

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

93/27

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NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
TO A LUNCHEON FOR THE TRADE MISSION TO CHILE

SANTIAGO, Chile
April 27, 1993

Ladies and gentlemen, señoras y señores:

Thank you for the warm hospitality that you have accorded myself and the representatives of 50 leading companies from Canada participating in this trade mission to Chile. Many of these companies are already doing business here. From them, and from many of you, I have learned a great deal about your country on this, my first visit, to Chile.

Minister Alejandro Foxley shares our interest and clear commitment to liberalized trade and investment in the Americas, and I welcome this opportunity to discuss with him ways in which Canada and Chile can pursue this goal together.

I am particularly pleased to see so many of you at this luncheon today. Your presence here demonstrates in very real terms a growing awareness of our trade and other links as partners in the Americas. I welcome this opportunity to share with you some views on trade policy from a Canadian perspective.

International trade continues to be Canada's bread and butter.

Worldwide, our exports totalled \$157 billion last year, while our imports were \$148 billion, for a trade surplus of \$9.4 billion.

One in three Canadian jobs depends on trade. Among the world's leading industrialized countries, only Germany surpasses Canada as a trader on a per capita basis.

During the past decade, trade liberalization has helped our country achieve an annual growth of 7 per cent in international trade -- faster than the rate at which world trade has grown and in spite of a downturn in the world economy.

Recent years have seen great upheavals in the world -- and among them the basics of trade itself. Rapid advances in technology have not only changed the ways in which we trade, but also the very content of that trade. International trading alliances must be strengthened, and we must be prepared to adapt to change a lot faster than was necessary only a few years ago.

No longer are the tangibles -- commodities and products -- the only objects of organized trade. Services are rapidly overtaking merchandise goods in many countries as the driving force of economic growth and health. Technology transfer, intellectual property, investment -- these are the new international trade issues on the table in the Multilateral Trade Negotiations at Geneva.

The challenge of the future requires us to come to grips with the information age and how we are going to adapt to it. As domestic problems and international problems increasingly converge, we will require a substantial change in the way we negotiate our trade and investment rules.

We need to respond as well to political and other developments affecting major markets for our products and services.

The formation of the single market in the 12 countries of the European Community presents new challenges as well as new opportunities. This market of 360 million has replaced the United States as the largest source of direct investment in the world.

Doing business poses other trade and investment challenges -- and opportunities -- in the emerging market economies of Central and Eastern Europe.

Many of the fastest-growing economies in the world have been in Asia, and our trade with them is already significant: We anticipate that at the turn of the century we will be doing \$50 billion in trade with Japan and the so-called "Four Tigers." Ten of our top 25 export markets are now Asia-Pacific economies.

Eight-and-a-half years ago, when the government that I serve first took office, we recognized that the world was changing. We recognized that the transformation to a more integrated, global economy was accelerating and that Canada needed to respond. So we developed and implemented a comprehensive plan of action.

Through privatization, deregulation, tax reform and fiscal control at home, and through a progressive, outward-looking trade policy centred on the General Agreement on Tariffs and Trade (GATT), the Canada-U.S. Free Trade Agreement (FTA) and now the North American Free Trade Agreement (NAFTA), we constructed a solid framework on which to build Canada's economic future. We are also moving to eliminate trade barriers within our domestic market to enhance our competitiveness at home and abroad.

The most important pillar of Canada's international trade policy is our participation in the GATT and our commitment to a successful conclusion in the Uruguay Round of the Multilateral Trade Negotiations. Canada was an architect of the strong multilateral trading system from the time of its inception; we view it as more essential than ever.

For Canada, a successful Uruguay Round would serve a number of specific purposes. It would lead to an estimated \$200 billion in increased trade annually, boosting world growth and development through the freer exercise of comparative economic advantage.

It would strengthen and improve the framework that governs a quarter of our exports and a third of our imports in trade with countries other than the United States. It would address trade issues between Canada and the United States that were not resolved by the FTA or the NAFTA.

Improved rules and dispute-settlement procedures would help Canada -- and all trading partners -- protect and promote respective trade interests on the basis of clear rules rather than economic clout.

A successful conclusion to the Round would extend GATT disciplines to intellectual property and the rapidly expanding world trade in services.

We would both welcome the resumption of talks on the Uruguay Round. We are encouraged by the Clinton administration's intention to seek from Congress extension of the U.S. "fast-track" approval process, and their strong commitment to conclude these talks by December 15 this year.

Our commitment to a successful Uruguay Round does not preclude agreements liberalizing regional trade that are consistent with the GATT, however, and neither has yours.

Chile has shown dynamic leadership in its unilateral steps to reduce trade barriers, as well as in its co-operative arrangements: Chile is to be congratulated on signing free trade agreements with Mexico and Venezuela.

Your exports to Mexico doubled in the first year of that free trade agreement, providing a market for your booming fruit and agriculture exports, as well as solid opportunities for your processed and high value-added goods. Those results came from tariff reductions and a strong commitment from your private sector to enhance export trade.

Canada achieved the goal of freer trade on a regional level more than four years ago when we implemented the FTA with the United States. Five regularly scheduled tariff reductions have taken place since then, along with three rounds of accelerated tariff reductions.

Comparing total figures for the four years prior to 1989 with the four years since the FTA, our merchandise trade with the United States has increased by 18.2 per cent -- despite a slowdown in the world economy.

Our January trade surplus with the United States of \$2.2 billion was up 78 per cent, or \$1 billion from a year earlier.

Strong export growth indicates the increasing competitiveness of Canada's export-oriented sectors. Exports will contribute to stronger economic growth for the Canadian economy in 1993. Recent indicators show that both the Canadian and U.S. economies will post stronger performances this year.

It is worth noting that the greatest increase in sales on both sides of the border came from manufactured products, those that generate skilled employment. Liberalized trade favours those economic activities that add the most value at the site of production. It plays to a nation's strengths. This is why we favour the methodical pursuit of free trade wherever it can be achieved.

We improved on the FTA and, together with the United States and Mexico, expanded its area of application when we signed the NAFTA. This will continue and augment the process of trade liberalization.

The legislation to implement the NAFTA on January 1, 1994, is now before Parliament; similar legislative packages will be prepared by both Mexico and the United States. Once the Agreement comes into force, applications for membership from other countries are anticipated. Chile has expressed a clear interest, and Canada would view an application from Chile with favour.

As set out in the terms of the Agreement, the existing members will review all applications in the light of prevailing conditions. Those conditions do include a commitment by any applicant to observe the disciplines and meet the obligations of membership. Discussions on this issue will continue.

From a global perspective, I invite you to share with us a vision of the future that contemplates freer trade for all countries in this hemisphere and beyond.

We can also agree to proceed with a number of concrete steps to strengthen Canada's and Chile's business relationship, while the implementation of the NAFTA proceeds.

The strong Chilean economy, founded on extensive free market reforms, is ample reason for heightened Canadian business activity here.

Canada's recent decision to remove Chile from the list of designated countries requiring our banks to maintain special reserves against potential loan losses underlines our recognition of Chile's sound economic management.

To further improve the climate, the governments of Canada and Chile together can erect a stronger institutional framework. That is why Minister Foxley and I are discussing the possibility of negotiating double taxation and foreign investment protection agreements that will add to the predictability and stability of the Canada-Chile relationship.

That relationship is excellent. Canada's interest in Chile has never been stronger, as the size of the Canadian business

delegation accompanying me clearly demonstrates. I am joined here today by representatives from no fewer than 50 of Canada's top firms, here to do business with you.

Canadian companies have also been participating in Chilean trade fairs in record numbers.

- Last week, 35 Canadian mining and services suppliers toured Chilean mine sites.
- Canada mounted its first-ever national pavilion at the avionics trade show FIDAE in March 1992.
- Over 100 Canadian companies were at the Expomin mining trade show in Santiago last May.
- The Canadian Manufacturers Association -- Canada's largest business association -- staged an extensive commercial mission to Chile in September last year.
- Last year, for the ninth consecutive year, 19 Canadian companies attended FISA here in Chile -- the largest trade show in Latin America for consumer products, capital goods and industrial machinery.
- Expocorma at Concepcion in 1991 drew the largest delegation of Canadian forestry firms ever to participate in a trade show outside Canada, and we are expecting over 35 to participate this year.
- During this visit, I will also be speaking at the second Space Conference of the Americas here in Santiago. The Canada booth at the trade exhibit section will feature product literature from over 25 of Canada's leading aerospace and hi-tech companies. Representatives from Canada's space agency will also be there.

This traffic is not all one-way by any means. We are proud to display our technology as it operates in Canada. We have recently sponsored delegations of Chilean business people to Canada in fields such as forestry, the environment, telecommunications and mining.

Chile's equivalent of our Canadian Manufacturers Association (CMA) -- SOFOFA -- will lead a mission to Canada in late May. We are looking forward to this visit. SOFOFA and the CMA will sign a Memorandum of Understanding (MOU) putting their links and co-operation on a more formal footing.

Companies in Canada and Chile are now involved in more than 30 joint ventures ranging across a broad spectrum of economic activity. These are sophisticated joint ventures -- ones that could lead to greater penetration of third country markets in the southern cone.

Canadians know they must continue to seek out new markets and establish new partnerships if we are to prosper in today's global economy. This certainly includes the markets of Latin America.

Canada is responding to these changed realities by asserting its status as a nation of the Americas. We became a full partner in the Organization of American States in January 1990, with all the privileges and responsibilities that membership entails.

We now are actively reaching out to those Latin American nations that are committed to the democratic process and respect for human rights.

We see freer trade as an integral part of these renewed relationships. We believe that freer trade contributes to increased prosperity, and prosperity leads to the stability in which democracy can flourish.

Canada and Chile share a common commitment to democratic institutions, a common belief in liberalized trade and a mutual interest in export development. Our countries have only begun to tap the great potential for expanded trade and economic co-operation.

By strengthening contacts between our respective trade and investment communities, we can work together for greater prosperity throughout the Americas.

We have much to learn from one another and about one another, and now is a good time to start. Thank you. Muchos gracias.