

These changes lead inevitably to new kinds of economic arrangements. These happen around the world - in Europe with the European Community, and the European Free Trade Association: in Asia with the Association of South East Asian Nations and the Closer Economic Relations Agreement between Australia and New Zealand. Similar groupings can be found in the Caribbean, in Latin America, in Africa, and, of course, in North America, with our Free Trade Agreement.

The member nations of the European Economic Community intend to remove all remaining internal barriers to trade by 1992, creating the largest single industrialized market in the world.

It will result in a sophisticated, concentrated, single market of 320 million consumers. The impact in Europe will be tremendous:

- a 4.5% increase in GNP;
- the creation of 1.8 million new jobs;
- a 10% increase in internal trade; and
- a 10% increase in EEC exports to the rest of the world.

Japan has become an economic powerhouse of the first order. With the world's 21 largest financial institutions and the world's largest stock market Japan is now the foremost source of capital extant. It has also become the largest aid donor in the world. By the turn of the century its overseas assets could exceed a staggering 3 trillion dollars.

But it too is adapting. Responding in part to developments in Europe and concerned with its over reliance on the American market, Japan is expanding its trade and investment throughout the Pacific region.

Meanwhile, the emerging economics of the Pacific Basin, the so-called Newly Industrialized Economies - such as Taiwan, Korea, Hong Kong and Singapore - present a dramatic challenge to the industrialized world.

Malaysia, Thailand, China and other countries in the region are not far behind. Korea and Taiwan now have large and growing trade surpluses and they are constantly adjusting into higher value added production as their labour costs rise. Both countries are now aid donors.

Right next door to us, in our largest export market, the United States is involved today in a major effort to regain the competitive edge in international markets.

The world is changing, and so is Canada.