

Let me begin by thanking the organizers for this opportunity to speak about trade policy on the eve of the Miami Summit of the Americas. I am especially pleased to be discussing such matters in Halifax, foreshadowing as it does the historic G-7 discussions that will be held here in June, discussions which, to an unprecedented degree, will have a major focus on trade and investment in the G-7.

Less than a decade ago, it would have been unthinkable for a Canadian trade minister to muse openly on free trade with the United States or Mexico. Today it is commonplace to talk of an integrated North American economy — an integrated economy which goes beyond more intensive trade linkages to encompass converging infrastructures, common distribution networks, and an increasingly intricate web of cross-border production and investment.

The last several years have witnessed nothing less than economic revolution in North America. And yet, in many ways, it is the choices we make over the next several years which will determine whether an even more profound revolution is set in motion — one which would see the NAFTA [North American Free Trade Agreement] transformed from a limited continental arrangement into the world's most dynamic and powerful economic entity extending throughout the western hemisphere and perhaps beyond.

Like all turning points in history, nothing is preordained. After initially embracing a sweeping vision of free trade from Alaska to Tierra del Fuego, the United States appears uncertain of its next steps. Economic insecurities, domestic priorities, and recent political upheavals in Washington have conspired to cloud the United States' trade objectives and obscure its hemispheric intentions. Partly in response to apparent hesitation in the United States, Latin America has begun to re-evaluate its own options. New regional groupings — even an exclusive South American free trade area — have for some begun to look more attractive as the prospects for full hemispheric integration appear to grow more uncertain.

The dangers of losing momentum at this critical juncture cannot be overstated. At a minimum, we risk missing out on burgeoning trade and investment opportunities in the newly emerging economies of Latin America. Following decades of economic isolation, Latin America is now transforming itself into one of the most open and economically liberal regions in the world. By hesitating now, North America will not only forego the chance of gaining an early foothold in these dynamic markets; it will forego the chance of encouraging and reinforcing their transformation.

We also risk missing an historic opportunity to bridge our two continents, North and South. Brazil has already launched a proposal to use the Mercosur common market as the cornerstone of a South American free trade area. As a means of breaking down