

In general, there is a greater predisposition to accept formal international obligations to lock in domestic reforms. Most countries in the region have now joined the GATT (Mexico, Colombia, Venezuela and four Central American countries became contracting parties since the mid 1980s). The Latin Americans made a significant contribution to the Uruguay Round of multilateral trade negotiations, often in cooperation with Canada. There is an increasing commitment to extending the scope of liberalization through regional free trade agreements, including Mercosur, the G-3 negotiations covering Mexico, Venezuela and Colombia, bilateral liberalization between Colombia and Venezuela, and Mexico and Chile, efforts to reinvigorate the CARICOM and Central American Common Markets, and of course the NAFTA and the prospect of accession to NAFTA.

The NAFTA will, of course, provide Canada with unprecedented access to the steadily growing Mexican market on a preferential basis. It is comprehensive in scope and covers, inter alia, protection for investment and intellectual property rights, detailed dispute settlement mechanisms, the modernization of Mexican trade rules related to import surges, anti-dumping and subsidy/countervail procedures, the full opening of such areas as financial services (for both investment and cross-border sales), greater openness and discipline for many government procurement purchases, and (through the "side" agreements) greater international scrutiny of the enforcement of domestic environmental and labour standards.

The NAFTA locks in Mexican trade and economic reforms and extends them in certain important respects. Moreover, the NAFTA also contains the potential to promote reform of Mexico's political and social systems, although the link is neither linear nor automatic. Nevertheless, the NAFTA undermines top-down micro-management of the economy and opens the decision-making process to greater public scrutiny, whether the issue is the awarding of a contract for equipment by the national oil company, the new role for consumer groups in import surge disputes, or the right of a resident to seek an enquiry by a trilateral Secretariat into the environmental enforcement practices of his own government. The NAFTA, therefore, underpins economic and, less directly in terms of timing and causation, socio-political reform and links Canada more closely to this reform process in Mexico. Although the political will must be marshalled to translate increased wealth into equitable social benefits, economic reform does create the opportunity for positive social change.

Looking further down the road, the NAFTA's accession clause (the result of a Canadian proposal) foreshadows the extension of the Agreement and those on environmental and labour cooperation to other Latin American and Caribbean countries as these become comfortable with the level of obligation expected. Chile is clearly