

economically or politically to absorb further liberalization shocks. All over the continent, economic and political tensions are lessening the capacity for and interest in further liberalization, whether at the hemispheric or global level. Moreover, few of the governments in the hemisphere are receptive to the American and Canadian demands that civil society groups formally participate in the FTAA process. Events in Seattle can only strengthen this view.

Third, it is not obvious that, in the short to medium term at least, Canada has much to gain economically from an FTAA, especially given the problems many members of the region are currently experiencing and likely will continue to experience if they liberalize further. This appears to be recognized by Canadian business, which remains focused on the US and whose once-considerable enthusiasm for the FTAA has declined markedly. For their part, most civil society organizations are simply opposed to the project and wish to participate only to limit its liberalizing impact.

Fourth, countering a hypothetical US-centered hub-and-spoke trade strategy only calls for Canadian participation in the FTAA negotiations. It does not require taking the lead, as Canada has done. Moreover, participation offers no guarantee against hub-and-spoke dangers. Mexico has in fact been setting up just such a hub-and-spoke system through bilateral free trade agreements with Central America, Chile and now Europe; meanwhile Canada has been busy in a FTAA process in which, partly because of Mexico's dilatory approach to the negotiations, nothing has been happening.

Fifth, by pushing a project so clearly focused on access to the US market, Canada runs the risk of losing some of its own identity as an independent hemispheric player. More importantly, we risk alienating reluctant hemispheric participants, Brazil in particular, without having much to offer to reestablish a sound relationship. Since for us the only really big prize in the hemisphere is Brazil, pushing an FTAA that Brazilians see as a threat does not seem an especially wise way to build a friendlier relationship. As long as the Canada-Brazil confrontation over aircraft subsidies continues at the WTO, it might be wise to avoid additional sources of tension.

Finally there is the issue of negotiating capacity, even for a country ostensibly as well endowed with human and financial resources as Canada. The reality is that our negotiators are stretched very thin. We have just surrendered the gavel on the FTAA, having held it for 18 months. By all accounts our leadership was impressive; indeed, Canadian efforts are credited with keeping the FTAA process alive. Though we no longer chair the overall process, in the next stage of the negotiations we will chair the government procurement group — this in addition to participating in various working groups,

some of which are very active. In the meantime, the WTO "Millennium Round" is off to the worst possible start; Canada is making slow progress toward an agreement with the EFTA countries; NAFTA working groups continue their work, as do NAFTA and WTO dispute settlement panels. The cumulative commitment of human resources to these various activities is large. Given this list, and considering the complexity of the WTO agenda, as well as our need to pay more attention to our relationship with the United States, active participation and investment in the FTAA hardly seems the best use of the energy and talents of our highly dedicated but severely stretched trade negotiators.

The case for the FTAA, and especially for strong Canadian support for it, is weak. A preferential free trade agreement is not obviously an unmitigated benefit for the hemisphere, nor the best instrument for boosting Canadian trade and investment in the region from their currently anemic levels. Finally, it is even possible that an FTAA would worsen global trade tensions.

It could be argued that because little is at stake, there is therefore little to lose. That is not the case at all. Rather than continue to expend effort all out of proportion to the potential benefits of the FTAA game, a more sensible policy would be to take stock of the massive drain on our foreign policy capacity over the last decade, and to settle on a few choices that would better focus our policy efforts, targeting areas where, for good or ill, significant consequences are at stake for Canadians. The most important priority is surely the WTO's fledgling global trade architecture. A good start in the hemisphere could be the establishment of a really sound relationship with Brazil. Involvement in the FTAA could continue, but could be scaled down to little more than a monitoring presence at the meetings to see what progress is made and to ensure that regional efforts do not damage the global process.

From a political standpoint, such a disengagement would make perfect sense, since the government's enthusiasm for the FTAA is strange at best: The business sector is not particularly interested; unions, environmentalists and nationalists are opposed; the US is not keen; our place in hemispheric circles does not depend on it; Mexico and Brazil, the two most important Latin American countries, are reluctant participants; and success might well increase trade tensions that would consolidate Canada's dependence on the US market.

Frankly, what is the point?

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