

Mercosur – particularly Brazil – is the key to the creation of a Free Trade Area of the Americas. Brazil commands the largest economy in Latin America – roughly 11 times that of Chile, for example – and lies at the centre of the most important hemispheric trading arrangement apart from NAFTA.

"The Committee believes that Canada cannot afford to wait for the creation of the FTAA, but should continue to build stronger bilateral relations with the Mercosur countries, particularly Brazil. In this regard, the Canadian government should build on Canada's long-standing trade and investment links with Brazil, which were reinforced by the Prime Minister's January 1995 visit to Latin America. We believe that, regardless of how brightly or dimly the prospects of a single hemispheric free trade area are viewed, it is important that stronger bilateral ties may encourage Brazilian firms and investors to examine more closely commercial opportunities in the North American market, thereby fostering political support in Brazil for hemispheric free trade."

Those really interested in hemispheric trade liberalization must begin to address more directly several critical questions about the nature of the potential NAFTA relationship with the Mercosur countries, taken either collectively or individually. Are we seeking an early harvest of commitments? Should we work for a high quality result? Should we work to ensure that those who are ready to move forward vigorously, for example through NAFTA accession, are not held back by those who are less committed? The answers that must emerge to these questions will raise the level and relevance of hemispheric debate on free trade.

Of course, free trade doesn't just happen and it certainly doesn't happen over night. It is the product of much hard work and even harder decisions. Much can go wrong as well as right.

Before concluding, I want to point out several storm-warnings that could become serious obstacles unless commitment and creativity are identified and applied.

First, the fact is that the Administration and the Congress in the United States still have not worked out the shape and content of the so-called fast-track negotiating authority that Chile has quite rightly indicated is a prerequisite to concluding the accession negotiation and that is fundamental to underpinning the credibility of the U.S.'s FTAA commitment. Consultations between the Administration and Congress on fast-track are intensifying in Washington, but there is still a distance to go. Failure would represent a serious set-back for U.S. foreign and trade policy in the hemisphere. This is in no one's interest.

Second, with the best will in the world, the negotiation that we hope will lead to Chile's accession to the NAFTA may not be able