

I want to talk about some changes in the world, and how we are responding to them - changes on three continents.

First, Asia. Half of the world's population is there - and its proportion is growing. They have learned to produce and trade in modern conditions. You know the impact of Japan, and the competition coming from the four tigers - Korea, Taiwan, Singapore and Hong Kong. But consider what will happen when those methods and that model are adapted by India, and by China. There are immense markets there, and real and growing competition. Those present great opportunities for Canada, if we reach out to seize them.

In Europe, the Community is moving steadily toward a unified single market by 1992 - a market the size of the United States. Over 300 laws are being changed. So are countless regulations. The challenge is to ensure that this new European market remains fully open to us, and that we rise to the opportunities of the competition that the new Europe provides.

In North America, we have negotiated a Free Trade Agreement between the two largest trading partners in the world. That is more than an agreement between two countries. It sends a signal to the wider world that protectionism is a dead end street, and that the future lies in more open markets.

Those changes are not confined in one continent. They are occurring everywhere in the trading world, and their effects have the most profound consequences. Part of what is driving Mr. Gorbachev is his recognition that the Soviet economy won't work in this modern world. Changes are occurring everywhere, and the challenge of modern economies is to stay on top of the change. That is a compelling reality for Canada, because we have always depended upon trade to grow, and because we are so open to the world.

Of course, we have a choice in Canada. We can choose to ignore what is happening in Asia and in Europe and in the United States. But the price would be to fall steadily behind.

In that context, the Free Trade Agreement with the United States represents one of the notable economic achievements of this decade. It lets Canadian industry and agriculture into larger markets with a dynamic future.

At the same time, it is important to recognize that the Agreement is a natural development of Canadian trade policy for the last fifty years - it is by no means a radical departure. The United States is already our main trading partner and we have been making trade agreements with them throughout the post-war period, and before - in the Tariff Treaty of 1935, in the Auto Pact, and in the successive negotiations under the GATT.