

investment and ideas, there must eventually be free movement of production and distribution.

What we are seeing in the expanding web of bilateral, plurilateral and multilateral free trade agreements are the efforts of national governments to come to grips with economies of regional and global proportions. Once trade policy was about regulating commercial relations among national economies, largely through the negotiation of tariffs; now it is about establishing the ground rules of a transnational economy in areas that were once quintessentially domestic: standards and regulations, investment, competition policy and so forth.

This expansion of free trade, moreover, has generated its own competitive momentum. In a world in which national barriers are becoming so many self-inflicted wounds, we are all facing irresistible pressures to keep pace with market liberalization. Countries enter into free trade relations to increase their competitive edge, only to find others joining the race for fear of losing out on investment, technology and market access. The result is a kind of global chess match, one in which bilateral and regional trade initiatives become part of an overall drive to liberalize further and faster - yet the cumulative effect is to advance worldwide free trade. This is not a zero-sum game; it is an ongoing dialectic generating dynamic growth.

Some of this momentum was generated by the original Canada-U.S. Free Trade Agreement [FTA], and the subsequent trilateral agreement with Mexico. The aim was to push forward in such areas as dispute settlement, investment, trade in services, or procurement, where our degree of economic integration seemed to call for a more comprehensive regime of rules and procedures than could be achieved in the larger and slower-moving multilateral arena of the GATT. But in pursuing free trade with our immediate neighbours, we wanted to send a clear signal to our other trading partners that North America was committed to a more open, more structured international economic order, and that we were prepared to leave behind those countries unwilling to move in this direction. Not surprisingly, many of the trade policy advances made in the NAFTA were subsequently reflected in the final outcome of the Uruguay Round of the GATT.

Now it is time for NAFTA to advance again. On one front, Canada is working hard to expand the Agreement to other countries - to widen the circle and to spread the rules. The addition of Chile to NAFTA will represent more than access to a market of 14 million; it will provide us with a critical link with South America, it will push the pace of overall hemispheric integration, and it will help ensure that the NAFTA architecture remains fundamentally open and dynamic. With Chilean accession will come the need to replace the name "NAFTA" with "FTAA" [Free Trade Agreement of the Americas] or some other such acronym, and