

Statement

Minister for
International
Trade



Discours

Ministre du
Commerce
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NOTES FOR AN ADDRESS

BY THE MINISTER FOR INTERNATIONAL TRADE,

JOHN C. CROSBIE

ON THE OCCASION OF THE INAUGURATION

OF THE CENTRE FOR TRADE POLICY AND LAW

(UNIVERSITY OF OTTAWA / CARLETON UNIVERSITY)

OTTAWA

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Canada

Ladies and Gentlemen:

I am very pleased to be here today to participate in this Conference; and to salute the opening of the Centre for Trade Policy and Law.

I noted that the theme of today's Conference is "Living with Free Trade". Of course, as I look around the room and see so many distinguished members of the trade community, I would suggest it should be called "Making a Living with Free Trade" -- and a good one at that!

As people expert in the area of international trade, you know as well or better than I do, that there is no such thing as pure free trade. Trade is merely less free or more free.

You know that the term free trade area is not a statement of fact, but a legal concept rooted in Article XXIV of the GATT -- a concept which allows preferential access when substantially all trade is flowing barrier free.

The Canada-U.S. FTA is not a blind leap of faith. It is a reflection of the existing level of economic integration between the 2 countries -- integration caused by seven previous rounds of GATT negotiations and the Auto-Pact. In short, our agreement in 1988 was only possible because of the distance we had already travelled since 1948 -- a journey which most Canadians had actually enjoyed.

You know that much of this agreement reflects Canadian objectives in the last round of GATT -- the Tokyo Round -- objectives such as lowering the tariffs on value-added products which we failed to achieve in the 1970's.

You know that the resource trade terms concerning short supply and pricing are not only consistent with our previous GATT and International Energy Agency commitments -- they also reflect the negotiating position of the Trudeau government in the 1970's -- a position which was rejected at that time by the U.S., the European Community and Japan.

You know the basic strategic reasons why we pursued this agreement, despite its obvious political risk -- the need for our value-added manufacturers and service industries to have access to a world-scale market, to ensure their future competitiveness.

You know that no agreement will ever totally eliminate cross-border disputes. Canada and the U.S. will always have differences. The key is how we manage and settle these inevitable disputes.

You know that there is much work still to be done. And when that work is completed, there will no doubt be more work to do as the world continues to change.

You know that the prime catalyst for change in this world is not the level of tariffs -- but technology: that no tariff on copper, for example, can limit the impact of fibre optics; nor can any tariff on vinyl records overcome the compact disc.

You know that in today's world, trade policy is less and less about exports, and more and more about investment location -- that the free trade agreement will lessen the need for Canadian firms to set up shop behind U.S. trade barriers, and help us attract offshore investment seeking to serve the entire North American market.

And you know that the only thing more difficult than living with free trade would be living without it.

So, since you know all these things, I am not going to mention them. Instead, I want to put the free trade agreement in its proper context, and describe our broader national trade strategy as we enter the 1990's.

We call it a Three Pillar Strategy, with the objective of helping Canadians go global.

That we will be pursuing a Three Pillar Strategy should not be surprising. It reflects the evolution of the global economy into what many have called the global triad -- the three pillars of:

- North America;
- the European Community; and
- a Japan-centred Asia Pacific.

Such a triad, of course, is not a new phenomena. Many of us will remember that the Tokyo Round of GATT negotiations were described as the Trilateral Trade Negotiations. And the agreements which underpinned such regional integration -- like the Canada-U.S. Auto-Pact and Europe's Treaty of Rome -- are decades old. That's why current developments, like the Canada-U.S. FTA and Europe's 1992 exercise, are not the cause of the triad, but their natural result.

In such a tripolar world, the GATT takes on critical importance for smaller trading nations like Canada. It is, in one sense, the bridge which links these 3 mega-economies. And in another sense, it is Canada's door into all 3 markets.

As you know, we have assembled a strong team to pursue Canadian interests in the current Uruguay Round of negotiations.

But we know that success will be hard won.

- The number of parties at the negotiating table makes agreement difficult;
- The easy issues have been dealt with in past rounds;
- Old issues like agriculture and textiles are never easy, to say the least; and
- New issues like services, investment and intellectual property move the GATT from discussions based on Article One and most-favoured-nation status to the more sensitive issue of Article III and National Treatment.

But difficult though these issues are, we cannot shirk from the challenge. The consequences of a multilateral breakdown are simply too great to contemplate. The GATT is far from perfect. But it is all we've got. We must soldier on. And we will.

If the GATT is the door to increased Canadian opportunity, the FTA is the key to our ability to seize these opportunities. It is a major impetus for Canadian competitiveness.

As we are well underway to making the FTA work for Canada.

We have assembled a first rate team under Don Campbell to manage the relationship;

The Commission has held its first meeting;

The tariff acceleration process has prompted thousands of requests on both sides of the border;

The dispute settlement panelists have been selected, as have the members of the blue chip panel on automotive trade;

The technical groups are getting down to work; and

We will shortly be announcing our chief negotiator for the future subsidies and anti-dumping negotiations.

We are also moving in the area of U.S. trade development.

We are planning increased participation in trade fairs and more trade missions.

There are new programs to help Canadian exporters access regional U.S. markets -- like the NEXUS program geared to the Southern United States.

Market studies are being prepared on a sectoral basis; and Seminars are being held to help would-be Canadian exporters learn more about export financing, U.S. procurement opportunities and other key subjects.

But the GATT and the FTA are not our only areas of action. We are also moving forward on the European and Asian fronts.

As you know, the European Community is seeking to complete its internal market by 1992.

Our 1992 strategy can be stated simply:

- We are carrying out detailed analysis of the impact of 1992 through working groups which have already been formed within the Government and through 3 major studies which we have commissioned;
- We plan to continue to use the GATT as the primary forum for Canadian-Community discussions, recognizing that the 1992 internal market reforms will dramatically affect the Community's external trade policies;
- We will promote two-way investment and encourage the development of strategic corporate alliances between Canadian and European firms; and
- We want to help Canadian businesses improve their understanding of distinct European markets.

Because, as we all know, 1992 or no 1992, the Italians are going to remain Italian, the British, British and the French, French, just as Newfoundlanders or Texans will remain a breed apart, free trade or no free trade.

So that is our basic approach to 1992 in Europe. At the same time, we will be endeavouring to build effective trade and investment links to the Pacific Rim.

By the year 2000, it is estimated that Asia will account for 60 per cent of the world's population, 50 per cent of production and 40 per cent of consumption. Some believe that by the 21st century, the value of Trans-Pacific trade could reach \$500 billion.

Obviously, it is high time that Canada stops seeing Vancouver and the Pacific as our back door, and starts taking its rightful place front and centre in this dynamic economic theatre. It is absolutely critical that we establish a stronger presence in Japan and seize the opportunities available in this dynamic part of the world.

Once again, we believe the FTA will greatly strengthen our ability to compete offshore. It is truly a stepping stone across the Pacific for Canadian exporters.

But we obviously must do more.

We must:

- strengthen the language and cultural expertise of our business community, so it can deal more effectively with Japan, China and other Asian nations;
- increase support for market penetration;
- encourage science and technology cooperation; and
- promote Canadian interests through a more vigorous communications program and cultural exchanges.

That's what we must do. And that's what we are going to do.

So that is our basic trade strategy

- a Three Pillar Strategy;
- with the GATT as the door to opportunity in all 3 mega-markets; and
- the FTA as the key to our ability to seize those opportunities.

And if we are competitive in these three mega-economies, we will be competitive anywhere in the world -- whether in India, or Brazil or in Eastern Europe.

So far, I've been talking about strengthening our ability to compete and creating opportunities. But ability and opportunity alone are not good enough. They will mean little without the will to use our abilities to seize opportunities.

That is perhaps the greatest challenge we face -- the challenge of developing an outward-looking trading culture, where the knowledge and expertise of Canadians matches the importance of international trade to our economy.

It is my hope that the new Canadian International Trade Tribunal will assist in broadening the understanding of Canadians through its inquiry powers.

The eight Centres for International Business Studies across this country will also play a crucial role in helping the next generation think globally.

And we fully expect that this Canadian Centre for Trade Policy and Law will be front and centre, with its mandate to:

- encourage serious research in Canadian trade policy;
- teach trade policy and encourage its teaching elsewhere;
- meet the training needs of business and government;
- provide a forum for the exchange of ideas and information; and
- act as a catalyst to diffuse understanding of trade policy matters among Canadians.

Our desire to help Canadians go global is why the Government continues to support International Business Study centres.

That is why we are increasing our financial support and establishing new centres across this country.

And that is why it has been my pleasure to be here today as we inaugurate this Centre for Trade Policy and Law -- a centre which will clearly have a key note to play as we respond to the challenges of a global economy.

Thank you for inviting me.