

I am very pleased to be in this bustling city of Jakarta to have this opportunity to speak to you today.

I want you to know that I am extremely impressed with the bustling qualities of Jakarta traffic. It has a competitive spirit that anyone who believes in free enterprise must admire.

It is a special honour to be present at this luncheon. I am indebted to KADIN-Indonesia, to the Indonesian Executive Circle and the the Canadian Businessmen's Club, which all worked together to make this occasion possible and gives me the chance to speak to you. And I am very much looking forward to participating, immediately following this luncheon, in the first joint meeting of the Canada-Indonesia Business Council and the Indonesia-Canada Business Council. The fact that both Councils have been formed during the past year shows the extent to which the commercial ties between Canada and Indonesia have matured. I know the two Councils will be a powerful force in expanding the business we do with each other, and I wish you both well in your future endeavours.

As a token of our support for these initiatives, I am pleased to announce a Canadian Government grant of \$10,000 to the Canada-Indonesia Business Council. The money will go to the Council's program to increase the awareness of the Canadian business community of the business environment here in Indonesia.

Initiatives like these are particularly important in today's trading world -- which is threatened by forces that would discourage countries from doing business worldwide. There are many reasons for the disturbing

increase in protectionism, but perhaps the main one is high unemployment.

To say the least, protectionism is bad news. It is bad news for everybody, including those who support it.

There are few of us old enough to remember it, but the Great Depression that ravaged the world in the 1930s was made even worse when countries started to close their markets to foreign goods. That depression lasted until the war. Indeed, arguments have been made that it was one of the principal causes of the war.

The nations of the world seemed to have learned a lesson from the trade wars of the depression. After World War Two, they got together to sign the General Agreement on Tariffs and Trade, creating a framework and an organization specifically intended to bring down the barriers to international trade.

So far, the GATT has generally worked well. Through seven rounds of multilateral trade negotiations, it has succeeded in cutting tariff levels and reducing trade frictions. As a result, the volume of world trade has grown sevenfold since 1950.

The late John Kennedy once said that "a rising tide lifts all ships." Indeed, the tide of freer trade has lifted the economic growth of all nations. Protectionism, however, now threatens to turn the tide from flow to ebb. And an ebbing tide will lower all of our ships.

To make a slight change in the metaphor, 1986 will be a watershed year for the world's trading nations. The next round of Multilateral Trade Negotiations is scheduled to begin this year, and its objective will be to turn back the protectionist tide,