

Statement
Minister for
International
Trade



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extérieur

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CHECK AGAINST DELIVERY

NOTES FOR A SPEECH

BY THE MINISTER FOR INTERNATIONAL TRADE,

JOHN C. CROSBIE

TO THE CANADIAN CHAMBER OF COMMERCE

HONG KONG

September 18, 1989.

LADIES AND GENTLEMEN, IT IS A GREAT PLEASURE FOR ME TO BE HERE WITH YOU IN HONG KONG TODAY. HONG KONG ENJOYS AN ENVIABLE REPUTATION AS A DYNAMIC TRADING CITY. ITS ENERGY, ENTREPRENEURIAL SKILLS AND OPENNESS TO THE WORLD PROVIDE LESSONS WHICH A TRADING NATION LIKE CANADA - AND A FREE TRADE MINISTER LIKE MYSELF - CAN LOOK TO WITH ADMIRATION.

IN THE MIDST OF ALL THIS HUSTLE AND BUSTLE AND COMMERCE, IT'S GRATIFYING FOR A CANADIAN TRADE MINISTER TO KNOW THAT THE LARGEST CHAPTER OF THE CANADIAN CHAMBER OF COMMERCE OUTSIDE OF CANADA IS LOCATED HERE - WITH OVER 750 MEMBERS. (IT'S EQUALLY GRATIFYING THAT SO MANY OF YOU HAVE COME TO THE CHAMBER'S LUNCH TODAY TO HEAR A POLITICIAN FROM ANOTHER ISLAND HALF WAY AROUND THE WORLD SPEAK!)

YOUR SISTER ASSOCIATION IN CANADA - THE HONG KONG CANADA BUSINESS ASSOCIATION - ALSO REPRESENTS THE DYNAMISM OF HONG KONG. WITH ITS 11 CHAPTERS AND MORE THAN 3,000 MEMBERS, IT HAS BECOME THE LARGEST BILATERAL ASSOCIATION IN CANADA. I AM PLEASED TO HAVE ANNE MILLS, VICE-PRESIDENT OF THE ST. JOHN'S CHAPTER ACCOMPANYING ME AS PART OF MY TRADE MISSION TO HONG KONG.

SIX OF CANADA'S PROVINCES HAVE OFFICES IN HONG KONG DEMONSTRATING THEIR COMMITMENT TO INCREASING TRADE AND INVESTMENT BETWEEN THEIR REGION AND THE TERRITORY. (I AM PLEASED TO NOTE THAT SOME OF THESE PROVINCIAL REPRESENTATIVES ARE HERE WITH US TODAY). SOME 50 CANADIAN COMPANIES HAVE ESTABLISHED OFFICES IN HONG KONG AND ANOTHER 400 ARE REPRESENTED HERE THROUGH AGENTS AND DISTRIBUTORS.

THE HUMAN LINKS BETWEEN HONG KONG AND CANADA ARE VERY STRONG. 13,300 HONG KONG STUDENTS ARE NOW STUDYING IN CANADA, 53% OF WHICH ARE ENROLLED IN CANADIAN UNIVERSITIES. HONG KONG IS CANADA'S LARGEST SOURCE OF IMMIGRANTS, AND CANADA CURRENTLY WELCOMES MORE THAN TWICE AS MANY IMMIGRANTS FROM HONG KONG AS ANY OTHER COUNTRY. CANADA ISSUED 20,000 IMMIGRANT VISAS TO HONG KONG RESIDENTS IN 1988. THESE NEW CANADIANS HAVE HELPED TO BUILD OUR COUNTRY, AND HAVE GIVEN NEW IMPETUS TO CANADA'S EFFORTS TO PLAY AN ACTIVE ROLE IN ASIA AND THE PACIFIC. I AM CONFIDENT THAT IMMIGRATION FROM HONG KONG WILL CONTINUE TO PROVIDE SIGNIFICANT CONTRIBUTIONS TO CANADA.

THESE HUMAN LINKS HAVE DRAMATICALLY STRENGTHENED, IN RECENT YEARS, OUR OWN AWARENESS OF CANADA AS A PACIFIC NATION. THIS PROCESS HAS BEEN HELPED BY THE WORK OF ORGANIZATIONS SUCH AS THE CANADIAN CHAMBER OF COMMERCE IN HONG KONG, AS WELL AS BY CANADIANS OF HONG KONG ORIGIN SUCH AS LT.-GOV. DAVID LAM OF BRITISH COLUMBIA, AND ADRIENNE CLARKSON.

IN FACT, IT WOULD BE INTRIGUING TO SPECULATE ON THE POSSIBLE SIZE AND DIVERSITY OF OUR TRADE WITH THE WHOLE ASIA PACIFIC REGION IF HONG KONG-CANADA RELATIONS WERE REPLICATED WITH MORE OF OUR TRADING PARTNERS IN THE REGION!

ALTHOUGH IT WAS NOT ALWAYS THE CASE, THE DYNAMIC GROWTH IN ECONOMIC POWER OF THE EAST ASIAN ECONOMIES HAS FOCUSED THE MINDS OF CANADIANS ON THE PACIFIC REGION AS NEVER BEFORE. CANADIANS ARE USED TO ASIA BEING THE DOMINANT POPULATION CENTRE OF THE EARTH, BUT ONLY RECENTLY HAVE WE BEGUN TO UNDERSTAND WHAT IT WILL MEAN WHEN ASIA CONSTITUTES SOMETHING LIKE 40% OF GLOBAL CONSUMPTION. TEN YEARS AGO, ONLY 34% OF CANADA'S NON-U.S.A. TRADE WAS WITH THE ASIA-PACIFIC REGION; NOW THE FIGURE IS 50% AND RISING. IN 1988, TWO-WAY TRADE WITH THE REGION WAS \$36 BILLION, WITH EXPORTS MORE THAN \$17 BILLION.

THE SPEED OF CHANGE IN ASIA IS UNPARALLELED AND THE IMPACT ON CANADA IS VERY REAL. NEVER BEFORE HAVE WE RELIED SO MUCH ON ASIAN TRADE.

CANADA HAS ALWAYS BELIEVED THAT THE BEST MEANS OF DEVELOPING OUR FULL GLOBAL POTENTIAL LIES IN FOSTERING A FREE FLOW OF GOODS, SERVICES, TECHNOLOGY AND CAPITAL WITH OUR TRADING PARTNERS. THUS, THE MULTILATERAL TRADING SYSTEM, ROOTED IN THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT), REMAINS THE CORNERSTONE OF CANADA'S INTERNATIONAL TRADE POLICY. THE FREE TRADE AGREEMENT (FTA) IS PART OF CANADA'S APPROACH TO SEEKING THE GRADUAL REDUCTION TO BARRIERS TO TRADE. THE CANADA/U.S. FREE TRADE AGREEMENT IS PART OF CANADA'S OBJECTIVE FOR A MORE OPEN WORLD ECONOMY. THERE IS NO "FORTRESS NORTH AMERICA" MENTALITY IN CANADA.

THE FTA, AT ITS MOST BASIC, IS A TRADE LIBERALIZING AGREEMENT. IT IS DESIGNED TO REMOVE ALMOST ALL BARRIERS TO TRADE IN SERVICES AND INVESTMENT. IT PROVIDES A CODE OF CONDUCT FOR TRADE RELATIONS BETWEEN CANADA AND THE UNITED STATES AND WILL HEAD OFF A POTENTIAL RISE IN DAMAGING PROTECTIONISM BETWEEN CANADA AND THE UNITED STATES.

SECONDLY, THE FTA SECURES BETTER ACCESS FOR CANADA TO A WORLD SCALE MARKET - A RESPONSE TO CANADA'S AGE-OLD PROBLEM OF MARKET SIZE.

I KNOW THAT HONG KONG BUSINESS PEOPLE ARE AMONGST THE MOST KNOWLEDGEABLE ABOUT THE FTA AND THAT THEIR REACTION TO IT HAS BEEN VERY FAVOURABLE.

THE POTENTIAL POSITIVE IMPACT OF THE FTA ON THIRD PARTNERS, SUCH AS HONG KONG, AND ON INVESTMENT CAN BE PREDICTED ON THE BASIS OF THREE GENERAL PHENOMENA:

- IMPROVEMENT IN THE GENERAL ECONOMIC WELFARE IN CANADA SHOULD LEAD TO INCREASED CONSUMER SPENDING INCLUDING SUCH MAJOR SECTORS FOR HONG KONG AS CLOTHES, FOOTWEAR PRODUCTS AND LEISURE PRODUCTS;

- SECONDLY, SUCCESS IN THE U.S. MARKET AS A RESULT OF FTA SHOULD ADD TO CANADIAN BUSINESS CONFIDENCE AND GENERATE CAPITAL TO EXPAND ACROSS THE PACIFIC; AND
- THIRDLY, THE REDUCTION OF BILATERAL BARRIERS PROVIDES ENHANCED ACCESS TO THE VITAL U.S. MARKET NOT ONLY FOR CANADIANS, BUT ALSO FOR HONG KONG INVESTORS AND EXPORTERS DOING BUSINESS IN CANADA, MAKING CANADA A VERY ATTRACTIVE INVESTMENT AND PRODUCTION LOCATION FOR HONG KONG'S DYNAMIC ENTREPRENEURS.

AS A COMPLEMENT TO THE FTA, CANADA IS GIVING TOP PRIORITY TO THE URUGUAY ROUND OF THE MULTILATERAL TRADE NEGOTIATIONS. THE FREE TRADE AGREEMENT AND THE MTN ARE COMPLEMENTARY AND MUTUALLY REINFORCING. WE ALSO BELIEVE THAT THE CONTINUED HEALTH OF THE WORLD ECONOMY DEPENDS ON THE PROGRESS WE MAKE IN THE CURRENT URUGUAY ROUND. CONSEQUENTLY, CANADA IS VERY SUPPORTIVE OF HONG KONG'S ACTIVE AND POSITIVE PARTICIPATION IN INTERNATIONAL FORA SUCH AS THE GATT.

WITH THE RIGHT POLICIES, WE IN GOVERNMENT CAN INFLUENCE, IN A POSITIVE FASHION, THE ENVIRONMENT IN WHICH YOU AS BUSINESS PEOPLE OPERATE. BUT TRADE MEANS BUSINESS PEOPLE MAKING DEALS - DOING WHAT HONG KONG DOES BEST. EXPORTERS AND IMPORTERS TALKING ABOUT THE RIGHT PRODUCT, AT THE RIGHT PRICE AND AT THE RIGHT TIME. AND THAT'S THE MAIN REASON I'M HERE IN HONG KONG. I'M HERE TO SHOW MY SUPPORT FOR AN EXPANDED TRADING RELATIONSHIP BETWEEN CANADA AND HONG KONG. AND TO HELP DO THAT IN AS DIRECT AND TANGIBLE A WAY AS POSSIBLE, I'VE BROUGHT A NINE MEMBER TRADE MISSION WITH ME.

THE TRADE RELATIONSHIP BETWEEN HONG KONG AND CANADA IS REMARKABLY FREE OF IRRITANTS. ALTHOUGH CANADA'S EXPORTS REPRESENT ONLY 1% OF HONG KONG'S TOTAL IMPORT MARKET, WE HAVE SEEN SOME REMARKABLE INCREASES IN OUR EXPORTS TO HONG KONG IN RECENT YEARS. IN 1988, CANADIAN EXPORTS TO THE TERRITORY INCREASED BY OVER 100%, TO APPROXIMATELY \$1 BILLION! AND SO FAR IN THE FIRST SIX MONTHS OF 1989, OUR EXPORTS ARE UP 34% OVER LAST YEAR. IN FACT, FOR THE FIRST TIME IN MANY YEARS, CANADA IS CURRENTLY ENJOYING A MODEST TRADE SURPLUS WITH HONG KONG. FROM JANUARY TO JUNE, 1989, CANADA ENJOYED A \$64.2 MILLION TRADE SURPLUS WITH HONG KONG - WHILE FOR ALL OF 1988 CANADA HAD A TRADE DEFICIT OF \$149.1 MILLION. OUR TOTAL TWO-WAY TRADE IN 1988 WAS \$2.16 BILLION.

CANADIAN PRODUCTS COVER HONG KONG IN UNEXPECTED PLACES -- THE STAINLESS STEEL USED ON THE EXTERIOR OF EXCHANGE SQUARE IS CANADIAN, THE GLASS CURTAIN WALL FOR THE BOND CENTRE AND THE TWO HOTELS AT THE HONG KONG EXHIBITION AND CONVENTION CENTRE ORIGINATE IN CANADA, AS DOES THE NEW BANK VAULT IN THE BANK OF CHINA BUILDING.

THE HONG KONG MARINE DEPARTMENT WILL SOON BE MANAGING HONG KONG'S INTERNATIONAL MARITIME TRAFFIC WITH THE USE OF CANADIAN EXPERTISE THAT IS ALSO IN USE IN VANCOUVER AND HALIFAX. (TECHNOLOGY PROVIDED BY THE SNC GROUP, REPRESENTED ON THE MISSION BY AJIT SODHI). THE CONTRACT WITH THE MARINE DEPARTMENT HAS ALSO INCLUDED TRAINING FOR ITS OFFICERS IN CORNWALL, ONTARIO.

A CANADIAN COMPANY, UTLAS INTERNATIONAL (MS. NATSUKO FURUYA, V.P. IS ON MISSION) HAS DEVISED A UNIQUE AUTOMATED LIBRARY RETRIEVAL SYSTEM IN CHINESE THAT IS NOW BEING USED IN TAIWAN. WE HOPE YOU WILL SOON BE ABLE TO ENJOY ITS BENEFITS IN HONG KONG'S PUBLIC LIBRARY SYSTEM.

AS YOU ARE AWARE, WE HAVE BEEN PROMOTING CANADIAN FOOD AND BEVERAGE PRODUCTS OVER THE LAST FEW YEARS. A THREE MONTH PROMOTION AT DAH CHONG HONG'S 35 FOOD MARKETS FINISHED IN JUNE WHICH RESULTED IN SALES OF SOME \$10 MILLION WORTH OF CDN PRODUCTS, INCLUDING FISH FROM NEWFOUNDLAND! (TOM HALLETT, BEOTHUK FISHERIES, NFLD AND CLAUDE TCHAO, TRISTAR SEAFOOD SUPPLY, B.C, REPRESENTING FISHERIES, ARE ON MISSION).

A TWO WEEK FOOD PROMOTION WILL BE LAUNCHED NEXT WEEK (SEPT. 23) AT PARK N SHOP FOOD STORES.

AS A RESULT OF OUR EFFORTS, CANADIAN EXPORTS OF FOOD PRODUCTS HAVE INCREASED BY SOME 30% OVER THE LAST TWO YEARS; FISH PRODUCTS ALONE INCREASED BY OVER 120% DURING THE SAME PERIOD.

CANADA IS ALSO WELL REPRESENTED IN HONG KONG IN THE FINANCIAL SERVICES SECTOR. THE LARGEST INSURANCE COMPANIES IN HONG KONG ARE CANADIAN - MANULIFE (JOSEPH PIETROSKI IS WITH ME ON THE MISSION), SUN LIFE AND CROWN LIFE JUST TO NAME A FEW.

OTHER MISSION MEMBERS WITH ME ARE: JOHN BURROWS, THE CHAIRMAN OF NOVATEL COMMUNICATIONS OF CALGARY, BRUCE PARDY, PRESIDENT OF BAE GROUP, ST JOHN'S; AND CLAUDE GIORGI OF CANADIAN ASTRONAUTICS LTD., OTTAWA, WHO LATER TODAY WILL SIGN A CONTRACT WITH CABLE AND WIRELESS.

SUCCESSFUL BUSINESS DEALINGS ALSO REQUIRE CONFIDENCE AT BOTH THE LEVEL OF THE INDIVIDUAL BUSINESS PERSON AND IN A MUCH BROADER CONTEXT. HONG KONG IS ENTERING A PERIOD OF CHANGE AND SOME UNDERSTANDABLE UNCERTAINTY. WE SYMPATHIZE WITH YOUR ASPIRATIONS AND WITH YOUR CONCERNS. CANADA HAS AN INTEREST IN HONG KONG'S CONTINUING SUCCESS AS A FINANCIAL AND COMMERCIAL CENTRE. CANADA IS READY TO COOPERATE WITH HONG KONG AND OTHERS IN THE IMPORTANT TASK OF RE-ESTABLISHING CONFIDENCE IN A SECURE, VIABLE AND PROSPEROUS FUTURE FOR HONG KONG FOR MANY DECADES TO COME.

CANADA AND HONG KONG ARE A STUDY IN CONTRASTS. ONE MIGHT SAY THE ODD COUPLE OF INTERNATIONAL TRADE. ONE A COUNTRY ON A MASSIVE SCALE WITH MANY NATURAL RESOURCES AND A SMALL POPULATION; THE OTHER, A TINY ISLAND WITH FEW RESOURCES BUT ITS GEOGRAPHICAL POSITION -- AND ITS PEOPLE.

YET IT IS A PARTNERSHIP WHICH HAS PRODUCED BENEFITS FOR BOTH PARTIES IN THE PAST. AND I AM CONFIDENT THAT IT WILL CONTINUE TO DO SO IN THE FUTURE.