

and larger than all 15 European Union countries combined,⁴⁹ with 39 of the 50 states having Canada as their largest partner in merchandise trade. There will most likely be a push for both physical and economic security in the both the short and medium term.

Several of the five factors are coming together in the sphere of trade and security at present, making secure trade seem very likely from an historical point of view.

The Economic View

Economically-speaking, are there telltale signs that secure trade is replacing free trade? It is important to make some distinctions in the literature.

Work in the literature to date is divided into four categories:

- (a) Studies examining the effects of September 11th on trade and the world economy;
- (b) Studies examining the effects of potential future terrorist disruptions;
- (c) Studies examining new security-related measures in terms of a "security tax"; and
- (d) Studies examining the effects of a permanent new regime of secure trade, which could include the possibility of faster border transit.

The last category is the most interesting, but unfortunately also the one on which the least amount of work has been done thus far. This is quite understandable, as it really is too soon to make definitive qualitative or quantitative assessments concerning the impact of new institutional arrangements that are still being put into place. This is not to say that it not important to consider what lies ahead for trade policy, however, reviewing the first three areas will give us an idea of how to respond to the last.

⁴⁹ Michael Den Tandt, "Trade as Crucial to the U.S. as to Canada," *Globe and Mail* (March 27th, 2003), pg B2.