

Few would now doubt that we are on the threshold of the "Pacific century." Growth rates in much of the Asia-Pacific region are already double the world average. If current trends continue, the region will account for 60 per cent of the world's population, 50 per cent of global production and 40 per cent of total consumption by the year 2000. What we are witnessing is nothing less than a shift in the world's economic centre of gravity from the Atlantic to the Pacific.

The very scale of this transformation poses challenges as well as opportunities. How does a small country such as Canada access a market of over two billion? What approach can encompass economies as diverse as Singapore and China? Where should we begin to look for a bridge over the Pacific? Canada clearly needs to come to grips with the rise of Asia, and yet the sheer magnitude of the challenge seems to obscure the way forward.

There is, of course, no single Pacific bridge. Canada is a member of APEC [Asia-Pacific Economic Co-operation] which, as a result of last month's summit in Indonesia, aims to provide a free trade framework for the region by the year 2020. Just recently the Prime Minister led a highly successful "Team Canada" trade mission to China, following on missions which I have led to India, Hong Kong, Korea, Japan and China over the last 12 months. Canada has also established a "special partnership" with Korea, and we are open to similar bilateral agreements with other key economies in the region. Taken together, these and other initiatives underscore Asia's new priority for Canada and reflect our willingness to push forward on the broadest possible range of fronts.

Yet if there is a key to our Asia-Pacific strategy as a whole, it remains Japan. The strength of our bilateral relationship alone justifies Japan's pre-eminence. Japan is Canada's third-largest export market after the United States and the European Union. In 1993 alone, Canadian exports to Japan rose 13 per cent to over \$8 billion — equalling our exports to the rest of Asia combined.

At approximately \$10 billion, Japan is also our third-largest source of foreign direct investment — the importance of which was underscored by the recent announcement of a new \$600-million investment by Toyota in Ontario. And Japanese investors hold over \$45 billion in Canadian bonds. Put simply, Canada cannot afford to overlook Japan.

But Japan represents more than Canada's third-largest trading partner. As one of the world's three great economic powers, Japan is the engine — and the model — behind the Asian economic miracle. As the source of an expanding web of investment, trade and technology, Japan is at the centre of a vast economic empire spanning the Pacific Rim. By securing its position in Japan — as well as in other core economies such as Taiwan, Korea, Hong Kong and Singapore — Canada gains a window on Asia as a whole.