

STATEMENT DISCOURS



TEXT AS DELIVERED
OF AN ADDRESS BY THE
HONOURABLE EDWARD LUMLEY,
MINISTER OF STATE
(INTERNATIONAL TRADE),
TO THE
OECD MINISTERIAL
COUNCIL MEETING,
PARIS, FRANCE,
MAY 11, 1982

Mr. Chairman,

I am pleased to have this opportunity - a first for me - to address the Organization for Economic Co-operation and Development (OECD) Annual Ministerial Session and to contribute some Canadian perceptions and objectives on trade issues.

As a result of the Secretary General's timely and constructive report, and in light of events still ahead, trade questions are of crucial significance this year.

It is no accident that, in a period of prolonged recession, uncertainties predominate. Fundamental values and basic guiding principles affecting trade are greeted with skepticism. Confidence - the most vital ingredient of all for a genuine economic recovery - is also proving to be the most elusive commodity at the moment.

In Canada we have seen unemployment rise from 7.3% in the first quarter of 1981 to 8.6% - an increase of 18% - in the first quarter of 1982. The April figures indicated a further increase to 9.6% on a seasonably adjusted basis. This is the highest rate for Canada since the Great Depression.

We have no monopoly on unemployment statistics such as these and I recognize that the concerns they generate in Canada about our capacity to recover, about the credibility and effectiveness of the open trading system and about the "fairness" of trading relationships are shared in many OECD countries.

Our Government is under strong pressure at home from business and labour to stem the flow of imports in certain sectors and to protect jobs. We recognize that our failure to resist such pressure would only make matters worse but it

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is becoming increasingly difficult for democratic institutions to withstand these pressures. There is a strong perception that our market in Canada is more open than are certain foreign markets to Canadian suppliers.

Trade by itself and a mere rhetorical commitment to a strengthened trading system will certainly not turn matters around. But neither will protectionist measures. That route has been tried half a century ago and demonstrated all too vividly its inherent flaw.

We look forward to a speedy recovery of the USA economy, one which will offer dividends for all represented here. I am encouraged, Mr. Chairman, by the manner in which fundamental questions on fiscal and monetary policies were addressed by our Treasury and Finance Ministers in the earlier debate. A greater convergence of view and closer coordination of policy on macro-economic issues is essential to an improvement in and expansion of our multilateral trading system. In that sense I particularly welcome the Secretary General's report and his specific proposals on trade issues for the 1980's and see these as an important framework for attention and detailed study. This report highlights the important linkages between trade and macro-economic policies. It illustrates as well the beneficial impact on trade of effective adjustment policies by individual countries.

I am pleased to endorse these proposals, Mr. Chairman, and the unique contribution of the OECD in enhancing our capacity to persevere and manage our problems together. In a period of deep uncertainty and concern the OECD has a special responsibility to analyse the challenges ahead and provide clear prescriptions. Relevance is the watchword. I am confident that the excellent tools and talents at the disposal of the OECD can respond and stimulate support from those elements of our societies - political, business, labour and our public - which have a vital stake in a strengthened trading system.

From a Canadian perspective we have particular concerns, on which we look to the OECD and the GATT for complementary action in the months ahead.

1. On trade in services - we have found very useful the analysis of the nature of impediments to international trade in this area. More work of this kind must still be done to create an adequate basis for considering ways to improve international cooperation in this area. In Canada we have established a task force to identify Canada's interests in the issue.

2. Important work is being conducted in the OECD on trade-related investment issues. We want this activity to lead to a better understanding of the impact on international trade of both Home and Host Government policies and of multinational enterprises' practices. At the same time, we should be under no illusion about what might quickly be achieved. The issue affects particular social and economic policies in many countries. We feel strongly that such work must address the related question of the behaviour of multinational enterprises. (To a considerable extent, current Canadian policies in this area are designed to offset what we see to be a bias in multinational enterprise behaviour. These companies do not take full account of many of the economic advantages which would be gained by doing more of their business in Canada when they invest in Canada.)

3. On the integration of developing countries into the international trading system we recognize the need for a considered, comprehensive approach. This task is made more urgent and important by the rapid growth of new export markets in the newly industrializing countries and by the strong competitive position attained by many of these countries in world markets.

4. Turning to agricultural trade, Canada welcomes the Organization's special study on problems of agricultural trade. The key conclusions of the study bring out clearly a consensus that international agriculture markets are not functioning as efficiently as they could. One of the main reasons for this has been the formulation of national policies for the agricultural sector in isolation from trade considerations. We in Canada see growth in agricultural exports as necessary to meet increasing global food demand and to assist the problems of adjustment in the farm sector. We support greater policy coordination and a reduction in protection on a multilateral basis. We see the GATT Ministerial Meeting in November as vital to such progress.

5. The GATT Ministerial Meeting in November of this year offers an opportunity to reinforce the relevance and effectiveness of the multilateral trading system and to broaden its scope. I believe that the developed countries

represented in this institution have a particular responsibility to seek to ensure a positive result at that meeting. The result should strike a balance between unrealistic expectations and the need for greater relevance of the system to the reality of world trade.

In addition to subjects already mentioned, we look to specific improvements in existing Multilateral Trade Negotiation codes, a strengthening of the safeguards system and in particular a strengthening of dispute settlement procedures.

6. I am encouraged by the proposal on export credits which emerged from last week's meeting. Canada actively supports the elimination of the subsidy element in export credits and we will consider this proposal very sympathetically.

The best impetus to broader international efforts which could result from this OECD meeting would be a signal of our resolve to work together with others to achieve meaningful progress taking account of the interests of all trading countries.

The proposals from the Secretary General and the GATT Ministerial each provide opportunities for action as opposed to rhetoric. It is a time for action. It is a time for commitment and conviction. We need to send a signal of confidence to our societies to stimulate productive investment, more employment, stable growth and a strengthened trading system. We in Canada rely heavily on trade to assure growth of our economy. We will do our part to respond to the opportunities and the challenge ahead.