

- Finally -- and this is a key point for the future -- there is an accession clause providing for other countries or groups of countries to join the NAFTA.

By tying together a market of more than 360 million people, NAFTA will generate tremendous new trade and investment opportunities not only within North America but also worldwide. And let us be clear: the more ambitious the reduction of barriers to trade and investment achieved in the multilateral trade negotiations, the less the relative preference available within regional trading arrangements will be. It is in the hands of the multilateral leaders to answer the need for lowered barriers worldwide.

Canada, the NAFTA and Latin America

Latin America has certainly demonstrated great courage and leadership in its moves toward trade and investment liberalization, structural adjustment, privatization of state enterprises and other market-oriented economic reforms. It draws energy from the movement toward greater democracy, human rights and environmental protection.

All major Latin American countries have joined the GATT, and other countries are in the process of doing so. Tariffs and non-tariff barriers are declining, creating early prospects for increased competition and efficiency.

Within the region, the Mercosur is designed to move the economies of Brazil, Argentina, Uruguay and Paraguay into a more open, liberal and integrated trading framework. Through stages, the Andean Pact member nations are seeking to implement the essential elements of a customs union. The Central American states are moving toward the development of a common market, and the Caribbean Community (CARICOM) countries foresee strengthening their economic integration, trade and investment liberalization.

With these developments, optimistic forecasts of higher growth and much lower inflation for the region are becoming part of the Latin American fabric. Fiscal austerity is gaining momentum. Debt-reduction plans have reached varying stages but are on course with the International Monetary Fund, Paris Club and private banks. Indeed several countries have successfully reentered the international capital markets.

The business environment in the region is also evolving, characterized by the emergence of significant new market opportunities. Canadian links with the newly emerging Latin American and Caribbean private sector are prospering with reform. As the privatization process is broadened, Canadians are building those company-to-company links necessary to be a "contender" and a partner for the region.