

Statement

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CHECK AGAINST DELIVERY

"CANADIAN PARTNERSHIP IN PACIFIC 2000"

SPEECH BY

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SECRETARY OF STATE FOR EXTERNAL AFFAIRS,

TO THE

CORPORATE HIGHER EDUCATION FORUM

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Secretary of State  
for  
External Affairs

Secrétaire d'État  
aux  
Affaires extérieures

Canada

## SYNOPSIS

- Over half of Canada's non-USA exports go to the Asia Pacific region, with the four Western Provinces accounting for about three quarters of all Canadian exports to Korea and Japan. Ninety percent (90%) of Canada's exports to China come from the Western Provinces.
- Canada's exports to Asia and the Pacific grew by more than 30% last year. Within a decade, two way trade between Canada and that region will surpass \$50 Billion.
- "Going Global" is the theme of the Government's strategy for Asia Pacific and Europe, building on the Free Trade Agreement.
- One of our major priorities in multilateral trade negotiations is to address our trading interests with Japan and the newly industrialized countries, particularly Korea.
- The Pacific 2000 program comprises:
  - a Trade Strategy designed to maintain and improve our own market share;
  - a Japan Science and Technology Fund;
  - an Asian Languages and Awareness Fund and;
  - a Pacific 2000 Projects Fund which will offer support to Canadian activities in the region.
- Canada's objectives as a player whose trans-Pacific economic, political, security and cultural links are dramatically expanding are:
  - mustering support for liberalized global trade;
  - promoting common disciplines and rules on trade, investment, technology transfer and intellectual property;
  - research and analysis of regional economic growth;
  - engaging in scientific cooperation in areas of common interest and;
  - ensuring that the Pacific Rim countries are integrated into the international economy.
- The responsibility to meet the challenges which the Asia Pacific region offers belongs to all of us: Government, the private sector and the academic community.

One of the constants in the literature of the Prairies - particularly the portrayal of our Prairie towns - was the Chinese café that was the stereotype of the Asian presence on the Prairies.

Today that Asian presence includes the \$500 million Diashowa Paper investment in the Peace River or the Hitachi funding of a turbine plant in Saskatoon, or the \$40 million contract won last fall by the Southern Alberta Institute of Technology to develop and operate a training centre for the Indonesian Oil Industry, or the wheat and the canola and the coal we sell across the Pacific.

Fifty percent of our immigrants come from Asia, and by the year 2000, over 1,000,000 more Asians will have made Canada their home.

Tourism from Japan alone has grown by 30% over each of the past three years.

Next month we will inaugurate direct air service via Canadian International from Edmonton to Tokyo with same plane service from Calgary. Earlier this month direct service began from Toronto to Tokyo. Over the past three years we have expanded our air links to all the other major centres in the region making access to Asia fast and efficient for Canadians from coast to coast.

Today, over half of Canada's non-U.S.A. exports go to the Asia Pacific region. That was worth more than \$17 billion in 1988. These four Western provinces account for about three quarters of all Canadian exports to Korea and Japan. In the case of China, about 90% of Canada's exports come from the Western provinces.

Last year Canada's total exports to Asia and the Pacific grew by more than 30%. Within a decade two way trade between our country and that region will surpass \$50 billion.

Last year, your Forum published its report "Going Global". One of my officials, Ian Wood, now our Consul General in Seattle, was the project director. That study recognized that our business schools are going to have to take a global approach if we are to prosper economically in the years ahead. We are going to have to do a better job in meeting the private and public sector demand for managers with international skills.

"Going Global" is also the theme of the government's strategy for Asia Pacific and Europe in this period when we build upon the Free Trade Agreement.

In Toronto last month, my colleague, John Crosbie set out the broad outlines of our strategy for Europe 1992. Today I want to speak of our initiative toward Asia and the Pacific, which we call our Pacific 2000 program.

The Free Trade Agreement with the United States will broaden the market for Canadian goods, increase Canadian competitiveness and create jobs. We have worked hard toward agreement on a new set of international rules in the Uruguay Round of Multilateral Trade Negotiations which will bring us better access for our goods and services around the world, including in Asia. In fact, a major priority for us in that negotiation is to address our trading interests with Japan and the newly industrialized countries, particularly Korea.

We are confident about Canada's ability to compete with the best in the world - confident enough to be convinced that we need to go beyond the confines of North America, to dispel the myth that we are content to put all our eggs in the North American basket. Our attention is drawn inexorably to Europe and to Asia Pacific.

The Pacific today is the most dynamic area in the world.

When this century closes, the region will be home to over 60% of humanity. The population of the coastal strip of China and of India's middle class will each equal the total population of the USA.

Asia/Pacific will produce 50% of the world's goods and services. The volume of trade between Asia and North America will grow from \$300 billion to \$500 billion. Over 50% of world trade will take place between Asia Pacific countries.

By the year 2000 Japan will be at the forefront of both pure research and applied technology. Today the world's 21 largest financial institutions are in Japan. That will become even more prominent with assets abroad which will reach \$3 trillion.

In the past decade the newly industrialized economies (Korea, Taiwan, Hong Kong and Singapore) have raised their share of world trade from 4% to more than 10%; they will be even more important trading powers by the year 2000.

Korea and Taiwan have already joined the ranks of aid donors and will emerge as major foreign investors and sources of applied technology. By the year 2000 many countries in the region will have extensive and technologically-advanced manufacturing sectors based on intra-Asian investment particularly but no longer exclusively from Japan. Global manufacturing will have undergone massive restructuring and relocation.

Japan's international role will continue to expand - in peacekeeping, development assistance and on the major issues of the day. It will play a greater part in sharing the Pacific defence burden. Already today Japan has the third largest defence budget after the USA and USSR.

The objectives of the Pacific 2000 initiatives are to better equip Canada to ensure that Canadian priorities are met, at home and in Asia.

The basic elements of the Pacific 2000 program are four-fold:

- A Pacific 2000 Trade Strategy
- A Japan Science and Technology Fund
- An Asian Languages and Awareness Fund
- A Pacific 2000 projects Fund

Let me outline these areas we have identified for attention.

The booming economies of Asia are grabbing an increasing share of world trade. Our trade strategy is designed to maintain and improve our own market share.

We plan to target key market sectors, to expand our presence in Asia, to promote investment alliances and to work closely with the private sector.

Promoting export sales, however, is not enough on its own.

Technology is crucial to our success. Japan has moved to the forefront of technology. We need to work together with the Japanese, to create partnerships involving our technological expertise and that of the Japanese.

Eminent scientists from Canada and Japan are in the final stages of completion of a study of complementarity in science and technology between Canada and Japan. The study, being undertaken at the request of the two Prime Ministers, is designed to identify areas where the two countries can best cooperate to mutual advantage.

Following completion of the Complementarity Study in July, we will establish a Japan Science and Technology Fund which will fund joint research projects, and promote researcher exchanges, and offer institutional support in areas to be identified by the Study. Joint research with Japan will enable us to lay the base for an even more competitive Canada in the next century.

One of our major hurdles is the absence of a broad understanding in Canada of Asia and its cultures.

Canadians simply don't know enough about Asia, its languages, history and culture. Only 1,200 post-secondary students in Canada are studying Japanese full-time. Australia with a population half as big as our own has 15,000 Japanese language students.

If we are to deal successfully with the region we need to become more Asia-literate. Only then can we understand clearly what we are being told and what we need to do. We need to become more attuned to the importance of personal contact and to the time taken to do business in Asia.

Your own report last year had among its conclusions the need to do more for the development of foreign languages in the private sector so that Canadians can be better equipped to compete in the international business marketplace.

Accordingly, we intend to establish a Pacific 2000 Languages And Awareness Fund. This would include support for academic institutions offering Asian languages for the private sector and for employees taking language and cultural awareness programs including those aimed at Doing Business in Asia. It would, as your Report recommends, encourage and support greater links between international business and Asian studies programs at the University level. We already have vibrant Asian studies programs at the University of Alberta, the University of British Columbia and at Simon Fraser University. Now McGill and the Centre for International Business Studies in Toronto are taking steps in this direction for next academic year, and I will be interested in learning of the plans of other universities.

In order to ensure that we expand the pool of Asia-literate graduates, we will, in cooperation with the provinces, support curriculum development and enhancement beginning at the secondary school level. We will create an employment clearing house through the Asia Pacific Foundation which would provide employers with lists of university graduates with both professional and Asian skills. Eventually it would also provide graduating students with the names of companies with an interest in employing them for activities in Japan and elsewhere in Asia.

Finally we need to sharpen Canada's image in the region, to strengthen our presence. Canada is still not familiar enough to Asians, the image is blurred. We need to convey a clear picture of who we are and what we can do.

A Pacific 2000 Projects Fund will offer support to Canadian activities in the region.

A number of upcoming events in the region will enable us to get our messages across. This is the 60th Anniversary of our bilateral relationship with Japan. In 1991 we will be opening our dramatic new Embassy in Tokyo which will serve as a showpiece for Canadian commercial and cultural interests and as a centre for research on Canada and on Japan.

We will also take on promotional activities in the region and support visits by key Asians and Canadians - Parliamentarians, young leaders, journalists - to each others countries. We will assist in attracting Asian students to our schools and universities. Also included will be support for research on Canada's interests in Asia and further funding to the Asia Pacific Foundation as it expands its efforts at increasing Asian awareness in Canada. Both the provinces and the private sector will, we hope, contribute to the Foundation's activities.

Another vital aspect of establishing the Canadian presence is our involvement in building Pacific institutions. A number of proposals have been made for economic cooperation in the region by former Secretary of State Shultz, former Prime Minister Nakasone and USA Senator Bradley.

Most recently. Australian Prime Minister Hawke proposed a ministerial meeting to discuss regional issues and cooperation. Next week the Permanent Secretary of the Australian Department of Foreign Affairs and Trade will be visiting Ottawa to talk about the details of this proposal.

We intend to tell him that Canada welcomes this enterprising initiative, and intends to play a full part in it.

Canada has also been deeply involved in the Pacific Economic Cooperation Conference, a tripartite grouping of academics, business leaders and government which has examined the prospects for greater regional cooperation. I am pleased to note that at its recent meeting in San Francisco, the PECC standing committee took some significant steps to strengthen its capacity to play an important role in Pacific regional affairs.

It seems inevitable to me that some form of Pacific institution will emerge. As a Pacific player, whose trans-Pacific economic, political, security and cultural links are expanding at a dramatic rate, we have a fundamental stake in this process.

At a time when these various proposals are being advanced, it is opportune to establish precisely what our objectives are:

I believe these are:

- mustering support for liberalized global trade;
- promoting common disciplines and rules respecting trade, investment, technology transfer, intellectual property;
- research and analysis of regional economic growth and the challenge this presents;
- becoming "Partners in Progress" in the Pacific through specific cooperation in areas of common interest, such as natural resources, industrial development, the environment, communications, transportation and professional and technical exchange.
- ensuring that the Pacific Rim countries are not only integrated internally around the Pacific littoral but outwardly into the international economy, that is, into the OECD and other multilateral organizations.

The Asia Pacific region is dynamic and challenging. The responsibility to meet the challenge belongs to all of us: government, the private sector, the academic community. The Government is committed to do our part, and we look forward to working closely with you.

Thank you.