

Statement

Discours

Department of
External
Affairs



Ministère des
Affaires
extérieures

89/41

CHECK AGAINST DELIVERY

SPEECH BY THE

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

THE RIGHT HONOURABLE JOE CLARK,

AT THE 60TH ANNUAL MEETING OF

THE CANADIAN CHAMBER OF COMMERCE

SAINT JOHN, NEW BRUNSWICK

September 18, 1989

Secretary of State
for
External Affairs

Secrétaire d'État
aux
Affaires extérieures

Canada

Good afternoon, ladies and gentlemen. It is a great pleasure to be here with you today in the thriving Asian city of Saint John, one of Canada's gateways to the Pacific.

Before you correct my geography, remember that Asia and the Pacific have a great deal to do with this province, this region and Canada as a whole. It was, after all, a Japanese investment of more than \$50 million in New Brunswick International Paper that helped to promote that firm's operations.

As we stand on the doorstep of the final decade of the twentieth century, we can see the outlines of a very different world emerging. After forty years of evolution within a global system shaped by the Second World War, the world stage is undergoing fundamental and revolutionary change.

It was in 1946 that Winston Churchill uttered the graphic phrase "... an Iron Curtain has descended across the Continent" of Europe. That reflected a Cold War of ideologies which, now is finally winding down. It has been won hands down by the forces of democracy and reason. Receding along with it is the idea of a world divided strongly between two Poles. No longer is every issue seen as a question of us or them. No longer is every third world economy considered a prize to be won by us or lost to them.

The world that is now emerging is much more multi-polar. It is one in which the great international challenges of poverty, of debt, or sustainable development are being more equitably shouldered by a wider group of countries than before. Canada, Japan and our European Summit partners are expected to play, and are playing, larger roles on crucial global issues. This is not because the United States is in decline. Rather, the end of bipolarity means a more equitable sharing of responsibilities, a greater recognition of the power, influence and abilities of the major industrial powers.

Capitalism has beaten communism - not with superior firepower, but with an impressive record of success against a record of depressing failure. Not one developing country has managed to work its way across the threshold of development using the Soviet Union as a role model. That is not propaganda. That is fact. It is the stark lesson of Vietnam, of Mozambique, of Cuba, of every other country that has used a Marxist model. On the other side, we have watched success come to economies that chose the model of capitalism. Korea and Taiwan, Hong Kong and Singapore have now joined the ranks of aid donors. Malaysia, Thailand and Indonesia are not far behind.

The great divides between East and West and between North and South are becoming increasingly indistinct. As they do, Canada's particular international role is highlighted. I would like to talk about a few of the broad thrusts of our foreign policy, which have never been more relevant than they are today.

Many Canadians are surprised to be told that Canada is a major power. Perhaps it is a natural by-product of looking too long at a world dominated by superpower issues. Perhaps it comes from living next to the United States, or from some sort of national syndrome of self-depreciation. Whatever the causes of our own tendency to underestimate Canada's relevance, it is not widely shared. Internationally, it is clear that Canada is seen as a major power.

When regional disputes break out and the world community looks for balanced outsiders to try to find the paths to peace, they look often to Canada. That has been the case in the Middle East for three decades. It was true in the nineteen years of peacekeeping in Indochina. It has been the case in Cyprus, in the Iran-Iraq war, in Namibia, in Central America. Just last month in Paris, we played a key role in a Conference seeking peace in Cambodia. The examples go on and on.

A new pragmatism has started to displace rhetoric in the efforts of the developing world to come to terms with the real causes of underdevelopment. As it does, the Non-Aligned Movement looks to Canada as a non-ideological power with whom practical partnerships are possible. That is why Canada was an official guest in Belgrade earlier this month at the Non-Aligned Summit Conference. That is why Canada's co-operation with developing countries in the Cairns Group and in the efforts to reform the United Nations system has been so successful.

It is also clear that Canadian actions on the world stage are in our own self-interest. There is nothing underhanded about this. The international credibility we enjoy is the stronger for it.

Internationally we are seen as having a legitimate interest in refugee questions because we are a major country of resettlement. Our interest in Asian/Pacific security issues is directly related to our long-term interests in Asian markets and the regional stability so essential for the long-term market growth. Canadian participation in discussions about Asia-Pacific co-operation and the emergence of new Pacific economic institutions is accepted without question. We are, after all, one of the leading trading nations of the Pacific Basin, with almost forty billion dollars in annual two-way TransPacific trade.

When we respond to political events in China, the world takes notice. We have charted our own separate and independent policy including the decision twenty years ago to welcome the return of China to the international community.

What is happening in Asia today has led to a thorough reexamination of what we are doing as a country. Specifically we are equipping ourselves adequately for the century that many are calling the "Pacific century".

Let us look for a moment at the region that is alleged to own the century in which our children and theirs shall live.

Today the region represents more than half of humanity. With its current size and still significant birthrates, it could well contain the equivalent of the entire world's current population in little more than two decades. Not surprisingly it is the source of most of the world's migration, and a full fifty per cent of Canada's current inflow of immigrants.

Twenty years ago, Japan was the only Asian country among the world's top fifteen exporting economies. Today, Korea, Taiwan, China and Hong Kong have joined that list. Twenty years hence, these four "tigers" are likely to have achieved the European average in terms of industrial advancement.

Twenty years ago, we thought of Japanese radios and cars as cheap and functional. They lacked the quality and sophistication of North American products. Today, Japan is a major global automotive power, the world's leader in consumer electronics and the largest spender per capita in research and development into new technologies.

Twenty years ago, Japan was one of the World Bank's two largest borrowers. Today, Japan is the world's largest aid donor, and home to the twenty-one wealthiest financial institutions anywhere.

Twenty years ago, the Japanese Yen conjured up images of a weak and local currency. - a monopoly money without intrinsic value. Today, Japan is the world's banker. It out-invests any other country and builds up massive currency reserves unmatched in history.

Japan is not alone among Asian powerhouses. Korea is spending massively on science and technology. Some of its largest firms spend a full twenty per cent of their overall expenditures on research and development.

So where is Canada in all this? For Canada, does Asia really matter? And if it does, how are we responding?

It may surprise some of you that, of all the OECD countries, only Australia is more economically reliant on its relations with Asia than Canada. Our trade with Japan is more important to Canadians, than US - Japanese trade is to Americans or than European - Japan trade is to Europe. All trends suggest that the relative importance to Canada of our economic relations with the Pacific will, if anything, grow.

In 1989, our two-way trade with Japan may well top twenty billion dollars. That is roughly equal to what we trade with the whole European Community. Our trade with the Asia Pacific region as a whole will be somewhere around forty billion. That is not all wheat or potash. It includes highly sophisticated digital switching equipment, a technology that was, incidentally, developed here in Canada. Even in the relatively primary areas, an increasing proportion of our exports is at the higher end of the maximum value added possible for such products. Some of it comes from this region. Pre-packaged microwavable fish dinners for the Japanese household, prefabricated A-frames for house construction or pre-cut French fried potatoes all provide jobs here in Atlantic Canada. Virtually all of the capelin fish exported from Newfoundland go to Japan. A New Brunswick firm, Connors Brothers Limited, supplies almost all of New Zealand's sardine market.

Japanese, Korean and Hong Kong investment in Canada is growing more rapidly than investment from the United States and Europe. Some are often in surprising areas, such as the production of TV tubes for the Asian marketplace or the production of computer discs for North America and Europe. A portion of that investment can be found here in Atlantic Canada - in paper mills in New Brunswick, in fish processing plants or in window frame manufacturing in Newfoundland. Considering the massive pool of capital that exists in the Western Pacific, the potential for further Asian investment is enormous.

In scientific and technological cooperation with Japan, much has already been achieved. Canadian-Japanese co-operation in space has resulted in joint projects in remote sensing and space science. Today we are working together with Japan, in the US-led space station project. How many of you, I wonder, know that the toxin identified as the source of mussel poisoning in this Province was finally isolated with assistance from Japanese researchers working on a co-operative project under our bilateral science and technology agreement.

I could go on with economic facts and figures. But Asia is important to Canada for other reasons as well. Immigration from Asia, already fifty per cent of global immigration into Canada is changing us. People from Hong Kong are leaving that territory in unprecedented numbers, and their preferred destination is Canada. Some of our cities are changing as a result of this flow, bringing dynamism as well as some social tensions to communities faced with unanticipated growth and new challenges.

How do we respond? First, let me outline some of the things we are not doing. We are not pretending, as an earlier government did, that we can pursue our interests in Asia by turning our backs on the United States. The so-called "third option" was based on the premise that Asia and Europe would take us more seriously if we close the door to more trade with our American neighbour. If we took steps to prevent more American investment, and built walls instead of bridges across the Forty-Ninth Parallel, our trade elsewhere would be enhanced. Such an approach was doomed to fail. The Asians and the Europeans did not, as a result, take us seriously. Quite the contrary. Now that we have signed the Free Trade Agreement with the United States, now that we have put into place a forward-looking framework for managing our enormous and complex relationship with the United States, the world has taken notice. It is taking us more seriously than ever before, with visible results in investment and in the way others are managing their external economic relations. That is because our determination to succeed and our self-confidence have grown.

Another thing we are not doing is turning our back on Europe. Responding to the challenges of a dynamic Pacific region does not mean setting aside our cultural links, our trading interests, or our political commitment to Europe. Europe is taking Japan and Asia seriously. And Japan takes Europe very seriously in return. There is no reason that pursuit of an aggressive and forward-looking new approach to Asia has to be at the expense of anything except our complacency.

We are not responding to the tremendous changes that the region is bringing to the shores of Canada by becoming a fearful or less tolerant place. Building barriers in our minds would be as tragic as building barriers on our borders. We must recognize that immigration from the region is changing this country positively, as immigration from Europe changed it before. The challenge is not to resent or prevent that change but to harness it in a way that will make us more dynamic, and more tolerant.

The approach we are taking to Asia is based on three underlying premises.

First, the Asia Pacific region is important to us.

Second, we are important to Asia, and are capable of competing with the rest of the world.

Third, in spite of our abilities, as a country, we are not yet prepared to seize the opportunities Asia offers us.

It is this last point that I would like to explore. I would like to talk about both Government's role in improving our capacities to meet the Pacific challenge, and your role as businesses. In the end, unless you are interested and capable of competing in large and competitive marketplace that region represents, we as a country will fall gradually behind the world.

Signing and ratifying the Free Trade Agreement was a statement of confidence in ourselves. A conviction that we can compete with the best, that our exporters can be world-class. The Japanese and the Koreans and the Chinese all see us as a world class industrial power, so why should we perceive ourselves to be anything less.

If we are going to be world class, if we are going to compete with the best in the Pacific, we have to start doing some things differently.

First, we need the determination and persistence to go after the opportunities in Asia. We need to get to know the markets and to spend lots of time and effort establishing ourselves as credible suppliers. As many of you know far better than I, you cannot fly into Japan or Korea and sign a quick contract and fly out again. This means that you as business leaders cannot be satisfied with objectives that are too limited. You must aim high and recognize that achieving your aims will require a tremendous commitment. Some of you are already demonstrating this determination. As a result, terrific successes are being made in telecommunications, in consumer goods, in food products, in auto parts, and in specialized machinery. But the list need not stop there, nor should the winner's circle be as selective as it is today.

The Free Trade Agreement offers economies of scale and the wherewithal for growth. But we cannot lose sight of the fact that our American and our Japanese and our European competitors are not going to be satisfied with a corner of the Vermont widget market. They are aiming for global markets, retooling to adjust their product lines for Asian tastes. They are going for gold. So can we.

Second, we need better understanding of the cultural underpinnings of Asia and the Pacific. We have to equip ourselves as a country to deal with our contacts in their own languages and on their own turf. To me it is a national shame that, on a per capita basis, we have fewer Canadians studying Japanese than Australia, the United States or most of our European competitors. We can and will collectively reverse this, but you as business leaders must recognize that a little investment in knowledge, in sending your marketing staff off to learn Japanese, in learning about how business is done, will pay handsome dividends over the longer term.

Third, we have to start recognizing that Japan particularly is becoming a technological powerhouse. The other dynamic economies like Korea are determined to follow suit. That means putting more emphasis ourselves on research and development. It means putting more emphasis on cooperating with Japan in the development of new technologies. It means reinserting vision into our corporate futures. Thirty-four American and European firms now have research centres in Japan. As yet not a single Canadian company has taken that step. Canadian firms must follow suit, if they are going to keep up in our own markets, to say nothing of American or Japanese or European markets.

Fourth, we have to recognize that the efforts we are making must be coordinated in a way that will be mutually reinforcing. The efforts we as a government are making to have a greater impact in Japan have to dovetail with the kinds of messages we need to support your efforts in the marketplace. We have to ensure that our exchange programs are developed with your long-term interests in mind. When we select young leaders for exchange programs, we have to send your future managers to Japan to develop friends and contacts and understanding.

It is to answer these needs that we have developed, in close consultation with many of you, our "Pacific 2000" initiatives. Our Pacific business strategy, our Pacific Language and Awareness Fund, our Japan Science and Technology Fund are all designed with your future in mind. But they will not be effective without your commitment and determination. They are not handouts. They are tangible expression of our Government's belief that you can be world class, that you will respond by committing your own resources, your time and your efforts for the long haul. I hope our programs will help, but I hope that twenty years from now the memory of these facilitative efforts will have been buried under an avalanche of successes shared by all of you for the benefit of all Canadians.