

Economically the landscape is changing dramatically. The booming Asia/Pacific region is fast moving toward the centre of the world economic stage as Japan becomes a financial as well as trade superpower, and as newly industrialized economies like Korea, Taiwan and Hong Kong grow even stronger. Across the Atlantic countries of the European Community are preparing for the creation of a single, huge market-place of 320 million people by 1992. And with these developments a new competitive climate is emerging, emphasizing technology, specialization and mobile capital.

There have been striking developments in the Soviet Union and Eastern Europe. East/West relations have improved in the last few years. It is enough to say that we at last appear to be on the threshold of a new era in which the ideological antagonisms and profound insecurities of the past 40 years can be progressively replaced by cooperation and trust. We are seeing this daily; in the intensifying dialogue between leaders from West and East, in the new hope of solving regional conflicts, in the welcome renaissance at the United Nations. We also see it in our bilateral relations with the USSR and Eastern Europe, with the solution of virtually all human rights cases and the new interest among Canadian businessmen in trade with the East.

Improvements in world security come not a moment too soon. Today we face problems like endemic poverty, frightening levels of debt that threaten social and political stability, a deteriorating environment, health pandemics, demographic pressures and a refugee crisis, and a huge international trade in illegal drugs. Some of these problems have been around for a long time, others are more recent. All are now international in scope, and can only be met by purposeful corrective action. The diplomatic agenda of the last decade of this century will increasingly be dominated by these issues, which are going to test our imagination and skills to the limits.

Over the past year and especially since its re-election, the Government has had a good look at these prospects. We know what we have to do, and what we want to do.

We must put in place a sound, long term strategy so that from the base created by the Free Trade Agreement, Canada can compete successfully in the global economy of the 1990's. This means consolidating our economic ties with the U.S.A. It also means reaching out with energy and purpose to Japan and Western Europe, and to the newly industrialized countries, especially those in Asia. Our aim is to develop long term, sound economic relationships with these countries, balanced by cultural interchange and dialogue at all levels. As I told the BC Business Council last week, work is well underway on just such a strategy.