

Statement

95/41

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NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE CALGARY EXPORT CLUB

CALGARY, Alberta
June 20, 1995



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Thank you for inviting me to meet with you today. It is wonderful to be back in the friendly and dynamic city of Calgary. This is a city whose business leaders, I know, have been among the most active in Canada in pursuing opportunities in the booming markets of Asia-Pacific.

As Prime Minister Chrétien has demonstrated so clearly, trade – exports, investment and technology transfer – is central to sustaining Canadian prosperity. The export of Canadian goods and services accounts for over one quarter of Canada's gross domestic product. Directly and indirectly, exports sustain over two million jobs in Canada. Most importantly, the export sector has been the most dynamic element in stimulating economic growth in Canada. For all these reasons, international business development holds a high priority on our government's economic agenda.

Considerable progress has been made in recent months in bringing down trade barriers – at both the interprovincial and the international level. We have had a successful conclusion, after almost seven years of negotiation, to the Uruguay Round of the GATT [General Agreement on Tariffs and Trade]. We have committed ourselves to the NAFTA [North American Free Trade Agreement]. And we have worked hard to build bridges to Asia-Pacific markets through such vehicles as APEC [Asia-Pacific Economic Co-operation forum], ASEAN [Association of Southeast Asian Nations], and ARF [ASEAN Regional Forum].

Our government is putting into place the building blocks that confirm our identity as a Pacific nation. Roy MacLaren, André Ouellet and I have criss-crossed the region, working hard to promote Canadian interests.

In March I led a 50-member trade delegation to India and Pakistan to pursue opportunities in those countries. Several engineering firms joined me on the visit, and I can tell you they were extremely excited about the myriad of opportunities in South Asia. At the end of July I will be going to Indonesia to explore the markets in that country.

I am convinced that our government's focus on Asia-Pacific – and our explanations to Canadians for that focus – is perhaps the best example to Canadians of our government's Red Book philosophy. In short, exports create jobs, and jobs create wealth for Canadians, thus helping to reduce the deficit and to maintain many of those programs, such as health care, that have made our country the envy of the world.

Yet, as you know, the Department of Foreign Affairs and International Trade must be concerned not only with international trade issues, but also with political, social and economic matters. As our trade grows, we frequently encounter political conditions that are different from those we enjoy in Canada. We respect time-honoured traditions and cultures, but as Canadians we cannot turn aside from violations of universally accepted fundamental freedoms.

As a government, we raise our concerns in this area with our trading partners. We shall continue to do so.

I must point out, however, that trade and human rights are mutually reinforcing. In fact, trade itself is a force for human rights. Trade benefits Canada through job creation – a government priority – but it also supports economic, social and, inevitably, political reform in countries such as China. We believe that a China open to the world can only be good for its people, both economically and politically, and will further the cause of respect for human rights.

Governments that open their doors to international trade are more sensitive to the views and reactions of others. Greater economic freedom encourages the growth of political freedom. People-to-people contact in day-to-day trade can be an instrument of change. The Government of Canada therefore encourages Canadian businesses to expand their participation in world markets. In our view, communication is more of a catalyst than isolation is.

Earlier this year the Government released its statement on foreign policy, entitled *Canada in the World*. In that statement, we outlined our guiding objectives: first, the promotion of prosperity and employment; second, the protection of security; and third, the promotion of our values and culture. We encounter issues in all three areas in Asia-Pacific, and often they are tightly connected to each other. Some tend to see one element being pursued at the expense of the others, but as I have just outlined, I see them being pursued in harmony. Without the basic elements of good governance, rule of law and human rights, there would be no long-term stability in a country or, indeed, in a region.

The statement also drew attention to the high-growth markets of Asia-Pacific and called for an expansion of our effort there. The emphasis on Asia-Pacific is not just fashionable "Pacific century" rhetoric. It is a considered response to real opportunity and a reflection of our confidence in Canada's capacity to compete.

Asia-Pacific represents a source of remarkable strength for Canada's prosperity, a strength that extends well beyond the some \$20 billion in exports we registered last year – a gain of almost 19 per cent over 1993 and close to half of our total non-U.S. trade.

Asia-Pacific means a lot to the Canadian economy:

- Asia-Pacific is a pillar of our agricultural and resource sector, a region with growth three times the average of the OECD [Organization for Economic Co-operation and Development], whose markets will assure the viability of these sectors for years to come;

- With its massive demand for upgraded infrastructure, Asia-Pacific is a crucial test of global competitiveness for key Canadian sectors – power, oil and gas, telecommunications and transportation;
- Rising currencies and incomes have made Asia-Pacific the fastest-growing source of growth for inbound tourism – passenger arrivals into Canada have doubled since 1985 to over 30 per cent of the total;
- Whether for industrial renewal, resource development or scientific innovation, Asia-Pacific is furnishing our economy with a whole new set of strategic partners in corporate finance;
- Asia-Pacific provides four of the top five sources of entrepreneurial immigrants to Canada and 60 per cent of fee-paying foreign students, who pump about \$30 000 per head into our economy;
- And Asia-Pacific is making some distinctive contributions to the Canadian economic agenda:
 - according to research, our trade with the region is uniquely "job intensive" relative to trade with the United States or other regions;
 - statistics show that Asia-Pacific provides an especially powerful avenue of business expansion for Canadian SMEs;
 - Asia-Pacific trade is promising for all Canadian regions but traditionally is of greatest importance for western Canada.

This sense of the importance of Asia-Pacific to Canada is in fact greater still, looking to the future. What we see ahead poses opportunities and challenges, and meeting them both successfully defines the case for a "Team Canada" approach – not just for occasional visits and missions but as a way of doing business on a day-to-day basis.

The emergence of economically and politically powerful middle classes is perhaps the most significant change in the marketplace. Asia's middle classes are huge in number, more global in their outlook, better educated, living longer, and remarkably more affluent than ever before. The new value they bring to the marketplace includes everything from vastly expanded overseas travel, to high-value leisure goods, to environmental services and cultural industries, to greater demand for overseas education and training.

Challenges remain with us in market access. The barriers are more and more of a second-generation type: more connected to whether and how these economies are deregulated and less connected to tariffs and quotas at the border. Still, there is a need for a renewed and focussed effort to improve market access for Canadian exporters.

It is an incredibly competitive business environment. Yet the resources of government for all programs, including business development, are shrinking. We have to focus on services to business that concentrate on the most needed type of support, to the most appropriate clients (above all the SMEs), in the most promising sectors. Improved market intelligence is one of the main objectives of the current retooling of business development programming.

The Government's role will be more "strategic" and less "subsidy." We will work with business to develop attractive and innovative financing packages. We are working to improve co-ordination of federal programs and also with provincial programs to reduce duplication of effort and to convey more of a united front to Asia-Pacific customers.

Asia's highly charged, highly competitive environment probably tests effectiveness of business-government collaboration as no other region does. The essence of Team Canada is mobilization of all talents and all resources across Canada. Again, the Government will be there to assist, with the help of, among other things, the finest trade commissioner service in the world.

But again, resources are limited and our role must be as advocate and catalyst rather than as broker or subsidizer.

In closing, my message to you is to get involved. Export readiness is the business of all of us. We must meet the challenges of the Asian market and take advantage of the new partnerships Asian business provides. If you haven't already, join the Canadian Exporters Association; participate in the bilateral business councils for the various Asian economies; work with your local Chamber of Commerce. Work to enhance the profile of trade with Asia.

Work to acquire language and intercultural skills, but, in the meantime, think about engaging the help of what one study called our "hidden advantage" - the 1.2 million Canadians of Asian origin.

A good deal is worth a big effort; please join with me in making it.

Thank you.