

The related issue of NAFTA expansion, too, hangs in the balance. After initially embracing a vision of free trade from Alaska to Tierra del Fuego, some in the United States now talk of an undefined period of study and assessment, perhaps leading to a limited form of economic "association" between the original three members of the NAFTA and the other countries of the region. Meanwhile, ~~the immediate question of whether Chile can accede to the NAFTA~~ remains unanswered.

Largely in reaction to perceived U.S. uncertainty, other countries in Latin America have begun to re-evaluate their own options. Not surprisingly, separate bilateral deals — or even an exclusive South American free trade area — have for some begun to look increasingly attractive as the prospects for full hemispheric integration appear to grow dimmer.

The dangers of losing direction at this critical juncture cannot be overstated. Trade agreements are not static institutions. They are living, dynamic arrangements. Like bicycles, they thrive on momentum. The NAFTA has no choice but to move forward at this time — deepening its rules as well as broadening its membership — or risk slipping backward.

For Canada, this would mean living with an agreement that is essentially unfinished — and, by extension, living with a growing number of imperfect solutions to the frictions associated with closer economic integration. Any loss of momentum could also mean missing an historic opportunity to build bridges to the newly emerging economies of Latin America in a way that is both comprehensive and non-discriminatory. Perhaps most important, a loss of momentum could risk a fundamental change in the orientation of the NAFTA itself from an open, dynamic arrangement, to a more closed, inward-looking bloc.

Certainly it is no secret that the increasingly cautious approach of the United States towards NAFTA expansion is fuelled largely by protectionist forces — forces just barely kept at bay during the difficult passage of the NAFTA legislation through the U.S. Congress late last year. Unless we can ensure that the NAFTA door is kept open to Chile, Argentina, or other would-be partners, there is a very real risk that it will remain permanently closed.

Nor is NAFTA the only regional game in town. Brazil has already launched a proposal to use the new Mercosur common market as the cornerstone of a wider South American free trade area. As a means of breaking down barriers in the region, liberalizing trade, and drawing countries into an integrated economic space, Mercosur represents a bold and imaginative step forward, one which Canada encourages.