

blocks" that could move the transatlantic agenda forward. The challenge will be to assemble a package of benefits and concessions - a single undertaking - to build collective momentum.

There is also the question of how to structure the negotiations between the European Union (EU) and the NAFTA. Here, the wrinkle is that the NAFTA is not a customs union. It is conceivable that, should Canada, the United States and Mexico be unwilling to accept the same levels of discipline in such areas as services, intellectual property or investment, the European Union would be left to engage in three separate bilateral negotiations - a precedent, however, that the EU had already established several years ago with EFTA [European Free Trade Association] countries. Yet surely the inherent advantages of a full NAFTA-EU deal easily outweigh these mechanical concerns. Beyond the obvious economic gains of bringing North America as a whole to the table, there is a simplicity - and symmetry - in linking an integrated Europe with an increasingly integrated North America; a simplicity that might be lost in a more limited European Union-United States context. For example, the missed opportunity to make headway in the increasingly byzantine area of rules of origin immediately comes to mind. More generally, an EU-NAFTA agreement would reinforce more clearly the totality of the transatlantic community. As the European Union and now the NAFTA move toward deeper integration, it only makes sense that the transatlantic relationship - the "Atlantic community" - should deepen as well.

A more fundamental question - and the one most worthy of attention - is whether transatlantic free trade would help or hinder the World Trade Organization. The answer really depends on the objectives of the agreement we craft. In basic macro-economic terms, the more ambitious the undertaking, the more trade-enhancing the results. It should not be forgotten that Article 24 of the GATT [General Agreement on Tariffs and Trade] - which stipulates that a free-trade area should cover "substantially all trade" - was designed, not to discourage comprehensive free-trade areas, but on the contrary to discourage the limited sectoral approaches that some might be tempted to pursue at the expense of other trading partners. More generally, if we have learned anything from the events of recent years, it is that dynamic, outward-looking regionalism can be a powerful engine for worldwide trade and investment liberalization. In an era when economic barriers are becoming so many self-inflicted wounds - a sure way of being isolated from increasingly global investment and production decisions - the race is to liberalize farther, faster. A vast transatlantic free-trade zone would create an irresistible competitive dynamic, the cumulative effect of which would be to advance the frontiers of worldwide free trade. As such, it would be the most effective way to ensure that Europe and North America remain an engine, not a brake, in the total global system.