

need global rules. As we move inexorably towards greater global liberalization and integration, we are slowly rendering less relevant notions of regional exclusivity. After all, in the world of truly free trade, preferential regions melt away like the snows of yesteryear.

In a sense, the most pressing problem we face in managing the global trade system is not really one of rule making but one of ruling. The age of *Pax Americana*, at least as regards global trade, is over. For a variety of economic and strategic reason, the United States has served notice that it is no longer in the business of making the world safe for the GATT; that henceforth it will view the multilateral system as merely one vehicle – albeit an important one – for achieving its market access goals. Nor does the EU or Japan seem any more willing or able to pick up the leadership mantle. And of course all three leading economies are "diminishing giants" in the face of an ascendant developing world. The question, then, is how are we going to assemble the critical mass to move ahead? Who shall lead?

Yet in the end, we can remain cautiously optimistic about the future of the global system. I do not wish to over-state the quintessential liberal notion that free trade among countries necessarily leads to peace and harmony. As Great Britain and Germany demonstrated before 1914, mutual dependence can also be a source of friction – the ties that bind can also chafe. Nevertheless, our growing economic interdependence is having an impact on our relations with one another. We are discovering that deeper economic association is possible only on the basis of stronger political co-operation and consensus. If nothing else, a cool appraisal of our economic interests – as much as the rules we weave – may persuade the global community to find a way forward.

Thank you.