

the two continental economies. It can act as a geopolitical buffer reducing the possibility of creating a fault line through the Pacific by regional integration within Asia or by the extension of free trade throughout the Americas. This role is not unimportant to Canada, a relatively small trading power but with significant interests on both continents. Here too our goal is to keep the momentum building, to push for a broadening and deepening of the architecture, and to ensure that the collective focus is outward and expansive.

An increasingly central issue now is how long Europe – or at least the key economies in Europe – can afford to remain outside this dynamic interplay between Asia and the Americas. It is true that Sweden, Finland and Austria have recently entered the European Union, and criteria have been established for eventual accession of much of Eastern Europe. Nevertheless, the addition of a Finland or an Austria does not compensate for Europe's potential loss of competitive access to Asia or Latin America. Already there are signs that Europe feels itself in danger of being isolated by events outside its borders; hence its recent overtures to explore ways of establishing a closer economic association with Mercosur beyond that offered by the new World Trade Organization.

The related issue, of course, is how long North America can afford to turn its back on Europe. Now that we have committed ourselves first to free trade with Latin America and later to free trade with much of Asia, the continued existence of barriers to trade with Europe seems increasingly anomalous. This is especially true since Europe represents our second-largest trade partnership – a partnership, moreover, defined not simply by the traditional exchange of goods and services but by an increasingly intricate web of transatlantic investment and technology. It is this concern about a possible drifting apart of our two continents that lies behind the Prime Minister's recent challenge to the European Union to consider free trade with NAFTA. Indeed, the goal would not simply be to secure market access but to help build the competitiveness, dynamism and critical mass of the transatlantic economy – in his words, "to re-energize our economic relationship."

In raising the question of transatlantic economic relations, difficulties immediately come to mind, not the least of which is the negotiation of agriculture. But why set out to stumble? Why not commit ourselves at the outset to a much larger, more far-reaching undertaking, leaving detailed negotiations to those specific issues on which countries cannot agree? For a start, we could propose the removal of all industrial tariffs by a specified date, mirroring in many ways the commitments we have already jointly undertaken in various regional fora. Investment is another area where progress might be more meaningful in a transatlantic context rather than on a broader, less homogeneous