAFTA, and Canada's future prosperity. Put simply, one in four Canadian jobs depends on trade. We are the world's eighth largest economy, with only the thirty-first largest population. We need to export. And, to export successfully, we not only need competitive goods and services, but we need access to other countries and fair rules of the road.

For those important reasons, Canada has been one of the strongest supporters of the General Agreement on Tariffs and Trade (GATT), which provides the ground rules for world trade. That is why we pushed for the Canada-U.S. Free Trade Agreement -- to cement our relationship with our biggest trading partner. And that is why we are now building on the FTA -- to establish a North American free trade area.

I am confident that most of you will judge it to be a good deal for Canada -- good for our prosperity and therefore good in helping to secure the type of society that Canadians value. I am equally confident of our ability to compete successfully in this or any other trade arrangement. All we want is the right to enter markets and compete under fair and clear rules.

It is my hope that the NAFTA will lead others to share our approach to trade. The NAFTA itself need not be a closed club. Perhaps, too, this deal will lend some impetus to the worldwide trade negotiations in the GATT, where Canada has been playing a leading role. These GATT negotiations hold so much promise for more than 100 countries if we can reach agreement.

So, for Canada, this is a good day for trade. And that means that it is a good day for prosperity too.

We have every reason to be optimistic.