

# Statement

Minister for  
International  
Trade



# Déclaration

Ministre du  
Commerce  
extérieur

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AS DELIVERED

AN ADDRESS BY  
THE HONOURABLE TOM HOCKIN,  
MINISTER FOR INTERNATIONAL TRADE,  
TO  
EXPORTVISION '93

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Affaires extérieures et  
Commerce extérieur Canada  
External Affairs and  
International Trade Canada

Canada

Good afternoon, Ladies and Gentlemen:

It is a pleasure for me to be here with you today as you launch Canada's Technology Triangle Export Network. I salute the efforts of the Laurier Trade Development Centre to enhance the international competitiveness of Canadian business.

If imitation is the sincerest form of flattery, then my department is flattered indeed that you named your conference ExportVision '93. ExportVision is also the name of the federal government's trade development program, which is designed to help Canadian exporters gain new markets for their products and services.

This annual initiative, which is currently under way in 45 cities across the country, is a featured event of Canadian International Trade Month. Much as you are doing today, 70 trade officers from External Affairs and International Trade Canada in Ottawa and abroad are meeting face-to-face with exporters and potential exporters to discuss market opportunities. They are exchanging information, knowledge and experience -- the skills and know-how it takes to become successful exporters.

Trade has been the focus of most of my thinking and acting for the past 15 years, long before I became Minister for International Trade.

In fact, I trained in international trade for my Harvard PhD. I ran an import-export business. And I had the challenge of a lifetime when in 1986, as Minister of State for Finance, I was asked to be the Government of Canada's negotiator at the launch of the Uruguay Round of multilateral trade negotiations.

Believe me, I understand what it takes to export successfully. That is why I applaud your efforts to create a network to share information and trade practical experiences. Today, I want to add to that learning curve by telling you a bit about what your federal government is doing in the fields of trade policy and export promotion for Canada.

We have vigorously pursued our trade objectives for one simple reason: exports mean jobs for Canadians. Prime Minister Campbell put it best when she said in Toronto on August 27, "The best job policy for Canada is a good trade policy."

Since becoming the Minister for International Trade five months ago, I can say with pride we have made some real achievements in securing our future as a trading nation. In Tokyo with our quadrilateral trade partners -- the U.S., Japan and the European Community -- we struck a deal on market access for industrial goods. We are now building on that deal in Geneva in order to get a bigger package.

As well, we finally resolved the beer dispute with the United States. And we completed the environment and labour side agreements to the North American Free Trade Agreement [NAFTA].

Exports are the engine of growth in our economy, and they continue to lead Canada out of the global economic recession of recent years. In the first six months of this year, our merchandise exports were \$87 billion -- up 15 percent from the same period in 1992. These figures take on added meaning when you consider that each billion dollars of new exports generates about 15 000 jobs.

Let there be no doubt about the benefits Canada has gained from the Canada-U.S. Free Trade Agreement [FTA]. The trade figures provide ample evidence. For example, our merchandise exports to the U.S. hit a record \$122.3 billion last year, despite slow economic conditions.

The trend continues this year. To the end of August, our trade surplus with the U.S. was \$14.2 billion. That's 41.8 percent higher than the same period last year.

A recent study by the C.D. Howe Institute illustrates the kind of growth I'm talking about. According to the study, Canadian exports to the U.S. increased in value by an average of 33 percent between 1988 and 1992 in sectors liberalized by the FTA. Significantly, the growth was mainly in high-wage, high value-added industries.

One of the main findings of the study is, and I quote: "The Canada-U.S. Free Trade Agreement (FTA) is placing Canada in a better competitive position in industries vital to the country's future economic growth."

The NAFTA will build on that success, contributing to the growth our economy needs to get deficits and debt under control. Through this agreement, exporters of goods and services will gain better access to the U.S. market, a stronger dispute settlement process, and an important opening to the expanding Mexican market, which has been protected for too long by high tariffs and other barriers.

The NAFTA and its side agreements will help create a level playing field across North America for Canadians. It will stimulate vast new opportunities in a continental market of 360 million people -- the world's largest market.

While most Mexican products -- about 80 percent -- already enter Canada duty-free, Canadian exports to Mexico face an array of tariffs and other obstacles. In pursuing the NAFTA, Canada wanted to correct this imbalance -- and we did.

Under the NAFTA, Mexican tariffs, licensing requirements and other barriers to the free trade of goods and services will be eliminated over time. This will give Canadian exporters guaranteed access to Mexico's market of 85 million consumers. As a result of the Agreement, Canada will have a chance to rebalance our trade with Mexico, especially in the automotive sector.

In addition, the NAFTA will create an enormous variety of opportunities for all Canadian exporters -- from our high-tech producers such as yourselves to our natural resource industries and everything in between. For example, by the year 2000, Mexico is expected to import 42 percent more telecommunications products. Its demand for imported information technology will likely increase by more than 30 percent in the next five years.

We don't claim the NAFTA will produce economic miracles. It will, over the long term, contribute to solid job-creating activity. But the NAFTA is only one component of our economic and trade strategy for Canada.

A successful conclusion to the Uruguay Round of the multilateral trade negotiations remains our number one priority. We have worked hard to advance Canadian interests and to achieve consensus. We remain hopeful that solid, trade-expanding agreements can be reached on improved market access and a new set of trade rules that could give a major impetus to growth worldwide.

On market access, we are looking at an overall one-third reduction in tariffs. Depending on how many zero tariffs we get, it could be closer to 40 percent. But even if we accomplish no more than a 30-percent reduction, world income would increase by at least US\$213 billion a year by the year 2002, according to a recent study by the OECD [Organization for Economic Co-operation and Development] and the World Bank. Canada's share of that new wealth would be some C\$2.5 billion.

But we expect to go beyond that. At the quadrilateral trade ministers' meeting in Tokyo in July, I helped get an interim agreement on total free trade in some areas. I expect more will follow, particularly in resource areas such as wood and paper, and in agricultural sectors such as oilseeds and vegetable oils.

A successful Uruguay Round would strengthen and improve the framework that governs world trade, expand our achievements in the FTA with our largest trading partner and further open markets around the world. Improved rules, clear definitions and better dispute settlement procedures would help us better protect and promote Canadian trade interests. And it will increase the confidence of exporters such as yourselves in freer and fairer trade.

The Government also intends to work as hard to seek trade opportunities beyond North America as we have worked within North America. The Asia-Pacific region has become an economic powerhouse of vital importance to Canada and the world.

The challenge we face is how to maintain and expand our economic, investment and trade links with the region, with Japan in particular, at a time of rapid global change. To meet that challenge, Prime Minister Campbell has said she will work toward the creation of an Asia-Pacific Economic Community at the summit of Asia-Pacific leaders in Seattle in November.

But trade agreements alone cannot create more trade or the jobs and prosperity that follow. It takes exporters to seize the market openings that trade agreements provide. Recently I had the pleasure of presenting this year's Canada Export Awards to 10 companies that exemplify the entrepreneurial spirit so vital to successful exporting. They represent the best Canada has to offer the world, from sophisticated telecommunications equipment to creative children's toys.

Many of you will be familiar with the outstanding achievements of one of our winners this year, Newbridge Networks Corporation of Kanata, Ontario.

This company has become a global leader in ATM -- asynchronous transfer mode -- an exciting technology that increases the capacity of telecommunications companies to move information in large quantities and at high speeds. I believe that through the efforts of companies such as Newbridge, Canada will maintain its stature as one of the world's most competitive exporting nations.

But you don't have to leave the Kitchener-Waterloo region to find successful exporters. Just look at the example of Mortice Kern Systems Inc. (MKS), which has established itself as an outstanding source of expertise in computer-systems standards. Last year MKS exported 97 percent of its software production.

There's also WATCOM International Corp. The company has used strategic alliances with industry leaders to develop an impressive array of software products, which it has sold worldwide.

In anticipation of new market opportunities worldwide, the Government has launched a series of trade initiatives to help more Canadian companies enter and broaden their participation in foreign markets.

As the market for about 77 percent of our exports, the U.S. continues to be a major priority. It is the critical market for the majority of our new exporters and specialized high-tech and services companies looking for partners. Our focus for this

market will include exporter education, niche marketing activities, leading-edge technology and the promotion of strategic alliances.

We have announced an exciting new program called Access North America to help Canadian firms capitalize on growing opportunities not only in the U.S. but in Mexico as well. This \$27-million initiative, undertaken in co-operation with the private sector, will provide Canadian firms with the tools and counselling they need to succeed in the North American marketplace.

We are also looking forward to CanadExpo '94 in Mexico City next March. With more than 400 Canadian firms on board, it promises to be Canada's biggest trade show ever in Mexico.

The Government is collaborating with the private sector in other constructive ways. For instance, in co-operation with the Canadian Chamber of Commerce and other organizations, we have developed a program to train Canadian business people in the language, culture and business practices of Mexico. Graduates then go on to the NEWMEX program. That stands for New Exporters to Mexico. It is a practical, jointly funded effort to introduce export-ready Canadians to the Mexican market.

But there is more to Latin America than just Mexico. That is why Prime Minister Campbell announced plans to establish a Blue Ribbon Commission on Latin America and the Caribbean. This independent commission will comprise leaders from the business, academic and labour sectors. Their task will be to report on how Canadian jobs and Canadian business can be secured throughout the Hemisphere.

Business and government are already working more closely to build strong trading relationships, not just in North America but in the dynamic economies of Asia as well. Just two days ago I attended the inaugural meeting of the Canada-Japan Industrial Co-operation Forum in Toronto. This forum will forge mutually beneficial partnerships between Canadian and Japanese firms in three areas of industrial co-operation: trade, investment and technology.

As our second-biggest export market, I don't need to remind you how important Japan is to Canada. Last year Canadian merchandise exports to Japan amounted to more than \$7.4 billion and could hit \$8.4 billion this year.

We also have a comprehensive Action Plan for Japan, developed in co-operation with business, the provinces and other government departments. We are concentrating on seven sectors, including information technology, auto parts and agri-food, to take advantage of Japan's increasing demand for value-added imports.

Our economic strength and our jobs depend on expanding trade in these sectors. We want to create good jobs requiring skilled workers and professionals to produce value-added products and services. That is the main objective of Canada's overall international business development plan. To reach it, we have stepped up our efforts in a number of areas, including market intelligence.

We know Canadian companies want and need better market information and intelligence for their strategic planning. Your participation here today is ample proof of that. You need well-analysed information and you need it quickly in order to position yourselves and to win contacts. I can tell you that the Government is committed to working closely with the Canadian business community to determine your needs in trade, investment and technology.

We want to concentrate the activities of our government representatives abroad on gathering focussed, sector-specific information that can be of real and timely use to business.

This is the aim of our trade strategy: to focus on the growth markets of tomorrow -- Latin America and Asia -- and to offer a co-operative, co-ordinated strategic partnership to you, the exporter.

You are here today because you recognize your industry's export potential. I am here because I believe we must work together. Together we can form a partnership that will contribute to Canada's economic future.

Thank you. Now I would be happy to take your questions.