

Nevertheless, it does not require a great deal of imagination to recognize that, faced with a closed NAFTA door, the countries of Mercosur would confront even greater pressure to carve out their own markets and to formalize their own distinct economic space, possibly by erecting exclusionary walls.

~~The danger then is that the dream of comprehensive hemispheric trade would give way to the Realpolitik of competing regional blocs — the "them-versus-us" mentality so antithetical to further trade liberalization and economic growth.~~

What we need at this point is an overarching trade and investment policy for the Americas — a larger, bolder vision that could serve to overshadow and ultimately overwhelm more parochial and divisive concerns. In short, we need a policy that reflects the openness, energy, and dynamism of our economies; that recognizes the creative synergy that can emerge from the marriage of developing and developed economies; that reaches out to all countries willing to commit to more intensive, more comprehensive rules-based trade.

The NAFTA can provide the foundation for such a policy. With the political will, the NAFTA could be the nucleus for a wider free trade association that could in time include countries throughout the Western Hemisphere and beyond. With the right commitment, it could emerge as a new kind of economic association, one defined not by geography, but by a collective commitment to deeper levels of free trade: the nucleus of a new global GATT-plus.

The underlying idea would not be to replace the existing multilateral system — still less to set up a discriminatory regional bloc — but to establish a coalition of countries willing to move further and more quickly toward the goal of trade and investment liberalization. A wider free trade association could also be one engine to drive the more cumbersome, but centrally important multilateral negotiating process that we all must encourage in the World Trade Organization.

The original justification for the Canada-U.S. Free Trade Agreement — and the subsequent trilateral agreement with Mexico — was really just that: to push forward in areas where our degree of economic integration called for a deeper, more comprehensive regime of rules than GATT itself could provide. In areas such as dispute settlement, investment, trade in services, and procurement, the NAFTA has already moved well beyond the kind of consensus that has been achieved in the larger and more slow-moving multilateral context. In other critical areas — such as trade remedy law — Canada is working hard to deepen the agreement.

Both Canada and Mexico have also signalled their desire to move quickly on NAFTA expansion in the Western Hemisphere. Although