

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

92/40

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NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
TO THE
APEC MINISTERIAL MEETING

BANGKOK, Thailand
September 10, 1992

Mr. Chairman and fellow Ministers,

On behalf of the entire Canadian Delegation, I would like to express Canada's sincere gratitude and appreciation to the Government and people of the Kingdom of Thailand for the superb arrangements made for this meeting. We are also grateful, Mr. Chairman, for the wonderful hospitality we are receiving: it is certainly no wonder why this remarkable country is often referred to as the "Land of Smiles."

Since our last gathering in Seoul, the world has witnessed profound upheavals in the global political and economic landscape. Perhaps the most spectacular has been the dissolution of the Soviet Union, the full political and economic ramifications of which the world is only beginning to come to terms with. What seems clear from the events of the past year, Mr. Chairman, is that international crises and problems now more than ever demand multilateral solutions. In view of Canada's well-known commitment to multilateralism, it will not surprise many around the table that Canada has played an active role in forging multilateral responses to the critical challenges that are now confronting us.

Mr. Chairman, our foreign policy is designed to promote a stable, prosperous global environment including the Asia-Pacific region, one that is committed to rule-based international political and economic systems, protection of human rights and adherence to international environmental agreements. That is why we have placed such a high priority on regional economic initiatives such as Asia Pacific Economic Co-operation (APEC), which has unquestionably become the primary vehicle for strengthening economic co-operation in the Asia-Pacific region.

This Fourth Ministerial Meeting is taking place at a critical juncture in APEC's evolution. By endorsing the establishment of an APEC secretariat, this meeting will mark the culmination of APEC's initial phase as a relatively unstructured dialogue, and the inauguration of its new phase as a regional organization.

Mr. Chairman, we have high hopes and a grand vision for APEC. With a vigorous new institutional arrangement to support our dialogue and bring focus to APEC's work, we envisage this organization becoming:

- ♦ a vibrant expression of an emerging Asia-Pacific community committed to the freer flow of goods, services, capital and ideas;
- ♦ a vehicle that fills the vacuum of multilateral dialogue in the region;
- ♦ a leader on issues of international trade and economic relations commensurate with the region's stage in the global economy; and

- ♦ a "shock absorber" that, through dialogue and increased transparency, enables the region to respond to emerging frictions and adapt more smoothly to the rapidly evolving global environment.

Although this may seem a tall order, we believe that we now have the necessary framework in place to put APEC firmly on the path toward realizing these goals. What is required now is hard work and commitment to purpose.

In our three brief years together in APEC, Mr. Chairman, we have already accomplished a great deal, for which we can all share some well-placed pride. We have become the first international organization in which China, Hong Kong and Chinese Taipei are all represented at Ministerial level. We are dealing sensitively with the question of new members, and it is my sincere hope that we will be welcoming Mexico to our APEC family before too long. We have launched work projects in distinct and practical areas. We have made considerable efforts to move forward the Uruguay Round and have launched a valuable consultative process on economic trends and issues in the region, which provides us with an opportunity to exchange information on the performance of, and outlook for, our respective economies.

In Canada, as in a number of other countries worldwide, we continue to struggle with a slow economic recovery. However, with the measures that we have taken since 1984 -- including, for example, reforming our tax system and negotiating a free-trade agreement with our largest trading partner -- I believe that we have made good progress in laying a solid foundation for future growth.

We already know, however, that we cannot rely on traditional means to protect our future. Our growth and prosperity will depend on the degree to which we can adapt to new conditions, demands and competition. In October of last year, we launched a Prosperity Initiative across Canada, dedicating considerable time and effort to consulting Canadians on how to meet the competitive challenges of a changing global market.

To support that objective, we look to the Asia-Pacific region, with its well-educated work force, its emerging financial markets and its diverse and dynamic economies, to play an increasingly important role in both pushing and pulling us toward improving our competitive knowledge, skills and practices.

Canada already has important economic relations with the Asia-Pacific region. Substantially, more Canadian trade now flows over the Pacific than the Atlantic, and that margin is growing. The Asia-Pacific region has also been an important source of investment capital for Canada, providing direct investment that

has grown at an average annual rate of 29 per cent over the last half of the 1980s.

To better understand and strengthen these increasingly important ties, Canada proposed, in 1991, that APEC establish an Ad Hoc Group on Economic Trends and Issues. The primary objective of this forum is to exchange information, identify and study economic prospects and developments, support Ministerial discussions and provide the broader context for APEC work projects and other activities. As the membership of APEC grows, the value of such an exchange only increases.

That there is a critical void here for APEC to fill cannot be in doubt. With a population nearing two billion, an aggregate gross national income already twice that of the European Community, and as the source of nearly 30 per cent of global trade, there is no question that the APEC region has become an economic powerhouse of vital importance to the rest of the world. Yet what is striking is that this region, unlike the other major economic regions of the world, has hitherto lacked a formal, intergovernmental mechanism to discuss the economic issues that increasingly affect the performance of our respective economies, such as labour and capital shortages, investment needs and inflation.

We are pleased with the progress of the Ad Hoc Group on Economic Trends and Issues to date, as reflected in the report of its most recent meeting in August, which is now before you. The substantive input for this report is derived from recent papers prepared by Japan on economic linkages in the region, and by Korea on the short- to medium-term outlooks for the economies of the region. Both papers, Mr. Chairman, are serving as an excellent basis for our discussions today and we believe that it is essential to continue this type of preparatory work.

It is Canada's view that the economic dialogue is not only a useful but a vital part of the APEC process. This group can make a significant contribution toward our understanding of economic developments in the exemplary, transparent and co-operative manner that has come to characterize APEC.

I must make it perfectly clear, Mr. Chairman, that we do not envisage this exercise engaging in G-7 style, macro-economic policy co-ordination. Given the diversity of economic systems that APEC embraces, it is difficult for us to imagine how this could even be a genuine concern. We also do not see this forum engaging in a "peer review" of each other's economic policies, along the lines of the Organization for Economic Co-operation and Development (OECD). We are talking about dialogue, Mr. Chairman; nothing more and nothing less.

Mr. Chairman, as investment and trade flows multiply in all directions throughout our region, and our economies become increasingly interdependent, it is clear that the scope for frictions and conflict between us will likewise expand. This is particularly likely in our region, given that misunderstandings can arise as a result of the enormous cultural, historical and linguistic diversity that the APEC region encompasses. This makes it all the more imperative that we have a forum in which our policy members can address disputes and problem areas before they become highly public and acrimonious, and therefore very difficult to manage.

Mr. Chairman, it is my fervent hope that our foreign affairs and finance officials will continue to meet on a regular and formal basis. This is essential if we are to promote our collective understanding of the region's economies and help us develop policies and implement decisions that significantly increase the prosperity that has come to be associated with this extraordinarily dynamic region.

Thank you, Mr. Chairman.