

Although not as spectacular, Latin America, which for so long seemed to be mired in a backwater, has returned to democracy and is beginning to move into the mainstream of development. Nowhere is there a better example of the link between trade and the extension of democracy.

It is encouraging too that our government has responded so vigorously to the new opportunities by organizing large and impressive trade expeditions to both areas, led by the Prime Minister, including hundreds of business representatives. As a former Minister and Deputy Minister of Trade and Commerce and Secretary of State for External Affairs, I have more than an ordinary interest in these developments. In my days in office, there was a clear distinction between foreign policy and trade policy. Foreign policy revolved around the great issues of war and peace. Now that the Berlin Wall is down and the Soviet Union is gone, trade policy has moved to the centre of the agenda of what is now the Department of Foreign Affairs and International Trade. To an increasing extent, relations between countries are defined by their economic relations. The European Union is a case in point. It began as a free trade area, became a customs union and now is acquiring some of the attributes of a political entity.

The trade expedition to Latin America had two purposes: to expand trade and to expand the NAFTA into an Americas Free Trade Area, by adding Chile to the free trade area and encouraging other Latin America countries to follow the same course. The long-run objective is the creation of a great free trade zone including most of the countries of the Americas, although there are no obstacles in the NAFTA to the addition of countries from other continents. Meanwhile, the European Union is increasing its membership. Three countries – Austria, Finland and Sweden – joined a few weeks ago and several other countries, including former republics of the Soviet Union, are seeking membership.

So here we have the spectacle of two geographical groupings of countries – which are increasing in numbers – engaged in eliminating trade barriers between their members but maintaining significant barriers against the rest of the world, including the other free trade grouping. I wonder whether those who approved the exemption from the GATT non-discrimination rule, permitting free trade areas, foresaw what is now taking place. I doubt it. If they had, I think they might have advocated a different set of rules.

In terms of the overall objective of the GATT, which is to reduce or eliminate trade barriers, it is curious that these two geographical groupings, which include all except one of the members of the Group of 7 – Japan – are making successful efforts to extend the scope of their regional free trade areas, but show few signs of wanting to establish free trade between them. It is true that the Uruguay Round lowered tariff barriers, and the GATT now covers agriculture products and services. This is helpful; it also means, of course, that there would be fewer adjustments to make as a result of removing, or redrawing, the barriers around the members of the two free trade groupings.

In my early days in politics, Lester Pearson advocated a North Atlantic Free Trade Area, to unite the economies of the Western world. He saw the advantage for Canada of belonging to a free trade area that embraced our major trading partners – the United States and Western Europe – and our major allies in NATO.