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Statements and Speeches

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CANADA AND BRAZIL: ENORMOUS POTENTIAL FOR ECONOMIC CO-OPERATION

A Speech by the Secretary of State for External Affairs, the Honourable Don Jamieson, in Brasilia on January 12, 1977.

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Canada and Brazil, alone of all the great countries of the Americas, have been able to achieve their independence without the horrors of civil war, and the consequent disruption of the cultural ties with Europe that have often accompanied nationhood in other parts of our hemisphere. Because we both have throughout our history drawn on Europe as well as America, we both have been able to develop societies that stand out in many ways from those in the rest of the hemisphere. Canada has been immeasurably helped in this process by the fact that it possesses not one but two major languages, which have allowed it to take advantage of the experience and the richness of two European cultures. Out of this wealth of influences we have sought to take the best, whatever the source, and adapt it to the Canadian experience:

-- Our constitution reflects this. While we are a federation like Brazil and many other countries of the hemisphere, we also have one of the few parliamentary systems in the hemisphere.

-- Our economic system also reflects this. We have a mixed economy in which both private and public companies exist side by side. We have established the Foreign Investment Review Agency, which examines proposals for new foreign investment or foreign acquisition of existing Canadian firms to ensure that the investment or acquisition can be shown to be of significant benefit to Canada. We are now trying to channel foreign investment so as to derive the greatest benefit from it.

-- We have been inspired by European examples in drawing up our extensive social-welfare system and have pioneered some schemes of our own. I must add that I have been impressed by what I have heard of the way in which the Brazilian Government has used its pension fund to build housing for the less-fortunate.

-- We have drawn on both European and American examples in the extensive assistance we give to both education and culture.

While we have greatly benefited from the diversity of influences available to us, we have only been able to draw on these sources and maintain the country open to the winds of change that are sweeping the planet because of our commitment to the principles of an open society. Our deeply-rooted respect for democratic freedoms and human rights has also been for us a means of dealing most effectively with the linguistic, cultural, regional and social differences within Canada. I would be less than frank with you if I did not admit that it has not always been easy for us to maintain these principles. We have suffered from the stresses and strains that have arisen from the accelerated pace of history in our time. Nevertheless, we are firmly of the belief that the open society, with all the risks that it entails, is in the long run the only way of successfully achieving change in stability, as well as unity and prosperity.

We now have in power in one of our provinces, Quebec, a government that advocates its separation from the rest of Canada. As a member of the Government of Canada, I want to assure you we are confident the country will remain together. Canada has been in existence now as a Confederation for over 100 years, and this is not the first threat we have faced. Canada has a genius for compromise in the best sense of the word. For this reason, I am certain that this most recent threat to Confederation will be resolved as well.

So far in my remarks I have described the political and cultural parallels in the pattern of development of our two countries. I have, however, neglected an area in which the parallels are perhaps the most striking -- that is, we have faced the problem of attempting to develop with inadequate financial resources, and an often hostile nature, enormous territories enclosing substantial wealth. To do this, we have responded in a similar manner. We have both had to develop or acquire the organization, the technology, and the infrastructure necessary to open up our vast territories and to realize their potential in hydroelectric power, in raw materials, and in agriculture.

If the problems we face in developing show strong parallels so too do the results. We have both expanded to become not merely countries but subcontinents in our size. You are larger than the continental United States; we are second only to the Soviet Union. We are both lands of the future. You, with your vast expanses and your population of 110 million, are surely destined to become one of the world's great powers. We, although we can claim a population less than a quarter of yours, have nevertheless achieved a gross national product comparable to those of many of the major industrial powers of Western Europe.

Because of our particular historical evolutions, moreover, we both have established a well-developed network of relations outside the Western hemisphere.

Because of the many parallels in our development and our present situation we have managed to achieve an appreciable degree of co-operation in many areas. Our extensive geography and long coastlines have brought us to work together closely at the Law of the Sea Conferences. Our dual position as industrialized countries and as exporters of raw materials has permitted us to co-operate closely together at the United Nations and at the Conference on International Economic Co-operation in the continuing dialogue on a new economic order. Most important of all, there has been close and rewarding economic co-operation in the past 80 years. Today there is a greater concentration of Canadian investment in Brazil than anywhere else abroad apart from the United States. We are your fifth most-important suppliers of investment capital. Canadian investments in Brazil amount to \$1 billion, while Canadian banks have lent a further \$1 billion. Within the Western hemisphere, we are each one of the other's most important trading partners.

Although we have achieved appreciable results up to now, I consider that the potential for our relations remains far greater. We intend to develop that potential, for we attach a high priority to our relations with Brazil.

We are at present engaged in an effort to balance the rich and extensive relations we enjoy with the United States by intensifying and enlarging our economic and political contacts with the other major regions of the world. We recently have undertaken important steps with the European Economic Community and Japan -- steps that, I believe, will allow us better to reach our capacity for growth. Latin America and, in particular, Brazil, is for us, a third area with which we wish to co-operate in the pursuit of substantial and mutually-beneficial development.

Since we took the decision in 1970 to strengthen our links with the other countries of the Western hemisphere, we have appointed an ambassador as Permanent Observer to the Organization of American States, we have become members of the Inter-American Development Bank, we have finished joining all the significant specialized agencies of the OAS, we have provided financial assistance to the Andean Pact, we have offered to collaborate in the technical-development projects of SELA and we have established a number of bilateral co-operation programs throughout the area.

Within the Western hemisphere, I can assure you that there is no country more important for us, apart from the United States, than Brazil, and the further we look into the future the larger this vast country looms in our minds. Since the visit here in the autumn of 1974 of the then Minister of Industry, Trade and Commerce, Mr. Alastair Gillespie, we have attempted to pursue our interest in closer relations with you with increased vigour; this was particularly evident last year. In March and then again in November, the President of the Canadian International Development Agency visited here to see how our new assistance strategy for co-operating with countries lying between the industrialized and developing world could apply in Brazil. Through this strategy, which is based on the principle of co-operation between equal partners, we hope among other things to promote co-operation in science and technology, and joint ventures between firms of equal size. I might add, incidentally, that we have committed ourselves to spend around \$18 million in Brazil in conventional forms of developmental co-operation between now and 1981.

In June, we concluded the agreement to establish a Joint Committee on Trade and Economic Matters. In September, our Minister of Agriculture, Eugene Whelan, visited here to discuss co-operation in agricultural technology. In November, the first meeting of the Joint Economic Committee was held in Ottawa. Now I am pleased to come here at the head of a delegation representing several government departments to build on these efforts and to prepare for future visits, and I can assure you we shall not let up.

We have always looked upon Brazil as one of our major interlocutors as we have progressively become more engaged in hemispheric affairs. Our own separate political traditions, which are so different from those of most of the other members of the hemisphere, have given us an understanding of the special position occupied by Brazil in the inter-American system. If we look at you outside the framework of the Western hemisphere and in the broader context of the world at large, we see in you a country that is very much a part of the West, but one whose pattern of development allows it to understand the aspirations of the Third World.

We too are well-positioned to appreciate the aspirations of developing nations to attain a more rapid transfer of real resources and accelerate their pace of development. As the co-chairman for the industrialized nations at the Conference on International Co-operation, in which Brazil too is an important participant, we have been working strenuously and closely with

Sr Perez Guerrero of Venezuela to bridge the gap that at present divides the developed and developing countries.

I have been struck recently by the extent to which the discussions at the conference between developed and developing countries on commodities, as well as on other issues central to the "North-South dialogue," have become rhetorical. It concerns me deeply that we do not yet seem to be able to make significant progress on these key issues. It does seem to me that countries like Canada and Brazil can, particularly in the area of commodities, contribute in a pragmatic way toward finding solutions that meet the needs of developed and developing alike.

In some commodities our exports make up a significant portion of total world trade. For example, in the case of iron ore, exports from our two countries amounted to about 23 per cent of world iron-ore trade in 1974. For colombium concentrates, Brazilian and Canadian exports constituted approximately 75 per cent of world trade in 1974. Each of us also exports significant amounts of other commodities -- for example, in Canada's case, copper, nickel, uranium, and lead and zinc. Yet Canada also is dependent on imports of other key commodities such as petroleum and tropical products, including coffee. Thus we can understand the need for having commodity arrangements for specific resources that meet the needs of consuming, as well as of producing, countries.

We also want to work closely with you in bringing to a rapid and successful conclusion the multilateral trade negotiations in Geneva. Canada, as a major world trader, regards these negotiations as being of critical importance. We are very conscious of the special role Brazil is attempting to play in these negotiations in order to ensure a satisfactory outcome for the developing countries. You will be aware as well of the initiative taken by Canada in proposing a complementary negotiating technique known as the "sector approach", which is designed to assist resource-exporting countries, both developing and developed, in obtaining better opportunities to produce and market abroad some highly-processed resource products, as well as raw materials, and thus to create a greater degree of industrial activity and employment in our domestic markets. I should strongly hope for Brazilian support for this initiative.

This is not all. We wish to continue our close collaboration with you on law-of-the-sea questions. We wish to develop our nascent dialogue on African affairs. We are well aware of the close relations you have been able to establish with the

African states, in particular with the Portuguese-speaking countries, and we wish to know your views.

Because of the close "complementarity" between our economies, it is in economic affairs that there is the greatest potential for co-operation between us, and especially between the private sectors of our two countries. Due to our own pattern of development, we are world leaders in many of the areas that are now important for the expansion of your economy: in telecommunications and railways, in airport construction, in aircraft engines and short-takeoff-and-landing aeroplanes, in hydroelectric generators and long-distance power-transmission. I hope to deal with this aspect of our relations in greater detail in my visit to Sao Paulo and Rio, where I expect to meet business leaders.

What is necessary is to ensure that the enormous potential for economic co-operation between us is better known. We have participated, and we shall continue to participate, in your trade fairs. During the past year, we have held a joint railway symposium in Rio de Janeiro, a joint airport symposium in Sao Paulo and we took part in the Porto Alegre agricultural show. We shall continue to send ministerial missions. We shall also be active in the cultural field. Our pianist Arthur Ozolins was one of the attractions of the Sao Paulo Air Force Week. The Canadian guitarist Liona Boyd is touring Brazil right now. Later this year, I am happy to announce, the Grands Ballets Canadiens will visit this country. We are even doing something with you in sports. As you may know, a Canadian lady jockey rode the winner in the 1976 world championship at the Sao Paulo Jockey Club. One day we may even meet you on the soccer field.

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Even if we are fully aware of the great potential that exists for co-operation between us, it is of little importance unless our respective economic policies take into account our mutual interests.

We fully understand your industrialization policy and we are making every effort to adapt to it. We recognize, in particular, that Canadian firms doing business in Brazil must gradually shift their emphasis from selling to a greater involvement in the development of the Brazilian economy through technical, industrial and financial co-operation with Brazilian companies.

In order to finance such projects, the Canadian Export Development Corporation has been and will continue to be ready to provide short- and medium-term insurance, as well as long-term financing

and insurance for Canadian investments abroad. At present it has committed \$183 million to Brazil.

We do not expect our co-operation to be only in one direction. The Canadian market remains one of the most open in the world and we are prepared in the multilateral trade negotiations to agree to further liberalization. Moreover our general preference scheme provides special tariffs on a wide range of your goods.

We hope that, on your side, you will take our interests into accounts in developing your economic policies. We hope that you will help us adapt to the new reality of co-operative ventures with Brazilian companies. We hope that you will encourage Canadian consulting firms to contribute their experience and their technology to the development of your vast frontier.

We intend to pursue these economic themes further in our discussions with your business leaders in Sao Paulo and Rio. Here in Brasilia we are looking forward to discussions with you on the ways in which we can develop the whole range of our bilateral relations, both political and economic.

If we bear in mind our mutual interests and if we become fully aware of each other's capacities, we can do great things together, for, in our similarities and our differences, we balance each other admirably. The principal purpose of this visit is to tell you that we are willing to make the effort.