

Statement

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SPEECH BY THE

RIGHT HONOURABLE JOE CLARK,

SECRETARY OF STATE FOR EXTERNAL AFFAIRS,

TO THE ASIA PACIFIC FOUNDATION

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Secretary of State
for
External Affairs

Secrétaire d'État
aux
Affaires extérieures

Canada

Ladies and gentlemen, honoured guests.

It is a great pleasure for me to be here this evening to speak with you a little about the past, and a lot about the future. About an area of the world that many of you know intimately. An area of the world with which I hope and believe Canadians will become more and more familiar and comfortable. Asia is a small part of our past. It will be a huge part of our future.

Asia. The orient. To this day an evocative world. Of China traders and the treaty ports. Of great Hongks and Taipans. Of a highly structured and virtually impenetrable Japan of Shoguns and Samurai. Of the Celebes, Ceylon and the Kingdom of Siam. Of Indian princely states, sweltering plantations and cool hill stations. Romantic images of the past built from truth into myth by too many novels, too many films. And yet hidden in those images are elements of reality, reflections of a different but highly-cultured segment of the human mosaic. Wealthy in gold, in silks, in spices, Asia drew Europeans, North Americans, Russians from the time of its earliest openings.

Our images of the romantic Asia of earlier times seem to be empty of identifiable Canadians. And yet Asia has drawn Canadians from the time of our earliest travels. After all, Canada was only explored partly by frustrated China-hunters trying to find their way through or around North America. Our founding fathers knew that our country must stretch to the Pacific - that was their goal. They named the railway that united our country the Canadian Pacific, and they chose "from sea to sea" as a motto.

Even as we found the national will to create the dominion of Canada, Canadians were wending their way deep into China, starting schools in Korea, teaching in Japan. By the time of our coming of age as a nation, after World War I, we had Canadians officially posted in China, in Japan, and in Australia. And in 1929 we opened our first fully-fledged national legation in Tokyo, the third non-Commonwealth capital in which we were to establish an independent diplomatic presence. By the time the war broke out we had missions as far afield as Kobe and Shanghai. Those missions reflected our Pacific trade and the anticipation of greater ties.

For five decades we have helped provide Asia with the two foundations of progress - stability and economic development. We fought for Asian independence in World War II. We fought in defence of freedom in Korea. We have played a peacekeeping role in Indochina, and Kashmir. We are now providing peacekeeping in Afghanistan and in the Gulf.

Canadian development assistance policy began with the Colombo Plan when developed members of the Commonwealth undertook to share their experience and wealth with newly-independent nations of Asia. We have assisted Asian nations from China to Sri Lanka, from Indonesia to Nepal, and with every kind of economic assistance, from dams and roads and communications to human resource development.

The Asian program is still the largest bilateral program - of seven countries in the world receiving more than \$30 million per year in bilateral assistance, five are in Asia.

At home too, Asia has become part of Canada. A vibrant and welcome community of Canadians of Asian origin has contributed magnificently to our national achievements. In government - witness the new Lieutenant Governor of this province. In art and architecture. In science, technology and industry. In every walk of life. Making our cultural mosaic and our country richer in every possible way.

Our Asian vocation is by no means new. Our determination today to pursue vital Canadian interests in the region is built on a strong history of involvement. Canada began expanding significantly the Asian dimension in its foreign and trade policies over a decade ago. In 1979, as Prime Minister, I established the Pacific Rim Opportunities Conference with Pat Carney in charge.

In the last few years we have embarked upon dynamic initiatives to meet the challenges and to seize those opportunities.

The changes that have taken place in Asia over the last few years represent perhaps the most fundamental shift in global economic power of the century. Japan, reindustrialized and reinvigorated, has emerged as an economic superpower. Home to the twenty largest financial institutions in the world. To an economy so resilient that only three years after the Louvre Accord its exporters have more than fully accommodated the effects of "endaka", a massive realignment - to the tune of some 70% - of the yen relative to the U.S. and Canadian dollars.

By the year 2000, Japanese overseas assets will likely exceed one trillion U.S. dollars. Already the largest source of capital in the world, Japan is rapidly moving to become the world's largest aid donor. Only twenty years ago Japan was the second largest recipient of World Bank loans.

Japan is not the only success story in Asia. South Korea, thirty years ago a poor country striving to rebuild following a devastating war, has boldly crossed the barrier between developing and developed that has proved so elusive to most of the countries of the world. Taiwan has accumulated the world's second largest reserve of foreign currency and, along with Korea, Hong Kong and Singapore, has surpassed the level of economic development of some western European countries. Malaysia and Thailand are not far behind. These countries are rapidly expanding their manufacturing bases with the assistance of a higher yen and Japanese investment, and are moving into the production of automobiles, consumer electronics and computers. India, with the second largest population in the world, has achieved self-sufficiency in food. It has one of the ten largest economies in the world, one of the greatest reserves of trained professionals, and can manufacture virtually any industrial product.

As Japan moves onto higher levels of technology, the newly industrialized economies will occupy vacated markets, developing their own products to compete effectively with Japan and with the other major economies of the developed world.

Modernization and economic reform in China seem firmly entrenched despite the occasional slowdown to accommodate the pressures of too much investment and too-rapid development. It offers new possibilities and challenges, including competition for us in some of our most reliable resource markets. A China rich in labour and resources and drawing on the capital, technology and marketing strength of Japan could well challenge many assumptions about the balance of economic power in the decades to come.

By the end of this century, Indonesia, Malaysia, Thailand and the Phillipines may well have reached the economic level and dynamism now enjoyed by the four "tigers". The coastal areas of China may well be close behind. India will boast an affluent and consuming middle class the size of the entire United States, an enormous economic power house, a major challenge for exporters, and Soviet Asia should not be forgotten.

By the year 2000, Asia as a whole will contain some 60% of all humanity, a population producing both opportunities and challenges for Canadian immigration policy. It will produce a full 50% of all the world's goods and services, and dominate many of our new technological frontiers.

Recent political changes in Asia are almost as dramatic as the phenomenal economic growth in the region. Who would have dreamt even ten years ago of China embracing the basic precepts of a market economy and accepting criticism and dissent from within. Of rapidly expanding South Korean contacts with Communist countries which for many years denied its very existence. Of Sino-Soviet rapprochement. Of the Soviet Union declaring economic zones in Eastern Siberia. Of Vietnam and North Korea passing foreign investment laws designed to allow foreign multinationals to operate wholly-owned subsidiaries. Of a Soviet withdrawal from Afghanistan, and the beginning of a Vietnamese withdrawal from Cambodia?

Asia is on the move. For Canada the changes are real, fundamental, and of direct national concern.

Today, the Asia Pacific region accounts for some 43% of our non-USA trade, compared to 34% for Europe. Five years ago the figures were reversed. Two-way trade with the region accounted for \$28.5 billion last year, compared to \$16.5 billion in 1983. During the first nine months of this year, Canadian exports to Japan were up more than 50% over the same period in 1987, our exports to China and to Hong Kong up by more than 100%. Last year two-way trade between Canada and ASEAN increased 33% to almost two billion dollars.

A full fifty percent of our immigration now comes directly or indirectly from Asia.

Investment from Japan, Hong Kong, Korea and Taiwan is growing rapidly. In the automobile industry, in resources, in pulp and paper, in electronics and advanced technologies. It results in more jobs, new technologies, and a more promising future for our children.

Japanese tourists have increased by some 450% over the past five years. They are the highest-spending visitors we have, and the numbers are likely to continue their extraordinary growth in the coming five years. And they will be joined by rapidly expanding numbers from the rest of Asia.

The Government is responding actively to the opportunities Asia offers Canada:

-- We have developed and implemented national strategies for managing our relations with Japan, China and India. Our goal is to focus the efforts of Ministers, Parliamentarians and officials on key objectives agreed with the provinces and the private sector.

- We have opened new offices in Osaka, Shanghai, Bombay and Auckland.
- We have actively and financially supported the efforts of the Canadian Chamber of Commerce in its activities in the region, and we have applauded the opening of its Canadian trade office in Taiwan.
- We have established effective mechanisms for cooperation with ASEAN, including my annual meetings with their Foreign Ministers and the meetings of the ASEAN-Canada Business Council.
- We have actively supported the initiatives of this Asia-Pacific Foundation. You have become one of the most dynamic and forward-looking links between Canada and Asia and the Pacific. It is interesting to note that the Foundation enjoys the support of all federal political parties and of both provincial and federal levels of Government. The kinds of programs this Foundation has instituted are very much in keeping with what I believe needs to be done in the future.
- We have supported PECC, PBEC and a host of bilateral business councils and committees.
- In Japan we have pursued new initiatives in financial services, in investment promotion, in cooperation in our respective development assistance programs, and in scientific collaboration and technology transfer.
- In 1986 we signed a science and technology agreement with Japan, an agreement which has (by virtue of an expansion negotiated this very week in Tokyo) some ninety active projects in areas as diverse as advanced industrial materials, space cooperation, environmental protection and bio-technology.
- We can look forward to an even more dynamic program of scientific and technological cooperation with Japan when a report commissioned jointly by Prime Ministers Takeshita and Mulroney is submitted by eminent scientists of the two countries.
- We have actively sought strengthened political ties with Japan - since January of this year alone, our two Prime Ministers have had two bilateral meetings, I have met with my Japanese counterpart four times, and my colleagues Pat Carney and John Crosbie have similarly met on a frequent basis with the Japanese Miti Minister.

- We have embarked on a program to open up new air services to the Asia Pacific region, and we have succeeded dramatically: new routes to China, Korea, Thailand, Singapore, India and the Philippines have been negotiated, as have most recently new services from Vancouver to Nagoya and eventually Osaka and a new non-stop route between Toronto and Tokyo.

- We have broken ground for our new Embassy in Tokyo, which will house not only our own federal government but our provincial and private sector partners in a magnificent showcase for Canada.

These are among the steps that we have taken over the last few years.

I believe that we are well launched on the path to developing in our own country most of the attitudes and approaches necessary to seize the opportunities the "Pacific century" is likely to offer us. The steps we have taken are real and will bear fruit - indeed they are doing so already. But that is only the beginning. Much more needs to be done.

There are five broad areas where we should be developing new programs aimed at making Canada an important economic and political partner to Japan and other key countries of the Asia Pacific region. I offer them to you as ideas that can form the basis of the next set of Canadian initiatives with Asia and the Pacific - ideas which my colleagues and I intend to explore further with the provinces and the private sector.

First, we must improve the teaching of Asian studies in Canada, particularly languages and cultures. That includes every aspect of Asian society - history, culture, economics, language, the way they think and they way they act. If our business and governmental leaders of tomorrow cannot understand or communicate with our Asian partners, we will be left far behind other countries which can.

In Australia today, more than ten times as many young people are studying Japanese as in Canada. The United States, Britain, France and Germany also outpace us as well. We will need to do more if we are to compete equally in this challenging environment. I would see language and cultural awareness studies taking a number of forms:

- Applied language and business practices courses for the business community;

- Expanded Asian language instruction, particularly in Japanese, at the university level combined with applied study in sciences, engineering and other professional fields;
- Support for secondary school programs of language study and cultural awareness, including exchange programs.

Second, we need more effective scientific and technological cooperation, especially with Japan. While I would not wish to prejudge the recommendations that will be made to our two Prime Ministers in the joint complementarity study, our objective is clear. We need a framework for expanded programs of exchanges, direct support for cooperative efforts in key scientific areas and more modest programs to help Canadian institutions and researchers work with their Japanese counterparts.

Third, we must strengthen the trade and investment efforts that we began with the national trade strategy. That could include the opening of new offices in the region, sector-specific programs of export promotion, targeted investment attraction programs, and support for attempts to establish collaborative ventures with Asia companies to penetrate third-country markets.

Fourth, we need more programs to help Canadians learn about Asia and vice versa. For example, we should encourage and assist research on Pacific-related issues by our universities and foundations, including the Asia-Pacific Foundation; fund visits to Canada by young Asian leaders and prominent journalists; support "internships" by young Canadians in Japan and young Japanese in Canada; and expand the communications and culture program centered in the tremendous facilities which our new Embassy in Tokyo will offer us.

The United States, Australia, and all the major European nations pursue programs which are similar in thrust to the kind I see us exploring - the problem is that these competitors are already actively supporting projects and programs that risk giving them a better understanding of, and better visibility in, Japan and other key regional countries. It is worthy remembering that of all the OECD countries, only Australia is as dependent on its trade with Asia as is Canada.

The final element I believe we should be pursuing is the question of Pacific institutionalization. There is no Pacific equivalent to the network of the North Atlantic organizations and institutions that link the European and North American countries politically, economically and in the preservation of peace.

If a sense of community is really starting to develop among the countries that border on the Pacific, the way this is reflected in future institutional structures will be vital to multilateral cooperation and policy coordination. Canada has already taken a very active role in the examination of institutional development in the context of the Pacific Economic Cooperation Committee, and in the encouragement of a positive, future-oriented dialogue between the developed countries and the newly industrialized economies. I believe we must continue to be active in Pacific institution building, helping ensure that the institutions that emerge are vehicles through which we can pursue and promote our national interests, and project Canada as an important player in Pacific affairs.

Ladies and gentlemen, what I have outlined are not the definitive answers to how we manage ourselves on the Asian stage of tomorrow. They are simply some of the ideas that I believe we should be collectively examining as we build a national consensus on our Pacific future.

We will have to be creative, flexible and determined. The challenge is great, but the opportunities are tremendous. Together we can do great justice to our Pacific vocation, rooted in the past but poised to meet the future.