

# STATEMENT DISCOURS

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NOTES FOR AN ADDRESS BY  
THE HONOURABLE JAMES KELLEHER,  
MINISTER FOR INTERNATIONAL  
TRADE, TO THE CANADA-U.K.  
CHAMBER OF COMMERCE.

LONDON,  
NOVEMBER 12, 1984.

My Lords, Ladies and Gentlemen:

Thank you very much Mr. Wain for your warm welcome and kind introduction. When you sent me the invitation of the Canada-UK Chamber of Commerce to speak in London, I sounded out my officials. With no hesitation they said yes, and gave these reasons:

Britain is our third most important trading partner, our second largest source of direct investment. It is by far our major partner in the European community. The "City" is one of the world's key financial centers. London is a global business focal point where decisions are taken for giant capital projects around the world.

But more important, the economic relationship between Canada and the UK holds out the promise of opportunities for cooperation which will benefit us both. These opportunities should be seized upon now.

And that is why I am here today, on my first overseas visit as Minister. It is because you in this audience, corporate UK and Canadian businessmen and financiers, make up the cornerstone for the collaboration needed to realise our potential for the future. I am here today with my delegation, including Frank Petrie, President of the Canadian Export Association, to speak to you about Canada and the Canada-UK relationship. Your Chamber represents the largest concentration of corporate Canada overseas. I know it will play a central role in fostering further the positive impetus necessary to realise this potential. We value highly your role in London. We can do great things together.

It is certainly a pleasure to be here. I have a daughter who is studying at East Anglia, and she managed to break away from the rigors of higher education to help me recover from jet lag. Although I'm not fully convinced that London is the best place to recover. There is too much to do here to get much rest.

Before returning to some further thoughts on our bilateral economic relationship, I want to talk to you first about Canada's new Progressive-Conservative Government. I am proud to be a member of that government. I want to talk to you about the new directions we are setting to revive Canada's economy.

As you may be reading in the press, things are happening very fast now in Ottawa. Parliament opened last Tuesday with a throne speech that set down some of our guidelines -- national reconciliation, economic renewal and social justice. On Thursday, my colleague Michael Wilson, the Minister of Finance, delivered an Economic and Fiscal Statement that established the priorities and set the tone for our first attempts at re-building.

The basic message is this: There is a new team in Canada. We know where we are going and we have our act together. We intend to change the approach of the Canadian government, and we intend to change the policies of the Canadian government.

Let me set the scene.

Canadians are a strong and dynamic people. As a nation we are blessed with a great endowment of natural resources. We benefit from excellent economic infrastructure built over a long period of time. Our imagination and enterprise are boundless. We have great potential for growth.

Yet over the past decade our performance has not met expectations. Over the last five years our economic performance has been below our potential. There is no single reason for this. Volatile international markets have created difficulties. But they have also created opportunities, opportunities which should be swiftly seized. Changing technology has exposed the decline of some traditional industries, but it has also created new challenges which must be met, and now. Rapid growth in the Canadian labour force has kept unemployment unacceptably high, but injection of new blood also provides the opportunity for strong, non-inflationary growth. Canada must not fail to exploit the opportunities.

Many of these themes are not unfamiliar to you in the UK. In large measure both countries face similar situations and similar challenges. In large part, Canada's past performance has been the result of the failure of government to deal with the fundamental problems.

On September 4th, Canadians went to the polls and said enough is enough. They gave us what must be regarded -- and what we regard -- as an overwhelming mandate for change. That mandate reflects a pragmatic judgement about Canada's recent economic performance and problems. The Canadian people also saw an economic world that was changing rapidly. They wanted our country to keep the pace and seize the opportunities for change.

The process of national renewal will require constant consultation with all sectors of Canadian society -- including business, labour, consumer and provincial governments. To be successful, it will require consensus within Canada and cooperation with our major economic partners abroad.

The new government is prepared to lead this process of renewal. We have set for ourselves four challenges:

The first is to put our own fiscal house in order. Controlling the budget deficit will be our priority this year and in the years to come. Our immediate goal is to reduce the deficit through reductions in expenditures rather than major tax increases. We are already making progress. A review of possible spending reductions and revenue recovery measures has already turned up ways to shave 12% off the deficit projected for the next fiscal year. Our goal is to at least triple those savings by 1990.

Our second major challenge is to re-define the role of government so that it provides a better framework in Canada for growth and job creation. It must not be an obstacle to business. It should afford a climate which stimulates change and innovation. We must move away from having too many industries in Canada over-regulated, and others over-protected, not just from imports but from domestic competition. Programs designed to assist investment should not have the perverse effect of distorting it. Policies and programs should not send the wrong signals abroad -- signals that Canada turned inward, does not welcome foreign investment, particularly in the energy sector. These are obstacles to growth.

As the government scales back its own activities, it is essential to take complementary action to ensure that the private sector can expand to provide durable growth and productive jobs. To do this, we will encourage enterprise in Canada. We will reduce the regulatory burden, not as an end in itself, but to release the creative energies of individuals and companies to experiment, to innovate and to produce better goods and services at lower prices.

Thus, our third major challenge is to establish a stable policy framework with proper incentives for investment and growth. Not a "grand design" by which government dictates which industries will grow and which will wither, but clear, reliable and positive rules by which to play the game.

Finally, we must bring about these changes in a way that is fair, open and consistent with the basic sense of

compassion, tolerance and justice that is characteristic of Canadian society.

These are our basic challenges.

Let me now go into a bit more detail about two specific areas -- trade and investment -- in which you and I have specific and direct interest.

Just as for the United Kingdom, trade is Canada's life-blood. Exports account for almost one-third of our national income. Some two million Canadians work in industries that directly or indirectly depend on exports. Yet our trade performance should be much better. One of the fundamental thrusts of my government will be to refurbish Canada's stature as a first-class world trader.

We also know that the goal of securing and improving access for Canadian products to foreign markets will not, of course, be achieved without responding to the interests which our trading partners have in equitable access to markets in Canada. Since Canada is the only major industrial country without un-impeded access to a market large enough to permit substantial economies of scale, we understand that.

There is an emerging international consensus, which both the UK and Canada are in the forefront of, in favour of a new round of multilateral trade negotiations under the GATT. These negotiations will provide an opportunity to reduce barriers to trade, to tighten discipline on the use of non-tariff measures. They should also facilitate, and secure increased commitments to multi-lateral trading obligations from newly industrialized and developing countries. As economic summit partners, we will need to examine, as a matter of priority, the preparations necessary for a new round of GATT negotiations, and the opportunities such negotiations might present.

The climate for foreign investment in Canada is also about to become warmer. We all appreciate that growth depends on investment and that trade and investment are intertwined. Because Canada is an immense country with a relatively small population, much of our investment must come from foreign sources. That is why we appreciate the important role which British investment in our mining, forestry and energy sectors, and in a wide range of manufacturing and service industries, has played in our economic development.

Canada is fundamentally attractive to foreign investors. It is a rich and productive land. It offers an

attractive economic climate for businessmen to have expectations for excellent rates of return from productive enterprise.

My government intends to adopt a more positive stance toward foreign investment. We are going to make changes in the so-called National Energy Program. These changes will respond to concerns from both foreign and domestic investors about provisions relating to the development of Canada's frontier lands, including the "back-in clause" of the NEP.

In the very near future, we will propose basic changes in the Foreign Investment Review Agency. FIRA will be renamed "Investment Canada" and will be given a new assignment: to seek, encourage and expedite appropriate foreign investment in Canada.

What I am saying is that Canada wishes to become a better place for foreign investors to do business. That is a proposition I hope you will find very hard to refuse.

Let me now make some observations on what I believe this means for Canada-UK economic relations. I have discussed these points with Lord Lucas this morning and I expect to discuss them with the President of the CBI, Sir James Cleminson, when we meet later this afternoon.

The policies my government will put in place will provide the environment which will enable Canadian and UK businessmen to get on with doing more business with each other. They will promote the flow of investment both ways; more joint ventures and two-way technology transfer arrangements, more collaboration on third country projects which mean so much to our capital goods industries; increased cooperation in the many and diverse growing services and finance industries.

We have a good base to build on. I am impressed by the importance of the discussions aimed at collaborative ventures and technology exchange in the aerospace, communications and urban transportation sectors between our largest and most successful enterprises.

I am equally impressed by the range of small and medium-sized firms in our two countries which are exchanging technology and collaborating to build on their respective strengths in world markets. I believe that the momentum of this collaboration represents vast potential for our two countries and must be enthusiastically encouraged and facilitated.

I also want you to be assured that Canadian suppliers have a strong commitment to the United Kingdom market. They intend to remain reliable and competitive suppliers of basic industrial materials such as newsprint, iron ore, non-ferrous metals, lumber and plywood, as well as basic foodstuffs such as cereal grains and fish. We hope to continue to have increased opportunities to supply further processed and fully manufactured products reflecting the strength and international competitiveness of Canada's rich resource base.

Let me leave you with a further thought.

- Is there a need for some re-invigoration of the business relationship between Canada and the UK?
- Have we known each other so well and so long that perhaps we have taken for granted the institutional links that bring together UK and Canadian businessmen?
- Can we not build even further on our complementary strengths?
- Are there new ways of bringing corporate UK and corporate Canada even closer together: ways of supporting the efforts of individual businessmen, ways of providing public policy advice to the respective governments?

You also have a right to call for even closer government relations. Lord Lucas and I had a most fruitful discussion this morning. We think we can together provide you, the businessmen, with that government to government umbrella or framework to support your efforts for closer cooperation.

Together we both face the challenge of structural adjustment and productivity, unemployment and job creation, faster more soundly-based growth and international competitiveness, the appropriate role of government and de-regulation, the opportunities which the new high-technology industries and service sectors offer. I believe that these challenges also offer to our two countries much potential for fruitful cooperation. I hope that we can realise these. I know that our two governments will do everything possible to help ensure that these opportunities can be realised between our two private sectors.

I hope that my comments today have been helpful. And if not helpful, at least reassuring. Canada is under new management. It is not precisely the same kind of management that you now enjoy in the United Kingdom, but I believe you

will find that it is very competent management. Competent, realistic and attuned to the challenges of the world we are all going to be living in for the rest of this century.

Canada is now open for business.

Thank you.