



CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 70/1

PERSPECTIVES IN FOREIGN POLICY

An Address by the Secretary of State for External Affairs, the Honorable Mitchell Sharp, to the Junior Chambers of Commerce, Edmonton, January 17, 1970.

... The Federal Government must serve all Canada and the interests of all Canadians. To do this effectively members of the Government must see and know Canada as it is. This isn't easy, Canada is so vast in extent and varies so greatly regionally that no one person can in a lifetime see it all, much less come to know it all. In the weekend I am spending in Alberta ..., I shall be talking to all kinds of people and trying to see Canada in a Western perspective. My own life, spent partly in the West and partly in the East, and my travels throughout the country have made me realize that Canada looks different when seen from different centers. For each of us, the center of Canada and the center of the world is the place where we live and work.

A map of the world printed in London shows the British Isles as the center of the world. The same map published in Toronto or New York has North America at the center. I have never seen a map of the world printed in Tokyo but feel sure that it would show the Japanese islands at the center. Early maps of the world produced in China took this tendency to its logical extreme. They show China as a large land-mass in the center with a number of vague free-form islands on the perimeter labelled England, France, America, Japan and so on. While perhaps this reflects the Chinese outlook on life as much as their geographical concepts, it contains a germ of truth; we now have a better idea of the shape of the world, but, in a very real sense, for each of us his own place is the center of the world and everywhere else is seen in relation to it and in its perspective.

Geographical, Political and Economic Realities

Perhaps you feel I have taken a somewhat roundabout route to come to my subject, "Perspectives in Canadian Foreign Policy". The review of our foreign policy which is now reaching its conclusion has been very much concerned with this whole question of orientation. Until the early years of this century, Canada was oriented towards Europe -- saw itself, perhaps, as a Western extension of Europe. The emergence of the United States as a world power and a pervasive economic influence enlarged our perspective so that in our world-view we came to look southward as well as eastward. The profound and far-reaching changes in the political and economic maps of the world in the last

25 years have brought home to us that our traditional orientation toward Western Europe and the United States cannot sufficiently serve our interests. We must come to terms with the geographical, political and economic realities of modern Canada. As the Prime Minister said in Calgary last year, we are not just a North Atlantic nation and an American nation, we are an Arctic nation and a Pacific nation. These extra dimensions of Canada are seen in sharper focus here in Edmonton than in the East. The presence here today of Junior Chambers of Commerce from the Northwest Territories is evidence of the close ties you have with the North. The fast-growing trade the West generally, and British Columbia and Alberta particularly, have with Japan and other nations to the West of us is evidence of Canada's growing importance as a Pacific nation.

Some observers, notably Europeans, decry what they perceive as a lessening of our ties with Europe. This is a misunderstanding of what is happening. We are not changing our perspective, we are enlarging it. Nor are we engaging in any kind of adventuristic realignment in political terms; we remain committed and faithful to our alliances -- with the NATO nations for the defence of the Western world, with the United States in NORAD for the security of the continent we share. We are taking our proper place in the community of nations, seeing the whole world in a Canadian perspective, developing a foreign policy that will best serve the interests of all Canadians.

You will be relieved to learn that I do not intend to expound to you this evening all the ramifications of Canadian foreign policy -- toward Africa, and particularly francophone Africa, Latin America, the Middle East and the Communist world. This is not an occasion to produce in summary form the White Papers that will be published later this year.

Orientation in the Postwar World

The review of our foreign policy takes into account the orientation of modern Canada to the new world that has emerged since the Second World War. It also has a conceptual dimension. Foreign policy in Canada has traditionally been regarded as a matter for professionals, of great importance for the preservation of our sovereignty and territorial integrity but having little effect on the daily lives of Canadians. This is changing. In part, the change is a result of the explosion of communications, the coming into being of the "global village". We have more immediate information of events today in Nigeria than we had of events in another part of Canada 50 years ago. In part the change is due to the growing realization that foreign policy is not a thing in itself but rather an external dimension of domestic policy. Both are aspects of one central national policy -- to preserve and strengthen Canada and to preserve and enhance the well-being of all Canadians now and for the future. External policy itself has several dimensions, two of which are the political and economic. These too are indissolubly linked. We must be equally concerned with the preservation of our national sovereignty and the preservation of our economic health. Both of these are essential to the well-being of all our people, particularly in our case, where, as a great trading nation, we must steadily increase our exports or wither away into penury. There is a common misconception that my Department in Ottawa, with its posts and embassies abroad, serves some generalized national interest. I suppose it does, but this isn't the whole story. The purpose of Canadian missions abroad is to serve the interests of all parts of Canada, and all sectors of the Canadian economy. They do this in close co-operation with our sister Department of Industry, Trade and Commerce, which provides a component

in nearly every diplomatic mission and maintains a number of posts of its own where our interests are essentially trade-oriented. There is a growing number of provincial trade missions, from Alberta as from other provinces, travelling abroad. I think it is fair to say that those taking part in such missions have been impressed by the expertise available to them in our posts abroad, and by the understanding of their specific needs and interests shown by External and Trade and Commerce personnel resident in their target countries.

I should like to turn now from the more general considerations of foreign policy and its domestic implications to some questions of specific interest to this part of Canada. First, to our growing trade with the nations on the "Pacific rim".

Canada and the Pacific

The importance of the Pacific to the Canadian economy today is not always realized. In 1968, the "Pacific rim" was our third-ranking market, following the U.S.A. and Western Europe. Canadian exports to the Pacific (excluding the U.S.A. and Latin America) amounted in 1968 to more than a billion dollars -- double those of 1963. This performance has been sustained during 1969. In the decade from 1958 to 1968, Canadian exports to the world increased 175 per cent but those to the Pacific market increased by more than 400 per cent. The large component of our trade in the Pacific directed to Japan is not likely to change essentially in the 1970s, although we may expect a wider market for finished goods if, as we hope, access to the Japanese market is further eased. In the rest of the Pacific, the drive to industrialization in the less-developed countries should result in larger exports of Canadian capital goods and raw materials. The mutual trade of the developed nations of the Pacific -- the U.S.A., Japan, Canada, Australia and New Zealand -- is increasing at an average annual rate of 15 per cent. If this continues, such trade (apart from Canada-U.S.A. trade) would amount to more than \$20 billion by 1972. Canada has a favorable trade balance with our main markets in the Pacific area, which helps to balance our trade exchanges with the rest of the world.

Western Canadian trade in the Pacific is proportionately even more important. Of the 54 commodities from Canada selling in Japan in amounts beyond \$1 million a year and accounting for 93 per cent of our trade with that country, 48 originate in Western Canada. A similar situation exists vis-à-vis other Pacific countries. The growth of our commercial interests in the Pacific has stimulated the growth of Western Canada industrially and in terms of population.

Japanese Trade and Investment

In Alberta today good work is being done to foster our economic co-operation with Japan by the development of coal and copper and other commodity resources. The Japanese market is one of the fastest-growing in the world and Japan in turn has much of interest to sell here. We are continually expanding our economic trade and investment ties with Japan. The Japanese have already invested a great deal in Western Canada - some \$100 million by the end of 1968 - and this investment is expected to increase substantially in the future. We have pointed out to our Japanese friends that the content of our exports to Japan could easily be upgraded to their benefit and ours. If, as seems to be the case, the Japanese prefer to arrange long-term contracts for raw materials, this same approach may be followed for other important areas of trade, such as cereals and

tobacco. We expect that the Japanese will continue to liberalize their market as they have already begun to do. Their remarkable progress economically in the last years certainly shows that their economy compares favorably with the most advanced countries in the world.

I do not wish to make a catalogue today of our economic relations with all countries in the Pacific Basin. The case of Japan alone is convincing. Our trade relations with Australia and New Zealand are good and growing; we are at present engaged in a renegotiation of our Trade Agreement with New Zealand and have every hope that this will result in a satisfactory new arrangement for both parties.

Commodity Trade

Among the most important items in Pacific trade are commodities of various kinds, for a number of which commodity arrangements have been worked out, such as the International Grains Arrangement. I do not need to tell this audience that, owing to the international over-supply of wheat, and to the trading practices of certain other exporters, there has been considerable pressure on wheat prices in recent months. The result has been a major threat to traditional Canadian markets such as Japan. Consultations are continuing to re-establish stability in world markets and our recent deliveries to the Soviet Union suggest that we may be entering a period of improved sales and price stability. I hope that this is so. One of the main international concerns of the Federal Government today is the re-establishment of firm wheat prices and firm wheat markets.

There have been a number of efforts in recent years to promote broad co-operation among countries bordering the Pacific. This has come to be known as Pacific Basin Economic Co-operation. It is an attractive conception. Our trade with the region is growing rapidly. To a large extent, trading countries in the Pacific are complementary rather than competitive and have a good deal to offer each other. The great multinational corporations, often based in the developed countries in the region, can be of considerable importance to the developing countries in terms of the potential they have for promoting their economic growth. Canadian firms, for example, are increasingly active in the Pacific area in resource development.

Pacific Involvement Waxes

Canadians generally now recognize, as many in the West have long done, the development occurring in the Pacific area. The Government is anxious to encourage such involvement. Our large-scale participation in Expo 70 in Osaka is one example of this. We are also examining ways in which we can expand our diplomatic commercial and other links with Pacific Basin countries. Prime Minister Trudeau, as you may already be aware, is planning a trip to the Pacific Basin this spring, during the course of which he will visit a number of countries before going to Japan and touring Expo 70. This will be a major tour of Pacific countries and indicates clearly the Canadian interest in that part of the world.

Our initiative in seeking an exchange of diplomats between Ottawa and Peking reflects, first and foremost, our belief that world security requires the presence of China as an active and participating member of the community of nations.

This has long been an underlying principle of Canadian foreign policy. That we have taken action now reflects the widening of our national perspective and our growing interest in the Pacific area.

Northern Area of Concentration

The second new area of concentration that I wish to touch upon briefly is the North. Edmonton is the most northward-oriented of Canadian cities and I am happy to know that in this audience are many who live and work on Canada's last frontier. Recent oil discoveries in the North -- some announced only in the last few days -- have highlighted the enormous economic potential of this part of Canada. These discoveries have raised problems about our sovereignty in the North -- not over northern territories and islands, for this is undisputed and not negotiable, but over sectors of the waters of the Arctic Archipelago. I have nothing new to report upon this except to tell you that the matter is of urgent concern to the Government and its principal law officers. Northward, across the pole, lies our great Arctic neighbor, the Soviet Union, the one nation on earth that has an Arctic tract comparable to ours. The North is more than a source of petroleum and mineral wealth -- it is an area where people will live in increasing numbers. For historical and economic reasons, the Soviet Union has made more progress than Canada in the science of northern living. One of these reasons is that the Soviet Union can direct the movement of its people. I am glad that we cannot, but we have much to learn from them. We are now engaged in technological and scientific exchanges with them and some high-level fact-finding missions to the Soviet Arctic are planned.

Oil and Energy

Mention of oil naturally brings up the subject of oil exports to the United States and questions about a continental energy policy. One of the frustrations of being Foreign Minister is that subjects of current concern upon which one would like to speak openly and fully always seem to be in a delicate state of negotiation. I suppose if they weren't they wouldn't be current. In the present discussions with the United States we have one object only -- to get the best possible deal for Canadian oil in the United States market. The wider issues that have been raised are for long-term consideration and discussion. The Government believes in the orderly development of North American resources, but in a manner that fully protects present and future Canadian interests.

Another aspect of our economic relations with the U.S.A. of particular concern to you is the complex of transportation connections that links our two countries -- in particular, the expansion of air routes between points in Canada and points in the U.S.A. Proposals have been made by a number of Canadian cities, including Edmonton, for an expansion of air services to include direct links between them and a number of centers in the U.S.A. The Government supports these proposals. The Canadian delegation to the current bilateral talks which began in December and resume in February has instructions to seek maximum benefits for Canada. As usual, it is too early to say what the outcome of these negotiations will be, but we expect that it will be favorable to Western aspirations.

Foreign policy and domestic policy are the two dimensions of our national policy. Talking to you today about foreign policy I have tried to show how it serves the general national interest on the one hand and the specific interests of different parts of the country and different sectors of the economy on the other. This calls at times for a skilful balancing act, it isn't always possible to advance every specific interest at the same time. Canada is divided into a number of great regions, with many international interests; its economy falls into a number of sectors that must compete for a place in the sun when tariffs and trade agreements are being negotiated. It is the special task of the Government to establish priorities and advance local interests in a manner calculated to promote the general Canadian interest. Let me assure you that, in the performance of this task, no part of Canada takes precedence. Our international dealings serve the West and the East, the Pacific Coast and the Atlantic Provinces. After all, it is only in this way that Canada can be served and will remain united.

S/C