

I am delighted to be here this morning. I thank the Canada-Indonesia Business Council for inviting me to address your breakfast meeting.

As many of you may know, I have recently returned from Indonesia where I had the pleasure of leading a mission of 25 Canadian companies who are already active or seek to be participants in that burgeoning market. My visit was one of several events that have marked what has been an intense year in Canada-Indonesia relations.

Over the last year, there has been an unprecedented series of visitors in both directions. One year ago the Prime Minister joined in the APEC [Asia-Pacific Economic Co-operation forum] Summit in Bogor. His visit to Indonesia was followed by seven Indonesian ministerial visits to Canada and five Canadian ministerial visits to Indonesia, including those of the Secretary of State (Asia-Pacific) and the Minister of Transport with a 17-company mission in the transport sector.

On July 1, we opened an Honorary Consulate in the second-largest city of Indonesia: Surabaya, in the Province of East Java, which is enjoying the highest economic growth rates outside Jakarta.

All this transpacific travel testifies to the fact that Canada and Indonesia already enjoy a dynamic bilateral relationship. Indonesia is our largest market for merchandise exports in Southeast Asia. We expect that two-way merchandise trade will exceed \$1.1 billion this year. In addition, our exports in services to Indonesia are an increasingly important factor in international trade, which will exceed \$100 million this year. Indonesia is also the most important destination for Canadian investment in Southeast Asia. The value of Canadian investment in Indonesia today is estimated at \$6 billion.

Canada has been successful in Indonesia just as it has been successful all over the world. In fact, our global trade performance has never been so impressive. From 25 per cent of our GDP only five years ago, our exports now represent 37 per cent of our GDP based on figures for the first six months of this year. This is truly remarkable. Sound macro-economic policies and hard work at the level of each and every Canadian company are largely responsible for this unprecedented export boom. Canada has been undergoing a remarkable transformation.

Over the past 25 years, Indonesia has also undergone a remarkable transformation supported by high and stable economic growth rates, averaging 6.5 per cent annually. This fundamental transformation of the Indonesian economy was made possible by the Indonesian government's commitment to trade and investment liberalization. Economists are now predicting that in the next five years, Indonesia will be among the top 10 economies in the world. Already, middle class income Indonesians are equal in number to Canada's entire population.