of further NAFTA accessions and the wider FTAA process. Moreover, once the 1996 presidential election process has run its course, that is by 1997, the U.S. should be in a technical and political position to engage seriously. In trade policy terms, 1997 is just around the corner.

In all likelihood, this date will be too soon for several of the smaller economies in the region as well as for some of the bigger players including Venezuela, where economic difficulties over the past few years have strengthened the preference for a slower, less comprehensive process.

On the other hand, Colombia should be a prime candidate for NAFTA accession on economic grounds. This country enjoys a solid and sustained economic track record and the most balanced and dynamic export sector in northern South America.[28] Its entry into the NAFTA would represent another clear, concrete step toward strengthening the Agreement, while helping to create the momentum needed to kick-start real FTAA negotiations as other countries begin to feel left behind.

More ambitiously, the central relationship that will make or break the broader FTAA initiative is that between the NAFTA countries and their MERCOSUR counterparts, collectively or individually. The fact is that these countries comprise the bulk of the hemisphere's production, trade, investment and population. How might these two groups converge?

One option is for the two blocs to negotiate an entirely new agreement that would replace the NAFTA and MERCOSUR (other countries in the region presumably could also participate). In effect, this approach would become a bottom-up construction of the FTAA, although the work of negotiators would be facilitated by having provisions found in existing agreements as technical guideposts. This option, nonetheless, has at least three defects. First, it would be very time-consuming and labour-intensive. Second, the end result would likely be less comprehensive than the NAFTA, as it would have to accommodate smaller economies and some major participants (including Brazil) which are uncomfortable with the scope of the NAFTA's

[28] Despite resilient inflation in the 20%-30% range and a less than stellar performance with regard to the current account of the balance of payments in 1993-94, most economic indicators for Colombia are solid: a combined public sector fiscal deficit averaging only 0.6% in 1990-94; an average annual real GDP growth rate of 4.5% since 1970 (an estimated 5.3% in 1994); a lowering of external public indebtedness from 37% of GDP in 1990 to 20% in 1994; goods other than coffee and petroleum products accounting for about 60% of exports; and effective, market-sensitive exchange rate management. See International Monetary Fund, Colombia: Recent Economic Develoments (Washington, December 1994).