

Statement

Minister for  
International  
Trade



Discours

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NOTES FOR A SPEECH

BY THE MINISTER FOR INTERNATIONAL TRADE,

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TO THE FEDERATION OF GERMAN INDUSTRIES (BDI)

COLOGNE, FEDERAL REPUBLIC OF GERMANY

October 16, 1989.

Let me say at the outset what a pleasure it is for me to have this opportunity to address the members of the Federation of German Industries.

Over the years, your organization has distinguished itself by the high quality of its executive and by an attitude that is forward-looking and globally-oriented.

Your eye has been on the future and that is what I want to focus on today.

By the turn of the century, major changes will have taken place in the global economy.

The Canada-United States Free Trade Agreement will have been fully implemented.

The fully integrated European market will be eight years old.

The emerging economies of the Asia-Pacific will occupy an even larger place than they do in the global economy.

By the turn of the century, we can expect further technological advances in transportation and communications that will bring all countries and all economies into a more integrated financial and trading system.

And, if the current round of multilateral trade negotiations is successful, we will have the freest international flow of goods, services and capital in the history of mankind.

In such an environment, no nation can pursue its own course without taking into account the interests, objectives and initiatives of its trading partners.

Canada and the Federal Republic of Germany, and all our trading partners for that matter, will have to develop a fine balance between competition and cooperation, between national aspirations and international harmony.

Former Chancellor, Helmut Schmidt, expressed this concept eloquently in his book *A Grand Strategy for the West*. He wrote:

"...given the economic, political and security interdependence of the Western world, neither the medium-sized powers like Japan, France, Britain, Germany, Italy and Canada, nor even the super-sized United States itself, can by their national means alone achieve their economic goals, their political goals, or their external security."

And, I might add, this interdependence applies increasingly to the environment, as expressed by former Prime Minister Brundland in her concept of sustainable development.

That is why membership in the Economic Summit is so important.

That is why membership in major international economic organizations such as the OECD, the General Agreement on Tariffs and Trade, the International Monetary Fund and the World Bank is vital to our economic well-being.

In a world characterized by an accelerating rate of economic and technological change, we must have not only windows but bridges to what is happening in the rest of the world.

This has been the cornerstone of Canadian economic policy since 1984. Our premise is that we must be open to the world, if the world is to be open to us.

But more than that, we want to be full, active players in the international economy because Canada, more than any other major industrialized country in the world except for the Federal Republic of Germany, is dependent on external markets for its economic prosperity.

In fact, the Government of Canada has just developed a major new trade development strategy called Going Global, which includes trade, investment and technology initiatives to make Canada even more internationally competitive in the 1990s. We intend to carry out this new strategy in partnership with the governments of Canada's provinces and the private sector.

Building on the foundation of the Canada-U.S. Free Trade Agreement, Canada's new trade development policy is designed to help Canadian firms take advantage of burgeoning economic prospects in Asia-Pacific as well as post-1992 European markets.

Not only has Canada come to terms with its interdependence with the rest of the world, we are actively encouraging strategic partnerships that will give Canadian firms the global reach they need to succeed in an increasingly competitive world economy.

Canada has, therefore, applied a global attitude to its national policies not because we are hopelessly idealistic, but because we are resolutely pragmatic.

Pragmatism led us to change a policy which used to question foreign investment to one which welcomes and promotes it.

Pragmatism led us to reduce Government interventionism by privatizing Crown corporations that no longer served a public policy purpose and by deregulating sectors of the economy such as transportation, energy and financial services.

Pragmatism led us to reduce personal and corporate income tax rates in order to encourage work, saving and investment.

Pragmatism led us to reform patent law so that people and enterprises who carry out research and innovate can reap the rewards of their investment.

And, it is pragmatism which led us to conclude a comprehensive Free Trade Agreement with the United States, a market which accounts for about 75 per cent of Canada's exports.

I know that some Europeans are concerned that this Agreement may create a Fortress North America.

Nothing could be further from the truth.

The Agreement brings down barriers to trade and investment between Canada and the United States without erecting barriers to other countries such as the Federal Republic of Germany.

In fact, by bringing down those barriers, we have created even greater opportunities for investors in Canada because they will now have freer and more secure access to the North American market.

Furthermore, the Canada-U.S. Free Trade Agreement is consistent with the spirit and the letter of the General Agreement on Tariffs and Trade.

Here in Germany, you have a perfect word to describe the nature of Canada's economic policies--*realpolitik*.

Canada's *realpolitik* is working.

Our economy is well into its seventh consecutive year of expansion.

Since the end of the recession of the early 1980s, Canada's economy has grown faster than any other economy of the Economic Summit except Japan. In 1988, Canada's Gross Domestic Product grew by 4.3 per cent, second only to Japan.

Canada has attracted record levels of foreign direct investment in recent years: in 1986 it reached \$8.4 billion, in 1987, over \$10 billion and in 1988, again over \$8 billion.

Canada's job creation record has consistently been the best among the Economic Summit countries in recent years. In 1988, employment in Canada grew by 3.5 per cent, better than any other Economic Summit country and significantly higher than the 2.1 per cent average for the Summit countries as a whole.

As a percentage of Gross Domestic Product, corporate profits have consistently grown in Canada since 1983, rising from 5.2 per cent to 7.3 per cent in 1988.

In fact, since the end of the recession, corporate profits, as a percentage of GDP, have been higher in Canada than in the United States, both before and after taxes.

Canada's *realpolitik* and strong economic performance have been noted around the world.

In its most recent *World Competitiveness Report*, the Geneva-based *World Economic Forum* ranked Canada fourth behind the United States, Switzerland and Japan.

This represents a significant improvement over our sixth place ranking in 1987 and our eleventh place ranking in 1986.

Among Canada's best ratings were the quality of our human and natural resources, the dynamism of our market and economy, and industrial efficiency.

Good as our record has been in stimulating growth, boosting investment and improving business confidence, we are far from complacent. We realize that our fate is closely tied to that of our major trading partners.

The Federal Republic of Germany is one of our most important trading partners. Our two countries do over \$5.5 billion worth of trade each year. Your country is Canada's third largest source of foreign direct investment. German companies such as BASF, Bayer, Hoechst, Siemens, Volkswagen and Budd are well-established and well-known in Canada.

Though the record of German investment in Canada is impressive, we would like to see more. In fact, the Government of Canada encourages all forms of investment, including joint ventures and strategic alliances between Canadian and German firms.

We see investment and industrial cooperation as a key to keeping pace with the economic and technological changes that are shaping the markets and the global economy of the 1990s.

Our two countries must continue working together with our trading partners for peace and prosperity into the twenty-first century.

Major challenges lie ahead which will test our will and ability to ensure an increasingly free and orderly flow of people, goods and capital in the global economy.

The current round of multilateral trade negotiations under the GATT is a case in point.

The GATT talks are crucial to the fate of trading nations like Germany and Canada because the interests of our exporters lie primarily in a healthy multilateral trading system, not in regional or unilateral initiatives.

We must not allow this historic opportunity to slip out of our hands.

Briefly, we must:

improve market access for goods and services;

develop rules for agricultural trade;

develop better rules for subsidies and countervail, as well as for trade in services and trade-related intellectual property; and

improve measures for avoiding and resolving trade disputes under the GATT.

The key to success in the GATT talks may very well be agricultural trade. Both Canada and Germany are major agricultural producers. We both have a major stake in ensuring that our agricultural producers and exporters get not only a fair return on their work and investment, but also fair and secure access to external markets.

We face a number of other challenges.

For example, we must ensure that regional trading arrangements such as the Canada-U.S. Free Trade Agreement, the integration of the European Community in 1992 and greater cooperation in Asia-Pacific markets all contribute to a freer and more orderly international trading system.

I will soon be attending a conference on Pacific economic cooperation. My goal will be to ensure that any initiatives to bring about closer economic relations among Asia-Pacific countries will liberalize and not restrain trade and investment flows with the rest of the world.

The fate we share and the challenges we face go beyond matters of trade and investment, dollars and cents, balance sheets and bottom lines.

We must work together to ensure that we improve the quality of life, as well.

That is why Canada is committed to achieving a balance between economic growth and a healthy environment.

One of my objectives during my visit to Europe is to bring to the attention of Europeans the serious over-fishing of cod and other groundfish by fleets from EC countries operating in international waters off Newfoundland.

The Northwest Atlantic fishery is one of the world's premier renewable resources. Those resources were severely depleted by European and Asian fleets from the 1950's to the 1970's.

In 1979, twelve Atlantic fishing nations formed NAFO, the Northwest Atlantic Fisheries Organization, to ensure good conservation and responsible management of fisheries resources in international waters in the Northwest Atlantic.

Toward this end, NAFO reduced catches to allow regeneration of depleted fish stocks and to provide for a long-term sustainable fishery. Until 1986, there was a genuine and often painful commitment by all NAFO members to the conservation and management measures adopted by that organization.

However, since 1986 and the accession of Spain and Portugal, the EC has broken with this policy of support and adherence to NAFO decisions. Since 1986, while NAFO-set quotas for the EC have totalled 78,200 tonnes, the EC has harvested considerably more than 410,000 tonnes of fish from the Northwest Atlantic.

Excessive catches by Spain and Portugal are part of the problem, but so is their harvesting of immature fish. A recent random sample of flatfish in the hold of a Spanish trawler yielded 275 fish weighing 51 kilograms. The average weight of those fish was 187 grams. Their average length was 17 centimeters. This sort of harvesting can be disastrous for the future.

Overfishing in the Northwest Atlantic is damaging an important world resource, harming Canadian fishermen, harming fishermen from other NAFO member states and, ultimately, harming European fishermen.

This is really a problem of sustainable development, which the Brundtland Commission defined as:

"development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Through the actions of Spanish and Portuguese fleets, the EC is compromising the ability of present, as well as future, generations to harvest these fisheries resources in a sustainable way.

Canada and the Federal Republic of Germany support the principle of sustainable development as set out in the Brundtland Report.

We join with other nations in our shared concern about issues such as the depletion of the ozone layer, the destruction of tropical rain forests and desertification. Overfishing in the Northwest Atlantic is a problem to add to this list.

Canada is seeking the support of Germany in persuading the EC to support and adhere to the decisions of NAFO, the international organization responsible for managing these resources.

The overfishing problem clearly illustrates the community of interests that exists today among all our trading partners. That community touches every aspect of our lives and every field of activity be it investment, trade, technology, labour or the environment.

We face common challenges and common opportunities.

To meet those common challenges, we need to use common sense.

The German philosopher, Hegel, once wrote that the only thing we have learned from history is that people never learn anything from history.

I think it is about time that Canadians, Germans and the rest of the world prove him wrong.

Thank you.