

Now it is time for NAFTA to advance again. On one front, Canada is working hard to expand the agreement to other countries - to widen the circle and to spread the rules. The addition of Chile to NAFTA will represent more than access to a market of 14 million; it will provide us with a critical link with South America, it will push the pace of overall hemisphere integration, and it will help ensure that the NAFTA architecture remains fundamentally open and dynamic. With Chilean accession will come the need to replace the name "NAFTA" with "AFTA" [American Free Trade Agreement] or some other such acronym, and this is more than merely a semantic change. It will reflect real progress made toward hemispheric free trade within 10 years. Equally, we are working to deepen what we have already achieved in NAFTA. We are beginning the process of negotiating an expanding range of difficult issues. Of these issues, none is more important to Canada than our efforts, in two NAFTA working groups, to achieve mutually agreed trade rules that can reduce or eliminate the arbitrary application of trade remedy laws - laws that really have no economic rationale in a free trade area. What underpins this overall strategy - deepening the rules as well as broadening the membership - is the central idea that only by moving forward will NAFTA remain a building block, rather than a stumbling block, for eventual global free trade.

The dynamic we have created with NAFTA - and now with the Western Hemisphere free trade area - has spread ripples into Asia and beyond. There can be little doubt that the APEC initiative was launched at least partly in response to concerns of being left outside of an expanding NAFTA. Yet here too regionalism is developing its own momentum. APEC's commitment to trade liberalization in Indonesia last November is nothing short of revolutionary: free trade between the United States and Japan in 15 years; free trade between the United States and China in 25. Indeed, the very dynamism of the Asian economies gives APEC a special significance. This region has become the focal point of immense shifts in the global economy. Beyond the continued and rapid growth of Japan and the "Asian Tigers," the region is the cradle for the emergence of two enormous and hitherto closed economies: China and India. More quickly, I suspect, than most realize, their emergence will send shock waves through the global economic system - shock waves that will need to be managed and ultimately absorbed, principally through membership in the new WTO but also, at least in the case of China, through membership in APEC. This will make the Asia-Pacific region, almost by definition, a key arena in which the trade policy issues of the future will be played out.

APEC is important too because it bridges both sides of the Pacific. Although some may question the ability of two and potentially three economic superpowers - the United States, Japan and China - to co-exist within the same bloc, APEC has the potential, if managed properly, to provide an interface between