

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

92/37

CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE
TO THE
MALAYSIA-CANADA BUSINESS COUNCIL

KUALA LUMPUR, Malaysia
September 4, 1992

It is a pleasure to speak to the Malaysia-Canada Business Council. This organization has grown from a small ad hoc group of volunteers to a thriving business council in only three years. I am pleased to learn that a Council office has started up in Vancouver as well, and that it is already working to extend Canadian-Malaysian business links from the Canadian side of the Pacific.

The growth in the size and activities of the Malaysia-Canada Business Council mirrors the increase in trade between Canada and Malaysia over the same period. Indeed, two-way trade has increased by more than 220 per cent over the past decade. Most of this increase occurred over the last three or four years. The value of trade between Canada and Malaysia exceeded \$725 million last year, and should reach \$1 billion by the middle of the decade.

Both our countries are known for their natural resource wealth, but we sell each other more than natural resources. Trade from Canada to Malaysia also means sales of aircraft, satellite-based resource monitoring systems and engineering and design services for the peninsular gas pipeline, as well as technical training. In turn, Malaysia has quickly diversified its exports to include shipments of mainly manufactured goods to Canada, particularly electrical and electronic products.

It is no secret that one important reason for the increase in commerce between Canada and Malaysia has been the dynamic growth in the Malaysian economy since the mid-1980s. Your record is, by any standard, enviable. As a former finance minister, I confess I have occasionally wondered what it would be like to manage the kind of problems associated with Gross Domestic Product growth approaching 10 per cent.

Under the leadership of Prime Minister Mahathir, Malaysia has charted a remarkably successful course, both pragmatic and progressive. Vision 2020 presents you with an exciting challenge, one which Canada welcomes the opportunity to be associated with. I am struck especially by provisions to strengthen the role of the private sector and programs for human resource development. The priority you have given to achieving a balanced economy with a focus on prosperity and competitiveness reflects objectives similar to those we are actively pursuing in Canada. We also realize that prosperity will be achieved by those who adjust to the changing demands of the global marketplace. That is why the Canadian government has called together a group of private sector representatives to consult widely with Canadians and to develop an action plan to increase Canadian competitiveness.

Minister Rafidah carried an emphatic message on Malaysia's economic performance when she visited Canada in May of this year, as the head of a 37-member investment delegation. I should add that it was a message that the Globe and Mail, Canada's national

newspaper, reported. (I wish they were as quick to pick up my stories.) The Minister gave an impressive account of the benefits Malaysia has to offer in terms of its highly skilled, well-educated work force, expanding communications and transport infrastructure, and incentives for foreign investors. The Minister also made a pledge to the Canadian business audience to follow up personally, should Canadian businesspeople need direct high level assistance to get launched in the highly competitive Malaysian market.

I am in Kuala Lumpur because, like Minister Rafidah, I also consider that my role as a promoter of Canada-Malaysia trade is a personal responsibility. That is why we have assembled this trade mission and why, as a government, we are investing the resources to promote trade and investment. It's a sound investment, one that is paying off. As Canadians, we have much to offer to the continued development of Malaysia, particularly in the priority sectors of oil and gas, transportation, telecommunications, power, and advanced technology products -- sectors in which Canadian expertise is second to none.

In the oil and gas sector, Novacorp International Consulting is a major success story. In the early 1980s, Novacorp won the contract to provide management consulting services for the pipeline designed to deliver trillions of cubic feet of offshore natural gas to power plants, residential and industrial areas under the Peninsular Gas Utilization Project. That close collaboration with Petronas has continued; NovaCorp recently began working on Phase III of the pipeline project.

In the telecommunications sector, Northern Telecom has five plants in Malaysia. These plants manufacture products mainly for the export market. Another Canadian advanced technology firm, Spectrocan Engineering, is implementing an Automated Radio Frequency Management System at the Malaysian Department of Communications. The technology being transferred to Malaysia was developed by the Canadian Department of Communications. The system monitors, records and manages the use of radio frequencies. Bell Canada International may be a familiar-sounding name to some of you. Bell and its Malaysian partner, Telekom Malaysia, are selling their "Made in Malaysia" customer software to operators of telecommunications systems in several of Malaysia's neighbours.

On the investment side, in 1991 Canada ranked 13th in terms of total project value of investments in Malaysia. Leading equity investors, in addition to Northern Telecom, include Alcom, Bata and Daignault Rolland. Daignault Rolland produces top quality hockey equipment not far from here. I would delight in seeing this become a truly two-way venture -- I personally endorse Port Klang's entry into our National (ice) Hockey League!

Although we are proud of our performance in Malaysia to date, we clearly want to do more. We would like to do more business in the transportation sector. The sheer vastness of Canada has forged a unique breed of transportation professionals with expertise in areas from concept and design to implementation, from air services and transcontinental railways to urban systems such as the Vancouver Skytrain or the Toronto Transit System, which is integrated to include commuter rail, streetcars, subways and buses. We would also like to do more business in the power sector. Canada is a nation built on energy and Canadian expertise in this sector is world renowned.

We realize that for our relationship to broaden, more investment is required. We also want to see more of our small- to medium-sized companies involved.

To make that happen, Canada has been working hard to expand investment and joint venture links with Malaysia. One of the best examples of our commitment to this market is the establishment of Enterprise Malaysia-Canada. Started in 1991, this program is funded by a Canadian International Development Agency (CIDA) contribution of close to \$15 million. Its purpose is to promote the transfer of technology and expertise to Malaysia through joint ventures and other co-operative endeavours between the private sectors in both countries. It complements the activities of CIDA's Industrial Co-operation Program, which contributes over \$2 million annually, on a cost-sharing basis, to Canadian firms looking into the feasibility of joint ventures and other business arrangements in Malaysia.

I have talked for some time about the fine prospects for our bilateral commercial relations. Let me now put this in the context of wider Canadian trade goals.

To achieve enhanced economic growth and build Canadian competitiveness, Canada is pursuing trade initiatives in several areas. A successful conclusion of the Uruguay Round of the Multilateral Trade Negotiations (MTN) is very much our top priority. We know that it is in our interest, given our considerable dependence on foreign markets, to work hard for a strengthened world trading system and wider liberalization.

In the Asia Pacific region, we have the benefit of the Asia Pacific Economic Co-operation (APEC) forum, which we strongly believe can play a constructive role in furthering these global trade liberalization goals. APEC promotes dialogue among senior representatives from throughout the Pacific trading community. All the countries in this community have a stake in a strong MTN result. A particular value that we see in APEC is the membership of major powers whose actions on the trade front affect us all.

A concurrent trade priority for Canada, one with which you are all familiar, has been the trilateral free-trade talks with our North American trading partners.

In the North American Free Trade Agreement (NAFTA) and in the MTN, we have a common purpose. The areas of trade liberalized under the NAFTA are generally the same as those on which our negotiators in Geneva are focusing.

Canadian goals in the talks were met. We have a deal which is consistent with the General Agreement on Tariffs and Trade (GATT). It achieves the liberalization of internal barriers without raising new barriers to other partners. And we feel that we have a deal which builds on our free-trade agreement with the United States and on the ongoing work in the MTN. I assure you all that NAFTA is not a trade bloc, as some perceive. That was not our intent, nor is it our result. An economy the size of Canada's simply cannot afford to be part of inward-looking trading arrangements, and we have always recognized that fact.

On a parallel note to NAFTA, I must add that Canada welcomes ASEAN's decision to strengthen economic co-operation within this region and to proceed with the ASEAN Free Trade Area (AFTA). All GATT-consistent moves to dismantle trade barriers contribute to the global process of trade liberalization.

AFTA is indeed an important development. The dynamism of the ASEAN region, which I have seen for myself during my visit to Malaysia, is a focus for many of Canada's most advanced and active companies. Upon my return to Canada, I shall spread the word enthusiastically in the Canadian business community regarding the opportunities that I have witnessed in Malaysia.

I have mentioned some complementary objectives that Canada and Malaysia share on the economic front. In closing, I wish to note another point of commonality between Malaysia and Canada -- we are both looking forward to hosting Commonwealth games this decade. Victoria, British Columbia will host the 1994 Games and I have learned that Kuala Lumpur has just been selected to host the 1998 games. Based on Malaysia's outstanding performance in the Thomas Cup and in the Olympic Games, I understand that I should warn Canadian athletes about the stiff competition they will face in badminton.

Thank you, ladies and gentlemen.