

### 7.3 ASIA PACIFIC

It is becoming increasingly clear to many Canadians that the Pacific Basin represents a large and growing opportunity for trade. The combined gross domestic product of the Asia-Pacific countries more than doubled between 1960 and 1982. Growth rates since then have exceeded those of the OECD countries and show no sign of abating.

The GNP per capita in Japan, at current exchange rates, already exceeds that of the United States, and at least four of the Asia-Pacific NICs (the newly industrialized countries: Singapore, Hong Kong, Taiwan, and Korea) already have reached or surpassed the GNP per capita of Portugal, Turkey, Ireland, Greece, and Spain.

It is estimated that by the turn of the century, growth in the region will have moved its GNP to over 50 per cent of the world total, and will comprise 40 per cent of world consumption, 60 per cent of the people and 70 per cent of total world trade.

Trade across the Pacific already has increased dramatically. For both Canada and the United States, Pacific trade now exceeds their trade with Europe. At the same time, several of the developing countries in the region, notably Thailand, the Philippines, Malaysia and Mexico are moving to an outward-looking orientation based on industrial production and trade, following the example of Taiwan and Hong Kong towards light manufacturing in labour-intensive consumer goods and will provide competition, as well as markets, for Canadian manufacturers.

However, Canadian business has had a chequered history of success in the Asia-Pacific area. While Canada continues successfully to export raw material to Japan, and has had some success in obtaining direct investment from Japan and Korea, primarily in assembly plants for manufactured goods destined for the domestic market or in extractive resource investments, Canada has failed to penetrate the markets of Asia-Pacific countries with manufactured goods or with services.

To address both the failure of Canadian business as an exporter of high value-added manufactured goods to the Asia-Pacific basin, the Government of Canada has announced that Pacific trade will be one of the "three pillars" of its "Going Global" trade strategy.

The Pacific 2000 Business Strategy includes:

- strengthening and improving Canada's presence and trade representation in major Asia-Pacific markets;
- focusing high-profile trade developments events in sectors offering the greatest potential for Canadian export growth, especially for small and medium-sized firms;
- expanding Canada-Japan science and technology links leading to joint technology development and strategic partnerships in key sectors of domestic priority; and