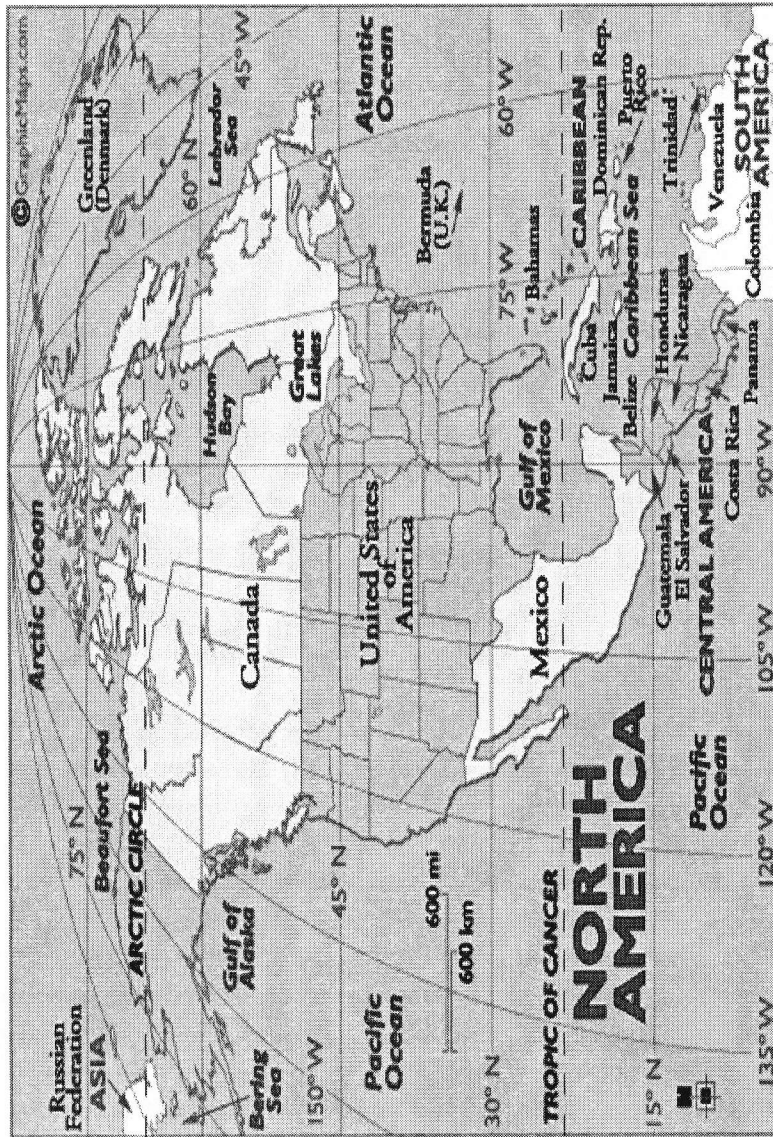


NAFTA



In January 1994, Canada, the United States and Mexico launched the North American Free Trade Agreement (NAFTA). Designed to foster increased trade and investment among the partners, the NAFTA is an ambitious plan for tariff elimination and reduction of non-tariff barriers, as well as comprehensive provisions on the conduct of business in the North American area. Such provisions include disciplines on the regulation of investment, services, intellectual property, competition and the temporary entry of business people. NAFTA provides an interesting example of regionalism built upon economic and political motivations entirely different than those that gave impulse to the European Union.

NAFTA is not by its very construction pre-disposed to support multilateral trade initiatives. For the Americans, NAFTA was initiated as a response to the EU and fears over the regionalization of the world economy. NAFTA was seen as a vehicle to secure access to energy, primary and secondary materials and products that both Canada and Mexico source, and to expand the potential market for US manufacture. Economics and resource security was at the root of the agreement bringing the smaller Canadian and Mexican economies more into the orbit of their giant neighbour. For Canada and Mexico unimpeded access to the US market was vital and NAFTA was seen as a catalyst to revive the local economy and initiate long needed domestic economic and political reform.

In both Canada and Mexico business elements strongly pushed the NAFTA agenda. Both Canadian 'National Policy' and Mexican nationalization programs had long failed to deliver the economic and societal goods for different reasons. In Canada governments attempted to build behind high tariff walls a sustainable manufacturing sector which was at best minimally successful at great cost. As well monopolies and oligopolies and the enshrinement of public welfare were standard Canadian policy. The intent was to wall