



Minister for
International Trade

Ministre du
Commerce extérieur

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86/56

Notes for an address by
the Honourable Pat Carney,
Minister for International Trade,
at the Canadian Export Association's
Annual Dinner in Vancouver on
October 14, 1986

OTTAWA

October 16, 1986.

Canada

It gives me great pleasure to join you here in my home of Vancouver near the midpoint of Trade Month in Canada.

For the fourth year the government and the private sector have used "Trade Month" to highlight trade's importance to our national life, and to recognize those Canadians who have met with commercial success beyond our borders. It is an important endeavour, because as you know better than anyone, our ability to meet our domestic wants will depend on our success in meeting international demand. "Trade Month" is an effective way to focus all Canadians' attention on the importance of export trade to our country.

Last week, in my first formal address to the House of Commons as Minister for International Trade, I set forth the government's priorities in this critical area of national policy. Tonight I want to revisit some of the themes set out in that address and deliver a basic, but critical, message to you, and on this important occasion, to the people of Canada.

Let me begin by explaining the government's approach to trade policy. A realistic approach must appreciate the profound global changes wrought by advanced technologies, the changing players in the global economy, and the present unsatisfactory state of international trade rules.

Our policy attempts to do precisely that. There can be no question that trade, investment, and technology have created an interdependent world. Nations rely on each other as never before - as lenders and borrowers, as buyers and sellers. But nations and businesses situated within them also compete as never before. Global competition is unquestionably increasing.

For a country like Canada, which has a small domestic market, trade policy must be responsive to the changing global economy to protect our interests. One of the best ways for government to obtain accurate information about changing trends in international trade is to seek the views of those who are actually engaged in it.

It was for that reason that the federal government decided to establish the International Trade Advisory Committee (ITAC) and the fifteen Sectoral Advisory Groups on International Trade (SAGIT). The ITAC has already met three times and has set up nine task forces. I will be meeting the ITAC members next week in Toronto and my officials will be in close contact with the SAGIT as well.

I take this private sector participation in trade policy-making very seriously. It is an important contribution to a responsive national trade policy. I expect my Department and our negotiators to take the considered views of our advisors fully into account.

In my speech to the House of Commons last week, I set out the reasons for our two-track trade policy. As you all know, we believe that with 78% of our exports going to the U.S., bilateral negotiations aimed at securing better access to the U.S. market make good sense.

This does not mean that we are in any way less committed to the **General Agreement on Tariffs and Trade**, on the contrary, Canada played a key role in the launching of the Uruguay round in Punta del Este.

The backdrop for Punta del Este was unpromising. Strong differences of opinion about the suitability of certain topics for negotiation existed between the developed countries and some less developed countries. The question of agriculture and, in particular, the damaging subsidy practices of states threatened to unravel the consensus text that Canada played an important role in preparing for Punta del Este.

At Sintra, Portugal, I met with Ministers De Clercq, Tamura, and Yeutter one week prior to the Uruguay meetings to discuss our positions on the GATT negotiations. The working sessions of the Quadrilateral were frank and informative. As a result, the Canadian delegation to Punta del Este was fully prepared for an intensive week of hard negotiation.

Regrettably I was not able to attend; however, Secretary of State for External Affairs Joe Clark, and Minister of State, Finance, Tom Hockin, did an exceptional job of leading the delegation in my absence.

The result was a ministerial declaration concluded in the early hours of the final day of the Conference. It is an impressive declaration, far more ambitious and comprehensive than anyone would have expected in view of the pressures that surrounded its drafting.

The Uruguay round will be the most far-reaching set of negotiations ever held under GATT's auspices. Key matters of importance to Canada have been placed on the agenda. What did we obtain?

First, the Ministers committed their countries to a standstill and rollback of protectionist measures, and provided for much better surveillance mechanisms in the GATT.

Secondly, Agriculture was given a high priority. Here Canada's participation in the Cairns Group of Fair Agricultural Traders helped to get wide-ranging language on agricultural negotiations on the agenda.

Thirdly, Canada's need for more secure market access was highlighted. In this area, Canada formed a coalition with a number of LDC's and succeeded in getting the special problems of trade in natural resources and resource-based products on the agenda.

Fourthly, the need to rehabilitate the GATT as an institution was widely recognized.

Fifthly, it was decided to look at the new issues of services, intellectual property, and trade-related investment measures. Services, in particular, will be of interest to our world-class telecommunications, engineering, and financial service sectors.

This is not an exhaustive list of the matters that will be the subject of negotiation over the next four years in Geneva. The negotiations will be lengthy and complex, but the declaration concluded at Punta Del Este is an important first step.

We should not forget that multilateral diplomacy provides many opportunities to enhance our bilateral relations. At both the Quadrilateral and the GATT negotiations our delegation met with a host of countries, with which we seek better trading relations. Important progress in improving our relations with Japan was made at both Sintra and Punta del Este. Similarly, fruitful discussions were held with China, Mexico, India, and other growing commercial powers. I intend to build upon these meetings in the coming months.

The Punta del Este negotiations, therefore, were a great success both internationally and domestically. Internationally, they should help to stem the forces of protectionism, and to the extent that the upcoming negotiations refurbish the frayed international trading system, they will improve Canada's trading prospects.

The negotiations were a domestic success as well. For the first time since Canada started participating in multilateral trade negotiations, a contingent of provincial ministers was present to observe the proceedings. The Canadian delegation was also accompanied by private sector representatives. This is a good illustration of the kind of consultation and collaboration that the government is attempting to foster.

I think you will all agree that in view of our recent multilateral success, the GATT track of our two-track trade policy is firmly in place.

Let me turn now to the second track, the bilateral initiative with the United States. This initiative arose from the realization in many quarters of Canadian society that notwithstanding the many benefits of the GATT system in the post-war period, Canadian exports were increasingly going to one foreign market, the United States market.

We decided to engage in bilateral negotiations with the United States for only one reason: it is in Canada's interest to do so.

We think it is important to seek to secure our access to the U.S. market and enhance it if possible. We want to redefine the rules that presently govern trade between the two countries.

We want to try to find an end to the kind of harassment that we have faced in the U.S. We want to shield key employers such as our forestry industry - the largest industry in this province - from the forces of protectionism.

Last week in Parliament, I spoke of the harassment that our softwood lumber producers have faced for the last five years. Their U.S. competitors have sought fact-finding investigations, and a countervail case in 1983 which we won. We're all aware of the present countervail case which is set to be decided in two days time. When I announced an offer to settle the case, I stated that even if we won the case, and I see nothing in the U.S. law that would lead me to think we should not, we would face further harassment in Congress. More evidence of that was provided last week when forty Congressmen wrote Clayton Yeutter noting that a failure to resolve the case in favour of the U.S. petitioners "will only increase the pressure for a legislative solution". This, they said, would likely be much more far-reaching than the administration or the Canadians would like and "could jeopardize trade relations with Canada".

These kinds of threats are precisely why we seek new rules. The existing rules may be law but their enforcement does not always lead to justice. We want more certainty, a more confident environment for investors and producers in Canada.

There are many other trade actions taken by the U.S. that we are unhappy with. But we are not walking away. Rather, we are addressing these problems in negotiations that we hope will provide a better framework for trade between us. For these reasons we have embarked on the bilateral negotiations.

Will we get a deal? It is too early to say. I believe that a deal that advances and protects Canada's interest is certainly possible and I am impressed with the preparation undertaken by our side.

Let us remember, however, that ultimately the challenges of drawing up new rules to govern trade is one that faces government. There is another challenge. It is a challenge to you, the people who are engaged in the conduct of trade.

It is not enough to re-write the rules. In order for Canada to prosper, we need business to actively seek out new markets, new opportunities abroad.

The plain fact of the matter is that there never has been a trade agreement that filled an order book. Trade agreements help to create the environment in which business can be conducted. But the only way to capture sales is for business to go out and pursue them. Today's winners of the Canada Export Awards did not wait for new trading rules before filling their order books.

I need hardly remind this distinguished audience of the importance of aggressively seeking out new markets abroad. But I do believe that in speaking to this audience, in a city whose welfare is based so heavily upon international trade, this critical message must be given to all Canadians:

Canadian business should position itself today, not in one or two years, to take advantage of a new agreement with the United States. Similarly, do not wait for the results of the MTN negotiations commenced in Punta Del Este. Position yourselves now to exploit the many opportunities that exist in today's market place.

As I stressed at the luncheon Awards ceremony, we will continue to provide support for your efforts through export development programs in Canada and in our missions overseas. We will continue to do whatever we can to identify foreign opportunities for Canadian producers, and to help you win those contracts. Such activities may not make good copy in magazines - other than "Canadian Export World", they may not be the stuff of good political debate; but they make for good government.

But ultimately, the success of government initiatives will depend upon the attitudes and ambitions of Canadian businesses.

You and I know that opportunity is not enough. We know that opportunities will be lost if we do not maximize our ability to compete abroad. And we know that opportunity and ability are meaningless without the proper attitude - the willingness to see the opportunities in change and the will to seize them - the very attitude exemplified by those companies we honoured this afternoon.

Thank you.