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Notes for a speech by the
Right Honourable Joe Clark,
Secretary of State for
External Affairs, to the
Conference Society of
Alberta

JASPER, ALBERTA

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It occurs to me that, had I been speaking here three years ago today, about how we could strengthen Alberta and Canada, I would have been proposing that we dismantle the National Energy Program, replace the Foreign Investment Review Agency, get the federal deficit down, improve relations between Ottawa and the provinces, and wake up to our problems and our opportunities in international trade.

We don't need to talk about those goals anymore. The federal deficit is billions of dollars lower than it would have been under the old regime.

We have taken action to remove those artificial barriers to Alberta's growth. FIRA - the Foreign Investment Review Agency - is gone. Canagrex is being dismantled. Privatization is well begun.

Internationally, we have entered serious negotiations with our single largest trading partner, to secure and enhance access to that critical U. S. market. Equally important, we have been successful in securing a clean launch of a comprehensive new round of GATT negotiations.

I will discuss these two key initiatives at greater length later. But first, look at the energy industry here in Alberta. Let's set the record straight on the NEP, and how this Government of Canada responded.

The National Energy Program of the old Liberal Government - with the full support of the NDP - was based on the belief that governments could run the oil industry better than the private sector.

It used the tax system to direct where exploration and development should occur, and invoked the power of government regulations to try to impose Ottawa's priorities on exploration and service companies, large and small, and on provincial governments.

That attempted state control was a disaster, particularly for Western Canada. I fought it when it was introduced, and we dismantled it when our new government was elected. As usual, state control spawned a new "alphabet soup of taxes and programs" - the "PIP" grants, the "COSC" the "PGRT". Those are all behind us now.

Our new approach was based on two principles - first cooperation by Ottawa with the provinces and the industry: second, a recognition that market forces are a better basis for energy policy than state control.

Soon after coming to power, the Mulroney government signed the Western Accord. At one stroke, a long list of unfair and discriminatory taxes which discouraged

investors were eliminated. Also included in the Accord was an agreement with the provinces to progressively phase out the PGRT by January 1, 1989. That was agreed to by both sides. These actions put billions of dollars back to work in the Canadian oil and gas industry. The Accord removed the heavy hand of government from the industry. It restored industry cash flows - the source of growth, investment and jobs.

At the same time, events in foreign lands cast a shadow over the industry. Those problems must be dealt with, but they should not obscure the profound change in attitude and in action - that came with the election of the Mulroney government.

Anyone familiar with Federal Provincial relations between 1980 and 1984 will know that our election brought a fundamental change in the attitude of Ottawa toward federalism.

I was at the heart of the constitutional debate. I know what Mr. Trudeau and the NDP were trying to do, and I know the extreme reactions they generated here. All responsible Western Canadians can take real satisfaction that that era is over, that intransigence is gone, and there is now a common determination to treat Western Canada as an equal partner in Confederation.

That partnership is reflected now in the response to the new energy problem, whose roots are in a divided OPEC. The tragic result of the free fall of world oil prices in Canada has been five billion dollars in reduced cash flow in 1986 alone, and a loss of some 40,000 jobs.

The Federal Government has responded by totally eliminating the PGRT, effective October 1 this year. This will add hundreds of millions of dollars to industry cash flow over the next two and a half years. As these funds are re-invested, they will help restore the industry to healthier levels of exploration and development activity, thereby helping to save existing jobs, and create new ones.

Small and medium-sized producers received interim PGRT relief last spring when the small producer tax credit was raised from \$500,000 to \$2 million, saving them millions of dollars.

Naturally, I take some personal satisfaction in having won this fight. I started the Opposition in Parliament, to the NEP, in 1980, and, six tough years later, helped bring an end to the PGRT. I look forward to working with the industry and provinces toward further reform.

The dismantling of the NEP is but one example of how this government has brought Western Canadian priorities to the very heart of the national agenda. I have mentioned FIRA, CANAGREX, Privatization, the NEP, and progress on the deficit. Let me review other initiatives taken since September 1984, or currently in the works.

Freedom to move legislation, which can have such a dramatic and positive effect on our trading competitiveness, will be re-introduced in this Parliament. One billion dollars has been set aside for payments to farmers, in addition to the Farm Fuel Tax Relief, a record payment under the Western Grain Stabilization Act, and drought assistance for grain and livestock producers. We have worked hard to secure continued grain sales to the Soviet Union. 50 million dollars has been committed, working in cooperation with the provincial contributions, to strengthen the Yellowhead Highway as a major transportation system. The Via Rail System has been strengthened.

Those are not small accomplishments. They represent a fundamental change in the direction of Canadian national policy, a change that is particularly important here, because Alberta suffered so severely from the policies that have been put aside.

The difficult irony, for Albertans, is that, just as we began to pursue national policies which encourage Alberta to grow, new problems arose in our basic industries - energy, agriculture, lumber. None of these problems is simple. Some of them require prompt action by Canada's governments - and some of them require response by individuals, business, labour and other leaders.

During the late 1970's, I spoke with pride of this part of the country as "the building end" of this nation. Historically, that has been a fair and honest description of Western Canada.

Albertans have contributed a tremendous amount to the rest of Canada in many ways, not just through foregone

revenues on energy resources.

Now we face a new kind of challenge. The question is - do we have the will to rekindle the spirit, and make the most of our new opportunities?

The title of your conference is Global Marketplaces - from the Alberta Perspective. I applaud your interest and encourage you to push forward.

It is clear to all who study what is going on today that the Canadian economy is inextricably linked to the international economy. Every region of Canada depends on exporting to foreign markets - from lumber and fish in Atlantic Canada, transportation equipment in Quebec, automotive parts in Ontario, oil and gas here in Alberta and lumber and lumber products in British Columbia - virtually all of our industries depend on our sales in foreign markets.

That is why our government has set an aggressive trading strategy - targetted on many fronts - as a priority. Our domestic market is not large, and therefore we are highly dependent on exports. It is vital that we improve our competitive position in the world.

Three-quarters of our entire trade is with the U. S., but there are storm clouds on that relationship. We have all seen the results of some of the strong protectionist forces in the United States. There have been proposals in the U. S. Congress which would result in hundreds of restrictions on the entry of goods to the American market.

A new Canada/U. S. trade arrangement has long been a priority with the Province of Alberta. Now the Federal Government has launched formal negotiations with the U. S. - negotiations aimed at securing the markets we now have, at stopping the protectionist forces on both sides of the border, and at increasing the opportunities to expand our trade.

A new trade deal offers Canada the prospect of new jobs resulting from greater and more secure access to a market of 235 million people. A 10 percent increase in our trade with the U. S. would result in approximately 250,000 new jobs, or a 2 percent drop in the unemployment rate.

But it is not only in the U. S. front that we are pursuing expanded trade. Our government is seeking to expand trade of Canadian goods throughout the world. We are committed to the multilateral trade negotiations under the GATT - the General Agreement on Tariffs and Trade. A stable trading system has been a cornerstone of world economic growth. At Punta del Este in Uruguay last month, there was unanimous agreement - after a week of long, protracted argument - to launch an ambitious and comprehensive new round of trade negotiations. This new "Uruguay Round", as the negotiations are to be called, remains the best chance to make progress in establishing basic rules of the game in international trade, and halting the forces of protectionism.

It was not easy to reach unanimity. The major difficulty was on so-called "new issues", in particular, trade in services, which are so important to Alberta. Their inclusion in the negotiations could ultimately open the door to fundamental changes in this rapidly growing sector.

Once negotiations begin, the Uruguay declaration ensures that overall market access interests will be advanced by negotiations on both tariff and non-tariff barriers. We anticipate that over the longer term, the MTN should instill new confidence in our export sector by strengthening the GATT as an institution through a better dispute settlement system.

This government is also breaking new ground in the use we make of official trips. In Beijing, the Prime Minister opened the meeting of the Canada/China Trade Council, adding immense authority to the idea of economic cooperation between the two countries.

As the Minister responsible for External Affairs, I have made a point of taking Canadian investors virtually everywhere I travel - that was not the practice of previous Secretaries of State. Together, we have helped find new opportunities for sales, for investment, for joint ventures, for technology transfer - in India and in Uruguay, in Pakistan, Egypt and Thailand - in Tokyo, Caracas and the Pampas of Argentina.

When I had the honour last month to lead the Canadian Delegation to the GATT Ministerial Meeting, our numbers included not just our own excellent public servants, but also leaders in Canadian business and economics, and

Ministers representing the Provincial Governments of every region of Canada.

Let me give you two specific examples of what I am talking about:

Agri-Team Canada is a new Alberta Company of agricultural consultants. It was formed by Acres International Ltd., and Bob Francis, a Priddis rancher, who is with Agritech Consulting Services Ltd.

Prairie Microtech is an established Regina firm involved in feedlot management. It has begun to look overseas for new opportunities to sell computer software for feedlot management.

Neither company had ever sought markets in South America before - but both thought opportunities might exist.

So I arranged for them - and representatives of 26 other Canadian businesses - to accompany me on my September visit to Venezuela, Argentina and Uruguay.

Both these Western companies found export or investment opportunities that will probably translate into more jobs and growth in Alberta and Saskatchewan. They demonstrate how important it is for our businesses to reach out in the world - and their experience proves there is an immense opportunity for partnership between Canadians and countries all over the globe.

Both examples make the most important point about Alberta's opportunities in global market places - that is, that there are opportunities when we look for them, and there are great opportunities for Albertans, if we go out into the world.

I asked some of our Posts overseas for some recent examples of help that we've been able to offer Alberta exporters. A partial list includes: sales of well-head spares for gas wells in Bangladesh; \$800,000 worth of horsemeat to Italy, and a 1 million dollar sale of embryos to Australia, plastic flooring for pig and poultry farms in Perth, and an initial order for \$13,000 worth of wild mushrooms to Switzerland. Last year, 107 Alberta firms were funded under my Department's Fairs and Missions program to participate in trade fairs abroad. While the reports are

still coming in, on-site sales of more than 19 million dollars were recorded. The companies range from Alberta Telecom and Nova, to Baker Engineering and Edwards Rod Weeder. The point is - we went looking. And when Canadians go looking for business, we can beat the best in the world.

I was in Drummondville, Quebec two weeks ago, and met a small Canadian exporter who is making electrical filaments in rural Quebec and selling them in Hong Kong. There are thousands of Canadians like him, confident in their own ability, unafraid of foreign marketers. They don't discuss trade policy; they go out and make it happen. And while others debate Canada's confidence and Canada's competence, they go out and demonstrate it. They take on the world and win.

I would not want any sophisticates in my audience to dismiss this as naive boosterism. Four weeks ago tonight, in a converted casino in Uruguay, a major change occurred, because Canada, and countries like us, had decided to push. The subject was agriculture, and the change was that, for the first time, agriculture is a priority in the GATT.

No part of trade is more complex or politically sensitive than the web of subsidy that has grown up around agriculture. Yet even in that highly complex field, determined initiatives paid off.

The largest single threat to Canadian farms is the growth, in the United States and in Europe, of agricultural subsidies which we can't match. Once, the efficiency of farmers determined success in international agricultural trade; now, success is determined by the size of the subsidies. Canada has the most efficient farmers in the world. We don't have the biggest treasury. So we have to move the rules back towards a balance that gives our farmers a chance.

The Prime Minister began that process when he raised the issue of agricultural subsidy at the Tokyo Summit - the first time agriculture had been discussed in that forum. We have followed that initiative vigorously - through meetings in Vancouver, Thailand, at Cairns in Australia, and finally in Uruguay, at the GATT. In Punta del Este, I said "The GATT has had the bad habit of putting

agriculture to one side". That bad habit has now been changed. And for that, Canada can take a lot of credit.

Whether the challenge is selling mushrooms in Switzerland, or getting agriculture in the GATT, or applying oil field technology in Asia, global market places spell opportunity for Alberta and are waiting for us to approach them with the kind of initiative and confidence that are the characteristics of this province.