

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire
d'État aux
Affaires
extérieures

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CHECK AGAINST DELIVERY

NOTES FOR AN INTERVENTION BY
SECRETARY OF STATE FOR EXTERNAL AFFAIRS
THE RIGHT HONOURABLE JOE CLARK,
AT THE SECOND MINISTERIAL MEETING
ON ASIA PACIFIC ECONOMIC COOPERATION

SINGAPORE

JULY 30, 1990

AFTERNOON SESSION

Minister Lee, Minister Wong, Colleagues

I would like to begin by thanking the Government of Singapore for hosting this second Ministerial Meeting on Asia Pacific Economic Cooperation and the excellent arrangements they have provided for us at this meeting. I should also take this opportunity to wish our hosts Canada's best wishes on the occasion of the 25th anniversary of their Independence which they will celebrate in less than two weeks. Having watched part of the rehearsals for those festivities last evening makes me wish I could be here for the central celebrations.

My colleague, International Trade Minister, John Crosbie, was to have attended this session but was unavoidably detained at home. He very much looks forward to welcoming his fellow Trade Ministers to the special APEC meeting next month in Vancouver, our principal Pacific city. I think that all of us here share the view that the Vancouver meeting will be an important milestone for us in the final stretch of the Uruguay Round negotiations, a subject we will be able to review in greater detail this afternoon.

Since 1970, Asia's share of global output has doubled. Since 1970, trade within the region has grown tenfold. By the end of the century, the Pacific may well contain 60% of humanity, 40% of global consumption and an even larger share of global production. That reflects remarkable performance by several economies, including that of Japan, which is already an economic superpower. But Korea's economy is developing at a rate faster than Japan's. On a per capita basis, Hong Kong may soon be richer than Great Britain: Singapore richer than Italy. Taiwan alone has reserves of US \$70 billion. Thailand and Malaysia are moving from annual economic growth rates of 7% to over 10%, defying those economists who predicted that growth would flatten with increased wealth.

There is no disputing the basic fact: the centre of global economic activity is shifting towards the Pacific, and it is shifting fast.

That is of particular significance to Canada, and to our future prosperity as a nation of traders. In 1983, Canada traded more across the Pacific than we did across the Atlantic. That will be the pattern for as far into the future as we can see. British Columbia now trades more across the Pacific than it does with the United States. And Canada as a whole relies more on our economic relations with Japan and the four Tigers than does any other members of the 24-nation OECD. We depend on the Pacific more than the United States does - more than Australia does.

The bottom line for the world is that Asia is now one of the major engines of the global economy. The bottom line for Canada is that our rate as a prosperous society is now inextricably linked to that of the Asia-Pacific region.

The Pacific region needs a forum where trade and economic problems between the countries of the region and their Pacific Rim partners in North America can be addressed. As Prime Minister Lee noted last night, we owe much to Australia for their perseverance and timing which led to the launching of APEC.

It was created - and should grow - because it offers a new opportunity - which has not existed before - to manage the challenges created by the region's economic dynamism and to anticipate threats to regional prosperity before they become crises.

It is our belief that if the Forum is to reach its full potential, it must expand to include the other key economies of the region - particularly Hong Kong, Taiwan and China. The sooner such expansion occurs, the better.

I would like to express my appreciation to the PECC Pacific Outlook Group for providing its regional economic outlook to help us in our discussion here. As well, I commend Korea for its work on the Issues Paper which sets out the economic challenges this region must face as we close out the twentieth century.

We share the Outlook's generally optimistic forecast for the coming period, with growth expected to resume next year and subsequently. The continuing slowdown in economic growth witnessed in this region has to be seen in the context of slower growth around the world. Our view is that the slowdown in this region reflects, in part, government policies to restrain inflation or reduce trade deficits. We see no underlying trend that would adversely affect the region's normally dynamic performance. In fact, there is every indication that the Asia Pacific region will likely remain the fastest growing part of the world over the next several years at least.

We must at the same time recognize that we face risks and uncertainties that have to be addressed if we are to be successful in monitoring the momentum of growth. Both internal and external imbalances are causing difficulties for all of us. A major drain on savings, for example, comes from government deficits. Continued commitment to measures to reduce fiscal deficits together with structural reforms in surplus countries will provide major pay-offs.

My own government, for one, knows full well that such policies can only be pursued at some political risk. We are prepared to run these risks in Canada, as we did in pursuing a Free Trade Agreement with the United States, and will move ahead actively with our economic program of deficit reduction, privatization and tax reform, including the introduction of a new Goods and Services Tax. Our determination on the domestic economic policy agenda is matched on the international front, nowhere more than the Uruguay Round. Jim Baker said in Jakarta the other day that this is the biggest international challenge we all face this year. He was absolutely right.

I was struck by the statement in the Outlook that two-thirds of all exports originating in the PECC area found markets in that same area, and that as much as eighty percent of foreign direct investment received within the region originates in other PECC economies.

I know of no better argument in favour of the need for extensive macroeconomic and policy discussions than statistics such as these. That is why I would like to reiterate a proposal I made last week in Tokyo that the APEC consider the establishment of a Consultative Group of Economic Policy Experts which would look at problems of adjustment and growth and prepare recommendations for us at our future ministerial meetings.

Such policy reviews, along with continuing cooperation between the PECC Pacific Outlook and the APEC in the development of economic forecasting for the region, would greatly strengthen our understanding of the dynamics of the Pacific economy, and our ability to manage economic forces.

I will look forward to our discussions here this week.