

quality product at a competitive price to a specified timetable.

Sophisticated marketing is also vital. We have learned that in an interdependent world, any country -- East or West, North or South -- that gets the economic fundamentals right will prosper.

A case in point is the revolution happening in the Asia-Pacific region, led by Japan but including countries from Australia to Malaysia.

Since 1970, Asia-Pacific's share of total world output has doubled. Since 1970, Asia-Pacific intra-regional trade has grown ten-fold.

Transpacific trade -- trade between the Asia-Pacific region and Canada and the United States -- has grown from \$20 billion in 1970 to \$120 billion in 1980 to \$275 billion in 1987. It could well reach \$1 trillion by the year 2000.

I have just returned from a visit to the Asia-Pacific region and there is no doubt in my mind that they have got the economic fundamentals right.

Singapore, for example, had a growth rate last year of 11 percent, a per capita income of \$11,000, and an inflation rate of 1.6 percent.

Its neighbour, Malaysia, also performed very strongly, with a growth rate of 8.6 percent and inflation of 2.6 percent.

And these are hardly isolated examples of competitive economies. Countries that could scarcely feed themselves a generation ago have become powerful engines of competition.

And, once Western Europe forms itself into a single integrated market in 1992, a market of over 300 million people, it will have the economies of scale and highly educated workforce to make it a major world competitor.

And although the United States has economic problems, reports of its eclipse are greatly exaggerated. The United States, too, remains highly competitive and in my judgement will remain the most dominant economic force in the world.

It is clear that the economic world both Canada and the Soviet Union live in will become even more competitive in years to come. The challenge for us both is a sobering one.