

Statement

Minister for  
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Discours

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**SPEAKING NOTES FOR AN ADDRESS BY  
THE MINISTER FOR INTERNATIONAL TRADE**

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**TO THE HISPANO-CANADIAN ASSOCIATION**

**MADRID, SPAIN**

**June 6, 1989.**

Secretary Ruiz, Ambassador Loranger, President Echarri, Ladies and Gentlemen,

Thank you, Secretary Ruiz, for your kind words of introduction. It is both a pleasure and an honour for me to be invited as the inaugural speaker of the Hispano-Canadian Association.

Before speaking about the Canadian scene and our plans for increasing our ties with Spain and Europe, I would like to congratulate and compliment Secretary Ruiz and President Echarri.

Secretary Ruiz because our statistics show Spain's exports to Canada increased by 47 percent in 1988 to reach a record high of 708 million Canadian dollars.

President Echarri, for his initiative in launching the Hispano-Canadian association which augurs well for the strengthening of commercial, scientific and cultural ties between our two countries.

Although Canada and Spain traditionally have not been major trading partners, the formation of this association, and of similar associations in Canada, symbolizes the new spirit of cooperation that is growing between our respective business communities.

Many significant changes have taken place in our countries in the past decade. However, two of the more recent may well have an historic impact on us in the years to come. Spain has seen dramatic growth through its membership in the European Community and, in fact, is now providing leadership to that same community through its term as president which ends this June. Europe 1992, the single market should bring even greater growth for you. On our side of the Atlantic, the Canada-United States Free Trade Agreement, which solidifies the trading links of the largest bilateral trading relationship in the world, will serve as a catalyst for further growth in the Canadian economy.

These developments are significant, not only for our individual countries, but for the world economic system as a whole.

On the bilateral side, two-way trade between Canada and Spain has doubled since 1985 and now approaches one billion dollars yearly. As I noted earlier, the fastest growth has been in Spanish exports to Canada. Nevertheless, Canadian exports to Spain grew 12 percent during 1988 with many new possibilities for the future being identified.

Canada now supplies only 0.4 percent of Spain's total imports while the comparative figure for Spain is 0.6 percent of Canadian imports. As an optimist, I can only say that the potential for growth for both parties is excellent.

To encourage that growth, I have brought 12 presidents and chief executive officers of Canadian companies with me. They provide products and services ranging from aircraft and urban transportation systems, to sophisticated ticketing, credit card and communications systems, to cable television services, to some of Canada's finest fisheries products, to the best pure-bred Holstein-Friesian breeding stock in the world.

Canadians are taught in school that the first person to circumnavigate the world was the Portuguese sailor Ferdinand Magellan. Few of us know, however, that it was a Spaniard, Juan Sebastian Elcano, who led Magellan's fleet home.

This, of course, is not news to our Spanish friends, but the fact that Elcano is virtually unknown in Canada is symptomatic of the lack of common knowledge we have about each other.

Elcano and his men were motivated by a Latin aphorism much in vogue at that time "navigare necesse est"--or, "you have to travel". Some 470 years after Elcano, the saying is as true as ever. That is why we are here, and I can assure you we are having our eyes opened with respect to the renaissance of modern Spain--"mas vale tarde que nunca" or, as we would say, better late than never.

Important changes are taking place in our countries resulting from Europe 1992, the single market and the Canada-U.S.A. Free Trade Agreement. As a result of these initiatives, one of the aspects of our bilateral relationship that I would expect to develop is that of strategic partnering. By this I mean Spanish and Canadian companies cooperating through joint ventures, technology or know-how transfers, or other combination of their forces.

This type of alliance is essential if companies in Spain and Canada are going to become strong enough to meet the restructured competition that will emerge as we move to larger, more integrated North American and European markets. Companies must develop, one way or another, an edge that will enable them to survive and prosper in the global trading environment.

As our companies in many cases, are of similar size, it would seem natural for them to pool their resources, research and know-how to position themselves in each others newly integrated markets. Such joint ventures will be able to serve both the European and North American markets and offer the prospect of cooperation in other markets in Asia and the Pacific, Latin America and the Middle East.

It is worth noting that aside from the companies that are here today, other Canadian firms are also active in Spain. For the first time in many years, Canada is an official participant in an important Spanish trade fair, the Informat Communications Show in Barcelona which is taking place this week. Seven Canadian companies are displaying their products at that show.

There are also Canadian corporations which have invested in Spain, over 12 in all, with investment totaling several hundred million dollars. These companies include such well known Canadian firms as Alcan, McCain foods, the Royal Bank of Canada, Canstar, Hiram Walker, Seagram, Denison Mines, Petro Canada, Cominco and Molson.

These are the leading edge of what I trust will become a significant Canadian flavour to the Spanish market.

However, in the development of any significant relationship, there are hurdles that must be overcome. One of the most serious at the moment concerns the excessive level of fishing by some European countries, and Spain is one of them, in the international waters near the Grand Banks of Newfoundland. The threat this poses to proper management of Canadian fish stocks is a very real one, on which hangs the livelihood of thousands of fishermen and plant workers in Atlantic Canada. Just last month, one major plant was closed and six more affected by lay-offs due entirely to a shortage of fish.

Just before coming to Spain, I co-chaired the Canada-European Community Joint Cooperation Committee with Frans Andriessen, Vice President of the EC Commission. Naturally, the problem of fishing in the Northwest Atlantic figured prominently.

We agreed on the need for effective conservation measures to protect fish stocks, and on the urgency of resolving our current difficulties in the context of the Northwest Atlantic Fisheries Organization (NAFO).

Canada is committed to the concept of sustainable development of the fishing stocks in the Northwest Atlantic. We recognize that international cooperation in conservation and management of limited fish resources is a central challenge for policies of sustained development.

Clearly there are no quick and easy ways to resolve this issue. Yet it is imperative that we make progress towards a resolution. A carefully managed program of conservation and management will, in the long run, be of benefit to all NAFO contracting parties, including Spain and the European Community.

Turning now to Canada's place in the global economy, I would like to review with you how the Canadian Government has focused on revitalizing Canada's economy.

--Gross domestic product has grown by an average of 4 percent, a rate second only to Japan, among major OECD countries;

--real business investment increased by an average 7.8 percent from 1984 to 1988;

--Canada's nominal exports have increased by 23 percent over those years, including a 47 percent increase to the European Community, a 42 percent increase to Japan and a 20 percent increase to the U.S.A.;

--the federal deficit has been brought under control and further progress is expected as a result of tough measures in our recent budget.

--competition policy has been modernized, to check anti-competitive behaviour more effectively but also to recognize the increasingly global context in which we must operate;

-- major reforms have been made to permit the integration of financial services and to liberalize foreign ownership rules for financial investors. For example, foreign institutions can now acquire domestic security firms and further reforms are planned to make financial services more internationally competitive;

--major privatizations include the Canada Development Corporation, de Havilland Aircraft, Canadair, Canadian Arsenals, Teleglobe, Fisheries Products International and privatization of Air Canada is now under way;

--restrictive foreign investment policies of the past have been turned around. The foreign investment review agency has been turned around. It has been replaced by Investment Canada, with a mandate to increase international investment in Canada; and

--we followed a policy of emphasizing trade first, through a two-track trade negotiation strategy...multilaterally under the Gatt and bilaterally with the United States...and, second, by developing new growth opportunities, particularly with Europe and the Pacific Rim.

Many challenges lie ahead for Canada and other major trading nations. For instance, achieving budget deficit reductions is a priority for many of us while the problem of large surpluses in the trading accounts of some of our partners cannot be ignored.

Also, dealing with the debt problem of middle-income developing countries and reaching a successful outcome in the ongoing GATT round-particularly in agriculture and intellectual property will require continued coordination and cooperation among all major trading partners.

GATT has a most important role to play in maintaining and enhancing an open international trading system.

In the Uruguay Round, important progress has so far been made on issues relating to market access, trade rules, dispute settlement, the functioning of the GATT, trade in services and tropical products.

I am optimistic that the groundwork has been laid for further progress on the thorniest issues in the months ahead.

Some have accused Canada of focusing too much energy on its trade relationship with the U.S.A. The wisdom of our commitment to secure and enhance access to our most vital export market should be obvious, but equally important is our commitment to a globally competitive Canadian private sector.

That is also the stated objective behind the completion of the single European market. The European market remains essential for us. Western Europe accounts for 36 percent of Canada's non-U.S.A exports and, along with the Pacific Rim, is the principal focus of Canadian trade and investment initiatives outside North America.

We are hopeful that Europe will remain open and contribute positively to the establishment of new rules and disciplines in the Uruguay Round that will lead to a more open, dynamic world economy.

In April, I hosted a conference on 1992 in Toronto. In attendance were several prominent European speakers including the Italian Minister of Foreign Trade, Renato Rugiero. Others included Sir Graham Day, Chairman of the Rover Group, Dr. Bruno Lamborghini of the Olivetti group and Bernard Esambert of the Rothschild Group.

I was heartened by their comments, which reflected a vision of a Europe confident in its own capabilities and open to fair competition with the world. They were most articulate in countering the myth of "Fortress Europe" and suggesting that it would be more appropriate to think of "Partner Europe".

Nevertheless, it is fair to say that we, and other countries such as Japan and the U.S.A., still have concerns with respect to the development of European standards as well as the eventual implementation of the reciprocity concept.

It is my hope that European integration will not lead to new trade barriers. Even the threat of new barriers could have a chilling effect on international trade and investment and on the multilateral trade negotiations.

The discussions I have had here so far, indicate that Spanish business and political leaders share that general view. However, it will require continued effort on all sides to see that the new regulations in practice live up to the principle of liberalized trade.

Although we recognize that the completion of the single market is essentially an internal process, transparency and ongoing dialogue between the EC, its member states and its external trading partners will serve to reduce uncertainty about the outcome of the European integration process.

The relationship between Canada and the United States under Free Trade will, of course, differ from that among the member states of the European Community. While the community will continue to operate under common rules and under common institutions, Canada and the United States will operate under national treatment rules with common institutions only for dispute resolution.

It is important to stress that the Free-Trade Agreement will not create any new barriers to trade for third countries. The broad scope of trade liberalization between Canada and the U.S.A. is such that Free Trade will bring many of the same advantages and opportunities for businesses in North America that 1992 will bring for businesses in the European Community.

We know that aggressive European companies are investigating the new opportunities for trade and investment that Canada-U.S.A. Free Trade will bring. Although Spanish investment in Canada is small to date, several Spanish companies have, and are, considering a variety of investment and technology transfer arrangements with Canada. Undoubtedly, the liberalization of your foreign exchange controls two years ago has had a positive effect in this regard.

I notice as well, that the Spanish press recently reported a two-way investment deal that will see the opening or expansion of zinc mines in both Spain and Canada.

The point is that the Single Market and the Free Trade Agreement both facilitate and encourage that kind of company and country cooperation.

Canada has one of the most diversified economies in the world. It has evolved from one based primarily on natural resources to being one of the world's leading industrial economies today.

Canada has highly developed manufacturing and service sectors which have benefitted at the outset from the base of our natural resource wealth. But for many years now these sectors have progressed far beyond that base in their diversity and technological innovation.

All of this makes Canada and Canadian companies attractive partners for the future.

Canadians have recognized that to prosper and grow, we must compete effectively in global markets. We have shifted fundamentally from the approach of the 1970's and early 1980's which often resisted international economic change. Today, we are striving for effective adjustment to new economic circumstances.

The implementation of the Canada-U.S.A. Free Trade Agreement and our strong support for the Uruguay Round complemented by expansion of bilateral and industrial cooperation with trading partners are major international components of our efforts toward this end. Continued structural adjustment and deficit reduction are major components of this task domestically.

In closing, I would like to thank my host for the visit, Secretary Ruiz Ligerero, for the warm reception extended to me, my wife and all the members of our delegation. I have not been in Spain in many years I notice many changes.

Your wonderful architecture, art and culture still remain of course, but the country is obviously infused with a new confidence and dynamism which I am certain will continue to grow. In 1992, of course, Spain will be the center of attraction on the world stage.

I have enjoyed my stay in Madrid and am looking forward to seeing the preparations underway in Seville for the World's Fair and in Barcelona for the Olympics.

Hosting these events in the past has been very good for Canada. With two in the same year, they will doubtless have a similar positive impact on Spain. As the Canadian minister responsible for Canada's participation in Expo'92, I will be watching developments in Spain very closely and hope to have the good fortune to return to witness your celebrations at first hand.

My best wishes to all of you.