

has grown at an average annual rate of 29 per cent over the last half of the 1980s.

To better understand and strengthen these increasingly important ties, Canada proposed, in 1991, that APEC establish an Ad Hoc Group on Economic Trends and Issues. The primary objective of this forum is to exchange information, identify and study economic prospects and developments, support Ministerial discussions and provide the broader context for APEC work projects and other activities. As the membership of APEC grows, the value of such an exchange only increases.

That there is a critical void here for APEC to fill cannot be in doubt. With a population nearing two billion, an aggregate gross national income already twice that of the European Community, and as the source of nearly 30 per cent of global trade, there is no question that the APEC region has become an economic powerhouse of vital importance to the rest of the world. Yet what is striking is that this region, unlike the other major economic regions of the world, has hitherto lacked a formal, intergovernmental mechanism to discuss the economic issues that increasingly affect the performance of our respective economies, such as labour and capital shortages, investment needs and inflation.

We are pleased with the progress of the Ad Hoc Group on Economic Trends and Issues to date, as reflected in the report of its most recent meeting in August, which is now before you. The substantive input for this report is derived from recent papers prepared by Japan on economic linkages in the region, and by Korea on the short- to medium-term outlooks for the economies of the region. Both papers, Mr. Chairman, are serving as an excellent basis for our discussions today and we believe that it is essential to continue this type of preparatory work.

It is Canada's view that the economic dialogue is not only a useful but a vital part of the APEC process. This group can make a significant contribution toward our understanding of economic developments in the exemplary, transparent and co-operative manner that has come to characterize APEC.

I must make it perfectly clear, Mr. Chairman, that we do not envisage this exercise engaging in G-7 style, macro-economic policy co-ordination. Given the diversity of economic systems that APEC embraces, it is difficult for us to imagine how this could even be a genuine concern. We also do not see this forum engaging in a "peer review" of each other's economic policies, along the lines of the Organization for Economic Co-operation and Development (OECD). We are talking about dialogue, Mr. Chairman; nothing more and nothing less.