

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement Déclaration

93/17

CHECK AGAINST DELIVERY

This year, we are celebrating the CEA's 50 years of service to the Canadian exporting community. We are delighted to note the appointment of your new president, Mark Drake, who will lead your association into a new century of advancing the interests, skills and values of exporters. I congratulate him on his appointment, but please let him know that I will continue to be working with him.

I would also like to take a moment to reflect on the remarkable career of Jim Taylor, who has been a constant presence in the life of the CEA for 30 years. Your association has been working to improve the climate for exports, and during the past 50 years, you have always been a part of the government's efforts to improve the international trade environment.

**NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER FOR INDUSTRY, SCIENCE AND TECHNOLOGY
AND MINISTER FOR INTERNATIONAL TRADE,
AT THE CANADIAN EXPORTERS' ASSOCIATION**

50th ANNIVERSARY DINNER

We have achieved many milestones in the past 50 years, and the government is proud to have supported your efforts. I am pleased about the Free Trade Agreement with the U.S., the negotiations for a North American Free Trade Agreement (NAFTA), and the completion of the Multilateral Trade Negotiations (GATT).

I know that many of you share my concern over the impact of the Uruguay Round of Trade Negotiations on the Canadian exporting community. We are working hard to ensure that the benefits of the agreement are shared by all exporters, and we will continue to work with you to address any concerns.

**OTTAWA, Ontario
February 17, 1993**

I am delighted to have been invited again to the CEA's annual dinner.

In this era of increased global competition, partnership between the private sector and the government is essential to success in international markets. This partnership is the essential ingredient that will enable us together to face increasingly severe international competition.

To be effective, this partnership requires a positive, constructive attitude, and that has been the hallmark of the relationship between the CEA and the federal government.

This year, we are celebrating the CEA's 50 years of outstanding service to the Canadian exporting community. We are also here tonight to note the appointment of your new president. I am sure that Mark Drake will lead your association into a second half-century of advancing the interests, goals and values of Canadian exporters. I understand he is out of the country at the moment, but please let him know that my officials and I look forward to working with him.

I would also like to take a moment to reflect on the remarkable career of Jim Taylor and his inspiring contribution to the CEA. Jim was a dauntless crusader for exporters, both as a trade commissioner for 30 years and as head of your association. As CEA president, he made sure that exporters' concerns and opinions were always known to our government. His energy and intellect will be missed in the exporting community and in government.

For 50 years, your association has been working to improve the climate for companies involved in the international markets. During these 50 years, we have witnessed a veritable explosion in international trade.

As we strove to create an environment where Canadian exporters could realize their potentials, the CEA showed strong support for the government's trade policy initiatives when that support was needed most. I am talking about the Free Trade Agreement (FTA) with the U.S., the negotiations for a North American Free Trade Agreement (NAFTA) and the completion of the Multilateral Trade Negotiations (MTN).

I know that many of you share my concern over the many delays in the Uruguay Round of trade negotiations. Canada, and the whole world for that matter, need the economic impetus that a General Agreement on Tariffs and Trade (GATT) would bring. While there are still storm clouds over the negotiations, all parties involved are aware of the need for this Round to succeed.

At a January 19 trade negotiations committee meeting in Geneva, we felt there was a clear sense of determination -- a recognition by all participants that the end is in sight and is achievable. U.S. President Clinton's recent announcement that he will seek an extension of the fast-track authority is another reason for hope.

I stressed Canada's commitment to the Round in my meetings recently with the new United States Trade Representative, Mickey Kantor. Ambassador Kantor was concerned that a protectionist label had been put unjustifiably on the new administration. But from our meeting, I believe that he and his administration are clearly in favour of an open trading system.

While Canada can only marginally affect the outcome of the world trade talks, we can go far in the field of market access, trade rules and enhanced competitiveness -- both through the NAFTA and right here in our own domestic market.

As exporters, you know the benefits of eliminating international trade barriers. But as Canadian business persons, you also know the benefits of eliminating interprovincial trade barriers. You know that a more integrated and open internal market will improve industrial competitiveness.

The Committee of Ministers for Internal Trade discussed a plan of action when we met in Toronto in December. As a first step, we agreed to recommend to our respective cabinets that we launch a comprehensive negotiating process. Our goal will be to achieve a broad agreement, by June 30, 1994, for a more open and efficient internal market. As I said earlier, this will enhance our ability to tackle opportunities in the North American and world markets.

We are already making significant inroads in expanding our trade with Mexico. Canadian business interest in Mexico is at an unprecedented level because of the exposure given to it during the NAFTA negotiations. The government is also taking steps to help you capitalize on new opportunities with our new North American partner. Last month, for example, I had the pleasure of opening a Canadian trade office in Monterrey. All this is happening even before the implementation of the NAFTA.

I expect that the NAFTA legislation will be ready for introduction toward the end of this month, and we will proceed with a view to bringing the agreement into force on January 1, 1994.

Moving toward that goal, the whole country will be focused on the question of whether or not we can compete in the expanded North American marketplace. As members of the CEA, you know the answer to that question. You know that Canada can compete -- that there are great opportunities to expand our export success story beyond the United States and into the burgeoning market of Mexico.

I urge you, through all the means at your disposal, to communicate that message wherever you can. Canadians must believe in themselves and their ability to compete. A positive, confident attitude is essential to every enterprise, both personal and corporate. A positive vision of the future is also essential for Canada as a nation to take the steps necessary to keep us competitive on the world stage.

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As you know, that was the impetus behind the Prosperity Initiative that I launched a year and a half ago. Working together, the government and the private sector engaged in one of the most comprehensive national series of consultations ever undertaken. The Prosperity steering group's recommendations will, hopefully, be the basis for concrete action by both the government and the private sector.

The whole approach to this initiative has been one of partnership. It envisages a major role for the private sector, as well as more focused government support. As a government, we were told to eliminate duplication; to provide export incentives and financing to match the global competition; and to generate market intelligence on a timely basis through the Trade Commissioner Service.

We also heard the strong desire for a co-ordinated global trade, investment and technology strategy, led by the private sector. Such a strategy could double the number of firms exporting within the next three years.

At the heart of our competitiveness challenge, of course, is the need to improve the quality of Canadian education and training. A specific response to this need has been the provision by the government of a further \$4.3 million for the newly created Forum for International Trade Training (FITT).

This program involves the participation of educational and business institutions across Canada, and should materially help to make this country more export-ready.

In the same vein, I am committed to upgrading the skills of the officers who work for you, the exporting community, within External Affairs and International Trade Canada. The Foreign Service Institute, which began operations this year, will ensure that our officials are in tune with the international business scene and the needs of Canadian exporters. Indeed, our latest class of trade commissioner recruits is among us tonight, to begin networking with the exporting community.

Looking at the future, we must find ways to remain competitive, both domestically and internationally, in a world of constant change. The private sector must increasingly rely on its own strength to penetrate new markets. The government will do its part to open the doors of these new markets, but it is you in the private sector who must take the initiative of entering them.

Naturally, the federal government will try to provide whatever assistance we can to help Canadian business take advantage of the market opportunities created as a result of our trade policy initiatives. In that vein, I plan soon to announce further program enhancements for the North American market. This, I

recognize that our resources are extremely pinched and that our efforts must be carefully targeted.

The private sector has been asking that government market development programs be made more effective and accessible. In particular, you asked that we concentrate our efforts on program delivery abroad by providing export incentive programs and export financing to meet the global competition.

There was also stress on the need for timely market intelligence. In this regard, I would wish to have your views on where our priorities should be -- on funded programs or on market intelligence. You can help us by telling us what your needs are and by providing feedback on the usefulness of the information that is being provided.

Last September, I convened a meeting of our trade commissioners in Ottawa to examine issues that are integral to the current mandate and future relevance of the Trade Commissioner Service. Work has already begun on three of the key issues that were identified. One of these issues is market intelligence, to which I have just referred. In addition, working groups are currently examining the issues of "best practices" and level of services.

In response to the private sector's desire to see the trade development programs and the efforts of the government made more effective, we have created the International Trade Business Plan. This Plan summarizes the activities and projects that the federal government intends to undertake to support the development of international affairs.

This Plan is designed as much for you as for the government. From our point of view, it will lead to more rational ways of using the government's resources in pursuit of our interests on the international markets. From your point of view, it will allow you better to align your own priorities and plan the activities that you would like to carry out jointly with us. The Plan has been the subject of discussions with your association and the private sector in general; the second version, now being prepared, will generally reflect the views you have expressed.

With respect to export financing, all our consultations with the private sector have stressed the need to keep our financing and insurance instruments competitive. The Export Development Corporation (EDC)'s client surveys also indicated the need for enhanced services. As a result, the government will soon be introducing amendments to the Export Development Act. The intent of this Bill will be to re-define the Corporation's mandate in a way that would give it greater flexibility to support Canadian international business activities.

Our proposals for change to the EDC's governing legislation have been designed to allow the EDC to support you as you face the challenges of globalization in an increasingly competitive world.

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While the EDC would continue to provide the insurance, bonding and financial services for which it is currently known, the Corporation would also be able to offer new types of insurance and financing arrangements that have been difficult or impossible to provide under the current Act.

The intent is not to compete with private sector financial institutions, but rather to complement them, thereby enhancing the financing available to you.

Some of the specific areas that we are looking at include better pre-export financing, broadened insurance coverage and enhanced project financing and leasing support, as well as a streamlined Canada account approval process.

The proposed changes should serve to meet your needs more effectively. I encourage you to share these needs with us. We shall keep you abreast of new proposals by way of the EDC. Thus, we will be able to provide you with complete services, comparable with those of our foreign competitors, and help you to compete more effectively with them.

With regard to the Program for Export Market Development (PEMD), with which you are all familiar, the Program underwent a fundamental review last year. The private sector across the country was consulted, as were the provinces.

When we asked users what they thought was needed from PEMD, the answers were clear: the Program required assured support on a longer term basis and reduced administrative burdens for its clients.

The revised PEMD will be a risk and benefit sharing partnership between the government and the private sector. The fundamental concept will be that of market development strategies. Instead of requesting assistance on a single activity basis, companies will be able to apply for assistance for a number of activities. PEMD will then provide longer term assistance for the export strategies that these companies have developed.

Despite all these efforts, more remains to be done to help Canadian firms to prosper in an increasingly competitive international environment.

Let me use Japan as a microcosm of what we need to do to succeed internationally. Japan is a market where we have usually done quite well, but now find ourselves struggling for market share. Canada's exports to Japan, our second largest market, dropped by over \$1 billion in 1991 and recovered only slightly in 1992.

Lower commodity prices are certainly a factor, but it has been clear for some time that long-term opportunities for Canada's lesser-processed, traditional exports will remain flat, while Japan will continue to increase its imports of value-added products.

At the same time, a number of Canadian companies are experiencing real success in the Japanese market for specialized manufactured goods and services.

The Canada Japan Forum 2000 report recommended that Canadian business keep abreast of demand side changes in Japan, which are creating opportunities for exporting higher value-added products.

We will have to figure out how to improve our export offer through better product design or adaptation for the Japanese market, and then how best to promote our offer in Japan. To do all this, we will need the combined efforts of leaders in foreign markets, such as you, to map out strategies for collective actions to complement what each of you needs to do individually.

I do not have to tell you how tough the competition is out there. But I think the picture is clear. We have to fight like hell to hold our market share in our traditional export markets. So, to improve our standard of living, we must use our best talents to build market share in value-added products.

Well, 1992 was a busy and challenging year. 1993 will no doubt bring many more challenges and changes. There are obstacles in the road ahead, but I am confident that we have turned the corner and are about to embark on a new era of Canadian economic prosperity. The key is partnerships.

Partnerships are required among all active players. As members of Team Canada, we have a multitude of talented, innovative players who have made a strong impression on the world stage and sounded the clarion call of Canadian innovation and expertise. The CEA is particularly well positioned to contribute to a stronger private sector -- government partnership.

I look forward to continuing our work together in building Canada's future.

Thank you.