

# Statement

Secretary of  
State for  
External Affairs



# Déclaration

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## "CANADA AND ASIA PACIFIC IN THE 1990'S"

### NOTES FOR A SPEECH

BY THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS,

THE RIGHT HONOURABLE JOE CLARK,

AT A LUNCHEON HOSTED BY THE

VICTORIA CHAMBER OF COMMERCE

VICTORIA, BRITISH COLUMBIA

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For the past year, the eyes of the world have been fixed on Europe. That fixation is easy to understand. The images are magnetic:

- the playwright Vaclav Havel, recently a prisoner, is now President of Czechoslovakia;
- an electrician from Gdansk triggered a political revolution in Poland;
- the Berlin Wall, has crumbled before our very eyes;
- the Iron Curtain is in tatters.

Two years ago, a movie or a novel written with those images would have been dismissed as fantasy. They are not fantasy. They are history - and in a world so small and interconnected, they are our history.

What is compelling about these events in Europe is not their drama but their meaning. An era in history is over, and a new era beginning. A continent torn apart by ideology and military competition now has a chance to remake itself anew - whole, prosperous and free. A world once frozen by East-West rivalry is now being freed of that constraint. It is a world of new opportunity, but also of new challenges.

For decades, our preoccupation with a brittle peace in Europe has diverted our attention from other global problems - the threat to the environment; the crises of international development and debt; the growth of terrorism made more lethal by the proliferation of weapons of mass destruction; the sophistication and the tentacles of the international drug trade; and the persistence of explosive regional conflicts fuelled by zeal and fear. The preoccupation with Europe - ideologically and militarily - has kept these other priorities far too low on the global agenda.

That focus on Europe has also overshadowed developments of historic proportions taking place elsewhere in the world, most notably in Asia-Pacific.

While the countries of Europe and North America were building their armies and their arguments, the countries of the Pacific were creating an economic miracle which knows no equal. Japan is on its way to becoming not only an economic superpower but probably the economic superpower of the next century. Already that country is the world's largest creditor nation. It has become the world's banker. In high-technology; in banking; in the automobile industry, which was once the flagship sector of the North-American economy: Japan is in the lead.

And it is not alone in Asia.

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.

Since 1970, Asia's share of global output has doubled. Since 1970 trade within the region has grown 10-fold. 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.

There is no disputing the basic fact: the center 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. We still do trade - and we will 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 relation with Japan and the four Tigers than does any other member 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 fate as a prosperous society is now inextricably linked to that of the Asia-Pacific region.

That's economics.

Our ties to the Pacific go well beyond trade and investment. Over half of our immigrants now come from Asia. Canada has taken over 100,000 refugees from Indochina. The last war in which large numbers of Canadians lost their lives was not in Europe but in Korea. Much of our peacekeeping experience was acquired in Asia. A major portion of the drugs on our streets comes from that continent. And the pollution which rings the globe and knows no borders is in part of Asian origin.

The problems of the Pacific are not Pacific problems; they are Canadian. Prosperity in the Pacific is prosperity for Canada. And security in the Pacific is Canadian security.

I started by noting the revolution sweeping Europe. That revolution offers lessons, opportunities and challenges for the Asia-Pacific region.

One lesson is that, in the long run, economic prosperity and political liberty are linked. The rejection of communism by the peoples of Eastern Europe was not an ideologic decision. They rejected communism because it did not work. Moreover, they have chosen to pursue both democracy and the open market because they know that neither can be secured without the other.

This triumph of the values of democracy and the open market has roots as well as resonance in Asia. The reforms which are blooming now in Central and Eastern Europe showed their first buds in China. At a time when they were still shunned in their own land, the economists who had designed the brave reforms of the 1968 Prague Spring were teaching and toasted in China, sponsored by the Chinese government.

And the lessons of Central and Eastern Europe cannot be lost on the China and the Asia of today. The events of Tienanmen Square brought a bloody halt to the march towards democracy in China. But that was one battle in a long struggle. In time, that struggle will be won. And the lessons of Eastern Europe - that prosperity and freedom go hand in hand - will be learned and acted upon - in China and in other countries where democracy has yet to spread.

But the events in Europe have other implications for Asia. If the Cold War is over in Europe, the same cannot be said for Asia, where the signs are mixed. The Soviet Union has reduced its standing army and its nuclear missiles in the Asian region. It has withdrawn from Afghanistan. It has pulled out of Cam Ranh Bay in Vietnam. At Soviet prodding, Vietnam has withdrawn its forces from Cambodia. But Soviet Far-East forces, particularly its growing navy, remain far in excess of what is needed for a prudent national defence. Doubts persist in Japan and elsewhere as to whether Mr. Gorbachev's peace offensive applies to Asia as well as Europe.

The Cold War in Asia owes most of its origins to the Cold War in Europe. But it also has a life of its own. It would be a tragedy if resolving the tensions in Europe which have brought so much bloodshed to Asia does not also lead to accommodation in Asia.

However, winding down the Cold War in Asia may not mean the end of conflict; indeed, in some cases, it may intensify conflict. Superpower tensions are usually seen as making conflict more likely. But they have also acted at times to limit conflict through constraining individual countries and regimes. The challenge is more complex than simply reducing superpower tensions.

Thus the Korean stand-off remains one of the most dangerous zones of confrontation in the world. Its resolution depends on the regime in Pyongyang accepting that aggression will never succeed. Until that occurs, the Korean situation will continue to threaten regional - and indeed global - peace.

Equally, in Cambodia, once an innocent victim of the superpowers, a terrible conflict persists which is increasingly local in nature. The legacy of past bloodshed lives on in unreconciled ideologies and ethnic hatred in which today only Cambodians are the casualties.

In the Philippines, we see another orphan of the ideological battles of the past. For decades throughout the region, local Communist parties and guerillas - with the help of Moscow and Peking - sought to topple the governments of Thailand, Malaysia, Singapore and the Philippines. Only in the Philippines, does this legacy persist, but its persistence is troubling not only for the government there, but also for regional stability.

And elsewhere - in Kashmir, along the Sino-Vietnamese border and in the Khmer-Vietnamese rivalry - we see old antagonisms and ideologies which persists despite the relaxation of the Cold War.

So the events in Europe find their reflection in Asia in reduced superpower tension and involvement. But the reduction in tension has been less complete, and that reduction has not acted to eliminate those conflicts which always have been - or have become - local in nature. There is a specific set of Asian security concerns which have gone unaddressed and which, if not managed, can threaten regional and indeed global peace.

This is where there has been a remarkable difference between the structure of security in the Pacific region and the structure of security involving North America, the USSR and Europe. During the Cold War, a web of military Alliances and institutions for economic co-operation acted to co-ordinate State behaviour and to limit conflict. And now in the post Cold War period, a new set of institutions is emerging, in the form of transforming Alliances, an enlarged and unified European Community and an institutionalized CSCE process.

The Asian equivalents of these organizations do not exist. There is no NATO, no Warsaw Pact, no CSCE. There are no regional institutions where leaders and officials can meet regularly to exchange views and construct new understandings. The one exception is ASEAN, a regional organization which Canada values. However, ASEAN can only fill part of the vacuum we see because of its limited membership.

In our view, this difference is not simply a difference between regions. It is also a shortcoming. If there is one lesson which recent decades demonstrate, it is that economic prosperity cannot long endure without a structure of institutional relationships and stable security, just as security is shortlived if it is not accompanied by economic strength and social justice.

That security, that prosperity, that justice will best arise by nations regularly talking together, working together. No matter what the issue, the beginning of any process towards peace is conversation. - Conversation which does not necessarily accept that the other side is right, simply that the other side has a legitimate viewpoint. It is an acceptance of the reality that on most issues there can be only winners - or only losers.

That kind of dialogue, and the development of the practice of working together are remarkable by their absence in Asia today. Dialogue is needed between India and Pakistan. It is needed among the four Cambodian factions. It is needed between the two Koreas. It is needed between Vietnam and China. It is needed between Japan and the Soviet Union. And it is needed among all the players in the region.

The time has come to develop institutions of dialogue in the Pacific to match the maturity and prosperity of those societies and those economies. Canada believes that one place to begin is among the countries bordering the North Pacific. That would include the United States and the Soviet Union, the two Koreas, Japan, China and Canada. At the outset, such a new security dialogue need not involve fixed agendas or require that all issues be discussed. The priority should be to develop the habit of an open and free discussion. That process would identify the issues on which North Pacific nations could make progress together.

A North-Pacific security co-operation dialogue is long overdue. Security problems are a singular threat to continued economic growth. They are a chief cause of refugee movements and could easily derail democratic reforms throughout Asia. Persistent security problems perpetuate distrust, propel arms races, prompt questionable nuclear programs and involve a massive hemorrhaging of resources. The absence of structures to manage these problems is in direct contrast to the intense economic activity in the region, and a direct threat to the future of that economic activity.

We might consider a Pacific adaptation of the Conference on Security and Cooperation in Europe. One area for initial exploration may be the so-called "confidence and security-building measures", which contributed so much to the transformation of Europe since the Helsinki Conference.

Throughout the 1980s, the Soviet Union made numerous proposals in this area. Most were either propaganda or a search for unilateral strategic advantage. But given the transformation in East-West relations, perhaps it is time to return to the charge, to identify those proposals that have serious merit and to make serious counter-proposals.

Such measures could include information exchanges, military manoeuvre notification and Open-Skies regimes. And if the dialogue on conventional forces in Europe develops into a dialogue on naval forces, the Pacific ocean is an obvious locus of concern and action.

I have emphasized the linkage which exists between economic security and military security. But there are also issues in the economic field alone which need more regular discussion and co-operation, within some kind of institutional framework.

It is a truism today that the prosperity of every state depends on trade. For trade to grow, there must be predictability. There must be a sense that rules exist and that these rules will be honoured, in their spirit as well as their letter.

Unfortunately, in the Asia-Pacific region, some of the countries who profit from open markets in North America keep trade barriers at home. There are strong local pressures to protect local interests and industries. We understand why this happens. But we do not accept a situation that lets exports out of these countries move more freely than imports into them. That is why Canada has placed such great emphasis on success in the Uruguay Round of trade negotiations. We are looking for change not just in traditional tariffs and quotas, but also respecting new issues such as investment, trade in services and an improved system to settle disputes.

The Uruguay Round is important for other reasons as well. The Asian dynamo, the new free-trade area in North America and the integrating and expanding European market together present the possibility - and danger - of trading blocs. Groupings which may erase barriers within blocs but raise barriers between blocs.

If such a system is allowed to develop - untempered by a strong set of open, global trade rules - the destructive and fruitless beggar-thy-neighbour policies - which we have experienced with states in the past - will simply be replaced by similar policies between regions. Not only does this not make economic sense, it also presents the prospect of trade wars spilling over into political and security areas.

That is why the Uruguay Round of world trade negotiations must succeed.

However, it is also clear that the economic relation between North America and the Pacific poses special challenges which may well require solutions which go beyond the universal structures we are trying to build through the Uruguay Round.

One particular problem is the massive trade imbalance between the United States and Japan. One can argue indefinitely - and unproductively - about who is more to blame for that trade imbalance. But the point is that it exists, that it poses real dangers to the world trading system and that it may pose a threat, indirectly, to regional security. One telling fact alone gives cause for concern: recent polls show that the American people consider Japan to be a greater threat to US security than the Soviet Union.

Japan and the United States have decided to tackle their trade problems bilaterally. We are pleased that just two weeks ago, they announced the conclusion of their Structural Impediments Initiative. That initiative was based on the recognition that there are peculiar problems based in national systems, cultural habits and internal practices which are not normally addressed through multilateral trade negotiations. We hope this approach succeed. But bilateral deals can pose risks for countries not at the table; particularly for a country as open and dependent on trade as Canada. We have made it clear to both the Japanese and the Americans that their process should not create new problems for Canada. Their initiative should solve trade problems not transfer them, and we are confident both these nations understand our concerns, and share them.

It is Canada's strong view that the most solid basis for a lasting solution to trans-Pacific trade problems is an open, stable and free trading environment, a trading environment regulated by clear rules, fairly applied and comprehensively observed.

I am sure our trading partners share this view. That is why one of the clearest messages coming out of the first ministerial meeting of the Asia-Pacific Economic Co-operation Forum in Canberra last November was a ringing endorsement of the need for a successful Uruguay Round.

A regional grouping such as that forum should not be a threat to the global trading system. 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.

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. And such a forum provides the potential for dialogue on other international issues, issues which can only benefit from discussion and an exchange of perspectives. That is why both John Crosbie and I are planning to attend the second Ministerial Meeting of Asia Pacific Economic Co-operation Forum in Singapore two weeks from now. And that is why John Crosbie will host a special meeting of Trade Ministers from these countries, focussing on the Uruguay Round, in Vancouver this September.

At the moment, this economic co-operation Forum includes Canada, United States, Japan, Korea, Australia, New Zealand and the six ASEAN countries. 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 have talked about the requirement for a Pacific security dialogue and the requirement for a Pacific economic dialogue. In so doing, I have drawn on some lessons from the European experience, some comparisons and some challenges which that experience presents to the region. But the Pacific region itself offers some lessons for the rest of us.

The first relates to Asia's tremendous economic growth. East Asians have been practicing for decades the open market philosophy that others have been preaching. East Asians work hard, they save, they invest and they market aggressively. They are innovative. They are inventive. Their governments promote industrialization not through centralized five-year plans but through constant dialogue among all partners in society. There is a unique national consensus on the management of change, on responding to external challenges and on reaching common goals. All sectors of society contribute together - business, labour and government. And they contribute across the board, beyond the factory to educational systems and research and development activities.

We should not be surprised that what we have been saying for centuries works when those words become deeds. Asia's energies and Asia's accomplishments provide many lessons for us all to learn. And they are a model for Eastern Europe, for Africa and for Latin America. These countries were once poor. They have been ravaged by war, some very recently. Their accomplishments are dramatic.

A Canadian approach to the Pacific should reflect the successes of societies in that region. This a matter too important to be left to governments alone. The contribution of industry and individuals is key. I know some of you have been active in the Pacific Economic Co-operation Conference, in the work of the Pacific Basin Economic Council and in the many bilateral business associations which have been formed with our trans-Pacific partners. The Government looks forward to - and depends upon - your continued commitment.

There is a second point to be made. Our preoccupation with Europe has focused on building a fabric of common security between the Soviet Union, the countries of Western, Central and Eastern Europe, and the North American continent. In one sense, we are replacing a partial peace in Europe with a peace which is whole. And we are building a new framework for European prosperity. But in another sense, that European peace and prosperity will still be partial if we are not able to benefit from bringing Asia into the new Europe now being built. This relates not only to the danger of regional blocs I noted earlier. It also relates to the extraordinary talents and resources which Pacific nations can bring to the tasks of economic reconstruction and trade expansion. We have before us the opportunity to create not simply a new Europe, but a region of security and prosperity which circles the globe.

To say that Canada is a Pacific nation is not to report a geographic fact. It is to assert a common interest. It is to declare a future. It is to commit to a course of action. And it is to assert unique advantages, advantages which come from our considerable trade, our human links, our experience in peacekeeping, our status as provider of one of the best aid programs in the region and our reputation as a stable, reliable and major player even though we are not a superpower.

Communities of nations, like communities of individuals, are more than just an aggregate sum of transactions. Communities reflect common values. They behave in certain ways. They engage in dialogue. They seek mutual advantage and avoid unilateral gain. And in so doing, they build an organic fabric of peace and prosperity which can withstand pressure and which therefore endures.

For decades, Canada has been preoccupied with building an Atlantic Community of nations. That community has been built. It has served us well. And it will continue to be of lasting value into the future. Now is the time to turn to the task of giving structure and strength to a new community, a Pacific Community. A community which is Pacific not only in its geography but in its behaviour. A community which advances Canada's interests, preserves our peace and promotes our prosperity.

That is a central task for the future foreign policy of this country. And with the help of all Canadians, we intend to pursue it with vigour and with imagination.