

countries willing to move further and more quickly toward the goal of trade and investment liberalization.

The original justification for the Canada-U.S. Free Trade Agreement [FTA] — and the subsequent trilateral agreement with Mexico — was really just that: to push forward in areas where our degree of economic integration seemed to call for a deeper, more comprehensive regime of rules and procedures than the GATT [General Agreement on Tariffs and Trade] could provide. In areas such as dispute settlement, investment, trade in services, and procurement, the NAFTA has already moved well beyond the kind of consensus that can be achieved in the larger and more slow-moving multilateral context. In other critical areas — such as trade remedy law — Canada is working hard with its Mexican and U.S. partners to deepen the agreement.

At Canada's insistence, two NAFTA working groups have been designated to clarify how subsidies and dumping should be dealt with in our free trade area, and how we should work to establish common rules of trade among the three NAFTA partners. This initiative reflected Canada's experience of five years of more intensive — and hence potentially more fractious — trade relations with the United States under the FTA. Although the volume of our trade with the United States has increased by some 45 per cent in the first five years of the Agreement — even while both countries endured a two-year recession — the relationship is hardly friction-free. From pork, to beer, to steel, we have experienced a series of corrosive disputes which, for the most part, expose important aspects of the initial agreement that were left unresolved — the so-called "unfinished business". Of this unfinished business, the most contentious is the continued absence of common rules governing the application of trade remedy laws — laws which really have no economic rationale in a free trade area. It will not be an easy task to agree on these issues. However, our success in this endeavour will be a good indication of whether our collective economic interests can transcend narrower domestic concerns.

Another area where the NAFTA — or a NAFTA-plus — can move forward is investment. Increasingly, servicing a foreign market means achieving a presence in that market — whether through joint ventures, strategic partnerships or direct capital investment. The trend in Canada-Argentina relations is a microcosm of this global pattern. Canadians — especially from western Canada's oil patch — have increasingly been making major investments here. Canada's stock of investments in Argentina now totals nearly half-a-billion dollars. In a world where trade is not just about what you make, but about how and where you make it, an advanced investment code should be one of the central rationales of an expanded NAFTA.

The NAFTA has moved a long way toward encouraging and safeguarding outward investment. In fact, the investment code in the NAFTA has provided the model for six Foreign Investment Protection Agreements that Canada has already negotiated with certain countries including