

Statement

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CHECK AGAINST DELIVERY

"MEETING THE CHALLENGE OF THE WORLD ECONOMY"

SPEECH BY THE

RIGHT HONOURABLE JOE CLARK,

SECRETARY OF STATE FOR EXTERNAL AFFAIRS,

TO THE CANADIAN EXPORTERS' ASSOCIATION

CALGARY, ALBERTA

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Secretary of State
for
External Affairs

Secrétaire d'État
aux
Affaires extérieures

Canada

I am beginning to believe, Mr. President, that your organization is clairvoyant. Last year, you were gathered in Ottawa for your annual meeting the day after we reached agreement on the elements of the Free Trade Agreement with the United States. And this year, you are here in Calgary, to kick off an election that will determine the future course of this country for years to come. If you do as well on planning your products and markets, your shareholders should have little to complain about. Perhaps you could let me know when and where you're holding next year's meeting, so I can be prepared.

But you are not just at the beginning of this election campaign. You are at the heart of it, because the election is about trade, and about how this country comes to grips with the changing modern world you deal with every day. The question is whether we are going to be confident and reach out to the world, or fearful, and back away from change.

I am not here to deliver a partisan speech (I would never do that. I am a statesman now, and you are non-partisan). But I want to talk about some changes in the world, and how we are responding to them - changes on three continents.

First, Asia. Half of the world's population is there - and its proportion is growing. They have learned to produce and trade in modern conditions. You know the impact of Japan, and the competition coming from the four tigers - Korea, Taiwan, Singapore and Hong Kong. But consider what will happen when those methods and that model are adapted by India, and by China. There are immense markets there, and real and growing competition. Those present great opportunities for Canada, if we reach out to seize them.

In Europe, the Community is moving steadily toward a unified single market by 1992 - a market the size of the United States. Over 300 laws are being changed. So are countless regulations. The challenge is to ensure that this new European market remains fully open to us, and that we rise to the opportunities of the competition that the new Europe provides.

In North America, we have negotiated a Free Trade Agreement between the two largest trading partners in the world. That is more than an agreement between two countries. It sends a signal to the wider world that protectionism is a dead end street, and that the future lies in more open markets.

Those changes are not confined to one continent. They are occurring everywhere in the trading world, and their effects have the most profound consequences. Part of what is driving Mr. Gorbachev is his recognition that the Soviet economy won't work in this modern world. Changes are occurring everywhere, and the challenge of modern economies is to stay on top of the change. That is a compelling reality for Canada, because we have always depended upon trade to grow, and because we are so open to the world.

Of course we have a choice in Canada. We can choose to ignore what is happening in Asia and in Europe and in the United States. But the price would be to fall steadily behind.

In this climate of world change, the Canadian Government has tried to create a framework of policies within which exporters and other enterprises can play confidently. We are working in harmony with markets, reducing the Government's claim on the economy, lightening the burden of regulation, encouraging foreign investment, and following responsible monetary and fiscal policies.

And the Canadian economy has responded. It has maintained steady growth over the last four years, achieving 3.9 percent real GDP growth last year. Canada's output and employment growth rates led major OECD countries over the past two years. Unemployment has fallen steadily, the balance of trade has remained positive, inflation has been held at tolerable levels, and investment has revived. The Canadian economy has been ahead of the pack. Problems remain, but our fundamental strategy is sound and should enable the economy to respond to the challenges ahead.

Canada's trade policy objective is to seek increased market access. Only through commonly agreed trade rules appropriate to its competitive capabilities can Canada create opportunities for real growth in the future. As exporters, you know that trade policy is not just a matter of tariffs and quotas ... today it touches key domestic issues, including fiscal policy subsidies and countervail, labelling and servicing, investment policy, intellectual property, technology policy, technical and phytosanitary standards - to name but a few. Because of this we must energetically stand and press for the lowering of barriers to trade.

The Canada-U.S. Free Trade Agreement is a signal advance in the relationship between our two countries. It provides enhanced security of access and creates opportunities for economic growth for exporters like yourselves. It marks a real step forward in assuring market access, thus countering protectionist pressures in our two countries. It registers agreement on a broad range of trade issues. Most importantly the Agreement provides an ongoing process for the handling of trade irritants. It also breaks new ground in fields such as services, investment and technical barriers. It is a very forward-looking document, comprehensive in coverage, and thoroughly consistent with our multilateral engagements. There are important issues left for future negotiations notably in subsidies and agriculture, but it is still, in substantive terms, one of the most comprehensive trade deals of our time.

Canada's trade policy is placing equal emphasis and importance on the Uruguay Round of the Multilateral Trade Negotiations. Our concerns centre on how to secure better market access where we need it most - in the markets of our principal developed trading partners as well as of the Newly Industrialized Economies. We also want to complete the work in those areas where we have not achieved a comprehensive outcome with the U.S.A. We want to obtain lower tariff and quota barriers, agreed rules on safeguards, subsidies and countervail, improved dispute settlement procedures, and expanded product coverage, including agriculture and progress on newer issues: services and the trade-related aspects of investment and intellectual property.

The Mid Term Review Ministerial Meeting in Montreal in December will be an important occasion to take stock of progress to date and to move the negotiations forward. Our negotiating objectives are presently the subject of detailed discussions with the entire Canadian business community. We expect to emerge from the Montreal meeting with a solid base for the successful outcome of comprehensive negotiations.

Our success depends on both trade policy and trade promotion. I have enjoyed working directly with many of you in this room, pursuing contracts for Canada, and sales for Canada, in Bangkok and Cairo, Caracas and Warsaw, Delhi and Nairobi, and elsewhere around the globe. When the Prime Minister and I and other Ministers travel in the world, we take the interests of Canadian exporters with us. Because we recognize the reality that the jobs that we are trying to create in Canada often get started in other countries.

The trade development side of External Affairs has expanded geographically and sectorally, despite general departmental cutbacks. Almost 60% of External Affairs' staff now deal with trade and economic matters. We have opened new satellite trade offices in nine U.S. cities and trade posts in Osaka, Shanghai, Bombay, Lyon and Auckland. Investment and technology acquisition programs are in place and are proving their worth - there are experienced investment counsellors in place now at our key posts abroad while some 20 posts have technology development or science and technology counsellors. Our posts are keeping step with the demands of this information age - the WIN Export system gives them fingertip computer access to Canadian sourcing for all major products, while the automated trade tracking system allows us to deploy our resources more effectively in accordance with changing market needs. An example of the success of our trade promotion program, is the U.S. Corporation Centimark which now uses technology based on a rubber product produced by Dunlap of Canada. This was the result of bringing key industry decision-makers through the "New Exporters To Border States" program.

I am pleased that my colleague, John Crosbie and your President, Jim Taylor were able to announce last week that we will increase trade development by funding \$57 million over five years.

This high priority for trade assistance can be seen now in terms of the program support available to you as exporters. International Trade Centres have been opened in cities across Canada to work with industry and other government departments to actively promote your interests. There has been a special effort made to involve smaller exporters in Canadian exhibits at trade fairs and in exploration of new marketing possibilities by posts. It has been heartening to see how many small businesses have been able to make good use of the opportunities created.

We have been carefully monitoring activity under the Program for Export Market Development to ensure that it contributes effectively to our export objectives, and will respond with adjustments where necessary. We have helped the Export Development Corporation improve its services to exporters, including, in particular, instituting a "fast track" procedure for approval of Section 31 financing. This government has moved to support Canadian exports around the world, and we intend to continue on that path.

The message I want to leave you with is one of confidence. This country has met past trade challenges well, showing ingenuity and resilience in managing the forces of change. It will do so again in the future, if we cooperate. Let's work together to create opportunities and meet the challenges of a global economy. Let's share the excitement of doing what has never been done before. Let's face the future with the same qualities that brought Canada to where it is today.