

from all over the region seek the cost advantages of South China and Vietnam.

We are seeing new natural economic regions develop in ways that defy national boundaries. Look at the Guangdong-Hong Kong-Taiwan triangle. Watch Korean interests in the Chinese provinces to its immediate west. And keep an eye on the development of Russia's far east, where a new economic dynamic could well be built by leveraging Russian resources with Japanese and Korean needs, together with financing and technology from those countries as well as Canada.

Nor can we discount Japan. Over the past five years, Japan has invested twice the aggregate size of the Canadian economy, measured by Gross National Product, into new technologies, improved production and new capacity, realigning itself for a new spurt of post recession growth. It is running huge trade and current account surpluses. The combination of its capital surpluses and its labour shortages will mean that Japan will continue to be an exporter of capital, an investor in the other markets of the Asia Pacific region, including -- as long as we work at it -- Canada.

Equally impressive has been the deepening of economic links within the region. During the 1980s, trade among Pacific Rim countries grew at an average annual rate of 12 per cent -- higher than either Asian-European trade or European-North American trade for the same period. Regional integration has also been encouraged by means of significant foreign direct investment flows.

There is also little doubt that the economic dynamism and vitality of the region is first and foremost the creation of private enterprises. The Pan Pacific Business Association has played a significant role in this process since 1981, encouraging greater understanding, communication and co-operation among the countries of South East Asia and North America.

The vast improvements in quality, productivity and marketing ability achieved by companies in the Pacific Rim established new standards of competitiveness for the global economy. The techniques and approaches applied in this region have become the preoccupation of business managers around the world.

This business process has in turn paved the way for the establishment of more formalized transpacific contacts among the governments of the region. The establishment of the Asia Pacific Economic Co-operation (APEC) process in 1989, the first intergovernmental consultative forum embracing the whole of the Asia Pacific region, is an important development and one that we support enthusiastically.