

# *Statement*

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**NOTES FOR AN ADDRESS BY  
THE HONOURABLE ROY MACLAREN,  
MINISTER FOR INTERNATIONAL TRADE,  
ON THE OCCASION OF THE TABLING  
IN THE HOUSE OF COMMONS  
OF THE GOVERNMENT'S STATEMENT  
ON CANADA'S FOREIGN POLICY**

**OTTAWA, Ontario  
February 7, 1995**



Government  
of Canada

Gouvernement  
du Canada

**Canada**

Mr. Speaker:

A year ago, I rose in this House during the debate that launched the foreign policy review. Today, we conclude the first and most important cycle in what must be an ongoing process of creative adjustment to a trading world always on the move.

Yet, at least one constant remains. A year ago, I began my speech by quoting from Lester Pearson's 1957 Nobel Peace Prize Lecture, in which he wisely focussed on the central role of free trade in achieving the intimately connected objectives of peace and prosperity. Today, one year later, the results of the foreign policy review reaffirm the enduring strength of that vision.

Trade creates growth and jobs.

Trade, investment and technology flows do not comprise a zero-sum game that produces as many or more losers than winners. Rather, trade, investment and technology together comprise a creative, dynamic process that encourages innovation and provides opportunities for those wise enough to seize them.

Trade rules, if carefully crafted, do not detract from sovereignty, but add to it. International trade and investment rules extend abroad the rule of law. Rules inhibit the ability of those countries with the greatest market power to exercise that power unilaterally for their own narrower benefit. Rules provide greater certainty for producers, encouraging greater innovation and longer-term planning, rather than more speculative activity. A rules-based system permits a unified Canada to occupy a central place in shaping the outcome of that system's continuing evolution.

The foreign policy review drew upon the views of many individual Canadians, non-governmental organizations, the private sector and parliamentarians. In the mid-1990s, there is broad recognition that something fundamental has happened to the global economy. Something is different in our global neighbourhood. There is greater consensus on economic fundamentals; greater competition for market share and quality investment; greater interest in freeing markets through rules-based systems, whether regionally or multilaterally; and greater diversity in the partnerships we can and should use in order to shape the rules to reflect Canadian interests.

The foreign policy review identifies two main objectives for Canadian trade policy. First, Canadians expect us to attract long-term investments while eliminating barriers to our exports of goods and services. In this regard, our objective will be to seek the further liberalization of trade in services and the removal of tariffs and non-tariff barriers, on a reciprocal basis, for all manufactured and resource-based products. At the same time, we shall work for further liberalization of trade in

agricultural products, including the elimination of barriers to our important agricultural exports and a prohibition of export subsidies. The era of the tariff is finally over. We must get on with addressing other, more pressing and difficult issues that distort business decisions about where and how to invest, to the detriment of smaller economies such as that of Canada.

Second, Canadians expect us to work closely with business and workers, not only to ensure that the rules we are negotiating underpin growth and job creation, but also to encourage our transformation from being a trading nation into a country that can proudly and fairly portray itself as a nation of traders. The Government has re-evaluated in depth its trade development programs with a view to increasing significantly their impact and relevance. I shall return to this theme shortly.

Mr. Speaker, let me briefly outline how the Government intends to move towards these two objectives: the removal of barriers and the attraction of investment; and the further promotion of an export commitment among Canadians.

First, we plan to work with our trading partners to deepen the international rules governing trade, investment and technology to discipline practices that disadvantage Canada.

Foremost in this regard, we must continue to manage effectively the Canada-United States economic relationship. A united Canada has done well in opening the U.S. market, while protecting Canadian sensitivities in such areas as cultural industries and supply-managed agricultural products. The ongoing, effective management of this special relationship requires vigilance and national teamwork to ensure that Canadian interests are defended whenever U.S. regulators or special interests attempt to bend the rules of either the NAFTA [North American Free Trade Agreement] or the WTO [World Trade Organization].

We shall pursue reforms that reduce the possibility of disputes with the United States concerning the issues of subsidies, dumping and the operation of trade remedy laws. We shall seek better access to U.S. government procurement contracts and greater opportunities to compete with regard to financial services.

Multilaterally, we shall remain in the forefront of the work under way to ensure that the World Trade Organization becomes a dynamic force for extending rule making beyond the level achieved in the Uruguay Round. The WTO has an ambitious agenda of negotiations already under way in such areas as financial services, maritime transport and government procurement. There is also considerable unfinished business with regard to trade-distorting agricultural subsidies. These are important issues for Canada.

Moreover, past and present rule making and the increasing internationalization of markets are continually expanding the scope of domestic practices that require the attention of policy makers internationally to ensure that market access gains are not undermined by the use of new instruments to achieve old protectionist ends. The new agenda of rule making will encompass such areas as product standards; antitrust policies and the relationship with anti-dumping reform; the link between environmental and labour standards and trade; and the use of massive subsidies that distort decisions about where companies locate their investments to the detriment of countries such as Canada.

Second, we propose to widen our network of free trade partners to improve market access for Canadian exporters. Over the past year, we have encouraged the expansion of the NAFTA in order to ensure that this Agreement is an outward-looking, dynamic instrument.

Last December, the first stage of our efforts was crowned with success when the Prime Minister was joined by the Presidents of Chile, Mexico and the United States in announcing the beginning of the process that should see Chile become a full member of the NAFTA by late this year or early next year. Accession to the NAFTA, Mr. Speaker, requires a consensus among the three current members. Canada worked hard to achieve that consensus on Chile.

We also intend to build on this success to meet the challenge identified in the Miami Summit of the Americas of constructing a Western Hemisphere free trade area by the year 2005. During last month's visit to South America, the Prime Minister launched the process of consultations that will take us farther in that direction, by proposing the initiation of discussions with the Mercosur countries with a view to integrating Mercosur and the NAFTA. We intend to build realistically and vigorously from this starting point.

Mr. Speaker, we shall also pursue the widening of freer trade through encouraging and participating in negotiations leading to accession to the World Trade Organization by several major economies that currently operate on the margins of the international trading system. These economies are important players in the global marketplace. They include China, Taiwan, Russia and Saudi Arabia.

Moreover, we shall seek further commitments across the Pacific with our partners in the Asia-Pacific Economic Co-operation (APEC) forum. These economies provide excellent markets for Canadian exporters. They are the source of much of the dynamism driving world growth. Yet, their commitment to the international trading system as measured by their level of acceptance of the obligations of that system is not yet commensurate with the

benefits they derive from it. This must change. Canada will work actively to encourage the necessary commitment, including by pursuing the free trade vision adopted by APEC's leaders during their summit last November in Indonesia.

And then there is Europe, Mr. Speaker. Although our ties of trade are proportionately somewhat less than a generation ago, they remain important. We also enjoy stronger-than-ever investment links across the Atlantic. How, then, do we re-energize the transatlantic economic relationship, building on progress in regional agreements to maintain the dynamic of global trade liberalization? This is a question worth pursuing, whatever the precise answer or mechanism eventually developed to recharge our European links.

Mr. Speaker, while I have briefly outlined several of the key elements comprising the Government's commitment to widening and deepening our network of rules-based freer trade, this effort will have a considerably diminished impact for Canada unless Canadians take full advantage of the access secured through international negotiations.

Rules help to open the door to prosperity and to keep it open. However, rules do not trade. It is companies that trade. Consequently, the Government's third trade-related objective is to rationalize and energize our international business development programs, in light of the foreign policy review and extensive parallel consultations with the private sector and the provinces over the past year.

We shall redouble our efforts abroad to ensure that all our firms receive timely, relevant market information, access to foreign decision makers, and the effective defence of their interests when authorities in other countries do not comply with their international trade obligations.

Domestically, we are committed to extending the "Team Canada" concept to include a more coherent, integrated approach toward co-operation with the provinces in order to help increase the export readiness of Canadian firms.

We are also refocussing federal government assistance to encourage job-rich small and medium-sized companies to enter export markets, while improving their access to export financing by launching greater collaboration between the private banks and the Export Development Corporation.

To facilitate Canada's full involvement in the global, increasingly knowledge-intensive economy, the Government will also foster the acquisition and development of technology by Canadian businesses, in part through their greater participation in international research and development alliances. We shall

also vigorously promote increased awareness among foreign investors of Canada's science and technology strengths.

Finally, we shall also focus more human resources on developing high-growth markets in Asia-Pacific and Latin America, while targeting our efforts in Western Europe more sharply on investment, technology and strategic alliances.

Mr. Speaker, widening the reach of our free trade partnerships abroad, deepening the international rules consistent with Canadian interests, and renewing and recharging our partnerships with business, large and small, and with the provinces - this is the Government's trade agenda. It provides the basis for sustaining growth and job creation in Canada.

Thank you.