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**NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO A LUNCHEON CO-HOSTED BY
THE JOINT BUSINESS COUNCIL OF INDIA
AND THE INDO-CANADIAN BUSINESS CLUB**

**NEW DELHI, India
October 10, 1994**



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of Canada

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du Canada

Canada

Thank you for your kind introduction. I'd like first to acknowledge the contribution to this event of the Canada-India Business Council, the Federation of Indian Chambers of Commerce and Industry, the Associated Chambers of Commerce and Industry of India, and, of course, the Indo-Canadian Business Club, which I gather has just recently received its charter. They have gone beyond their always welcome support for Indo-Canadian business arrangements to afford me this opportunity to talk to you today. Their efforts are greatly appreciated.

I am delighted to be back in India. My wife and I have had numerous opportunities to travel in this beautiful and diverse country, and have developed a love of its culture and deep respect for its sturdy institutions. We admire also India's legendary resilience in the face of many storms and scourges, and have confidence in its future.

Let me open these remarks with what may seem a statement of the obvious, given the size and diversity of the Canadian delegation here: Canada is interested in India, always has been; but now, Canada is recognizing India as a valued partner for trade and investment.

Over the last half century, we have shared an enormous range of traditions and values: from our common roots in the British parliamentary tradition through active support for and participation in the Commonwealth and in the UN, and most recently, as like-minded signatories to the Uruguay Round of the GATT [General Agreement on Tariffs and Trade]. As your External Affairs Minister, Dinesh Singh, has noted, "We see eye to eye on many international issues. We are both multi-racial, multi-religious societies committed to the principles of democracy, secularism and political pluralism."

This commonality has led Canada and India to act in partnership on a host of issues. From 1954 to 1973, we worked together on International Peace Commissions in Indochina, where I myself, as a young foreign service officer, had the honour to serve. And, through the Commonwealth, we were leaders in the international effort to bring multi-racial democracy to South Africa.

We have collaborated closely in the Uruguay Round of the GATT, in the efforts to have the United Nations economic agenda expanded, on the environment, both through our bilateral economic co-operation programs and in international fora, and in a lively academic relations program, which is lately becoming much more closely tied to our economic partnership.

At the heart of these institutional relations lie deep personal bonds. Since the turn of the century, when immigrants from India first came to Canada, that human bridge has grown to over half-a-million Canadians of Indian descent. Their ranks include physicians, authors, educators, lawyers, businesspersons ... even

members of Parliament. Their contribution to Canada is remarkable.

Although this is certainly not my own first visit to India, it is the first in some time by a Canadian Minister for International Trade, and I am glad to see that official bilateral exchanges are again on the increase. For example, your Minister of the Environment visited our Western gateway of Vancouver just last March. And the Ontario Minister of Transportation, the Honourable Gilles Pouliot, visited New Delhi less than three weeks ago.

The Minister of Home Affairs of India will visit Canada at the end of the month. And, I hope it will not be long before we welcome your Ministers of Commerce and Finance to Canada.

But these exchanges are merely the official expression of a more general, and much more determined, commitment to India by Canadian business. Since the reorientation of Indian economic policy in 1991, we have seen some 120 Indo-Canadian industrial collaborations established in areas as diverse as poultry breeding, aircraft maintenance and telecommunications.

The number of Canadian corporate offices in New Delhi alone has increased to 25, from only seven a year ago. This is, in part, a response to the laudable economic reforms you have so wisely instituted. The economic ties with India are also a reflection of the fact that we in Canada are increasingly concentrating on producing high-tech, value-added products and services, and a freer and more open trading environment. We see today a similar process taking place in India, one with which we can identify and work.

Under the guidance of Prime Minister Narasimha Rao and his government, India has implemented reforms designed to make the private sector the engine of economic growth. Let me briefly note some of the measures which have struck Canadians as especially significant:

- The move toward full convertibility of the rupee on trade and current account;
- The reduction of peak tariffs from 350 to 65 per cent, with the weighted averaged expected to fall to 25 per cent by 1998;
- Restrictive import licences have already been largely abolished. All this is in keeping with the new commitments under the GATT;

- Automatic approval of up to 51 per cent equity investment in priority sectors, and many 100 per cent investments, approved by the Foreign Investment Promotion Board;
- Partial privatization of power generation, toll roads and telecommunications services;
- And, finally, most important of all in my view, India's historic signing of the Uruguay Round of the GATT, with the undertaking to join the World Trade Organization.

All this adds up to better access for foreign partners to the Indian market under more clearly defined rules than even before. The reform measures, I realize, raise sensitive issues for India, such as tax reform and the protection of intellectual property rights. We appreciate the process of adjustment and compromise which accompanies fundamental economic change. We ourselves have gone through similar adaptations over the last decade, as a result of our own freer trade initiatives. But freer trade is demonstrably helping Canada to compete more effectively on the world stage.

That, of course, is the whole rationale for international, rules-based trading systems. India's endorsement for the consummation of the Uruguay Round is welcome testimony to its recognition of these modern realities.

Canada, then, has strongly supported India's economic reform program, and, taking into account your obvious need to maintain domestic social and political support, we hope to see the pace of reform accelerate. We shall encourage, for example, your continuing attempts to modernize and improve infrastructure, especially in the areas of power generation and distribution, telecommunications services and transportation. These are all sectors in which Canadian expertise is strong, and all are represented among the Canadian businesspersons who have come to India with me.

We in Canada will be closely watching as India wrestles with another major issue raised in the GATT — the Code on Government Procurement, to which India currently is an observer. Full adherence to the Code will give India access to an immense procurement market, estimated at over US\$250 billion.

This will certainly help Canadian firms — some of which have world class products and technology to offer, for example, in the key areas of power and telecommunications — to find greater transparency and predictability in India's procurement regime.

India's economic indicators give us great cause for optimism; for example:

- India now has the world's 10th-largest GDP;
- Inflation has been drastically reduced;
- Exports are increasing at an annual rate of 20 per cent;
- India's middle class — of perhaps 200 million — is growing rapidly; and
- Foreign exchange reserves have passed US\$17 billion.

All told, a story of solid growth, and yet greater promise.

When the Liberal government came to power last fall, we promised Canadian business that we would strengthen our ties with the fast-growing Asia-Pacific area, including India. This visit testifies to that commitment, and not only in symbolic terms.

India is, and has been for decades, a major regional power in geopolitical terms. Its recent attractiveness as an economic partner for Canada is enormously enhanced, however, when we realize that:

- India is the world's largest functioning democracy;
- It has a fair and independent judiciary, willing and able to adjudicate contentious business issues;
- It uses English as a major language of business;
- It enjoys a massive pool of highly trained labour, combining skill and entrepreneurship, and including more engineering graduates than any other country; and finally,
- It is an immense potential market.

Canadians have already begun to achieve commercial success in India, which the continued reform process will no doubt enhance. The following are some examples:

- Raytheon Canada has been awarded a contract to supply air traffic control equipment for the Delhi airport;
- A leading-edge Canadian high-technology firm, Newbridge Communication Networks Corporation, will shortly open an office in New Delhi;
- Seagram recently received approval to enter the Indian distilling, industrial alcohol and fruit juice markets: one of those 100 per cent equity arrangements I alluded to earlier;

- The Bank of Nova Scotia has received approval to open its second branch in India, right here in Delhi; and
- The Canadian Bank Note Company, United Cable and Tire, Electrolyser and Quebec Gearworks are among 30 Canadian firms which have launched joint ventures here since the reforms of 1991 were begun.

Indian exports to Canada are also up significantly, and India now enjoys, for the first time in decades, a favourable balance with Canada. Over the past six years, exports have risen by 70 per cent, to \$358 million a year. And in the first six months of this year, Canada exported \$143 million worth of goods to India, while importing \$211 million.

The nature of India's exports to Canada has also changed, from a base consisting almost entirely of textiles, to a broader mix which includes such high tech products as computer software. Meanwhile, the State Bank of India has underscored its commitment to Indo-Canadian trade by opening branches in Toronto and Vancouver and by generally encouraging Indian investment in Canada, such as that of the Ispat Group of Calcutta investing \$100 million in the privatization of a steel plant in Quebec.

Clearly, then, business ties are growing rapidly. This summer, the Canadian Department of Foreign Affairs and International Trade launched a new initiative known as "Focus India." When fully implemented, this will result in an integrated strategy, incorporating federal and provincial governments, in co-operation with Canadian industry.

The purpose of Focus India, simply stated, will be to increase Canada's commercial profile in India. This initiative will also facilitate our capability to promote joint ventures and share technology and expertise with Indian industry, to the benefit of both our countries.

Canada, like India, has a commitment to open, rules-based trade. Like you, we are engaged in a long and strenuous process of transforming our economy to meet the challenges and reap the rewards of global competition and global trade. Like you, our long-term objectives are bound up with the responsibility and respect for rules that go beyond the mere accumulation of wealth, although it would be naive to say that the profit motive is not the main concern.

During this short visit, I have already come to the conclusion that there are enormous opportunities ahead for Canada-India business co-operation; not just in joint ventures or technology transfer agreements, but in strategic partnerships which will spell growth both for our business communities and our national economies.

We no longer come to you as a developed country proffering aid and export financing: we come as an equal partner, with an eye to mutual advantage: a "win-win" scenario. Our relationship has grown beyond the idealism of the '50s and '60s, which often gave way to disillusionment. We have to face the 21st century in the light of our enlightened national and international self-interests; I like to think that, most of the time, as they have over the last half century, those interests will coincide.

Thank you.