



Minister for
International Trade

Ministre du
Commerce extérieur

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Address by
the Honourable Pat Carney,
Minister for International Trade,
to the Canadian Press Annual Dinner

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Canada

Good evening, ladies and gentlemen. It's a great pleasure for me to be here tonight. As a one-time journalist, coming to a dinner like this is a particularly interesting experience.

It might be said that experience in both journalism and politics gives you a unique advantage, a certain edge. As somebody once put it, "if you succeed in politics there are many rewards; if you disgrace yourself, you can always write a book".

International Trade has become a matter of the highest importance to our country. The world economy is changing on a daily basis. New competitive forces are emerging. New products are being developed. New markets are opening.

But markets are closing as well. It is no exaggeration to say that the international trading system has been stretched to the limit.

We can see this stress and strain on a variety of different fronts. In January, the U.S. and the European Community fought over the community's enlargement. The U.S. drew up the famous "yuppie's grocery list" of items that it threatened to restrict. That crisis was averted at the eleventh hour.

More recently, the U.S. and Japan have squared off over the simmering semi-conductor issue. Charging that Japan has breached an agreement to settle the dispute, the U.S. has announced a retaliatory package. Prime Minister Nakasone's visit to Washington failed to defuse this crisis.

Even the most casual observer of U.S. politics knows that tough trade talk is reverberating through the halls of Congress. With the largest trade deficit in U.S. history, Congress is looking for targets to strike. To read some of the legislative proposals there is to read a litany of protectionism.

Tonight I'd like to speak to you about what the Prime Minister has called an economic issue of historic importance to this country.

The tide of protectionism has been rising for some time. The Prime Minister showed considerable foresight in choosing to launch this historic initiative. It is only now that some Canadians are beginning to see our vulnerability to U.S. protectionism and the logic of our two-track approach to trade.

Our two-track approach to trade -- within the general agreement on tariffs and trade and with the United States -- is about Canada's future. It is about jobs for the future. It is about economic growth for those regions of Canada that are not sharing in the wealth that our present economy provides.

The complementary nature of the two-track approach has been cited recently by important visitors to Canada. West European firms would feel more confident about investing in Canada if they knew they would also gain access to the lucrative U.S. market. Investment, of course, brings Canada the new jobs and economic growth we need.

In agreement with Minister Bangemann's prediction, members of the Japanese Investment Mission suggest in their January report that more certain access to the U.S. market would enhance Japanese trade with, and investment in, Canada. The world is watching the progress of our negotiations.

Our free trade negotiations with the United States - complement fully our multilateral initiative. Any deal with the United States must be and will be consistent with the GATT.

Our objectives in our bilateral negotiations are to secure and enhance our unique trading relationship with the United States, to end trade harassment and promote stability, to create new trade and job opportunities, to unleash the full economic potential of Canadians. This is our vision.

The alternative is the blind fears and anxieties of the Liberals and N.D.P.

It seems that many foreign observers are watching and listening more closely than some Canadians. Take Ed Broadbent, for example. The night after the great trade debate, he appeared on The Journal. When the reporter asked if Mr. Broadbent could be for free trade under certain conditions, he answered -- and I quote -- "if we're talking about an arrangement that has certain protective mechanisms, that keeps in place marketing boards, that keeps in certain investment requirements in the automotive industry, that protects our cultural industries,...we could have a trade arrangement with the U.S.".

Was Mr. Broadbent not listening during the House of Commons debate the day before? If he had been, he would have heard the trading arrangement we seek with the U.S. defined in precisely those terms.

Let me restate our motion: "that this house supports the negotiation of a bilateral trading arrangement with the U.S., as part of the government's multilateral trade policy, while protecting our political sovereignty, social programs, agricultural marketing systems, the auto industry and our unique cultural identity".

I defy anyone to tell me the difference between Mr. Broadbent's list and my motion. I wish The Journal had asked him to tell the difference. There is no difference, none at all, which begs the question of why the N.D.P. voted against the motion in the house. As Abraham Lincoln once said, "what kills a skunk is the publicity it gives itself".

Speaking of the Liberals, their behavior in the great trade debate was equally puzzling. John Turner moved an extremely lengthy and convoluted amendment to the motion. As the speaker said, "...the amendment is unusually long and complex. I think the chair must comment that it comes quite close to being a disguised or expanded negative...".

I find it strange that both opposition parties voted against the motion, when the leader of one later essentially accepted the motion on national T.V. and the other used a complex amendment to mask the fact that many of its members support free trade and others don't.

It would be pretty difficult to determine either opposition party's national trade strategy on the basis of their participation in that crucial parliamentary debate - one that they had sought for months.

As I have indicated, our motion stated that our bilateral talks are an intrinsic part of our multilateral trade policy. In the GATT round, we have spearheaded efforts to resolve a particularly pressing problem: the current crisis in world agriculture. In fact, the Prime Minister was the first leader at the seven-member economic summit to push for serious reform in agriculture.

There can be no doubt that trade-distorting practices in agricultural trade have become a global issue of considerable concern. As for international agricultural trade, the trading system -- never very strong in the first place -- is now in crisis. If you want to see what the absence of effective rules would do to international trade in goods, you need look no further than trade in agriculture.

The Cairns Group of fair agricultural traders, of which Canada is a member, represents 25 per cent of world agricultural production. This is an alliance aimed at devising a strategy to deal with the massive American and European subsidies threatening our exports. John Wise, Charlie Mayer and I will be hosting its next meeting prior to the Venice Summit so that we will be in a position to brief the Prime Minister thoroughly on our shared concerns.

Within GATT, we will push for reductions of tariff and non-tariff barriers to trade, just as Canadian governments have done for 40 years. We will do so because history tells us that Canada prospers as trade impediments are removed.

As people in this province know well, our automotive trade with the U.S. over the last 20 to 30 years clearly demonstrates the benefits of eliminating and reducing tariffs.

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I'm not here tonight to repeat all the specifics I covered in that debate. You have all followed the active discussion of that day very closely. What I would like to address is two of the central issues: dispute settlement and trade in services.

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Canada and the United States must improve the way in which we resolve trade disputes. We have all lived through the softwood lumber case. I do not want to re-open all of the old arguments about the negotiated settlement. But I do ask you to consider the following.

What if the lumber case had been dealt with by an impartial, binational body?

What if a treaty - rather than the U.S. Department of Commerce - set out the rules for determining what is and is not countervailable?

What if a treaty provided that disputes were to be settled in a final way and would not be open to the threat of legislative solutions if the "wrong" decision were made?

What if a treaty helped to shield Canadian exporters from massive lobbying campaigns aimed at limiting their access?

In my view, we would be much better off. We would have mutually agreed rules applied by an impartial body. Could anyone seriously argue that this would not be an improvement over the existing situation?

I'd like to make one further point on the subject of trade remedy law. It is interesting to note American reaction to the Canadian import tribunal's recent decision on corn.

Some of you may not know that Canada has its own countervail law, the special import measures act. A case launched by the Ontario corn producers against their American competitors resulted in a subsidy finding. When the tribunal, an independent administrative body, found injury, the American reaction was swift.

They were astounded. How could the tribunal possibly find injury? Did Canada know what a threat this decision posed to the international trading system? Their rhetoric echoed my criticism of their lumber decision.

Senate resolutions were introduced calling for an investigation of the Canadian investigation. There were angry denunciations of the decision. This case gave Americans a taste of what it's like to be on the receiving end of a quasi-judicial trade process. They can be as exposed as anyone.

Having said that, let me move on to discuss trade in services. Services are an incredibly important part of our national economy. Roughly two-thirds of our GNP comes from the service sector. Moreover, Canada has had a healthy rate of growth in the services sector, averaging three percent annually. The problem we have in international trade is that we have no GATT rules on services.

The barriers we encounter in international services trade can be as minor as not being able to send a service technician into the United States to repair some Canadian machinery. Or as major as being unable to provide shipping services between American ports.

Canadian airlines would like to provide more services in the United States. Our truckers could benefit from access to the U.S. interstate market. Our travel industry, our life insurance companies, our engineers, our professional consultants may all benefit from new rules.

Our students are graduating in service-related specialties: computer science, engineering, biology, accounting, business administration, journalism and so on. This is why we are seeking to expand the job opportunities for these disciplines.

It makes eminent sense to attempt to address the barriers we encounter in international trade in services, when more and more of our national economy is affected by them. That is precisely what we are doing.

While trade in services is being discussed in the current Uruguay Round of the GATT, it will take some time. Canada and the United States can move more quickly to address these issues in our bilateral negotiations.

That is one reason this initiative lends momentum to the multilateral negotiations. We have an historic opportunity to contribute to the next generation of international trade rules. So where do we stand today?

Think of the trade agreement as a book. We already have a table of contents listing the topics under negotiation. For some chapters we have a written text taking shape. In others there is text but it is quite preliminary. In others still, there are just ideas waiting to be fleshed out. We have about five months to finish the book.

In October, the book must be finished so that the U.S. Administration can submit the initialled agreement to Congress. And in Canada, depending on the action necessary to implement the agreement, our domestic procedures will have to be followed.

Writing this book is almost like writing by committee. With the elaborate consultative mechanisms we have created, any one who has felt the need to make his views known has had ample opportunity to do so.

We have consulted with the provinces, with business and labour through the ITAC and the 15 SAGITs, with industry associations, arts councils, and women's groups to have a few and those views have been brought to the Cabinet Committee on Trade. It has served as a board of editors and its job is to make the agreement a bestseller.

As you all know, Canadian attention will be focussed on the initiative. And the Canadian media will play a critical role in this process. There will be a need for fair and balanced coverage, a serious appraisal of the critics as well as of the government. I want to point out to you that every credible economic study of this initiative done in both Canada and the United States predicts economic growth, increased jobs and greater wealth for both countries.

I'd also like to point out that some recent headlines have distorted the facts, thereby doing a serious disservice to Canadians. Examples? "Canada after free trade deal may as well raise U.S. flag". "Reagan's hearty backing for free trade masks big problems at bargaining table". "Politicians selling out the country".

Recently, a prominent Canadian paper listed the dire consequences opponents of free trade forecast.

Let me list some of those:

- an end to an independent foreign policy,
- an end to medicare, hospital insurance, unemployment insurance, subsidized education and day care,
- an end to supplementary payments to old age pensioners,
- an end to labour codes and workplace health and safety legislation,
- a threat to bilingualism.

In other words, the end of Canada as we know it. This is pure, unadulterated fear-mongering, and is nothing short of ludicrous. Those who espouse this kind of nonsense seriously short-change Canadians and their governments. What government would compromise Canada's political sovereignty, our social programs, our commitment to fight regional disparities, our special linguistic character, our unique cultural identity? The answer is no Conservative government.

This government has confidence in our future and our ability to compete in the world. We believe that a commercial treaty will not present a threat to Canada's existence as an independent sovereign nation. We will continue to maintain independent foreign and domestic policies.

I am a Canadian nationalist. Brian Mulroney is a Canadian nationalist. Donald MacDonald is a Canadian nationalist. Peter Lougheed is a Canadian nationalist. Our critics have no monopoly on love for, or pride in, this country.

One of Canada's leading journalists, Richard Gwynn, has indicated that a:

"Bilateral free trade would represent the ultimate declaration by Canadians of self-confidence in themselves, confidence both in their ability to compete and in their ability to continue as a distinct political and social unit."

I believe Canadians have that confidence. Thank you.