

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

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NOTES FOR AN ADDRESS BY  
THE HONOURABLE MICHAEL WILSON,  
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY  
AND MINISTER FOR INTERNATIONAL TRADE,  
TO THE CANADA EXPO '93 LUNCH

CARACAS, Venezuela  
January 25, 1993

Ladies and Gentlemen, Señoras y Señores, it is a great pleasure to be meeting with you here today. The venue is particularly opportune as we prepare to open Canada Expo '93 later today. This exceptional show, right on your doorstep, is Canada's largest trade event ever held in South America.

It offers a good cross-section of some of Canada's best products and services, from oil and gas equipment, computers, packaging and labelling, to plastics, mining and telecommunications equipment. They all demonstrate why Canadian products and services are highly competitive in world markets.

There are 135 Canadian companies present at Canada Expo '93, an unprecedented number, which demonstrates the importance that we Canadians attach to the growing Venezuelan market. The Canadian participants are emphasizing value-added goods and technological services that are competitive with those from any country on the globe. In addition, we are seeking joint ventures, strategic alliances and investment opportunities that will bring mutual benefits to both countries.

Your attendance here today testifies to the fact that both parties are ready to talk business and that we can expect expanded bilateral trade and increased investment. That is a reasonable expectation because Venezuela is Canada's second largest market in South America.

We intend to maintain this strong trading partnership, and I look forward to surpassing our \$2.9 billion milestone in bilateral trade, set in 1981 during a period of high oil prices. Only this time around, our trade is more diversified, which provides for a more stable and mutually beneficial trade relationship.

Today, as never before, the world is one global entity in which national frontiers are becoming permeable to goods, services and, above all, technologies. Canada is responding to that reality on both the political and the economic levels.

Canada, as a country with a long and deep democratic tradition, fully supports the efforts of Latin American countries to strengthen and improve democracy in the region. Canada also knows that Venezuela has a deep-rooted commitment to democracy. Our view is that freer trade will contribute to increased prosperity and that prosperity leads to stability in which democracy can flourish.

Economically, international trade is, and has always been, Canada's bread and butter. Therefore, liberalizing and expanding our markets is a primary concern.

Currently, the most important issue for all trading nations is the Uruguay Round of Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade (GATT). I know that Venezuela also strongly supports the Uruguay Round.

But our commitment to a successful Uruguay Round does not preclude agreements liberalizing regional trade. Indeed, Venezuela has been an important and dynamic leader in the area of regional trade liberalization through its membership in the Andean Pact and its trade initiatives with Caribbean countries and Mexico. Such agreements complement the GATT and share a common goal: freer trade that fosters market efficiencies in the interests of both consumers and producers.

Canada achieved the goal of freer trade on a regional level four years ago, when we concluded the Free Trade Agreement (FTA) with the United States. We improved on the FTA and expanded its area of application last month when our Prime Minister officially signed the North American Free Trade Agreement (NAFTA).

The NAFTA incorporates many things we learned from the original Free Trade Agreement and from the current GATT Round. It also extends our Free Trade Zone to include Mexico.

The NAFTA guarantees that, no matter where a company chooses to build its plants, it has uninhibited access to markets in Canada, the United States and Mexico. The NAFTA encourages investors to make their decisions on economic merit, not artificial barriers.

In Canada, investors find a highly skilled, highly educated work force and a solid infrastructure of public and private services. These factors, coupled with Canada's healthy monetary and fiscal policies, are providing a solid investment climate. This means that foreign investors are continuing to explore the Canadian market for new opportunities.

I want to focus on the link between the NAFTA and what is happening here today. If you look at the evolution of the NAFTA, you will be struck by the fact that Canadian companies began to explore bilateral trade opportunities with Mexico long before the NAFTA negotiations were completed.

The vanguard of 135 companies represented at Canada Expo '93 is evidence that, with Venezuela as well, Canadian business people don't intend to wait for legal instrument to catch up with trade realities.

Canada Expo '93 encourages our business community to take initiatives in several areas, namely:

- increased exports of Canadian goods and services;
- larger Canadian investment in Latin America; and
- the promotion of innovative ventures.

We chose to launch Canada Expo '93 in Venezuela. The decision was determined partly by our historic trading relationship and partly because of the dynamism of your economy, which led all of South America in economic performance in recent years. Your performance is impressive.

I believe that this expansion is a direct result of your government's efforts to open the domestic market and make economic reforms. All countries, including Canada, have found that these are policies that lead to economic renewal.

Canadian exporters contributed to the growth in Venezuela. In the first 10 months of 1992, Canadian exports to Venezuela increased by 6 per cent to reach \$266 million, and are expected to exceed \$300 million when the full figures for the year are in. Among your major imports from Canada were wheat, newsprint, wood pulp, motor vehicles and gas turbines.

We are aware that Venezuela is striving to diversify its economy. Thus, it is especially noteworthy that Canadian exports to Venezuela increasingly reflect your country's efforts to move beyond the oil extraction economy. By the same token, we also welcome your increasing non-oil exports to us, such as tropical fruit. For the period from January to September 1992, our exports of finished products, such as steam and vapour generating boilers, increased by 1,000 per cent, gas turbine parts by close to 30 per cent, iron or steel products by close to 50 per cent and equipment for temperature treatment of material by 300 per cent.

These are products that build industrial muscle, strengthen your economic drive and support the diversification of your economic base. Venezuela's main import sector, equipment and machinery, is valued at US\$3 billion. Canada's 3 to 4 per cent share of that market is already showing signs of improvement. In fact, we have some entrepreneurs and trade people present today who plan to reshape those statistics dramatically in our favour.

Venezuela is improving and privatizing its telecommunications and transportation networks. Canada has been engaged in a similar process. Given the vast size of our country, Canadians have become very good at overcoming time and space by developing telecommunications and transportation technologies. We have much to share with you in these two key technologies, much that other nations cannot equal. In fact, you can see for yourselves Canada's telecommunications expertise on display at the Canadian Pavilion at the Com Expo show here in Caracas in May.

Venezuela plans expansion in its resource-based sectors. In particular, Venezuela's economic locomotive, *Petroleos de Venezuela*, plans to spend more than US\$40 billion over the next

seven years on an oil and gas expansion program. Traditionally, Canada has prospered through resource extraction. The last 10 years have witnessed a continuing decline in world commodity prices, and our producers have had to learn how to work more efficiently.

In many cases, we are now exporting technology in the form of advanced equipment and processes, and engineering and consulting services, in addition to value-added materials and products.

We live in an information-based age, and, even in overlapping areas of resource extraction, our nations share more opportunities for co-operation than for competition.

These are all sectors where Canadian companies offer a world-class expertise that enriches both the supplier and the customer. That is what has brought us together at Canada Expo '93. Most of our 10 provinces are represented at this show -- from large enterprises like General Motors' Diesel Division, to a city official from Estevan, Saskatchewan, representing local industries. I am sure that most of you are aware of the extensive trade in oil and gas equipment and services between Venezuela and our province of Alberta. Our respective petroleum industries have long co-operated in the research and development of oil and gas processes, principally in relation to the huge quantities of heavy oil found in both countries.

Venezuela is already doing business with all of our provinces, including New Brunswick, with its pilot emulsion plant; Ontario and Quebec, with their industrial, information and telecommunications capabilities; and Prince Edward Island, whose agricultural products, especially potatoes, are considered among the world's best.

I would encourage you and your colleagues to tour Expo '93 to look at some of the products that will help you achieve your business objectives. As a matter of fact, later this afternoon, I will have the pleasure of witnessing the signing of some joint ventures between Canadian and Venezuelan companies.

I refer, in particular, to a joint venture agreement between NOWSCO of Calgary and Vectra of Caracas for technology transfer in oil and gas pipeline surveys. Babcock and Wilcox, of Cambridge, Ontario, will also be signing a \$20-million contract with SMURFIT for a chemical recovery boiler which is part of a pulp and paper plant near Valencia.

Total Canadian direct and portfolio investment in Venezuela, at this time, is estimated at \$400 million. The increased openness and prosperity of your nation make it an attractive place in which to invest. Those investments will be better protected

after our countries finish negotiating a Foreign Investment Protection Agreement and a Double Taxation Agreement.

There is another dimension of your plans that makes Venezuela particularly attractive to Canadian investors. The agriculture, tourism, health and environment sectors of your economy have ambitious expansion plans. Canadians are knowledgeable about these sectors, and knowledge brings a feeling of security when one is committing capital to projects in a foreign land.

The Government of Canada has backed Canadian entrepreneurs by providing funding to start co-operative projects or joint ventures in Venezuela.

Since 1987, the Business Partnership Branch of the Canadian International Development Agency has committed \$8.8 million for 14 projects in Venezuela in environmental services, the petroleum sector and agro industries. I am happy to note that this program has been extended for another year.

As you can see, Canada's trade and investment links with Venezuela are on the rise. Still, many more possibilities exist. For example, in June of this year, the City of Toronto will host the 31st World Congress of the International Union of Local Authorities. This Congress will be attended by 1,500 delegates representing municipal governments in over 80 countries. Toronto and other Canadian cities are recognized for their considerable expertise and technology in municipal problem-solving.

For instance, Canadian companies have designed computerized systems to locate buried utilities and track information about them. All that know-how is available to cities, such as Caracas, through negotiation and commercial contracts.

Canadian companies providing expertise on environmental protection currently hold contracts valued at \$200 million from your environment ministry for irrigation, water and sewage treatment, and forest management projects. Most of these projects are rural in character. Imagine the market for environmental technology in this dynamic city of 3.3 million people? It is entirely possible that Canadian solutions can be adapted to deal with Caracas's particular situation. This is the kind of co-operation that comes from partnership.

Look at what our free trade partnership is doing for Canada and the United States. Since 1989, our trade with the United States has increased steadily despite the slowdown in the world economy. During the first 10 months of 1992, our exports to the United States were up by 11.2 per cent over the same period in 1991.

At the same time, our imports from the United States also increased by 9.3 per cent. So we sold more to each other and we

bought more from each other. In other words, each country profited from the privileged relationship that we share. It is worth noting that the greatest increase in sales on both sides of the border came from manufactured products, those that generate skilled employment. That is what liberalized trade is all about.

Is this going to work for the NAFTA? Our industries seem to think so. Our exports to Mexico increased by nearly 90 per cent in the first 10 months of 1992, compared with the year before. The number of calls and visits to the commercial section of our Embassy in Mexico City more than doubled last year compared with 1991. In other words, the NAFTA is already having an impact a full year before it is even due to come into effect.

History has made Venezuela and Canada close friends and allies. Canada wants to build on our relationship and make it even stronger. This is the principal reason for our being here at Canada Expo '93. It is our way of saying that we want to foster closer trade ties so that Venezuela will figure even more prominently as one of Canada's greatest export markets in South America. Together, our two countries can become more competitive and can pursue other markets in the region and throughout the world. I know that this exceptional showcase will open the door to renewed trade and co-operation between Venezuela and Canada.