

Statement

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**NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE INDONESIA-CANADA CHAMBER OF COMMERCE
BREAKFAST MEETING**

**JAKARTA, Indonesia
November 14, 1995**



Government
of Canada

Gouvernement
du Canada

Canada

Minister Joedono, honoured guests, ladies and gentlemen:

It is with great pleasure that I am here with you today, renewing your acquaintance, which I happily made a year ago.

I am particularly pleased to be with you on what is a special day for Canadians, especially those here in Indonesia.

Last evening at the Jakarta Convention Centre, the United Nations Conference on Biodiversity voted to establish its Permanent Secretariat in Montreal.

I congratulate the Mayor of Montreal, who visited Jakarta last week to promote his city's candidacy, for this important international distinction.

The members of the Canadian delegation -- federal, provincial and municipal government officials, non-governmental organization representatives, and their colleagues -- who worked so hard to make the selection of Montreal possible, also deserve our thanks.

This success demonstrates what we can accomplish when we work together as "Team Canada," that is combining the efforts of various levels of government and the private sector.

You may recall that last year I spoke about expanding Canada and Indonesia trade and investment flows and about the importance of the new World Trade Organization, the Asia-Pacific Economic Co-operation [APEC] forum and other trade and investment liberalization arrangements to our mutual prosperity.

At the conclusion of my speech I said that I hoped to return to Indonesia with a trade and investment mission.

Well, here we are!

I have been joined on this mission by 25 senior executives from some of Canada's foremost international firms.

We are here because although Canada and Indonesia already enjoy a strong economic partnership, we see scope for further expanding this relationship in areas where our objectives are complementary.

As bilateral partners, we have a "good fit" in respect of economic development priorities. Canada and Indonesia both face similar challenges in ensuring the benefits of economic growth for our citizens.

Our vast geographic expanses, the requirement for large-scale infrastructure development in sectors including energy, transportation, telecommunications, and the need to develop our natural resources sector -- in, among others, mining, oil and gas

and forestry - in a sustainable fashion, are all priorities that we share.

It is not surprising therefore, that we already enjoy a strong bilateral trade and investment relationship. Two-way merchandise trade should exceed \$1.1 billion this year. The value of Canadian investment in Indonesia is estimated at \$5 billion.

This relationship is important to Canadians.

To state the obvious, Canada is a major trading nation. Over one third of our gross domestic product is derived from exports, compared with about one quarter just four years ago. On a per capita basis, Canada exports three times as much as the United States, twice as much as Japan and 25 per cent more than Germany.

In Southeast Asia, Indonesia is our largest market for merchandise exports; it accounts for over \$100 million annually in our service exports and is the most important destination for direct foreign investment. This provides us with a strong foundation for future growth.

Canadian firms are keen to forge relationships with their Indonesian partners and clients and to grow with your market as it responds to the challenges of increased industrial development.

We want to work with Indonesia in meeting your ever-rising demand for energy, in all its forms, including conventional, coal-fired and hydro power.

Firms such as the Asia-Power Group, which brings together our largest provincial utilities and private sector partners, hope to be strategic partners with Indonesia in future generation and transmission activities.

In the field of nuclear energy, Atomic Energy of Canada Ltd. is working with Indonesian experts to assess the applicability of CANDU technology to meet local needs, should a decision be made by your government to pursue this option. Scientific and regulatory co-operation in the nuclear area is also under way.

Canadians also have extensive expertise in harnessing natural gas resources for energy and petrochemical applications. Our gas transmission and distribution networks are the most extensive in the world, bringing the benefits of this resource across North America to our consumers.

World-class Canadian firms are pursuing a substantive role in the implementation of the trans-Indonesian gas pipeline system, now

in the early stages of development. We are prepared to make major investments here to help make this system a reality.

In telecommunications, our data transmission, wireless and rural telephone technologies all have wide application in assisting Indonesia to meet its planned national network objectives.

Canada knows well the need to transmit voice and data across great distances. Many of our firms are already well established with local partners in Indonesia to provide these value-added services.

We are also looking for new sectoral investment opportunities. I believe that there will be good take-up in Canada in the imminent PT Telkom international public share offering.

The expansion of your mining sector, in which Inco of Canada has been engaged since the late 1960s, also provides the basis for further business co-operation.

Twelve Canadian "contracts of work" in the mining sector are pending final approval with the Government of Indonesia. I hope that these can be concluded successfully in the weeks and months immediately ahead.

Indonesians and Canadians are also co-operating closely in the protection of the environment. Canadians have had the privilege of assisting in the formulation of Indonesia's environmental regulatory framework. Our engineering and service firms are demonstrating technologies to meet specific environmental priorities such as water resources management.

The firms that have accompanied me on this mission - many of whom are actively involved in all these and other sectors - are representative of an expanding number of Canadian entrepreneurs who have made, and are making, a commitment to Indonesia.

They are investing their capital and human resources to contribute to meeting Indonesia's national economic development priorities.

I was privileged to open yesterday the new offices of SNC-Lavalin, Canada's largest consulting engineering company, here in Jakarta.

Their new joint venture demonstrates the commitment by Canadians to working closely with Indonesian associates to meet the growing infrastructure demands of your fast-growing economy.

There are at least one dozen Canadian engineering companies with a presence in Indonesia, working in an array of sectors with Indonesian partners.

The Canadian firms now in Indonesia include not only large, internationally renowned corporations, but also small and medium-sized firms with unique expertise in emerging technologies and specialized services.

Small and medium-sized enterprises [SMEs] are a priority for my ministry, representing 70 per cent of the firms utilizing the services of our embassies and trade commissions in the Asia-Pacific region. In Indonesia, SMEs account for a significant portion of the over 200 per cent increase in the number of business visitors recorded by our embassy here in Jakarta.

These are the companies who are forming joint ventures and technology transfer arrangements with Indonesian private sector counterparts to create and expand a "win-win" economic partnership.

The Canadian government is supporting the expansion of these business linkages through strengthened trade promotional activities and innovative export financing and insurance programs.

The Canada-Indonesia business development office, a project being implemented by the Canadian Exporters' Association with the support of the Canadian International Development Agency, is assisting Canadian firms in accelerating investment and technology partnering and registration locally, through the work of resident advisers located at "BKPM" [Investment Co-ordinating Board] and "BPPT" [Agency for Applied Research and Technology].

The Export Development Corporation, EDC, has expanded its lending programs to include not only government-to-government transactions, but also support for private sector procurement from Canada and limited-recourse financing for large-scale capital projects.

The first of what I hope will be a number of private sector lines of credit was signed by EDC with Indonesia's Bank Umum Nasional in May of this year. This facility, which will support transactions with a value of \$100 000 or more, is of particular importance to Canadian and Indonesian small and medium-sized firms who require export credit support.

There are already a number of such transactions in the pipeline. They will add to the extensive EDC portfolio in Indonesia, which has accounted for over \$800 million in financing support since the 1970s.

An EDC representative has joined me on this mission to pursue further discussions with their Indonesian and Canadian clients.

We are also working closely with the Indonesian government to conclude a number of important bilateral agreements to increase further our business links.

Negotiations have begun between our governments towards the conclusion of a foreign investment protection agreement, which will spur further direct investment by Canadians in Indonesia and, I would hope and expect, Indonesian participation in the Canadian market.

An air services agreement is to be negotiated next month, to permit the establishment of a direct air link between our countries.

There are other agreements, in fisheries products inspection, geomatics and nuclear technical co-operation, also in advanced stages of discussion.

All of these agreements will permit you - Indonesian and Canadian entrepreneurs - to work more effectively in meeting your business objectives.

The importance and depth of our bilateral economic partnership, which permits agreements such as these to be concluded, is why the Prime Minister, the Right Honourable Jean Chrétien, has made Indonesia a principal destination in his planned Team Canada mission to South and Southeast Asia early next year. He too was determined to return to Jakarta when he saw the impressive potential of your country during the November 1994 APEC meetings.

I was delighted when the Prime Minister informed me that he had accepted President Soeharto's invitation to visit Indonesia, following their meeting in New York last month.

By leading a large delegation from the federal and provincial governments and the business community to Indonesia, the Prime Minister hopes that many of the bilateral agreements and trade, investment and technology initiatives that I have mentioned today can be brought forward to a successful conclusion.

The Prime Minister's Team Canada mission represents the largest Canadian business delegation ever to travel to Indonesia. It will comprise hundreds of the leading executives of Canadian firms, all of whom are committed to expanding, or in some cases establishing for the first time, business relations with local partners and clients.

"Team Canada" means, by definition, a synchronization of efforts by business and government in Canada. This mission will illustrate the priority Canada attaches to its relationship with Indonesia and the Asia-Pacific region, as we prepare for the 21st century - what many observers refer to as the Pacific Century.

I am very much looking forward to joining the Prime Minister during his January visit.

It will mark my fourth visit to Indonesia in a period of 15 months.

Team Canada's mission to Indonesia will cement our expanding economic ties by helping to advance many of the technological, natural resources and human resources development initiatives that many of you here today are engaged in actively.

The Prime Minister will also open the new Canadian Education Centre in Jakarta during this visit. The Centre, which will promote Canada as a destination for Indonesian students seeking post-secondary and tertiary education training abroad, will contribute further to expanding people-to-people linkages between our countries.

As Indonesians learn more about Canada and Canadians come to Indonesia in increasing numbers, we shall increase the understanding of the similarities between us and appreciate more the cultural distinctiveness of our societies.

If we are to see our bilateral relations grow and flourish in the years ahead, it is linkages such as these - Indonesians studying in Canada, Canadian alumni in Indonesia sharing their experiences with colleagues, Canadians studying in Indonesia - that will bridge geographic distances and bring us closer together.

We are already important partners in the global economy and in the fast-growing Asia-Pacific region. We look to each other, as like-minded interlocutors, to work together in multilateral and regional forums, ranging from the United Nations to the new World Trade Organization, ASEAN [Association of Southeast Asian Nations] and APEC.

We share a commitment to increased openness in the world trading system; as signatories to the World Trade Organization we are both proponents of accelerated global trade and investment liberalization.

It is in the World Trade Organization where we both, as export-led economies dependent on an open trading system, seek to reinforce the international commitment to increased market liberalization, improved access for our products and services, and co-operation in trade and investment facilitation.

We both subscribe fully to the vision articulated by APEC leaders in Bogor one year ago, committing member economies to free trade in the Asia-Pacific region by 2020.

The leadership demonstrated by Indonesia since the adoption of the Bogor Declaration has been applauded around the Pacific and the world.

Your ongoing privatization program, recent economic reform measures, and the removal of impediments to increased trade and investment flows, are appreciated as visible demonstrations of Indonesia's commitment to ensure the success of APEC and its objectives.

I am pleased that, prior to the APEC meetings in Osaka, I shall have the opportunity to consult with senior Indonesian government and business leaders to hear their views on how we can work more closely to achieve these goals.

We must ensure that the "architecture" of APEC responds not only to the vision put forward by our leaders at Bogor but, at a very practical level, provides the foundation for business people such as yourselves - in Indonesia and in Canada - to respond effectively to the myriad new market opportunities available in Southeast Asia and North America.

Your Chamber of Commerce, as the bilateral business group that represents our growing economic partnership, is an important conduit for the elaboration of business views to political leaders in both countries regarding APEC and multilateral trade policy developments and how they impact on your activities.

I appreciate the opportunity to meet with you this morning, to share my perspectives on these issues that shape Canada and Indonesia's business environment and provide the basis for sustained growth in our bilateral relations.

I look forward to returning to Indonesia with Prime Minister Chrétien and Team Canada and to witnessing the signature of many of the business activities that so many of you are bringing forward.

See you in January!