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OUR RELATIONS WITH FRANCE ONE OF THE PILLARS OF OUR FOREIGN POLICY

An Address by Mr. Jean-Luc Pépin, Parliamentary Secretary
to the Minister of Trade and Commerce, to the French
Chamber of Commerce in Canada at Montreal, on March 26, 1965.

...For many years, Canadian politicians have been telling us that our foreign policies rest upon three pillars: our activities in world and regional organizations, our membership in the Commonwealth, and our neighbourly relations with the United States. It seems to me that a fourth pillar is now being raised, our close and effective co-operation with France, a co-operation entirely natural since it stems from the cultural and political similarities between our two countries, and from our mutual and self-evident economic interests.

Why have we waited so long to till and nurture so rich a field? Some may say that we were afraid to slight other countries. (The leaders of these countries were probably the first to be surprised at our bashfulness.) What about domestic differences among Canadians? Let us not be too quick to blame our English-speaking countrymen. We all know that in France as well as in French Canada stupid prejudices have hampered any true rapprochement. We French-Canadians have had a frightful inferiority complex in relation to our cousins abroad -- they overwhelmed us with the full weight of their accent and with their knowledge of grammar. The average Frenchman thought that we were irrevocably lost in the British-American plot, and found relief and gratification in an "Isle-of-Orleans" image, printed at Epinal, of which we ourselves were often the most active promoters.

But let us look rather at the present and future of Franco-Canadian political, cultural and trade relations.

What do we see?

Favourable Circumstances

First, we see that the situation is extremely favourable to a rapprochement.

On the one hand, we have France, an ancient land which is modernizing, diversifying, automating and planning its economy by capitalizing, with great energy and originality, upon its scientific and technical resources which some thought to be exhausted; an old land whose philosophical, religious and artistic

thought has always enchanted the young; an old country at the very centre of the most extraordinary political experiment of our times, the integration of Europe. This is a country surely to deserve our attention as Canadians.

On the other hand we have Canada, a young national hastening towards maturity, becoming aware of the importance of education and culture in the development of its natural resources, trying to increase and diversify its industrial production, increasing its investments in social welfare, gradually winning new trade outlets, attempting to free itself from the amiable financial and technological embrace of the United States, examining its own political being. Would it not be possible for this country, thirty percent French-speaking, to attract the attention of France?

Between the old nation now rejuvenated and the young nation approaching maturity, an encounter was perhaps inevitable; and there were many to welcome it, and to make it productive.

Recent Encounters

When we read the list of recent developments in Franco-Canadian relations, we are struck by the frequency and importance of our contacts. Let us recall only a few of them:

the visit by a Committee of the French National Assembly, in February 1963, at almost the same time as the important Baumgartner economic mission;

an exhibition of French technology in Montreal in November 1963, which introduced Canadians to the new industrialized France;

since then, a frequent participation by Canadians in specialized French exhibitions, and numerous federal and Quebec trade missions;

a visit by Mr. Hays to the French Minister of Agriculture in September 1964;

a visit by Mr. Sharp to the French Ministers of Finance and Agriculture in December 1964.

On political and cultural affairs:

a meeting between President De Gaulle and Prime Minister Pearson in January 1964, where the principle of periodic meetings between ministers of external affairs was accepted, and put into practice in May and December 1964;

the opening of consulates general in Bordeaux -- already in business -- and in Marseilles, on May 5;

a visit by the Committee for Cultural, Family and Social Affairs of the French National Assembly in July 1964;

a visit by Mr. Basdevant, Director-General of Cultural and Technical Affairs at the Quai d'Orsay, in November 1964;

Mr. Hellyer's visit to Paris in February 1965;

in the communiqué issued after the last meeting between Messrs. Couve de Murville and Martin, there was mentioned "the advisability of sending a Canadian economic mission to France and the possibility of a meeting of the Franco-Canadian Joint Committee".

I do not forget the tremendous amount of work done by the Quebec authorities -- the opening of Quebec House in Paris in September 1961, the many voyages of Messrs. Gérin-Lajoie, Filion, René Lévesque and Gérard Lévesque, culminating in the visit of Mr. Lesage in 1964.

THE RESULTS

Cultural Agreements

Is all this activity without purpose? Certainly not. We have already achieved demonstrable results. To begin with the cultural side - first of all between Paris and Quebec, since it seems normal to me that there should be a particularly close association between Paris and Quebec in cultural affairs.

Quebec is 80 percent French-speaking, and autonomous in educational matters. What could be more natural than a cultural understanding between Quebec and Paris?

And, while we are on the subject, Quebec as well as Ottawa possesses authority in matters of trade and industrial promotion. What then could be more natural than a "Maison du Québec" in Paris? What could be more natural for this establishment than a legal status resembling that of the Provincial Houses in London?

Ottawa has permitted and has encouraged these relations. I am not saying that all this was done with the smile that marks my speeches. Each of us is a conservative at heart! To be a liberal requires an intellectual effort!

Faced with the results so far achieved, some are shouting "victory" as though a Bastille had just been toppled. Others are crying "defeat", as though the Austro-Hungarian Empire had just been restored. For my part, I call this merely progress, political wisdom, federal-provincial co-operation. (You have been wondering from the start how I was going to introduce the idea of co-operative federalism; well, I've just done it!) Our constitutional writs are not codes of slavery. Unfortunately, too many of those who wish to break loose from the ancient codes have only one desire -- that is, to write new codes just as arbitrary, with one difference -- that they express their own particular viewpoint. To achieve balance has always been a most difficult political exercise, and one which most rarely is successful.

Thanks to a compromise, Messrs Gérin-Lajoie and Morin were able to sign with the French authorities the understanding of February 27, 1965, ratified by an exchange of letters between Ottawa and Paris. This understanding provides for exchanges of research specialists, of university professors and normal school teachers, of students, and of specialists in physical education and adult education. This understanding should help in no small way to broaden the scope of the professions and trades in Quebec, thus contributing to Canada's industrial and cultural progress.

We should also notice:

a special programme of the Quebec Ministry of Education in 1964, involving an expenditure of about \$500,000 to facilitate training periods in French industry for Quebec engineers and technicians (about 100 young people, I am told, have already been placed);

an exchange of civil servants (January 1964) between Quebec-Ottawa and Paris (ten Canadians are now attending the National School of Administration, and French civil servants will soon make a tour of Canada).

Do these arrangements between Quebec and Paris imply that Ottawa is prepared to give up the idea of relations with France in these fields? Some would wish it so; they claim that it is impossible for French-speaking and English-speaking people to get along in Canada, while upbraiding the federal authority for not making bilingualism effective to a greater extent. Consciously or not, they would like to compel the French Government to arbitrate our constitutional conflicts. It would appear that the French authorities have sensed the danger of this situation, judging by the number and the importance of the conventions between Paris and Ottawa:

an agreement between French Radio-Television and the French section of the CBC (June 1963) for the exchange of programmes and for joint production;

an agreement on motion-picture production (October 1963), calling for the free exchange of films and joint production;

a programme of exchange (1964) with France, Belgium and Switzerland, involving a Canadian expenditure of \$250,000 a year (three studios have already been reserved in the Cité universitaire des arts in Paris, a Canadian troupe took part in the University Drama Festival in Nancy, 30 scholarships have been granted to European students);

efforts of the National Research Council to call attention of French research students to its post-graduate fellowships of \$6,000 (14 applications have been received this year, compared with two or three in previous years; and three have been accepted);

a programme of external aid to French-speaking Africa, increased from \$300,000 a year between 1961 and 1963 to \$3.5 million in 1964 (a large share of this aid is marked for academic and technical training; more than 60 Canadian teachers are now in French-speaking Africa, 100 more will leave next September, and ten technical advisers are already at work).

I do not have time enough to deal with projects for the future.

Immigration

We know that, traditionally, Frenchmen are reluctant to emigrate to Canada. Only 31,626 have come here since 1955. The Department of Immigration is now making considerable efforts to attract them in greater numbers. I have no doubt that the new Directorate of Immigration of Quebec is now also engaged in this project.

Travel

Canadians in turn have no desire to emigrate to France, although they make frequent trips there. They have so many good reasons for doing so! Just imagine: in 1962, 82,000 of us and, in 1964, about 100,000 could not resist the temptation. (This number will certainly increase, if only because of the cultural arrangements which I have already mentioned.) According to the Dominion Bureau of Statistics, Canadian tourists spent outside Canada, excluding the United States, \$230 million in 1962 and, it is estimated, nearly \$300 million in 1964, 90 percent of it in Europe, and a third of it in France. (French statistics report only 6.8 million Canadian dollars for 1962; but, as is well known, statistics in this area are difficult to establish; Canadians often, too often, travel with American currency.)

Now, we must persuade Frenchmen to come and visit us. In 1964, 6,430 did so, and about the same number came to us by way of the United States. We do not know how many francs they left with us. I imagine that Mr. Cournoyer's tourist services are already at work promoting the "Tour du Québec" in France. The Federal Government Travel Bureau has been represented in Paris since early 1964 by Miss Annette Fortier. She organizes Canadian evenings in Paris and tours in the provinces; she gives advice to travelling groups, and last year she even accompanied to Canada the 110 members of the Economic Missions Abroad. If we can capitalize on the traditional popularity of Canada in France and the tremendous tourist attraction of Expo '67, it should be possible to increase considerably the number of visitors from France.

Investments

If the French travel very little to Canada, what about their capital?

From recent developments it would seem that French capitalists are discovering the tremendous potential of Canada, and of Quebec in particular. The publication "External Affairs Monthly Bulletin" was able to suggest, in its last November issue, even that investments "could very well become the only means to increase trade considerably between our two countries". If you replace

the words "only means" by "another important means", you will understand exactly what I have in mind. The exchange of capital, as well as of industrialists, traders, engineers, technicians, soldiers, and even intellectuals, should bring with it sooner or later an increase in trade and commerce. It is obvious that, if French capital takes part in establishing an industrial enterprise, the owner will see to it that French equipment is used and that the new firm has access to French markets. And, if Canadian engineers learn to know and respect French technical skills, it is probable that they will make use of these increasingly.

Unfortunately, I have no data valid for the total of French investments in Canada. Pierre-Yves Pépin has made a brief analysis for the period 1950-60 in an excellent series of articles published by "L'Actualité économique" (1963, 1964) concerning what every young man should know about relations between France and Canada. He speaks of the Crédit foncier franco-canadien, the Canadian Liquid Air Co., Labarge Cement of North America Ltd., Poulenc Ltd., the European and Industrial Union, which acquired an interest in the West Canadian Collieries and West Canadian Oil and Gas Limited, the Société nationale des pétroles d'Acquitaine, which set up the Acquitaine company of Canada, and so on.

Since the splendid lecture given here by Mr. Gérard Filion on November 23, 1964, you are better aware of recent developments in this field; and you know that, owing not only to the activity of the Quebec Government and of Quebec House in Paris but also to the co-operation of the French and Canadian Governments, French investments in Canada are increasing, especially in Quebec: participation by the Banques de Paris et des Pays-Bas in the capital of the Société générale de financement; participation by the Compagnie générale de France in the setting-up of Cegelec, which makes high-voltage circuit-breakers, while the ALSTHOM company (Alsatian Society of Mechanical Construction and Thomson-Houston Group) is making generators for Hydro-Québec; an agreement between the SGF and Peugeot-Renault for the establishment of an assembly plant; French participation in St. Lawrence Fertilizers of Valleyfield and in the construction of the Montreal Metro; possible French participation in SIDBEC, perhaps with capital but more likely with technicians and experts. I also understand that a French-German firm, Alwinal Potash of Canada, is investing \$50 million in a Saskatchewan refinery.

This increased pace should continue as the tremendous Canadian potential becomes better known to French capitalists, especially when the truth is established of a statement by my friend Patrick Hyndman, Counsellor to the Quebec delegation in Paris, to the effect that it is easier to gain access to the American market from Quebec than from Paris.

It may be that the Canadian investments in France are not so well known. The articles of Pierre-Yves Pépin and a recent report in the Financial Times give us an idea: Massey-Ferguson owns in France farm machinery plants; ALCAN is mining bauxite in Provence; Seagram has interests in Mumm champagne, Perrier mineral water and Noilly-Prat vermouth. Mr. Bromfman is also interested in French housing construction; in 1961, Polymer built a synthetic rubber plant in Strasbourg; in 1963, the Toronto Westfield Group acquired a majority of shares of the French Company of Mines and Chemical Products; the Laurentide Financial Corporation has acquired 67 per cent

of the interests of Solifrance, a consumer-credit corporation; the Metropolitan Trust of Toronto has become a partner in several European banks.

Progress, therefore, is encouraging in this field too.

Trade

Let us see now if my enthusiasm can survive a brief analysis of trade between France and Canada.

First, let us look at the entire picture. The figures for 1964 are at an all-time high, but, as you know, this is a relative expression. Exports from Canada to France amounted for 1964 to \$79.4 million, 25 percent more than in 1963 and 85 percent more than the yearly average from 1955 to 1964. Imports to Canada from France for 1964 totalled \$62.8 million, 8 percent more than in 1963 and 150 percent more than the average for the past ten years.

This, the trade balance has been in Canada's favour by \$16.6 million in 1964. This has always been so (minimum, \$3 million; maximum, \$22.6 million), except in 1959 (-\$13.3 million).

What, briefly, are the details of these exchanges?

Canadian exports are wide in range and fluctuating in value. Our wheat exports to France, for example, earned us some \$9 million in 1960-61, \$1 million in 1961-62, \$7 million in 1962-63, \$5 million in 1963-64. We also ship to France synthetic rubber, salmon, asbestos, wood and wood pulp, copper and aluminum, card-punching machines and computers. The recent trend has been fairly advantageous to our manufactured products -- mechanical saws, farm equipment, radar equipment, refrigerators. Our imports, which are steadier, are no less wide-ranging. Four fifths of them are made up of industrial products, the remaining fifth of agricultural products. We import automobiles and parts, books and printed matter, wines, textiles, and steel products.

How does this trade compare with that which Canada has with other industrial countries? France ranks tenth among our buyers...after Japan, West Germany, the Netherlands, Belgium-Luxembourg; France comes fifth among our suppliers after Britain, Venezuela, Japan and West Germany. This trade with France represents 14 per cent of our sales and 17 per cent of our purchases with the European Economic Community; it represents less than 1 per cent of our world exports and less than 1 per cent of our world imports!

Many reasons have been advanced to explain this meagre level:

- (1) the high level of French self-sufficiency in agriculture and industry -- Canadian specialties;
- (2) traditional protectionist French commercial policies towards the dollar area. (Reference is often made, for example, to the 33 percent duty on canned salmon, considered a luxury, which competes with tuna, on which only an 11 percent duty is imposed).

- (3) Mention is also made of the orientation of French trade towards the six EEC countries. No one takes exception to this, of course; but it should nevertheless be emphasized that trade among The Six has increased by 23 per cent from 1962 to 1963. Many Canadians fear that the EEC is going to shut its doors to the outside world. There is no important evidence of this for the time being, especially when it is realized that Canadian exports to The Six increased from \$402 million to \$555 million between 1957 and 1964. The success of the "Kennedy round" of negotiations -- that is to say, an across-the-board reduction of agricultural and industrial tariffs -- would, of course, help to dispel our misgivings.
- (4) Another reason is often mentioned. Jacques Devinat, the helpful Commercial Counsellor of the French Embassy, puts it thus: "The French are only too prone to regard the Canadian market as beyond their reach, and to remember the failures encountered several years ago". Mr. Filion also has had a few harsh words to say in this respect.

This might explain why the Germans, for instance, manage to sell industrial equipment to Canada without preferential tariff protection, equipment which I am told France is making just as efficiently. This line of products represents 22.5 per cent of German and only 2 per cent of French exports.

On the other hand, a few things have also to be said against Canada:

- (1) We are systematically putting all our eggs in one basket. Close to 75 per cent of our trade is with the United States and Britain; this can be explained by geographical as well as historical reasons which I need not labour. Nevertheless, we certainly have not hitherto put enough effort into the diversification of our trade channels. Yet the trade commissioners of the Department of Trade and Commerce operating in France keep calling the attention of Canadian exporters to the possibilities of the French market. A recent article in Foreign Trade lists many sales opportunities: chemicals, camping equipment and sporting goods, freezers and refrigerators, communication equipment, toys, etc.
- (2) Our customs tariffs are a steep barrier against French manufacturers, as indeed they are against the products of other countries. Our provincial taxes on wines are enough to give a stroke to French exporters, and to Canadian consumers. (Even the quiet revolution in Quebec does not yet encourage the use of still wines).

These problems are very real (I need not mention the word "uranium")

But, it would be going too far to speak, as some have, of the non-complimentary nature of our two economies. To solve these difficulties, increased effort will have to be made on both sides. And often success will follow. Two recent examples will illustrate this. Mr. Hays announced recently that a quarantine station would be built this year at Grosse Isle to promote the importation of Charolais cattle. In turn, I was told yesterday that France will allow the importation of boneless meat as well as carcasses. These decisions will undoubtedly please exporters in both countries. Let us attack other restrictions in the same manner.

Defence Production

There is much to be done in matters of defence production, and, in fact, new efforts are now in process. Canada recently acquired the French ENTAC anti-tank weapons and SS-11 guided missiles. From January 1961 to September 1964, Canada paid more than \$15 million for military equipment and services in France, compared with less than \$2 million paid by France to Canada. The Department of Transport recently bought an Alouette II helicopter for coast-guard patrol and has taken options on two or three others.

A general impression emerges from all this. For a long time, the slow course of our trade has been regarded as inevitable. Nowadays, questions at least are being asked; above all, as I have said, we are ready to use other means, such as investments or the exchange of technicians to increase our trade.

I have said enough to bring me to my conclusion: France is becoming a fourth pillar of our external policy; cultural exchanges offer almost limitless possibilities; many trade barriers could be lowered through perseverance and goodwill; investments in both directions, which are good in themselves, can also lead to increased commercial activity; Quebec can be, and must be, the intermediary for this increase in cultural and economic exchanges between our two countries. On both sides there are misgivings and at times isolationist tendencies to be overcome; but, to the best of my knowledge, our highest hopes are justified.

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