

Statement  
Minister for  
International  
Trade



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STATEMENT  
BY THE MINISTER FOR INTERNATIONAL TRADE  
JOHN C. CROSBIE  
TO THE STANDING COMMITTEE ON EXTERNAL AFFAIRS  
AND INTERNATIONAL TRADE

OTTAWA

May 25, 1989.

NOTES FOR THE OPENING REMARKS  
BY THE HONOURABLE JOHN C. CROSBIE  
AT THE SCEAIT MEETING - MAY 25, 1989

I would like to thank you for this early opportunity to meet with you and to provide you with a short overview of our international trade priorities and programs. I hope that our discussions will cover not only the financial resource questions related to the estimates, but will also extend to directions we are following with respect to trade policy and trade development. Your views and input will be appreciated.

Let me introduce the officials who are with me today. Gerry Shannon, Deputy Minister; Don Campbell, Senior Assistant Deputy Minister responsible for the U.S.; Reg Dorrett, Assistant Deputy Minister for International Trade Development; John Paynter, Assistant Deputy Minister for Economic and Commercial Policy; Germain Denis, Assistant Deputy Minister for the Multilateral Trade Negotiations; Len Edwards, Director General for Corporate Management.

As many of you are aware, this government embarked upon a two track trade strategy in 1985 and our objectives were established by first ministers. The first track was the negotiations with the U.S. The second track is Canada's participation in the Uruguay Round. The national trade strategy encompassed three major areas of effort. We wanted then and now:

To secure and enhance access to foreign markets; to improve our trade competitiveness; and to develop and strengthen our international marketing efforts.

I will deal with all aspects of our joint strategy and how we have been implementing that strategy. However, our discussions today should focus on where we go from here.

First and foremost the FTA is a reality and it is working. Access to the largest national market in the world has been secured. The machinery to implement the agreement is in place and running. And the business sector has been quick in capitalizing on its benefits and has even come forward with proposals to accelerate its implementation.

No agreement of this magnitude can be without the need for some fine tuning and some adjustments. I understand that you will spend some time later with my senior Assistant Deputy Minister responsible for relations with the U.S., Don Campbell, and other officials on the specifics of the FTA.

Let me turn to the second track of our trade policy strategy: the Uruguay Round.

The positive outcome at the trade negotiation committee in Geneva in April opens the way to advance all the issues to the substantive negotiating phase and to implement the agreements reached in Montreal. The real breakthrough is the negotiating framework for agricultural trade liberalization. This text is intended to lead to the establishment of a fair and market-oriented agricultural trading system, with the ground rules applying to all trading countries.

Successful conclusion of the round is the key remaining element of our two track approach to enhance our market access.

Canada has taken a leading role in the international economic community. Not only have we hosted Commonwealth, Francophone and Economic summits, but we also hosted the Montreal conference on the multilateral trade negotiations to give direction and momentum to these vital trade talks. Next week I shall be participating in the OECD ministerial meetings and the quadrilateral ministerial meeting both of which will have as a focus international trade issues. We are committed to ensuring access to world markets for Canadian suppliers.

To meet our national trade strategy objectives of improved competitiveness and of increased, more efficient international marketing efforts, much has been done. The implementation of new programs like the WIN export network, the investment development programme, the technology inflow programme and the science and technology advisors network have significantly increased the flow of market and technology information available to Canadian business.

The strengthening of the trade staff at posts in fast growing markets and the opening of posts in Shanghai, Osaka and all the satellite offices in the U.S.A. have allowed our department to render better services on the ground to our exporters. The establishment of international trade centres in the provincial offices of ISTC now completes the network of trade commissioners around the world, across Canada and within our headquarters operations. Greater funds for government and industry-initiated promotional projects have enabled more potential clients to learn about Canadian capabilities and to take full advantage of our competitiveness.

But the world we live in is in perpetual change and new challenges force us to adjust our approach. The surge in economic power of the Pacific countries or the unstoppable move of Europe toward a unified market by 1992 demonstrates the need for new strategies. We hope to utilize the enhanced competitiveness arising from the FTA to allow our exporters to compete in the global marketplace

with particular focus on Europe and the Pacific. From now, well into the 90s, our trade strategy will rest on three pillars: the U.S. market secured by the FTA, the Pacific market and the post '92 European market.

We wish to build an economy, capable of competing globally, from a strengthened North American base created by the FTA. We must reach out and build new economic and trade relationships with Europe and the dynamic markets of the Pacific.

This three pronged strategy aims at ensuring that Canada has the appropriate resources in each market to take full advantage of the new opportunities as they develop, while maintaining a firm hold on the markets we already have.

At a later date my officials would be prepared to provide you with a presentation on our new strategy we call "Going Global". I hope you will agree with me that this endeavour will go a long way in fulfilling the mission we collectively agree upon, that of ensuring Canadian prosperity through trade.

Let me for just a moment cover some of the priorities and programs we propose for this coming fiscal year. I was pleased last September to announce a \$57 million, 5 year trade program with a focus on the U.S. This is in addition to the extensive trade programs already in place.

Our trade development action plan for the U.S. covers a wide range of initiatives. Let me list just 5 of those initiatives which may be of interest.

One element is to increase our participation in trade fairs, to help Canadian exporters participate in American trade shows. Our central objective is to ensure that every small and medium sized "export ready" firm has equal access to our programs geared to the U.S. market place. And I am pleased to say we expect that 95% of this year's participants will be small to medium sized firms, 60% will be first time entrants and 10% will be new to exporting.

A second element of our plan will be buyers' missions - these are incoming missions by U.S. officials to visit potential Canadian suppliers. Defence contractors, government procurement agencies, and urban transit authorities are examples of the type of buyers coming to Canada.

A third element will be market studies and seminars on specific export marketing subjects -- the kind of practical information exporters need to identify potential customers.

A fourth initiative will be an expansion of our highly successful NEBS program -- new exporters to border states -- where we walk a group of 20 to 25 small companies through the entire process of exporting, thereby taking the mystery out of the process. Our aim for this year is 55 missions with some 2,000 participants.

And fifth, we intend to increase the penetration of Canadian exports into all parts of the U.S.A. -- not just the adjacent border state markets. One new program is called 'New Exporters to the U.S. South' -- or NEXUS -- and we believe our export drive will be made easier by our expansion of trade offices in the Southern United States.

In fact, by next year we will have 27 trade offices across the United States.

Those are just five of the many initiatives we are taking to seize the opportunities in free trade; trade initiatives that will entail a \$20 million dollar investment this year alone; and which will involve the promotion of both goods and services, investment and tourism. This action plan will allow Canadian exporters to participate in some 400 events in 72 industrial sectors; initiatives which we expect will generate some \$1.5 billion worth of additional sales this fiscal year -- \$150 in export revenue for every tax dollar invested -- a pretty good rate of return, to say the least.

What we are trying to do is create a hands-on, sleeves-up program geared to exporters needs, with sufficient follow up to ensure that every dollar invested will pay dividends to our economy.

We're going to work with industry associations to leverage our investment and to broaden our client base.

In short, our objective is to ensure that exporters are well positioned and well supported to maximize the opportunities which are there for the making and the taking.

However, the FTA should allow us to move beyond North America to the mega-markets of Europe and Asia.

As you know, the European community is seeking to complete the unification of its internal market by 1992.

Our 1992 strategy can be stated simply:

- . We are carrying out detailed analysis of the impact of 1992 through industry sector working groups which have already been formed within the government and through 3 major studies which

we have commissioned. The results of these studies are being presented to the business community through a series of seminars, workshops and publications.

- . We will promote investment and encourage the development of strategic corporate alliances between Canadian and European firms; and
- . We will develop and expand cooperation in science and technology leading to industrial co-operative ventures.

If you would like a more complete briefing on Europe 92, what it means to Canada and how we propose to respond to the challenges, my officials could provide you with a special presentation.

I understand that a parliamentary delegation led by my parliamentary secretary Jack Shields will visit three European capitals this June specifically to look at Europe in the context of the 1992 political and economic measures.

There are also promising opportunities in eastern Europe and in particular the USSR. The increased business interest is evidenced by the numbers of business people who attended the recent annual meeting of the Canada-East European trade council and the creation of a Canada-USSR business council. The USSR is not only a cash market but also a market for joint ventures and technology transfer. We now have in place 15 joint ventures. Over the coming year new emphasis will be placed on matching Canadian capabilities with opportunities in the region.

We will also, as a key priority, be endeavouring to build trade and investment links to the Pacific Rim.

By the year 2000, it is estimated that Asia will account for 60 per cent of the world's population, 50 per cent of production and 40 per cent of consumption. Some believe that by the 21st century, the value of Trans-Pacific trade could reach \$500 billion.

Obviously, it is critical that we establish a stronger presence in Japan and seize the opportunities available in this dynamic part of the world. As part of our global trade strategy we are developing a Pacific thrust to capture our share of the worlds most economically dynamic markets.

That is why we will be:

- . Strengthening the language and cultural expertise of our business community, so it can deal more effectively with Japan, China and other Asian nations;
- . Increasing support for market penetration;

- . Encouraging science and technology cooperation;  
and
- . Promoting Canadian interests through a more vigorous communications program and cultural exchanges.

That's what we must do, and that's what we are going to do.

So that is our basic trade strategy:

- . A three pillar strategy, geared to the North American, European and Asian mega-economies;
- . Utilizing GATT as the door to opportunity in all three mega markets; and
- . Knowing that the Free Trade Agreement is the key to our ability to seize export opportunities.

And if we are competitive in these three mega-economies, we will be competitive anywhere in the world. We are targetting our priorities and resources in the mega economies, our primary markets, but we continue to seek out opportunities around the world for Canadian suppliers. Our efforts in the MTN are directed to market access everywhere.

My point is that the Free Trade Agreement is not the end of our journey -- just the logical step in Canada's efforts to be a global competitor into the next century.

I have discussed these measures and our objectives with my provincial colleagues at a recent federal-provincial meeting. There is a strong consensus on our joint objectives and we have reduced duplication in trade programs as well as increased cooperation on trade policy issues in order to ensure a stronger Canada in the international market place.

Our goal is not just to encourage new exporters to sell in New England, or current exporters to move deeper into the U.S. market. The American market is but a stepping stone to the broader world. And our ultimate goal must be to develop an outward-looking trading culture, where the knowledge and expertise of Canadians matches the importance of international trade to our economy. A country whose perspective is global.

I would now be pleased to respond to your comments and questions on international trade.