

an interface between two continental economies – a geopolitical buffer ensuring that neither regional integration within Asia nor the extension of free trade throughout the Americas will create a fault line running through the Pacific Ocean.

Last November in Bogor, Indonesia, APEC members firmly committed themselves to free trade. Developed members will attain this objective by 2010, developing members by 2020. The implications would have been unthinkable only a few years ago: within 15 years, we should see free trade between the United States and Japan, free trade between the U.S. and China within 25 years. This will not be achieved, however, solely by good intentions. A process is required. It is clear that a challenging task lies ahead of us. It is essential for APEC to take meaningful steps now to meet its goal of free trade.

APEC economies already provide excellent markets for Canadian and Australian exporters and are the source of much of the dynamism driving world growth. Yet, for many of the countries involved, their commitment to the international economic system as measured by their level of acceptance of the obligations of that system is not yet commensurate with the benefits they derive from it. This situation must change. I know Canada will work actively with Australia to encourage the necessary commitment, not least by working constructively to achieve the free trade vision set out by the APEC leaders last November. There are differences of view on how best to proceed. But Canada would be concerned if we allowed the fulfilment of the collective APEC commitments to be left to individual or unilateral actions alone. Past experience suggests that the prospects for success through this approach will inevitably be limited by the absence of a more structured process aimed at achieving a balance of concessions and benefits.

I hope that we can reach agreement at the APEC summit in Osaka in November on a package of concrete steps, to be taken collectively, towards our common goal of free trade. Canada has no objection to individual economies presenting symbolic unilateral gestures on liberalization at Osaka. Indeed, such actions may be of some limited help in building confidence and momentum, but taken alone unilateral actions fall short of what leaders agreed at Bogor. To be viewed as credible, this year's APEC summit must at a minimum agree on a timetable to commence negotiations on a meaningful package of measures leading to regional trade liberalization as well as to trade facilitation. As chair of APEC in 1997, Canada will be well placed to follow on any such undertaking from Osaka.

The emergence of regional trade blocs such as APEC and NAFTA are seen by some as exclusive and divisive developments. Our own experience with the Canada-U.S. Free Trade Agreement and subsequently NAFTA shows that such groupings can be building blocks, not stumbling blocks, which will ultimately reinforce the global regime centred in the World Trade Organization and