

The bottom line for the world is that Asia is now one of the major engines of the global economy. The bottom line for Canada is that our rate as a prosperous society is now inextricably linked to that of the Asia-Pacific region.

The Pacific region needs a forum where trade and economic problems between the countries of the region and their Pacific Rim partners in North America can be addressed. As Prime Minister Lee noted last night, we owe much to Australia for their perseverance and timing which led to the launching of APEC.

It was created - and should grow - because it offers a new opportunity - which has not existed before - to manage the challenges created by the region's economic dynamism and to anticipate threats to regional prosperity before they become crises.

It is our belief that if the Forum is to reach its full potential, it must expand to include the other key economies of the region - particularly Hong Kong, Taiwan and China. The sooner such expansion occurs, the better.

I would like to express my appreciation to the PECC Pacific Outlook Group for providing its regional economic outlook to help us in our discussion here. As well, I commend Korea for its work on the Issues Paper which sets out the economic challenges this region must face as we close out the twentieth century.

We share the Outlook's generally optimistic forecast for the coming period, with growth expected to resume next year and subsequently. The continuing slowdown in economic growth witnessed in this region has to be seen in the context of slower growth around the world. Our view is that the slowdown in this region reflects, in part, government policies to restrain inflation or reduce trade deficits. We see no underlying trend that would adversely affect the region's normally dynamic performance. In fact, there is every indication that the Asia Pacific region will likely remain the fastest growing part of the world over the next several years at least.

We must at the same time recognize that we face risks and uncertainties that have to be addressed if we are to be successful in monitoring the momentum of growth. Both internal and external imbalances are causing difficulties for all of us. A major drain on savings, for example, comes from government deficits. Continued commitment to measures to reduce fiscal deficits together with structural reforms in surplus countries will provide major pay-offs.