

important to build on this consultative tradition and address questions of economic trends and issues as well.

As you are aware, the Pacific Economic Co-operation Council (PECC) produces an annual Pacific economic outlook (PEO). The PEO, along with the work of such institutions as the International Monetary Fund (IMF), the Asian Development Bank (AsDB) and the Japanese-sponsored Asia Pacific economic experts' meeting, provides an overview of the region's economic performance and prospects.

Canada considers that our needs do not stop there. What we require as well is the means to deepen our understanding of the trends that the PEO and others observe and to increase our awareness of the policy responses that APEC governments have put into place to promote their growth and prosperity.

With this in mind, Canada proposed that a group of APEC economic experts meet periodically to exchange views on economic developments in the region. The first ad hoc group meeting, co-chaired by Thailand and Canada, was held on August 27, 1991, in Kyongju, Korea. Their report to ministers is before you.

The ad hoc economic group reviewed current conditions and projections for APEC economies covering such issues as growth, inflation, current accounts, structural reforms and regional linkages. Their principal conclusions were that:

- 1) growth prospects for the region in 1992 were, on the whole, positive;
- 2) non-inflationary growth was a widely shared policy objective;
- 3) there was an overall trend to reducing current account imbalances;
- 4) a successful outcome to the Uruguay Round is vitally important to all APEC members; and
- 5) the relationship between economic development and the environment will required close attention by all APEC members.

The meeting also identified a number of policy areas that are of special and ongoing concern to the governments of the region. These include sustaining non-inflationary growth, labour and capital shortages, structural adjustment and economic diversification.