

We are encouraged by and have stated our support for China's entry into the General Agreement on Tariffs and Trade (GATT). More transparency in China's trade regime and more open access to opportunities for Canadian firms that are willing to compete will move China toward a more market-oriented economy and an early entry into this important multilateral body.

Our common future relies on positive and tangible co-operation, which draws China more closely into the international trading system and provides China with the prosperity and stability its industrious people deserve.

Canadians must not seek to isolate China from the world community, but rather engage China in frank discussions and productively co-operate with China to encourage the creative economic policies with which Vice-Premier Zhu is inextricably linked. Canada and China's long-standing friendship means that we need not be reticent with friends nor be reluctant to share our views frankly.

The "Pacific Century" is one in which both Canada and China will be key players. As a Pacific nation, Canada is becoming more integrated into the region, both through our trading patterns, as well as through active participation in regional multilateral fora such as Asia-Pacific Economic Co-operation. This trend will continue, since transPacific trade is 30 per cent greater than transAtlantic trade and growing twice as fast.

Canada has a special relationship with Hong Kong, which is a major source of immigration, investment and entrepreneurial talent. Our commercial links with Taiwan have increased dramatically since the Canadian Chamber of Commerce opened an office in Taipei in 1986.

I mention these points in the context of the "greater China," which productively incorporates the dynamism of Chinese people throughout the region. This trend is currently under rapid development and, in my view, will create the basis for an even stronger Chinese economy beyond 1997 and well into the Pacific Century, when China is expected to surpass the U.S. with the world's highest gross national product.

Canada must look to the future, to position ourselves to respond to the challenges these developments will present over the coming years. What are the portents for Canada on the trade front? Based on current trends, we foresee capital goods exports to mainland China alone rising to at least one third of all our exports by 1997.

This represents capital goods exports from Canada to China exceeding \$1 billion per annum in only four years' time, tripling today's figure of just over \$300 million. With the current trend