

Surely, it should be possible to deepen North America's relationship with Europe more easily and more quickly than with any other region of the world. Indeed, the goal would not simply be to enhance access to each other's markets, but to build upon the dynamism, competitiveness and critical mass of the transatlantic economy - as our Prime Minister has suggested, "to re-energize our economic relationship."

In any discussion of transatlantic trade, there are difficulties that immediately come to mind, not the least of which is the negotiation of agriculture. But why set out to stumble? Why not commit ourselves at the outset to a much larger, more far-reaching undertaking, leaving detailed negotiations to those specific issues on which countries cannot agree?

For a start, we could propose the removal of all industrial tariffs by a specified date, mirroring in many ways the commitments we have already undertaken in various regional fora. Investment is another area where progress might be more meaningful in transatlantic context rather than on a broader, less homogeneous front. Such an approach could also lend itself to ambitious work on a code of conduct defining fair rules of competition.

In fact, an ambitious North Atlantic free trade agreement could provide the core of a new approach to trade and investment liberalization that avoids the inherently exclusionary nature of regional blocs. After all if we can commit to free trade in the Americas, free trade in APEC, and possibly free trade across the Atlantic, at some point there is potential for a free trade agreement that bridges all of the blocs - a kind of WTO-plus. Membership would depend not on region, but on a willingness to commit to more intensive, more comprehensive rules-based trade and investment. By forging a coalition of countries willing to move further and faster toward free trade, North America and Europe would have assumed a leading role in advancing the new global economic order.

One obvious advantage of a WTO-plus is that it would iron out the complexities of a world of multiple bilateral and regional free trade agreements. At a minimum, we would go a long way to ridding ourselves of increasingly complex rules of origin. The continued existence of low tariffs, coupled with rules of origin, impose a transaction cost on cross-border transaction that is out of all proportion to the purported benefits to protected industries.

It is time to acknowledge that the era of the tariff is finally over, and to get on with other, more pressing and difficult issues. But the real virtue of a WTO-plus is that it would avoid the them-versus-us mentality associated with regional blocs.

While it would be salutary to think that the world's major economic powers will embrace a universe of free trade with enthusiasm and confidence, I am less than sanguine. There is still strong pressure