

the export sector has been the most dynamic element of economic growth in Canada.

After North America, the Asia-Pacific has become Canada's most important trading region and is the second-fastest-growing market for Canadian exports. Canada's trade with the Asia-Pacific surpassed our trade with Europe in 1983 and is now 45 per cent greater.

Ten of our top 25 trading partners, including Australia, are Asia-Pacific countries.

Much of Canada's trade with the Asia-Pacific is from Canada's western provinces. My home province of British Columbia trades more with Asia-Pacific than it does with the United States. When you consider that the state of California — 30 million people with the world's ninth-largest economy — is just two hours by air south of British Columbia, this is quite telling.

Asia-Pacific is increasingly a leading source of foreign direct investment and new technology for Canada. Over the past decade, Japan moved from being the eighth-largest foreign investor in Canada to the third-largest, behind the United States and the United Kingdom. Japanese direct investment has doubled since 1985 to almost \$10 billion, while portfolio investment, mainly in federal and provincial investment, has reached \$46 billion. Other Asian economies, such as Hong Kong, Singapore, Taiwan, and the Republic of Korea, have also become major investors in Canada.

Looking ahead, like Australia, we have a cultural advantage in Canada that many of our competitors lack. That is the large and growing number of Canadians of Asia origin, now approaching one million people. Chinese is now Canada's third most commonly spoken language in the home. This brings with it business, financial and particularly family connections, which, as you know, play an important role in Asian society and decision making.

Enhanced language capability and cultural awareness will be fundamental to international competitiveness. This is the prime reason why the Canadian government established the Asia-Pacific Foundation a decade ago in Vancouver, and why five years ago a multi-million dollar initiative called "Pacific 2000" was launched with an emphasis on encouraging Canadians to become more Asia-literate. Here I must acknowledge that we learned much from similar initiatives which were earlier developed in Australia.

We have also been impressed by the Australian example of promoting study in Australia by Asian students, and we are now in the process of establishing Canadian education centres in a number of Asian capitals to respond to the demand for education