

commitments of the Uruguay Round — this despite the need to keep pace in the 1990s and beyond with accelerating global integration. For countries unwilling to liberalize further — for those professing fatigue — the message would be clear: that the Atlantic community has a dynamic vision of its future, that we are committed to additional economic liberalization, and that we are prepared to move forward on our own if necessary. As long as the goal is not to replace the multilateral system — still less to set up a defensive bloc — but to move beyond the commitments that we accepted in the World Trade Organization, then a new free-trade partnership of Europe and North America could set in motion a competitive dynamic to reduce barriers worldwide. In short, transatlantic free trade could revitalize the totality of the global system — and begin the critical process of bridging potentially exclusionary blocs.

This is not to minimize the challenges of reaching free trade across the Atlantic, especially in the wake of the bruising Uruguay Round negotiations. Yet it is precisely because there are outstanding issues to be resolved that a major new initiative makes sense. For this reason, we should set our sights high — on a full free-trade agreement or perhaps even, as Sweden's Trade Minister Mats Hellstrom recently suggested, on a common economic area. Industrial tariffs in most sectors are already low — on average between 2 and 3 per cent. We should be able to commit to phasing out all remaining industrial tariffs by agreed dates, leaving more detailed negotiations to those issues such as agriculture or textiles where agreement will be more difficult. Let Europe and North America be the first to recognize that the age of the tariffs is over and to move on to more pressing work.

British Foreign Secretary Douglas Hurd has suggested that we should now begin to deal seriously with non-tariff barriers. He is absolutely right. Increasingly, the real impediments to market access are buried behind national borders — in a myriad of differing standards and regulations, restrictive procurement practices, licensing procedures, and investment restrictions. More worrisome, these differences in domestic policy frameworks will be the growing source of interregional conflict — or "system friction" — in the years ahead. Here, too, progress might be more meaningful in a transatlantic context rather than on a broader, less homogeneous front. We have already agreed in principle to seek a high-quality investment agreement under the umbrella of the OECD [Organization for Economic Co-operation and Development]. The Vice-President of the European Commission, Sir Leon Brittan, has suggested that we work toward the mutual recognition of standards, especially in the sectors that will define the global commerce of the future such as information technology and telecommunications. Given the similarities of our legal systems, the transatlantic context might also lend itself to ambitious work on the competition/trade policy interface. Nor is the above by any means an exhaustive list of the "building