

Statement

Minister for
International
Trade



Discours

Ministre du
Commerce
extérieur

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NOTES FOR A SPEECH

BY THE MINISTER FOR INTERNATIONAL TRADE

JOHN C. CROSBIE

AT INTERACTION 89

MONCTON, NEW BRUNSWICK

May 16, 1989.

Ladies and Gentlemen:

It gives me great pleasure to be able to join Premier McKenna in opening Interaction 89, this excellent interantional trade show and conference being sponsored by the Government of New Brunswick on behalf of the Eastern Canadian Premiers and New England Governors.

Over the past year, we have heard a great deal about the costs and benefits of the Canada-U.S. Free Trade Agreement.

I would suggest that Interaction 89 speaks louder than all those words.

Unlike all the verbal fearmongering about lost pensions and the end of medicare, this trade fair is real. This is what free trade is really all about. Nothing more and nothing less than Canadian enterprises creating jobs by selling their goods and services to an expanding customer base. It is nothing scary. No blind leap of faith. It is what Canadians have been doing for centuries, long before confederation.

As you know, I have been a long time supporter of the concept of freer trade between the great nations of North America. And the reason for my support is simple.

Freer Trade is an idea which is in the national interest of Canada, because it increases our ability to create companies of competitive scale. And freer trade is in the regional interest of Atlantic Canada.

In fact, I am absolutely confident that a quarter century from now, the people of Atlantic Canada will look back and recognize that the Canada-U.S. Free Trade Agreement was the single most important initiative ever taken to promote our regional development -- just as the people of Ontario now view the AutoPact two decades after its signing.

I say that for a number of reasons. Let me list just four.

First, I believe the energy terms of the FTA will help promote the future development of our hydro and hydrocarbon resources -- megaprojects like James Bay II and Hibernia which will not only bring export earnings to Canada, but which will provide numerous business opportunities for the many smaller businesses which exist to service the needs of such large enterprises.

Second, the liberalization of government procurement practices will create significant opportunities for enterprising entrepreneurs.

Third, the elimination of tariffs on value-added products removes a century-old obstacle to the further processing of Atlantic Canadian resources prior to export -- and it is surely through such value-added production that we will maintain our standard of living. Far from condemning us to be hewers of wood and drawers of water, tariff-free trade opens the door to value-added production.

And fourth, and perhaps most importantly, I am convinced that the Free Trade Agreement represents a psychological watershed for Atlantic Canadians - a catalyst for a much needed change in attitude and perspective.

For no longer will we be forced to look hundreds, even thousands, of miles to Central Canada to find customers -- we will once again be able to trade with our natural customers and suppliers just over the border in the New England states, as Ontario has long done with its vast trade with the Great Lakes states of New York, Ohio, Michigan, Pennsylvania and Illinois.

So the Free Trade Agreement improves our ability to compete.

And it increases our opportunity to trade;

But I would suggest that ability and opportunity are meaningless without the will to test our abilities and the desire to seize opportunities.

And that is where events like Interaction 89 come into play.

This trade fair is part of a larger and ongoing effort to work with the provinces to help Canadian business -- particularly small business -- create and seize new opportunities.

Our trade development action plan covers a wide range of initiatives, which we hope you will explore and exploit to your advantage. Let me list just 5 of those initiatives which may be of interest.

One element is to increase our participation in trade fairs such as Interaction 89 -- to help Canadian exporters participate in American trade shows and to bring potential U.S. customers to our own. Our central

objective is to ensure that every small and medium sized "Export Ready" firm has equal access to our programs geared to the U.S. market place. And I am pleased to say we expect that 95% of this year's participants will be small to medium sized firms, 60% will be first time entrants and 10% will be new to exporting.

A second element of our plan will be buyers' missions -- trips by Canadian exporters to visit potential U.S. customers -- defence contractors, government procurement agencies, urban transit authorities and the like.

A third element will be market studies and seminars on specific subjects. For example, some Interaction 89 participants may be interested in our study on the New England market for water treatment equipment -- the kind of practical information you need to identify potential customers.

A fourth initiative will be an expansion of our highly successful NEBS program -- New Exporters to Border States -- where we walk a group of 20 to 25 small companies through the entire process of exporting, thereby taking the mystery out of the process. Our aim for this year is 55 missions with some 2,000 participants.

And fifth, we intend to increase the penetration of Canadian exports into all parts of the U.S.A. -- not just the adjacent border state markets. One new program is called "New Exporters to the U.S. South" -- or NEXUS -- and we believe our export drive will be made easier by our expansion of trade offices in the Southern United States.

In fact, by next year we will have 27 trade offices across the United States.

Those are just five of the many initiatives we are taking to seize the opportunities in freer trade; trade initiatives that will entail a \$20 million dollar investment this year alone; and which will involve the promotion of both goods and services, investment and tourism. It will allow Canadian exporters to participate in some 400 events in 72 industrial sectors; initiatives which we expect will generate some \$1.5 billion worth of additional sales this fiscal year -- \$150 in export revenue for every tax dollar invested -- a pretty good rate of return, to say the least.

What we are trying to do is create a hands-on, sleeves-up program geared to your needs, with sufficient follow up to ensure that every dollar invested will pay dividends to our economy.

We're going to work with industry associations to leverage our investment and to broaden our client base -- you.

In short, our objective is to ensure that you are well positioned and well supported to maximize the opportunities which are there for the making and the taking.

This trade fair -- Interaction 89 -- is a good start. The degree of cooperation and commonality between Eastern Canada and the New England states -- so evident when the Governors and Premiers meet -- bodes well for the future. So I invite all of you to continue your dialogue with government -- to make inquiries about how we can help you -- so we can work together -- the federal government, the provincial government and the private sector -- to make the Free Trade Agreement work for Atlantic Canada.

And when we do, we will then be able to move beyond North America to the mega-markets of Europe and Asia.

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, 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.

At the same time, we will be endeavouring to build 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 critical that we establish a stronger presence in Japan and seize the Opportunities available in this dynamic part of the world.

That why we will be:

- strengthening the language and cultural expertise of our business community, so it can deal more effectively with Japan, China and other Asian nations;
- increasing support for market penetration;
- encouraging science and technology cooperation; and
- promoting 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, geared to the North American, European and Asian mega-economies;
- with the GATT as the door to opportunity in all 3 mega-markets; and
- the Free Trade Agreement 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.

Some may wonder why I have discussed our global trade strategy at this conference, given its focus on Canada-U.S. Trade.

I have done so intentionally, to make a point.

My point is that the Free Trade Agreement is not the end of our journey -- just the next logical step.

Our ultimate goal is not to encourage new exporters to sell in New England, or old exporters to move deeper into the U.S. market. For the American market is but a stepping stone to the broader world. And our ultimate goal must be to develop an outward-looking trading culture, where the knowledge and expertise of Canadians matches the importance of international trade to our economy. A country whose perspective is global.

We all know that the longest journey begins with a single step.

Free trade with the United States is one step in our global strategy. And Interaction 89 is one step in making the Free Trade Agreement work for Atlantic Canada.

I hope you find the trade fair useful and rewarding; and I wish all of you the best in the future.

Thank you.