

Ladies and Gentlemen:

My tasks today are threefold:

- to thank Minister Ruggiero for his presence here today; and for his informative remarks;
- to briefly outline the Canadian Government's perspective on this important development; and
- to ensure that this luncheon ends before 1992.

I would suggest that in order to understand Canada's approach to 1992, it is useful to step back and place the process in its broader context. Because trade, as never before, is played out on a global canvas, with Europe and 1992 only part of the total picture.

In my opinion, that total picture would reflect three basic facts of modern economic life.

Fact number one is the emergence of the global triad -- the three great pillars of economic activity in the global arena:

- North America
- the European Community; and
- the Japanese-centered, Asian-Pacific mega market.

These 3 mega markets are, of course, not new. Trade within each region has long been growing rapidly. Many of the institutional arrangements that underpin the triad, like the Treaty of Rome in Europe and the Canada-U.S. Auto Pact, are decades old. And the 40 year old link between these three pillars is the GATT.

So the emergence of a global triad is one fact. A second, I would suggest, is that the focus of international commerce in value-added goods is moving towards more direct investment -- in particular, setting up close to customers to maintain quality control, to meet the demands for just-in-time inventory practices and to ensure intimate knowledge of local conditions.

And the third reality -- one closely linked to investment -- is the growing need for strategic corporate alliances, particularly in higher technology sectors like aerospace and telecommunications. Alliances which are necessary not only to share the risk of escalating development costs, but to broaden the potential markets for eventual production.