

Statement

Discours

Department of
External
Affairs



Ministère des
Affaires
extérieures

88/12

CHECK AGAINST DELIVERY

Notes for a speech by
the Honourable Pat Carney,
Minister for International Trade,
to the Vancouver Board of Trade

VANCOUVER, B.C.

February 16, 1988.

Secretary of State
for
External Affairs

Secrétaire d'État
aux
Affaires extérieures

Canada

Ladies and gentlemen, this being the eve of the Chinese New Year, I want to wish all of you **Kung Hei Fat Choy** . I hope the year of the dragon will be even better than the year of the rabbit.

Today I want to discuss the relationship of the Free Trade Agreement which we have negotiated with the U.S. and our relationship with the Asia-Pacific Region, the fastest growing region in the world.

I am in a unique position to do so, because I am both the Minister responsible for the Free Trade Agreement with the U.S. and the Federal Minister responsible for our Asia Pacific initiative, a challenge I share with my provincial colleague, the Honourable Grace McCarthy, B.C. Minister of Economic Development.

The Free Trade Agreement with the U.S. expands and secures our access to the richest market in the world. The Asia Pacific initiative involving the work of 110 top-ranking volunteers is aimed at transforming B.C., Canada's pacific province, into the pacific gateway to Canada, and transforming Vancouver into a Pacific centre for trade, commerce and tourism rivalling Tokyo, Hong Kong and Singapore.

The Free Trade Agreement is the link for two reasons. Not only does it provide us with access to the North American market, it makes us an attractive centre for investment for foreign companies which wish to build on that secure access. Every day we read in the newspapers how other countries envy us our trade agreement with the U.S. That envy will be translated into investment dollars; we here in B.C. must actively seek out our share of those investment dollars.

Secondly, secure access to the U.S. market is a key to Canada's international competitiveness, not only in North America, but in markets throughout the world.

By eliminating all tariffs in 1998, the Free Trade Agreement will provide B.C. entrepreneurs lower costs which will result in increased competitiveness.

Tariff elimination also gives you the opportunity to compete for much bigger markets. If you are a manufacturer, you will be able to have much larger production runs. This will allow you to rationalize and modernize your operations and to be even more competitive, not only in North America, but around the world.

We need free and secure access to the U.S. market if we want to take full advantage of trade and investment opportunities

in the major markets of the world, especially the Asia-Pacific market.

As Arthur Hara has said:

"The Free Trade Agreement makes us competitive in Asia-Pacific and an attractive location for Asian business."

If we want to export more to the Asia-Pacific region, we must be able to compete on the basis of price and quality with countries which have much larger domestic markets.

Given the growing importance of the Asia-Pacific region for investment and trade, it is time for more Canadian businesses to add that region to their calendar.

Vancouver has a strategically important role to play as Canada's gateway to the Asia-Pacific Region. That role is becoming increasingly important. For example, national air carriers from Japan, China, Australia, New Zealand and Hong Kong will soon be joined by those of Singapore and Korea at Vancouver's International Airport.

How important is the Asia-Pacific Region? Let's look at a few numbers.

Japan now accounts for 12 per cent of the world's GNP. By the year 2000, we expect that figure to rise to 20 per cent. Japan has also become the world's largest exporter of capital.

Pacific economies, including Japan, will likely be producing about 50 per cent of the world's goods and services by the turn of the century and economists are predicting that these nations will post high economic growth rates for the next 20 years.

As a British Columbian, born in Asia, I am particularly interested by how economic activity in Canada has gradually shifted toward the Pacific.

During the first 60 years or so after Confederation, our industrial and investment activities concentrated first on Europe and then with the United States.

Though the United States obviously remains a priority market for us, the Asia-Pacific market now looms large on the horizon.

I believe that Canada's industrial and economic future will depend to a large extent on our success in doing business in the Asia-Pacific Region.

No one understands this more than the entrepreneurs and businesses of British Columbia.

But, let us remember that you cannot wish market share.

You cannot magically increase your exports to a highly competitive market because the Government has announced a new trade policy.

What Governments can and must do is create a trade and investment environment which gives the country's entrepreneurs, businesses and risk-takers a fighting chance.

That is what we have done with the Free Trade Agreement and with our other economic policies.

The Prime Minister and I, and all our colleagues in the Cabinet, believe in Canadians, in their spirit of enterprise, in their competitiveness and capacity to innovate.

Some people have described the Free Trade Agreement as a leap of faith. I describe it as an act of faith -- faith in enterprising Canadians and in their abilities.

Today, Canada has an enterprise environment.

We have deregulated the transportation sector. We deregulated energy.

We eliminated the Foreign Investment Review Agency, which had driven foreign investors away, and replaced it with Investment Canada, which has a mandate to promote investment in Canada.

Investors from around the world are discovering a new, healthier environment for business. Minoru Kanao, who headed a high-level Japanese business mission to Canada, said that he had discovered a "new Canada". He reported that the business mission found a new spirit of national reconciliation, an improved labour climate and a favourable attitude toward foreign investment.

The result?

A record \$7.5 billion worth of foreign direct investment in 1986. That same year, foreigners also invested \$26 billion worth of new portfolio investment in Canada. Investment is a vote of confidence in Canada, in its strong economic performance today and in its dynamic future.

As my colleague, the Minister of Finance, pointed out in his budget last week, Canada has had the strongest performing economy among Western industrialized nations.

- We have been number one in economic growth since 1984.
- We have been number one in employment growth -- more than 1,150,000 jobs created since we came to office. And contrary to the stammerings of the opposition, most of those jobs have been full-time, well-paid jobs in every sector of the economy.
- Here in B.C., 140,000 jobs have been created since September 1984. Five times as many jobs have been created in B.C. in the 40 months since September 1984 than were created in total between the 1980 and 1984 elections. And again most of those jobs are full-time, well-paid jobs in construction, the resource sector, investment, manufacturing and high tech industries.
- Economic growth last year was more evenly balanced -- unemployment actually dropped in all 10 provinces.
- Here in B.C., unemployment has dropped from 15.1% at the time of the election to 10.1%, a drop of 5 percentage points.
- Mortgage rates have dropped 3 percentage points. Saving homeowners \$1,200 per year on a \$50,000 mortgage and helping businesses to expand throughout the country. Housing starts in 1987 were up 40% compared to 1986, up 64% compared to 1985, and up 92% compared to 1984.
- Inflation is in check. Here in B.C., inflation is below the national average of 4.2% with Vancouver recording one of the lowest rates in the country at 3.7%. Lower inflation means lower prices for all consumers and particularly helps seniors and lower-income Canadians.
- And, both consumers and business are displaying more confidence than ever.

Now, we as a government cannot claim credit for all this great economic news.

The Government of Canada did not export all those goods and services.

The Government of Canada did not invest all that money.

It was not the Government who seized the opportunities for trade and investment and took the risks.

It was you, the entrepreneurs, the business people from coast to coast who made it happen.

I would suggest, however, that the trade and investment environment we have established through our policies went a long way in helping you to do so. And, the reason we were able to create such a business environment was that we took the time to consult you on virtually every one of our economic policy initiatives.

Trade is no exception.

In 1985, we developed a **National Trade Strategy** with the provincial governments. The strategy has three principal objectives:

- to broaden Canadian access to foreign markets;
- to strengthen the international marketing of Canadian goods and services; and
- to improve Canada's competitive position in the world.

These are nice phrases, but they mean nothing unless they are based on information and advice from people whose livelihood depends on trade.

That is why the Government established the International Trade Advisory Committee and the Sectoral Advisory Groups on International Trade.

We realized that systematic and on-going consultation with Canadian businesses and entrepreneurs across the country was essential to successful trade policies. Some 300 Canadians were directly involved in the consultations on the Free Trade Agreement.

We made it our business to listen to business, labour and to consumer groups.

Business people in this country were worried about growing U.S. protectionism. You were beginning to feel that the rule of law was becoming the rule of lobbies.

We fought hard for your interests.

By negotiating the Canada-U.S. Free Trade Agreement, we enhanced your access to that market and provided you, for the

first time in history, protection against harassment by U.S. competitors.

Through that Agreement, we have created a much more rational and equitable environment for trade. Of course, you are the ones who are going to make the Free Trade Agreement work.

You were also concerned about trade in other markets. Again we listened.

The Prime Minister, the Secretary of State for External Affairs and I pressed hard to get the Multilateral Trade Negotiations under the GATT off the ground.

Today, we are fighting for your interests in Geneva. Among other things, we want to:

- enhance market access and make that access more secure;
- improve the rules for agricultural trade;
- define rules for trade in services; and
- strengthen the GATT by improving its surveillance and trade policy role, increasing the involvement of ministers and improving co-operation with other key economic organizations such as the International Monetary Fund and the World Bank.

I am pleased to announce that Canada has offered to host the mid-term review of the four year GATT round in Montreal later this year.

Canada will also play host in April to a meeting of the quadrilateral trade ministers -- U.S., Japan, Economic Community and Canada -- here in B.C. in April.

We have also been working hard to improve the international trading environment through other organizations such as The Cairns Group of Agricultural Exporting Countries and the Economic Summit, which will be held in June in Toronto.

The Asia-Pacific Region is a priority for this Government. That is why we have developed specific strategies for key countries such as Japan and China and are developing others.

We have intensified ministerial missions to the region. The Prime Minister visited Japan, Korea and China in 1986. The Governor-General and the Secretary of State for External Affairs, as well as a number of my other colleagues, have recently completed successful visits to key countries in that region.

We have supported missions by provincial premiers and ministers, as well as missions by mayors of large cities. For example, Premier Vander Zalm and Mayor Campbell recently completed such visits.

I have been to Japan, Hong Kong, Australia, New Zealand and Indonesia in efforts to eliminate barriers to our exports and to promote investment in Canada.

We have taken a number of important initiatives for Asia-Pacific trade under our National Trade Strategy. For example:

- We have earmarked \$37.5 million for business development;
- We have opened new trade offices in Auckland, Bombay, Shanghai and Osaka; and
- We have doubled the number of trade officers in Beijing, have added a technology development officer and investment counsellor to our embassy in Tokyo, and an investment specialist in Hong Kong.

But that is not all.

Under the Industrial Co-operation Agreement, which we signed with Japan in 1985, we introduced the Technology Awareness and Acquisition Project. We have co-operated with about 2,000 Canadian companies, trade associations and the provincial governments to support business missions in the areas of advanced industrial materials, space, microelectronics, advanced manufacturing technology and biotechnology.

Later this month, my department will release several surveys on markets in South East Asia for products in which Canadian companies are competitive. We will also carry out a detailed study of new business opportunities in Japan in collaboration with the Canada-Japan Businessmen's Co-operation Committee.

We realize that good personal contacts are essential to business ventures in the Asia-Pacific Region. To that end, we have provided financial backing to the Canadian Chamber of Commerce to develop six bilateral business associations in Asia and to assist the Canadian Committee of the Pacific Basin Economic Council.

We are also supporting initiatives by the Asia Pacific Foundation and the Asia Pacific Initiatives Advisory Committee, both in Vancouver.

Coming soon is Canada Week in Korea from March 14 to 18. And, we will be participating in the World's Fair in Brisbane,

Australia. I want to say how proud I am that Rick Hansen will be our Commissioner General at Expo '88.

In spite of all the initiatives we have taken, we know that much more work is required to promote trade and investment in the Asia-Pacific Region. For example, in spite of major new Asian investments in pulp, auto assembly and auto parts, our share of total foreign investment from that region is far from impressive.

As I said earlier, Canada's economic destiny is closely linked to the Pacific. We have everything required to do well -- the talent, the dynamism and the innovation.

The Government can sign agreements, provide financing for organizations and missions, but it is up to you, the entrepreneurs, to carry out the mission.

As Canada's Pacific province, it is time for us to make a national commitment to the new age that is dawning.

Thank you.