

Statement

Secretary of
State for
External Affairs



Déclaration

Secrétaire
d'État aux
Affaires
extérieures

90/41

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NOTES FOR A SPEECH BY

THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS,

THE RIGHT HONOURABLE JOE CLARK,

AT A LUNCHEON HOSTED BY THE

FOREIGN CORRESPONDENTS CLUB OF JAPAN

TOKYO, Japan

July 24, 1990

The relation between Canada and Japan is becoming increasingly diverse and personal. Literally millions of our citizens meet one another each year, on vacations, on business, in Conferences. More Canadians are learning the language and culture of Japan, and exhibits like the Royal Tyrell Dinosaur display enlarge our understanding of each other. These personal connections are invaluable. They are the way nations become friends; and they require an extra effort, by all of us, to learn and value different cultures, to honour the spirit and the letter of the Agreements we make with one another, and to find new ways for cooperation between Canada and Japan, each in our way, giants on the North Pacific, each destined to play a decisive but different role in a new world that is building, each aware that the other can be a trusted but reliable partner.

I should not single out areas, because there are so many deserving of note. But I am particularly pleased at the cooperation between our two countries in peace-keeping and Official Development Assistance. Perhaps the most profound changes in the world are those which extend responsibility across a wider range of nations, as the superpowers lose their predominance, and call upon skills of conciliation and cooperation. We have the opportunity to build a new world that is different in quality from what we have known before. Canadians believe that our successful experience in making the international system work will be unusually important now, and we are honoured to work with Japan toward that goal.

For much of our history, Canada was an Atlantic nation. Most of our trade and immigration crossed that Ocean, and our basic values are European values. But in our consciousness, we have always been a nation of three great oceans - the Atlantic, the Arctic, which makes us a neighbour and a unique partner of the Soviet Union; and the Pacific, whose importance to Canada grows every day.

Naturally, with that background, we note some of the differences between what might be called the "Atlantic experience" and the "Pacific experience". We do that at a time when the institutions of Europe are changing, in ways that raise questions about the relation to those institutions of powerful nations that are outside geographic Europe. One obvious difference between the recent Atlantic and Pacific experience, is that while the countries of Europe and North America were building our armies and our ideologies, the countries of the Pacific were building an economic miracle that knows no equal.

Japan and the four newly industrializing economies are demonstrating the benefits of applying market principles and pursuing real adjustment. They have put forward novel patterns of co-operation between Government and business. They have provided new models of relating science and industry. They have demonstrated the advantages of non-adversarial approaches to management and organization. Governments in this region have promoted industrialization not through rhetoric or sterile 5-year plans but through active dialogue and co-operation involving all partners in society. There is a degree of national consensus and a quality of national energy in this region which can only be the envy of economies elsewhere.

What is unique about this achievement is that it has been so rapid and so extensive. For countries in Latin America, Eastern Europe and Africa, it is the Asian achievement - rather than the North American or European experience - which provides the clearest and most compelling case for development through hard work, the free market and minimum government regulation. The fact that this achievement has been accomplished despite a legacy of poverty and recent conflict is all the more compelling. These are humbling lessons for Canada and other developed countries.

There is still a psychological tendency in the West to treat the Asian economies as addenda to the global economy. But Asia is becoming an economic powerhouse, a central engine of the global economy. Asia used to be dependent on the West. The West and Asia have now become dependent on each other, and that is to be welcomed, not resented.

One remarkable feature of this Asian experience is that prosperity has been secured without formal institutional arrangements. Europe had to form a Common Market; North America a Free Trade Agreement. There is no Pacific 1992. There is no Pacific Free-Trade Agreement. There is no Pacific OECD. What has been accomplished here has been accomplished through the efforts of individual states and individual enterprises, albeit with remarkable economic integration.

But that economic integration has not been matched regarding political and security questions.

In many ways, the geopolitics of the nuclear age have been played out in Europe, with Asia bearing the consequences. Asia has been a recipient of Cold War antagonisms. It has seldom been a donor. Regional conflicts have been fought in Asia - in Korea, Vietnam and Cambodia - for reasons of Cold

War ideology. But there has not been a structure of security co-operation, of traditional military Alliances, of regional political institutions to mirror the European experience. I suggest it is time to consider security or political institutions in the Pacific.

The Cold War is over in Europe. It is not yet clear, however, if the Cold War is over in Asia. Equally, ideology is diminishing as a source of contention between East and West. However, in a variety of situations in Asia and the Pacific region, ideologies survive and thrive, threatening regional and indeed global security.

The fact that the Cold War is over in Europe is a reason to intensify the search for peace in the Pacific. I believe there are three reasons for this. First, if the new Soviet foreign policy has now led to real peace in Europe, we must press forward to see if it also means peace for the Pacific. It is not at all clear if Mr. Gorbachev's sincerity in dealing with the West finds a parallel in his dealings with the East. But we must test that sincerity, probe his intentions, match proposal with counterproposal. It is possible, of course, that we will be disappointed. But disappointment without having tried is indefensible.

Second, the relaxation of Cold War tensions does not necessarily mean an end to regional conflict. Superpower confrontation has been a factor feeding tension and conflict throughout the world. And this region has suffered more than its share of tragic consequences. But superpower confrontation has also acted to limit conflict in some cases, to deter and to constrain. In the absence of such limits, states are able to exercise a new freedom, but that can be a freedom to open new disputes as well as a freedom to co-operate.

There is a long list of regional disputes and conflicts in Asia:

- the guerilla warfare which still grips the Philippines;
- the Iron Curtain which still exists between North and South Korea;
- the dangerous conflict over Kashmir;
- the Sino-Soviet confrontation;
- the tragedies which persist in Cambodia and Afghanistan;
- the unrest in Myanmar and Sri Lanka;
- the tension between Vietnam and China;
- and the unresolved territorial dispute between Japan and the Soviet Union.

This list points to a third observation. And that is that while the end of the Cold War in Europe does not mean the end of conflict in Asia and in the Pacific, it does present the opportunity to move forward. The reduction in superpower tension presents the prospect of superpower co-operation in solving regional conflicts. Unhelpful intervention can be replaced by helpful co-operation. Countries of the region, while freer to fight local battles are also freer to seek their own solutions to their own problems. This is a challenge and an opportunity we must not let pass.

For decades, Canada has been preoccupied with constructing an Atlantic community. That community has been built. It is successful. It will endure. Now is the time to also turn our energies to strengthening the Pacific community, a community of common action, common purpose and common values.

Canada has a Pacific past. For centuries, our missionaries and our traders have plied the Pacific. Canadian lives have been lost on Asian battlefields. Indeed the last major war fought by Canada was not in Europe but in Korea. And our commitment to peacekeeping is based to a large extent on experiences and expertise we acquired in this region.

But Canada has an even more important Pacific future. Over half of Canada's new citizens are now come from Asia, and Canada has become a principal destination for Asian refugees.

And of course, there are the links of trade and investment. Of all the 24 members of the OECD, Canada is the most dependent on its trading relationship with Asia. More so than the United States, more so even than Australia. In 1983, Canadian trade across the Pacific outpaced our trade across the Atlantic. The Canadian Western province of British Columbia now trades more across the Pacific than it does with the United States with which it shares a land border.

So when I speak of Pacific prosperity and Pacific peace, I am also speaking of Canadian prosperity and Canadian peace.

I noted earlier the absence of co-ordinating economic institutions in this region. The Pacific has managed quite well without such institutions in the past. It is tempting to say that it can continue to do so in the future.

I do not believe this is the case. Just as trade and investment will intensify in the region in the years ahead, so too will the possibilities of conflict. Whatever the achievements of the Asia-Pacific region, it is not immune from developments elsewhere nor from the shortcomings or consequences of domestic policy. Industrial success in Korea and Taiwan cannot be sustained in the face of policy failure in North America. And the full benefits of industrialization cannot be realized without a parallel effort to re-structure the rural sector.

Moreover, pollution which pervades our globe and knows no borders has an Asian dimension. The efforts of countries like Canada or Japan to control their own pollution will pale into insignificance if the populous countries of Asia are unable to control their pollution.

There is no such thing anymore as "national" economic policy. Interdependence cannot be managed through good luck or ad-hocery. The consequences of failure are too great, as are the rewards which come from success.

Six days from today, the second Ministerial Meeting of the Asia-Pacific Economic Co-operation forum - APEC - will take place in Singapore. Although APEC is new, although it is still working to define its role, Canada believes this emerging forum is worthy of cultivation by all its members. Its virtue lies in its very existence - a unique vehicle for conversation and dialogue on Pacific economic and trade matters. We should never underestimate the value of such dialogue. It is only through a regular exchange of views and information that understanding can result and problems can be anticipated before they become crises. There is one way to ensure policy failure and to increase the odds of economic conflict. And that is not to talk. Solutions to economic challenges which by their very nature involve more than one state cannot be sought through unilateral action or a search for unilateral advantage. The interdependent economy of the Pacific cannot tolerate such outmoded approaches.

Canadian foreign and trade policy toward Asia Pacific are based on the view that there must be more contact and co-operation among policy makers if growth is to be sustained. That broadened policy dialogue offsets the prospect of an axis dominated, however inadvertently, by the US and Japan. It offers a new forum in which to resist protectionism and it provides opportunities to collaborate in specific sectors where all of us can benefit.

Increased economic dialogue among Pacific nations can help to resolve problems within the region. But it can also help the Asia-Pacific region to assume its proper place in managing issues of global consequence elsewhere. Asia has lessons for the world. Its achievements are admired. Its resources are unparalleled. Its expertise and partnership are sought everywhere. It only makes sense to bring these strengths together.

At present, the Asia Pacific Economic Cooperation includes Canada, the United States, Japan, Korea, Australia, New Zealand and the six countries of ASEAN. Canada believes it must expand to include the other key economies of the region - particularly Hong Kong, Taiwan and China. There is no virtue in being exclusive; there is much virtue in being inclusive. This is particularly the case where economic systems are different or where there is potential for economic conflict.

Canada's dedication to the initiative is demonstrated by our intention to hold a special meeting of Trade Ministers in Vancouver this September to focus on the Uruguay Round which is so vital to the future of international trading system.

Within the framework of the Asia Pacific Economic Cooperation, I believe there are a number of additional initiatives worth exploring:

- We should look at establishing a Standing Committee of Economic Policy Experts which would look at particular problems of adjustment and growth and prepare recommendations for Ministers;
- We should establish a series of trade issues workshops, perhaps beginning with a broad discussion of the structural impediments problem;
- We should look at providing leadership on environment, including setting new standards of practical co-operation between developed and developing economies so that the goals of development and conservation can be pursued together. Canada's proposal for a working group on marine pollution is an opportunity for early progress in this area.

In an earlier decade this century, nations impoverished themselves through ill-advised beggar-thy-neighbour policies, policies which shifted economic burdens on to others in a vicious circle which led to economic burdens being placed on everyone.

Having learned the hard lessons of those policies, we must be careful that bilateral trade deals do not become regional disasters. One of the major problems plaguing the international trading system is the imbalance in trade between the United States and Japan. There are particular problems in that relationship which may require particular solutions. We wish both countries success in their recently negotiated agreement on structural impediments. But we must guard against the possibility that the burden will simply be shifted to other exporters, something which would do little to move this issue forward. The danger of bilateralism poses particular risks for smaller trading economies in the Pacific such as Canada. This is not a question of fairness, although that is important; it is a question of ensuring a meaningful result.

But there is a further danger, and that is replicating with regional blocs the experience of protectionism and exclusivity we used to associate with nation states. The dynamism of the European Community, the free-trade area in North America and the integrating economies of the Pacific present terrific prospects for prosperity and trade. But trade within regions should not be purchased at the price of trade between regions. Economic integration and closer trading relationships must occur within the context of a more open and not more closed global trading environment.

That is the intent of the Uruguay Round. To expand and modify the rules of the road to make them fair and clear, to make them observed in the spirit as well as the letter, and to bring openness to new and old sectors of economies alike.

As with trade and economic matters, I do not believe that bilateralism can serve as the sole basis for peace in the Pacific region. There must be more dialogue and a greater sense of collective responsibility. The goal should be construction of a fabric of security which is co-operative rather than competitive.

Here, I have in mind the adaptation to the Pacific region of confidence and security-building measures which have proven successful in Europe. These might include advance notification of military manoeuvres, an Open-Skies regime, facilities for crisis management and conflict resolution and data exchanges.

Perhaps the place to begin is with a dialogue amongst the countries of the North Pacific, including Canada, the Soviet Union, the United States, Japan, China and, if possible, the two Koreas. At the very least, we may wish to borrow from the example of the Pacific Economic Co-operation Conference and begin with a dialogue at the expert level.

In addition, existing organizations should look to expanding their dialogue. I have in mind in particular the desirability of engaging Vietnam in the valuable ASEAN process.

Whether through APEC, the ASEAN process or a North Pacific security dialogue, Canada supports the idea of a Pacific community, a community characterized by common interests and a common pursuit of peace and prosperity through co-operation rather than confrontation. For Canada, the Pacific community provides for the elaboration of the search for balance between economic growth and the quality of our lives, a balance between the energy which feeds competition and the co-operation we need to succeed in the region.

In so many ways, for Canada - and for the world - the Pacific represents the future. It is here where the standards of excellence are being set - in industry, in technology, in management practice and in government policy designed to achieve economic goals. It is here that the benefits of association seem highest and the costs of being left on the margins are the greatest.

Communities are based not only on common interests, but also on common values. The Pacific community is far from homogeneous. Indeed, its diversity is an asset. But there is, I believe, a shared view of the value of compromise, a shared sense of pragmatism and a shared commitment to economic growth. It is these values which will sustain us as we tackle the challenges ahead - the imperative of sustainable development, the plight of persistent poverty, the challenge to promote democracy and human rights, and the search for peace and security.

The relative absence of Pacific institutions and the predominance of bilateralism in this region was understandable in a period when economic power was concentrated in the hands of the United States, and laterally Japan, and when military power was governed by the superpower competition. But this period is coming to an end. Military power is increasingly dispersed. Conflicts are increasingly local in nature. And as the Japanese economic miracle becomes the Asian miracle, economic power is becoming increasingly multipolar.

The Pacific region must adapt its institutions and its behaviour to that new world, which increases the possibilities of conflict between States and reduces the ability of states to secure their interests through unilateral or bilateral means. This new era demands a co-operative search for solutions to pressing problems - military, political, economic, developmental or environmental.

A stronger and more structured Pacific community will help master and manage that new world. Asia has shown immense capacities to adapt, to grow and to lead. Canada is confident that together as a Pacific community, we can do that in the future. Canada will meet the challenge in the future.