

It gives me great pleasure to be here with you today. I am aware of the importance of this annual meeting as a forum for the exchange of ideas among key economic decision makers both from Argentina and from abroad. I am also aware that the importance of such fora can only increase as the countries of the Americas move closer together. Thank you for your kind and timely invitation.

Until recently, the Western Hemisphere seemed poised to emerge as a free trade model for the world. In January, Canada, the United States and Mexico signed the North American Free Trade Agreement [NAFTA], building on the bilateral Canada-U.S. agreement negotiated five years before. Additionally, Mexico has entered into a free trade arrangement with Venezuela and Colombia under the umbrella of the G-3 [Group of Three]. A revived Andean pact will link the economies of Peru, Bolivia, Colombia, Ecuador and Venezuela through freer trade. And just this month Argentina joined Brazil, Paraguay and Uruguay in moving the Mercosur further toward a full common market. Bilateral and multilateral free trade is literally breaking out all over the Western Hemisphere.

These remarkable strides in recent years make it all the more curious that the next logical step — a single free trade regime for the Western Hemisphere as a whole — remains elusive. After urging a vision of free trade from Alaska to Tierra del Fuego, the United States appears to have lost its momentum. Some in the United States now talk of an undefined period of study and assessment, perhaps leading to some limited form of economic "association" between the original three members of the NAFTA and the other countries of the region. Meanwhile, the issue of Chile's accession to the NAFTA hangs in the balance. Other countries in Latin America have begun to re-evaluate their own options, largely in reaction to perceived U.S. ambivalence with regard to Chile's accession and NAFTA expansion. Not surprisingly, separate bilateral deals with the United States — or 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 dim.

None of these signals are overly constructive. A bilateral deal is certainly better than no deal at all for countries seeking access to the lucrative U.S. market. But no one can pretend that piecemeal agreements can be in any way a substitute for an integrated approach to hemispheric trade. One obvious risk is that such deals will lead ultimately to a "hub-and-spoke" model for trade and investment in the Western Hemisphere: that is, a system whereby one country has preferential access to the markets of its various partners while those relegated to the "spokes" find themselves at a permanent competitive disadvantage. The disadvantages, moreover, extend beyond the problems associated with market access. In a world where everyone is vying for limited investments, the country which holds the greatest attraction will always be at the "hub."

Nor is an increasingly tangled web of bilateral and regional trade agreements helpful from a business perspective. It leads to a confusing overlap of rights and obligations, including multiple rules