

It is clear that regional blocs are driving the trade agenda forward in a manner and at a pace not easily achieved in the more traditional GATT [General Agreement on Tariffs and Trade] framework. Less clear is where all of these disparate paths are leading. Perhaps regionalism will expand seamlessly toward global free trade.

More likely progress will be fraught with difficulties as long as the relationship of the blocs to each other – and to the multilateral system as a whole – remains ill-defined. If regional momentum outstrips the WTO, do we risk creating a vacuum between the blocs?

Are we losing the foundation – in terms of rules and structures – for transatlantic or transpacific discourse? Worse, is our preoccupation with regional architecture blinding us to our wider global interests? In pushing regionalism forward we must be conscious that at some point we will need to confront the issue of how our various blocs interact and how, when rules and structures overlap, an eventual convergence might be orchestrated.

Ideally these and other issues would be resolved in the new WTO – and indeed this remains Canada's fundamental objective. By encouraging an ambitious and forward-looking WTO, we can raise the level of the multilateral order and ultimately render meaningless any notion of regional exclusivity.

After all, in a world of truly free trade, preferential agreements will melt away like the snows of yesteryear.

But at this point, it is probably unrealistic to assume that the hundred-plus members of the WTO could, in unison, liberalize sufficiently to catch up to the regional blocs. It would be equally unrealistic to assume that the regional blocs would willingly open themselves up to the rest of the world on a most-favoured-nation basis.

Not only would this fail to address the issue of "free riders," it might even weaken the competitive dynamic that is helping to drive the global trade agenda forward.

An alternative is to begin to devise ways of bridging the blocs.

It is this need – the need to draw together the regions and to avoid confrontation – that lies behind Canada's recent challenge to the EU to consider free trade with NAFTA.

Now that Canada has committed itself to free trade with Latin America and free trade with much of Asia, the continued existence of barriers to trade with Europe seems increasingly anomalous.

This is especially true since the transatlantic link is already one of the most integrated in the world – a link defined by an increasingly intricate web of investment and technology.