

systems may offer a partial solution, Mr. MacLaren cautions against taking the process too far: "In trying too hard to 'level the playing field'...we may well erase the very differences, strengths and innovations—the comparative advantages—that generate a free market. What a sad irony if in the name of greater freedom, including market freedom, we build the scaffolding for the universal and homogeneous state."

A better solution is "to recognize that economies, like societies, will always differ to some degree, and to try to create the institutions and rules that can

allow these differences to co-exist while managing any tensions that may arise."

Canada's Role

Mr. MacLaren argues that the key to ensuring that NAFTA remains "a building block, rather than a stumbling block, for eventual global free trade" is to move the relationship forward. Canada, with more than a quarter of its GDP generated by trade, 80 per cent with the United States, has a particular stake in preserving the openness of NAFTA and has pursued a strategy of deepening

the agreement's rules and expanding its membership. No issue is more important to Canada, Mr. MacLaren said, than its efforts in two NAFTA working groups "to achieve mutually agreed trade rules that reduce or eliminate the arbitrary application of trade remedy laws...." The accession of Chile to NAFTA is also crucial: it "will push the pace of overall hemisphere integration...and help ensure that the NAFTA architecture remains fundamentally open and dynamic."

Mr. MacLaren maintains that policy makers have "a responsibility to ensure that the globalization of the economy is as fair and equitable as possible." Canada is in the vanguard of countries working to erect a structure of rules for the global trading system, a task that the trade minister believes comes naturally: "The notion that the rule of law is the essence of civilization, both within and among nations, is central to Canadian values and Canadian culture," as well as being in the national interest.

"Free trade in NAFTA has helped catalyze free trade in Asia, and will perhaps lead to a stronger trade relationship with Europe—all reinforcing a global regime centred on the WTO," Mr. MacLaren said. "This strategy of building an architecture of overlapping circles of free trade not only strengthens the world economic system, it strengthens our critical relationship with the United States."

Mr. MacLaren concluded his speech with a strong statement on the value of free trade: "Only if trade among nations is free, will we maintain the foundations of political and other freedoms"; and optimism that the march towards free trade will continue: "I am amazed by the speed with which the ideal of free trade is being transformed into a global reality...and I now fully expect to be amazed in the years ahead."

Towards North Atlantic Free Trade

Is a stronger trade relationship between North America and the European Union the next step in the march towards global free trade?

Officials in Canada, the United States and Europe have recently suggested that the time may be ripe to pursue liberalization of transatlantic trade.

In a speech to the French Senate in December, Canadian Prime Minister Jean Chrétien challenged the European Union to consider a trade liberalization agreement with NAFTA, to build new transatlantic bridges to guard against the rise of "isolationist mechanisms and defensive, protectionist attitudes" as regional blocs turn inward. "Think of the mess that we would have made of our societies if, after overcoming the enmity between major military and ideological camps, we replaced it with a new antagonism between major economic blocs."

"If the architecture is kept open," Canada's trade minister Roy MacLaren observed in a speech last October, "then a deeper arrangement with Europe would serve to revitalize an economic relationship—and even to bridge potentially exclusionary blocs."

In his January speech to the University of Toronto, Mr. MacLaren added: "Now that we have committed ourselves first to free trade with Latin America and later to

free trade with much of Asia, the continued existence of barriers to trade with Europe seems increasingly anomalous."

The Clinton Administration has also expressed interest in a closer economic partnership with the European Union. The U.S. Commerce Department and the E.U. are co-sponsoring a joint business-led effort to create a mechanism to deal with trade disputes. Commerce undersecretary Jeffrey Garten has described the initiative as a possible "stepping-stone" to a transatlantic free trade agreement.

Several European officials have suggested that strengthening the economic links between Europe and North America would have an important security dimension. For example, German foreign affairs minister Dr. Klaus Kinkel said in an address to the annual Munich Conference on Security Policy in February: "The key to half a century of peace, democracy and prosperity in Western Europe lay in the interlinkage of vital national interests within the European Union and the Atlantic Alliance that has grown up over the years....Europe and America are not only a defence community, but also a community of shared values." He called on Europe and North America to "have the courage to set our long-term sights on the creation of a transatlantic internal market."

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