

Statement

Minister for
International
Trade



Discours

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CHECK AGAINST DELIVERY

"EUROPE 1992 CONFERENCE"

SPEECH BY

THE MINISTER FOR INTERNATIONAL TRADE,

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December 4, 1989.

We are meeting here today at a time of momentous and exciting change in the world, and particularly in Europe.

Two profound changes are occurring. One is the disintegration of communist hegemony in Eastern Europe through a genuine democratic revolution where the people have nothing to lose but their chains.

The second is the continuing integration of Western Europe, with the completion of the European Community's internal market.

Both changes are less events than trends and movements, though they are captured in the single image of the construction of institutional bridges known as Europe 1992, and the destruction of the wall dividing families and friends in Berlin.

Both changes reflect some eternal truths:

- that the State is made for Man, not Man for the State;
- that more powerful than any army is an idea whose time has come;
- that no wall can keep out ideas, particularly when they can be communicated electronically;

- that information is the currency of democracy; and
- that there is an inextricable link between economic and personal freedoms - between free markets and free people.

Today, we are gathered to discuss the momentous change in Western Europe known as 1992. But I would be remiss if I failed to mention events in Eastern Europe. For these changes are obviously of great importance, not only for their impact on geo-politics, but for the future economic opportunities which lie ahead in the renewal of Eastern European economies. Opportunities not just for the people of Europe, but for ourselves.

We are acting there as well. Witness the unprecedented Canadian mission of over 200 Canadian businessmen which recently accompanied the Prime Minister to Moscow on his highly successful six-day visit.

So my emphasis today on Western Europe in no way signifies that we are ignoring Eastern developments. It does signify my personal belief that we cannot allow the mindboggling breakout of democracy in the East to distract us from Western Europe's own important reforms. They too are of historic, if less exhilarating,

importance; and it also reflects my belief that our participation in the East may well be eventually determined by our success in gaining a foothold within the European Community.

Changes are sweeping the world. That is why we have embarked on an ambitious program of domestic reform since 1984, involving a wide range of public policies, from tax reform to transportation to trade. Actions which have moved Canada from eleventh in terms of international competitiveness to fourth since 1984.

That is why we negotiated a Free Trade Agreement with the United States - our principal foreign market.

That is why we are now encouraging Canadians to broaden their horizons during our second mandate.

That is why we are now deeply involved in the ongoing discussions on Multilateral Trade Reform, so Canadian industries will have the chance to exert your newly-developed strength in the years ahead.

That is why we are putting in place a new trade strategy called "Going Global" - a strategy to help Canadians exploit the opportunities made possible by the FTA; to encourage Trans-Pacific links; and to strengthen our ties with the Europe of the 1990's.

This conference is about one aspect of our Going Global strategy. How we should respond to one of those major changes taking place in Europe - Western Europe's 1992 exercise.

We are witnessing the creation of an economic superpower that rivals the United States - a superpower that is already our second leading trading partner and leading offshore source of investment.

Just as our own Free Trade Agreement is designed to make Canadian-based companies more competitive, let us recognize that the ultimate purpose of 1992 is to make European firms more competitive at home and abroad.

Our response to 1992 is based on four complementary initiatives, specific practical programs designed to assist the business community in preparing for the single Europe market. It will be the efforts of individual firms which will determine our national success.

The first initiative, called the "European Challenge", involves the collection and dissemination of information. Its purpose is to study and explain the Post-1992 market to Canadians - to translate information into knowledge.

To do this, our department is sponsoring a series of studies on the single European market. Part one, entitled *Effects on Europe*, was released in April. The demand was so great it necessitated a reprinting. Part 2 consists of 12 industry-sector reports to assess the effects on Canadian trade, investment and technology development. The first 3 industry reports, *Agriculture and Food Products*, *Consumer Goods and Cultural Industries*, and *Telecommunications and Computer-based Industries*, are being released today. The other 9 industry-sector reports will follow in the winter of 1990.

We are creating an on-line computer information service on Europe 1992, tailored for Canadian users. This information will be accessible through our department and the International Trade Centres across the country. We are also working jointly with the Canadian Standards Council to facilitate dissemination of facts pertaining to EC standards.

In addition, to assist us in assessing the changes in Europe, we have set up both Public and Private Sector Working Groups.

Within the public sector, we have Interdepartmental Working Groups which are analyzing the effects EC legislation will have on specific industrial sectors, such as today's areas of focus. Many of the findings of these Working Groups are also providing useful data for our GATT negotiators.

Within the private sector, the ITAC - the International Trade Advisory Committee - has set up a Task Force on Europe 1992. It consists of 9 presidents and chairpersons of private organizations who advise specifically on happenings in Europe. David Culver is leading this Task Force and advising our Government. Your respective SAGITS and this Task Force are contacts you should make when considering the European market.

Today's conference is also part of the first initiative. It is the second of a series of conferences that we are co-sponsoring along with the provincial governments. Future conferences will be held in Vancouver, Alberta and the Atlantic region. And I personally believe that conferences like this one are invaluable.

So that is the first initiative - the 'European Challenge'.

The second, a "European Trade Policy Strategy", relates to our voice at the central EC-level and in key European capitals. We are determined to protect Canadian interests in the economic

community as Europe prepares for 1992 and beyond. Our plan is to develop regular Parliamentary consultations through visits and to foster closer working relationships between Canadian and European private sectors through our ITAC/SAGIT structure.

During the past year, I have been working to increase our links at the political level. Since January, I have travelled to 5 different European countries. The U.K., France, Italy, Germany and Spain. I co-chaired the first session of the joint Canada-Italy Working Group in Rome, as well as the Canada-France Commission in Paris. I intend to continue to raise the flag.

The primary framework for our dialogue with the EC remains the GATT. The GATT remains the most effective constraint we have on the behaviour of large powers like the Community and Japan. For middle power trading nations like ourselves, a functioning GATT is essential. It will be increasingly important as we negotiate the Community's external policies which will be affected by internal market reforms.

Competition is no longer only measured merely in trade and exports. To gain access to foreign markets, innovation and technology, companies need increasingly a visible and enduring presence secured through direct investment - the kind of overseas presence already achieved by companies like Bombardier. In today's global economy, what are needed are alliances; joint ventures and strategic partnerships. That's what our third initiative, the "European Trade and Investment Development Strategy" is all about. It focuses on sectors that offer real potential for Canadian companies and contains the specific programs to assure us a presence in Europe.

Our program will be concerned with joint ventures, technology transfers and the promotion of industrial cooperation between Canadian and European firms. We plan to identify Canadian companies that are sufficiently well established and interested in developing such relationships.

Technology acquisition will continue to be of importance to Canada. The number of technology development officers will be expanded. Focussed activities will include up to ten incoming and outgoing technology missions in targeted sectors and five studies of European niche technology in sectors of interest to Canadian firms.

incremental funding will also be added to the Investment Development Program to encourage an expansion of productive investment flows from Western Europe. The program will attempt to develop new investment in Canada by undertaking targeted activities in selected sectors and countries. Through an augmented corporate liaison program, it will also act to stimulate expansion of existing plant facilities - an important component of foreign investment in Canada.

Trade fairs are proven tools to introduce new product and establish representation. European trade fairs are selling fairs. Our goal is to increase Canada's presence at these major shows.

Events such as the Paris Air Show, Telecom 91 and the Canada-U.K. Marketplace in London require our maximum participation. This past year, Canada has had 25 national stands in Europe. We plan on expanding our participation even further.

Another program, NEXOS - New Exporters to Overseas Markets - was announced last year as part of the World Market Trade Initiative Program. The response has been so positive, and the demand so great, that it will be expanded under our "GOING GLOBAL" strategy. NEXOS - New Exporters to Overseas Markets - was announced last year as part of the World Market Trade Initiative Program. I can report that the response has been so positive, and the demand so great, that it will be expanded under our "GOING GLOBAL" strategy. NEXOS is an extension of the successful NEBS program in the United States. It will introduce companies to European-style marketing and train them in such aspects of business as customs procedures and documentation, labelling, legal aspects and so on. To date, 4 missions have gone over to Europe. They were extremely successful. We are planning at least 8 such missions next year with 15 to 20 exporters who are new to Europe participating each time.

Our fourth major initiative is the "Science and Technology Strategy". It is aimed at fostering Canadian participation in major European research and development projects in order to give us better access to European technology. We will be reinforcing our presence in Europe by taking a more active role in the research and development activities initiated and stimulated by the EC Commission. Funding will be provided for R&D missions, researcher exchanges, and joint projects to enable us to identify and assess specific opportunities arising from the massive new EC programs for research and development.

These are the four components of our 1992 response

- the European Challenge Initiative;
- the European Trade Policy Strategy;
- a European Trade and Investment Development Strategy; and
- the Science and Technology Strategy.

These are all practical programs to assist you in participating in the new single European market of the 1990's.

I believe we would be failing ourselves collectively if we did not extend our reach and participate to the fullest extent possible in the changing European order. Many Quebecers have already done this. Last year, 4 Quebec companies won Canada Export Awards. This year, another 5. These companies have made the transformation to world traders. They have shown it can be done. I am saying it must be done.

We believe our first responsibility as a Government is to create the opportunities and the environment in which your talents can be used to their full potential. Your responsibility is to seize those opportunities. In this highly competitive world, our successor failure as a trading nation will depend on this partnership between the public and private sectors. By working together, we can catch the wave of change in Europe, and ride it to future prosperity.