

Yet even in Japan sweeping economic changes are eroding protectionist walls. Over the last several years, Japan has been undergoing its own quiet restructuring – a restructuring that is being driven in part by broad social and demographic change, and in part by the pressures of global competition and the dramatic appreciation of the yen. The latter has greatly increased the relative costs of production in Japan and widened the price gap between Japanese products and imports. This in turn has led to a transfer of labour-intensive and lower-technology production out of Japan and a shift from export-led to demand-driven economic growth.

The pace of change may be unpredictable, but the direction is clear. Economic liberalization – principally through deregulation and the removal of import barriers – is stimulating domestic demand, creating opportunities for off-shore goods and services, and fuelling Japan's economic recovery.

Of even greater concern to the international trading community is our collective failure, so far, to negotiate China's accession to the new World Trade Organization. It goes without saying that China is *sui generis*. The size of China's economy has quadrupled since 1980, with annual growth now averaging 9 per cent. Already it is the world's 11th-largest trader. If current trends persist, China's economic purchase could equal that of the United States by 2020. Just as it was unthinkable 25 years ago that China would remain outside the United Nations, it is equally unthinkable that China should remain for long outside the new World Trade Organization.

So far the Chinese trade and investment system is not as open or as transparent as WTO membership requires. And the very weight of the Chinese economy makes it that much more imperative that we get the terms right for China's accession.

That is why Canada and fellow WTO members are prepared to work hard to see that the accession negotiations of China eventually succeed on terms satisfactory to all. Yet even in China the unmistakable trend is toward economic reform, market liberalization and greater openness. The question then is not whether China will join the multilateral trading system but, simply, when.

The central point is that the Asia-Pacific region is changing far more rapidly than most Western commentators recognize or are willing to credit. This momentum will, in turn, be reflected in the pace of development in APEC itself. The Uruguay Round of the GATT took four years to launch and seven years to conclude – even then many of the issues identified back in 1982 remain unresolved at the end of the Round. By way of contrast, APEC has agreed, in the space of three years, to reach free trade among its developed economies by 2010 and among its developing members by 2020 – that