

"natural" leader. At the very least, this vision translates into a desire to consolidate and widen the reach of MERCOSUR among neighbouring countries before engaging with North America in substantive negotiations. The free trade area of the Americas would eventually be determined by the U.S. and Brazil, the "natural" leaders of the two blocs in this Brazilian view of the new hemispheric order. At its most ambitious, however, a Brazil-led SAFTA would avoid real commitment to the FTAA process altogether, serving as a trampoline for Brazil's leadership rôle in the global economic arena, with Brazil as one of a handful of key players internationally.

Variations on these themes exist. There is no single driving view in Brazil. There are also voices calling for greater pragmatism and a direct relationship with the NAFTA sooner rather than later. But the upshot of these divergent strands is the unlikelihood of early Brazilian agreement to negotiate comprehensive trade liberalization with North America if this can be avoided, at least over the medium term.

This reality leaves a fourth and final option: accession to the NAFTA by individual MERCOSUR countries, joining Chile and potentially Colombia. The obvious candidate is Argentina, with its impressive macro-economic and trade policy track record of recent years. Growing interest in this approach exists, especially in light of Chile's accession if not this year then in 1997, and troubling policy gyrations in Brazil. Technically, accession would require careful management, but it is broadly feasible with regard to most issues even though Argentina is a member of an aspiring customs union.³³ The main difficulty with this option is one of political will. As mentioned in section 2 above, MERCOSUR is most obviously about integrating regional markets. But it is equally about turning the page on a rather barren Argentina-Brazil geo-strategic rivalry with occasional military overtones. Despite the clear economic merit of Argentina joining the NAFTA (while retaining its MERCOSUR membership), Argentines may well hesitate until Brazil's probable reaction is better understood.

³³ The two areas that would require the particular attention of negotiators if a member of a customs union were also to seek membership in a separate free trade agreement are rules of origin for goods traded under preferential import duties and any internal requirement that benefits granted to a non-member of the customs union - e.g., to members of a separate free trade agreement such as the NAFTA - be extended automatically and on a non reciprocal basis to the other members of the customs union. The latter requirement exists with regard to MERCOSUR provisions on trade in goods and investment. These are not simple issues. Recent Policy Staff work on MERCOSUR's obligations, however, concludes that, while these technical issues are difficult, they are not as insurmountable in nature as initially feared. See Wilson, "With or Without You", pp.29-37.