

tend to be constructive rule-makers. Each manages its own economy well and brings some leverage to the bargaining table in the form of a dynamic market of interest to exporters and investors in Canada and in larger markets such as the U.S..

The issue is how, over the next 12 to 24 months, to engage these countries creatively and in a manner that is most manageable from a Canadian perspective. In this regard, the inclusion in NAFTA of the Canadian proposal for an accession clause has introduced important, even exciting possibilities (NAFTA Article 2204). Accession opens the door to improved and more secure access for Canadian producers in other markets on a mutually beneficial basis without fully reopening the rules already governing our relations with the U.S.. Accession should also be attractive to others because they will, in counterpoint, gain further access into the broader North American market, although to do so they will have to accept the high quality generic disciplines of the NAFTA (subject to the possibility of limited reservations to be negotiated).

Accession will further strengthen an outward-looking trading culture in Canada by encouraging Canadian entrepreneurs to seek market niches beyond the United States and by obliging Canadians, in a creative response to the pressures of increasing cross-border flows of goods, services, investment and technology, to continue reshaping domestic policy in a measured and progressive manner. Accession will also draw in additional high quality economic partners who will provide further balance in an arrangement where the U.S. remains the largest producer and trader. New committed members could create a dynamic in NAFTA that Canada could use to further the work that lies ahead in areas such as the anti-dump replacement/competition policy link, as well as additional liberalization in the U.S. market related to government procurement and trade in financial and other services. More high quality partners in NAFTA could help Canada do what it has traditionally done best: use combinations of partnerships to move negotiating files forward in a creative and beneficial manner.

Finally, the use of NAFTA accession to build solid bridges across the Pacific potentially has two special benefits. First, this process would help to deflect the prospect of the gradual emergence of an Asian trading bloc centred on Japan. The potential for the creation of a formal preferential trading zone in east Asia to reinforce the important but more informal trade and investment linkages already in place may not be great at present, but we should not be complacent about the longer term. Second, accession to the NAFTA by certain Latin American and Pacific Rim economies would not only reinforce growth prospects in Canada, but could also eventually assist us in our economic relations with western Europe (currently driven in upon itself by the exhausting process of achieving greater union), and Japan (with its preference for