

multiple rules of origin, that increase the transaction costs of all firms, especially small businesses hoping to export. Because of the absence of uniform content requirements, it prevents the further integration of regional production — this at a time when global trade is increasingly driven by intra-firm transactions, strategic sourcing and transnational investments.

But perhaps the most dangerous aspect of a drift toward separate bilateral or regional agreements is the risk that they might solidify into exclusionary trading blocs. It is clear, for example, that failure to open the NAFTA to Chilean accession would send a negative signal to other would-be partners that the prospects for future entry are indeed limited.

Such a signal, moreover, could well reverberate beyond the NAFTA. Brazil has already launched a proposal to use the Mercosul common market as the cornerstone of a South American free trade area. As a means of breaking down barriers in the region, liberalizing trade, and drawing countries into an integrated economic space, Mercosul represents a bold and imaginative step forward, one which Canada welcomes. Nevertheless, it does not require much imagination to recognize that, faced with a closed NAFTA door, the countries of Mercosul would confront even greater pressure to carve out their own markets and to formalize their own distinct economic space.

We are at a critical juncture. When the countries of the Western Hemisphere gather at the Summit of the Americas in Miami, what shall we say to one another? Shall we give impetus to the movement toward a new trading order both for the Western Hemisphere and for the world — one which signals that we are in the vanguard of economic liberalization beyond the Uruguay Round, that we know where we are headed, that we are committed to building the most open, dynamic market in the world? Or will North and South America again go their separate ways, as they have done to our mutual detriment in the past? As in all matters of trade, the answer for the Western Hemisphere will ultimately depend on whether we have the will to ensure that our common interests transcend our individual differences.

The Miami Summit offers Western Hemisphere countries the opportunity to articulate an overarching trade and investment policy for our region: one which reflects the openness, energy, and dynamism of our economies; and one which fundamentally embraces all countries willing to commit to more intensive, more comprehensive rules-based trade.

The NAFTA could provide the foundation for such a project. With the political will, it could, under a new name, be the base for a free trade association that could in time include countries throughout the hemisphere and beyond. It could emerge as a new kind of economic association, one defined, not by geography, but