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**NOTES FOR AN ADDRESS
BY THE HONOURABLE ROY MacLAREN
MINISTER FOR INTERNATIONAL TRADE
TO THE
CANADA CHINA TRADE COUNCIL**

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Mr. Chairman, distinguished guests, ladies and gentleman.

It gives me a great deal of pleasure to be here today to address the annual meeting of the Canada China Trade Council. As a native Vancouverite and graduate of the University of British Columbia, I am also delighted to be back in what is one of the greatest cities in the world.

Vancouver is a city where the benefits of the connection to Asia are omnipresent. Too often, Canadians, like the little frog in the old Chinese saying, have "looked up at the sky from the bottom of a well." We tend only to see opportunity on our front doorstep. Until recently, only a few companies ventured beyond those traditional markets with which we are familiar. Many of you, who have broad experience in Pacific Rim affairs, will not be surprised in the least that Asia-Pacific, and China in particular, are finally moving from our peripheral field of vision into the focus of our future.

If there is one message I want to leave you with today, it is that the new Liberal government is well aware that the Pacific century is now. My party has always recognized the importance of Asia-Pacific. Indeed, it was a Liberal government under Pierre Trudeau that, in the late Sixties, took the bold decision to begin negotiations to establish diplomatic relations with China. This marked a key step in breaking the international isolation of China and welcoming it back into the community of nations. In recognizing the People's Republic of China, Canada was a leader, not a follower. Our government will continue in this forward-looking tradition when it comes to Asia-Pacific.

We shall vigorously pursue Canadian interests in the Asia-Pacific region. This is one of the reasons that the new Liberal government appointed a Secretary of State, Asia-Pacific, within the portfolio of the Ministry of Foreign Affairs. Raymond Chan, Member of Parliament for Richmond, is, I am sure, well known to many of you. I know that he will be a great asset to Canada's endeavours in the Pacific Rim.

I will be attaching a high priority to trade policy in Asia-Pacific. I look forward to the APEC [Asia Pacific Economic Co-operation] meeting next week in Seattle to pursue questions of tariff and non-tariff barriers with my counterparts from the Asia-Pacific region. The General Agreement on Tariffs and Trade will continue to serve as the cornerstone of the world's trade policy framework, but APEC can play an important role in meeting regional needs.

If Canada is to be a major beneficiary of the Pacific century -- economically, politically and socially -- we must be an active participant in this dynamic rapidly-growing region. For Canada to be successful in the Asia-Pacific region, we need to concentrate our efforts on two things. First, we must improve the competence and competitiveness of Canadian companies in these

complex markets. Second, we must increase our share of exports of high technology and value-added products.

It is also imperative that we encourage and assist small- and medium-sized businesses to look beyond the United States when they consider exporting abroad. I intend to take a close look at this issue early in our mandate. The objective will be to examine whether we have the right kinds of programs in place to help small- and medium-sized enterprises. I would appreciate the input of the Canada China Trade Council with respect to how we might encourage and assist more Canadian companies to penetrate the Chinese market.

Ladies and gentleman, you know that my government campaigned on the need to create jobs and restore the faith of Canadians in the economy. Those of you here today have already played an important role by being part of an export-led recovery. We all know that exports are our life line and lifeblood. About a quarter of Canadian jobs are directly related to exports. Each new billion dollars of exports generates between 10 000 and 15 000 jobs.

Nowhere are the prospects for expanded trade greater than in the countries of Asia-Pacific. They are growing fast. They represent a much greater trade potential than our traditional partners. If Canadian companies can compete in the Asia-Pacific region, they can compete anywhere in the world. Moreover, Canadian manufacturers and providers of services will acquire products and skills that they can carry into other markets.

I need not remind you that our transpacific trade has long been more important than our trade across the Atlantic -- indeed it is now almost 50 percent greater -- or that the Pacific Rim has become a vital source of new immigrants who have helped to build a stronger Canada. One need look no further than the vibrant city of Vancouver to appreciate the positive impact that Asia-Pacific has had. Indeed, the large number of immigrants from Asia-Pacific who now call the west coast of Canada their home are, I believe, one of Canada's strongest assets in tackling the export markets of Asia-Pacific. With family connections and a first-hand understanding of local languages and culture, these Canadians can play a unique bridging role.

Ladies and gentleman, even a very brief tour of what is happening in Asia-Pacific confirms that the Asia-Pacific region is an important key to Canada's economic future. By any measure, it has an enviable record of economic growth and dynamism. Korea, Taiwan, Hong Kong and Singapore, the original little dragons, continue to generate enviable, positive growth rates. Their remarkable success is now being replicated throughout southeast Asia, most notably by Thailand, Malaysia and Indonesia. With peace in Cambodia, Viet Nam is aggressively restructuring its

economy and taking advantage of the essential ingredients that helped to spark growth throughout the region: low wage rates, high education levels and a disciplined and motivated work force. Viet Nam is now tapping high levels of foreign investment.

And what of the region's economic behemoth, Japan? There is no question that Japan is suffering from a combination of recession and restructuring. Japan's unemployment is becoming more serious -- it might even hit 3 percent! As well, it is still running ever higher trade and capital surpluses. Japan may have momentarily stalled, but it is still the engine that drives economic growth in the Asia-Pacific. It will continue to be a major source of capital and investment for Canada and the rest of the world. As underlined in the report of the Canada-Japan Forum 2000, Japan's imports of manufactured and valued-added products are growing rapidly. Canada's Action Plan for Japan is designed to position Canadian companies to take advantage of these unique market opportunities. Japan remains the single most important destination for Canadian exports in the Asia-Pacific region, the third-largest source of direct foreign investment, the second-largest source of portfolio investment and the largest source of tourism revenue.

Then there is China, the country that is the focus of your attention here today. With GNP [gross national product] growth rates in the double-digit figures again this year, and in the south exceeding 20 percent, is it any wonder that the world is now beating a path to China's door? Contracted foreign investment for 1992 was close to US\$70 billion, of which approximately \$20 billion was utilized. Likewise, China is now a major trading power. Globally, it ranks 11th overall and is moving up fast.

The China market, once a chimera and a source of frustration and disappointment for many, has truly arrived. Although the market remains a major challenge to even the most fearless businessperson, Canadian companies, such as the ones you represent here today, have seen this potential and acted upon it. Last year, two-way trade was \$4.6 billion, a new record. This made the People's Republic of China our fifth-largest trading partner. Figures for 1993 are slightly down, due to lower shipments of wheat. However, what is truly encouraging is the significant increase in the sale of manufactured goods and services in recent years, coupled with strong growth in two-way investment.

The rapid integration of China into the world economy has witnessed an even more dynamic symbiosis between the economies of the mainland, Taiwan and Hong Kong. Beyond them are the ethnic links and influence of the Chinese diaspora which, much to Canada's advantage, is well established on our shores. How many of our French, German or Japanese competitors can boast of the

in-house expertise on China that Canadian companies are so fortunate to have?

As your new Minister for International Trade, I am totally committed to putting myself and the significant human resources of my department at your disposal to penetrate the markets of Asia-Pacific in general and those of China especially.

Our Ambassador, Fred Bild, as well as my senior team in Ottawa and colleagues from Beijing, are here today to share experience and knowledge and to learn of your needs for the future. As a former foreign service officer, I myself can attest first-hand to the dedication, skill and experience of the men and women who serve abroad, seeking to expand our overseas trade. I am eager to resume the mantle of a Trade Commissioner and to get out to the region as often as possible, in support of your efforts. Certainly, the People's Republic of China will be high on my list of countries to visit, and, when I meet with the Chinese Minister of Foreign Trade and Economic Co-operation, Madame Wu, next week in Ottawa, I will indicate my desire to pay a return visit as soon as possible.

In reality, government can only do so much to promote exports to the Pacific. Companies and private-sector organizations, like the Canada China Trade Council, are the key to long-term success. When the Council was established in 1978, there was only a handful of Canadian firms competing in a limited market in China. Today, China is a market for a wide spectrum of goods and services, which encompass the entire range of Canadian capabilities. Canadian business needs the kind of specialized guidance and expertise, which membership in a bilateral trade council can offer. Along with today's opportunities, you face the challenge of refining your role, sharpening your tools and broadening your membership. The demand for support in the Chinese market has never been greater than today.

Ladies and gentleman, as a new minister, I pledge to serve the interests of Canadian exporters, but, at the end of the day, the public and private sectors will have to work co-operatively and pool their resources to achieve their common objectives. The markets of Asia-Pacific and that of China are full of promise and possibility, but I appreciate that they are not always easy to penetrate. It requires long-term commitment and perseverance. We have to develop a "Team Canada" approach, if we are going to enjoy success. Nowhere is this more evident than in a market like the People's Republic of China, where the competition is fierce and the field of play is not always a level one.

Our country has world-class expertise in so many of the areas where China and the countries of Asia-Pacific have tremendous needs -- be it in telecommunications, oil and gas, electrical energy, transportation, mining, medical, environmental or other

sectors. We want to help to provide you with the tools to do the job. Indeed, I welcome your input as to whether you think the current tools are sufficient for the task.

Ladies and gentlemen, one of the reasons I am out on the west coast is because next week I shall be with the Prime Minister in Seattle to attend the Asia-Pacific Economic Co-operation meeting. As I noted at the beginning of my speech, Canada must be an active participant in the Asia-Pacific region, not only on a bilateral basis but on a multilateral basis as well.

We intend to play a prominent role in APEC, which we see as the most important multilateral forum now being forged in the region. Overall, Canada wants to see APEC develop as an institution so that it can help build a stable framework for regional economic co-operation, liberalized trade and investment flows, and growth.

We see the work of APEC as promoting free trade to the greatest extent possible through multilateral liberalization, first and foremost through a successful outcome to the Uruguay Round. It is also a forum that allows us the opportunity to deliver our key messages on trade and economic policy issues and to develop a better understanding of the economic issues and outlook in the region and their implications for Canada.

Ladies and gentleman, Canada needs more companies like yours, working in the front lines to promote trade and sell Canadian goods overseas. As the new Minister for International Trade, I want to repeat my desire and readiness to work with you to that end. Again, I encourage you to use our personnel and services, and I look forward to meeting with many of you on an individual basis as the year progresses.

At auspicious occasions, the Chinese have a saying: "gong shee fa tsai." Loosely translated, I understand that this means "Congratulations, and make lots of money." I cannot think of a more appropriate way to conclude a speech to the members of the Canada China Trade Council. So, I wish you the best in your annual meeting and your endeavours in China. Thank you for inviting me and "gong shee fa tsai."