



Mr. Chairman, first of all I want to thank you for the invitation to appear before your committee today. I am pleased to do so and to have the opportunity to discuss with you the various issues that have arisen in the context of the Canada-United States Free Trade Agreement.

STATEMENT

As you know, the Canada-United States Free Trade Agreement is a landmark in the history of international trade. It is a comprehensive agreement that covers a wide range of issues, from trade in goods to trade in services and intellectual property. It is a testament to the strength of the relationship between Canada and the United States and to the benefits of free trade.

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**NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
STANDING COMMITTEE
ON FOREIGN AFFAIRS AND INTERNATIONAL TRADE**

OTTAWA, Ontario
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Mr. Chairman, first of all I want to register my appreciation for the invitation to appear before your committee. I look forward to an informative exchange of views with you today and to establishing a close, ongoing relationship. I propose to take some time now to outline for you my preliminary thoughts on where Canadian trade policy and trade initiatives should head as we move into the second half of the 1990s. Subsequently, I would welcome questions from the committee.

I understand that tomorrow you will be briefed on the Department's budget, the main estimates, by Garrett Lambert, who is with me today. Mr. Lambert is the Assistant Deputy Minister for Corporate Management Issues in the Department of Foreign Affairs and International Trade. I would suggest that the Committee may, in the first instance, wish to direct questions on budgetary matters, including any related to trade development, to Mr. Lambert tomorrow.

I am, of course, ready to discuss all trade and trade-related matters with you today, as members wish. Nonetheless, as this is my first meeting with the committee, I think it might be particularly useful for me to provide you with a sense of the direction I want to give to the international trade portfolio.

In this regard, I want to emphasize that I will be working closely with the Minister of Foreign Affairs in the foreign policy consultative process now under way. Trade issues are foreign policy issues; I make no distinction. I am confident that the views of the special joint parliamentary committee, established to consult with Canadians on foreign policy issues, will make an essential contribution to the development of a balanced and forward-looking agenda for Canada's international trade relations.

Mr. Chairman, trade is central to sustaining Canadian prosperity. Exports of goods and services account for over one-quarter of Canada's gross domestic product [GDP]. Directly and indirectly, exports sustain over two million jobs in Canada. The export sector has been the most dynamic element in stimulating economic growth in Canada. The importance of trade for job creation will continue to increase into the foreseeable future.

Canada also relies on imports of goods and services -- again representing about one-quarter of our GDP. For a small economy such as Canada, imported inputs have been and are critical to sustaining competitive domestic production as varied as up-scale men's clothing, motor vehicles, and computers and computer accessories.

I believe that the conduct of Canada's trade relations should rest on the quest for greater international security for Canadian exporters through agreed rule-making and enforcement, and on the creation of competitively sustained jobs for Canadians, whatever the product, wherever the market.

These fundamental premises provide the foundation for the management of Canada's international trade relations. Nonetheless, the Government understands that it must build on this foundation to provide greater focus. Implementation requires identifying priorities and making hard choices, so that the resources the Government brings to bear are used with maximum effectiveness and so that the export community can plan ahead with greater certainty.

As Minister for International Trade, I am focusing my department's trade relations activity around three principal themes:

- taking full advantage of the market access now in place;
- improving further that access in a responsible, measured manner; and
- fostering a domestic economic environment conducive to export-led growth.

First, with the entry into force of the NAFTA [North American Free Trade Agreement] and the successful conclusion of the Uruguay Round of Multilateral Trade Negotiations, important new market access opportunities have opened for Canada:

- duty-free entry for Canadian newsprint and other paper products into Europe and Japan;
- freer trade in high-tech equipment and software, as well as transportation and telecommunications equipment;
- new potential to fill procurement contracts put out to competitive bidding by governments, including in major developing countries; and
- much clearer international rules limiting the ability of U.S. and European regulators to manipulate the rules on subsidies and countervailing duties to the detriment of Canadian exporters.

This progress and much more has been achieved.

I am determined to ensure that our exporters can take full advantage of these new opportunities. We are undertaking a complete review of all federal trade development programs to eliminate overlap and inefficiencies and to provide a sharper focus to our export support efforts.

I also plan to meet regularly with my provincial colleagues to explore how we can best combine our efforts to encourage exports and create jobs. In fact, I will be meeting with provincial and

territorial trade ministers two days from now. I am certain that we can all agree that governments must take a Team Canada approach to export promotion. Canadians expect nothing less.

Mr. Chairman, we will continue to pursue export opportunities in the United States and Western Europe. The U.S. market and the successful management of our trade relations with our neighbour are fundamental to Canada's economic prosperity. As you know, through the NAFTA working groups we fought to establish, we place special emphasis on reforming U.S. practices related to the inappropriate use of anti-dumping and countervailing duties.

In addition, I believe that we should also focus greater attention on the highest growth potential regions: the Pacific Rim and Latin America. For example, we will soon open the Canadian Business Centre in Mexico City where Canadian exporters can meet Mexican contacts, hold market access training sessions, and make sales presentations to larger audiences on a cost-recovery basis.

Across the Pacific, to take another example, we are planning to move quickly to strengthen our presence in Viet Nam and South China to ensure that Canadian exporters receive the best on-the-ground assistance and guidance in pursuing business opportunities in those very promising markets.

I am particularly interested in exploring ways of enhancing the export readiness of Canada's small and medium-sized enterprises. In co-operation with my colleague, the Minister of Industry [the Honourable John Manley], I have instituted a full review of this matter with the aim of ensuring that our small and medium-sized firms have access to the tools and the environment needed to compete and win internationally.

Mr. Chairman, we have a clear trade and overseas business development focus. But we can and must do more to expand current opportunities further. I believe that improved access can be sought in two, mutually reinforcing ways.

I believe that we should focus on expanding our access into high growth regions, particularly Latin America and the Pacific Rim. The extension of the NAFTA to other countries in this hemisphere will not only introduce several new and dynamic partners to help us to balance the very large presence of the United States in the NAFTA, but new accessions will also lead to improved and more secure access for Canadian exports to a number of rapidly growing regional markets.

Moreover, I am determined to explore a range of formal mechanisms for building stronger trade and investment linkages across the Pacific. Important work can be done in this regard through active participation in the Asia-Pacific Economic Co-operation

(or APEC) forum. But I believe that there is room to be more dynamic and creative, including through possible bilateral agreements and perhaps through the accession to the NAFTA by at least some Asian economies over the next few years.

The other key focus for further rule-making and access improvements is multilateral. I believe that Canada must work hard to ensure that the new World Trade Organization (WTO) gets off to a fast start in 1995.

The international trading community must move quickly to ensure that the WTO develops an agenda to deal with emerging issues (such as the possible convergence or harmonization of national competition policies), as well as important unfinished business (such as the reform of anti-dumping regimes, further liberalization of government purchasing practices, and the final elimination of all barriers that still impede our exports of more fully processed resource-based products). We seek a forward-looking and balanced work program for the WTO that reflects Canadian interests.

Finally, I want to reassure this committee that the Government will vigorously defend the market access achieved through negotiations and realized in practice through the efforts of our export community. We will not hesitate to challenge other nations when they do not live up to their international trade and economic obligations, and Canadian interests and jobs are threatened as a result. We will be active bilaterally, and we will use the dispute settlement provisions found in our international trade agreements to defend the interests of all Canadians.

Thank you, Mr. Chairman. I look forward to responding to questions that the committee may have on the direction of Canadian trade policy and the international trade opportunities and challenges faced by Canadian exporters.