



Government
of Canada

Gouvernement
du Canada

STATEMENT

94/40

CHECK AGAINST DELIVERY

**NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
TO THE CANADIAN CHAMBER OF COMMERCE IN HONG KONG
AND THE CHINESE-CANADIAN ASSOCIATION**

**HONG KONG
August 1, 1994**

Canada

Ladies and Gentlemen,

Thank you for your kind introduction. I am very honoured to be here today as your guest.

I know the vital role the Chamber plays in developing commerce across the Pacific between Canada and Hong Kong and, increasingly, with China.

The Chinese-Canadian Association is also playing a strong and creative role. I want to congratulate you in particular on the creation of the new Canadian International School.

I have no doubt that your two groups have benefited from the outstanding efforts of Canada's Commissioner to Hong Kong, John Higginbotham. As he will be leaving this post in a few days, let me take this opportunity to thank him and to wish him "bonne chance" in his new assignment.

The new Liberal government of Prime Minister Chrétien has made Asia Pacific an area of top priority. We recognize the growing economic and political influence of the region, and are determined to reach out to Asia, to build new networks of political dialogue, investment, commerce and personal contacts.

This is the purpose of my visit to Asia, which has taken me to Tokyo, Seoul, Bangkok and Beijing.

Canada is determined to be a creative force in the development of new regional institutions such as APEC [the Asia-Pacific Economic Co-operation forum], which provide a new framework for growth and a forum for co-operation. Just as Canada was instrumental in the development of the organizations that helped rebuild postwar Europe, from NATO [North Atlantic Treaty Organization] to the CSCE [Conference on Security and Co-operation in Europe] and from the OECD [Organization for Economic Co-operation and Development] to the GATT [General Agreement on Tariffs and Trade]. As we have played a very important transatlantic role in the past, now we are ready to play a similar transpacific role in the future.

I invite you in the business community to follow and support the development of APEC, particularly given Hong Kong's membership. APEC's success or failure will impact directly upon you. A stable economic and political environment, good governance and the rule of law are vital regional as well as national goals. APEC, like the new World Trade Organization globally, or the NAFTA in North America, is a framework to release the full energies of the private sector in creating economic prosperity.

Canada is well-known as a country that seeks creative, diplomatic solutions to international security problems. Canada will play its full part in Asia, in partnership with other countries, to

preserve and enhance the relatively stable peace and security situation in the region.

Canadian peacekeepers and monitors have been active in Asia for over five decades, including our lengthy role in Indochina as part of the International Control Commission and our current monitoring and mine removal program in Cambodia under the UN [United Nations] flag. Canada was not found wanting when others chose war over peace, as the many Canadian gravestones in Hong Kong and Korea attest.

Prospects for future peace in Asia Pacific have never been brighter. A few days ago I attended the inaugural conference of the 18-member ASEAN [Association of Southeast Asian Nations] Regional Forum in Bangkok. Canada is a strong supporter of such a forum. Preventive diplomacy, confidence building measures, nuclear non-proliferation, curbing the conventional arms buildup, and the situations in North Korea and the South China Sea are only a few of the issues we discussed there.

Throughout our discussions there appeared to be common ground that disputes should be solved via political dialogue and that continuing economic growth throughout the region depends on a stable, peaceful environment.

CHINA

Let me now turn to Canada's policy on China, which I know will be of particular interest to many here. We recognize China's central role in global development as one of the great emerging facts of the 21st century. Our relationship with China is based on four equal pillars: economic partnership; sustainable development that protects the environment; regional and international peace and security; and human rights, good governance and the rule of law.

All four of these pillars were featured in my discussions with Premier Li Peng, Deputy Prime Minister Zou and the Foreign and Trade Ministers. My discussions were highly productive in advancing our relations with China and in putting us on course for a greatly expanded relationship based on mutual respect and mutual benefit.

In Beijing, I emphasized the great complementarity between Chinese economic requirements and Canadian capabilities. I am very hopeful we will witness enhanced economic co-operation in a variety of areas, including: energy, transportation, telecommunications, environmental protection, agricultural products, services and oil and gas.

It is Canada's intention to enhance high-level two-way visits with China to promote economic co-operation and political

dialogue on international and regional security issues, as well as on social and legal reforms. Prime Minister Chrétien's visit to China in November will be the centrepiece of this interaction. As part of a "Team Canada" approach, the Prime Minister will be accompanied by ministers, provincial premiers and mayors, and well over 200 business persons.

Only systematic and wide-ranging contact of this kind will allow Chinese society to balance the need for greater openness and freedom with the imperatives of stability and economic development.

HONG KONG

Let me talk about Hong Kong now — Hong Kong and Canada have a privileged and dynamic relationship. Strong historical, trade and family ties between us build our economies and enrich us in a myriad of ways, on both sides of the Pacific.

The emerging business linkages between Canada, Hong Kong and China, based on the huge movement of people over decades, are a particular advantage to Canada. The tremendous reservoir of talent and knowledge found within the Chinese-Canadian community in Hong Kong, many of whose leaders are here today, is an asset that we treasure.

More than 40 000 Canadians live in Hong Kong. Last year, Canada welcomed over 30 000 immigrants from Hong Kong. It is Canada's largest source of immigration, and we expect that this year Hong Kong will again be our leading source of new Canadians. My Secretary of State for Asia Pacific, Raymond Chan, himself a Hong Kong immigrant to Canada, can testify to the growing importance of the Asian community in Canadian political life.

Canada and Hong Kong also enjoy a very robust trade relationship. Bilateral trade in 1993 reached almost \$2 billion and investment in Canada from Hong Kong was worth several billion dollars last year.

This morning I strengthened our relations further with the signing of a Memorandum of Understanding on the further promotion of cultural co-operation between Canada and Hong Kong, and with an exchange of letters extending our bilateral agreement to co-operate on legal matters in the fight against drug trafficking.

Let me now turn to the question of 1997. For all the reasons I have mentioned, Canada has a vital interest in seeing a smooth, orderly and equitable transition, one that will maintain the well-being of our large Canadian community here. I can assure you that I made this point very clearly to the Chinese leadership in Beijing last week.

Canadians will continue to follow very closely the changes that Hong Kong people and institutions will face in the next few years. While 1997 will be a major watershed in your history, we are confident that Hong Kong's unique character and vital economic role will be preserved and strengthened in coming years. We have confidence in Hong Kong and in China to make things work.

CANADA

Let me turn, finally, to the economic and political scene in Canada. I am well aware that Hong Kong, as a major financial centre for Asia and such an important source of direct investment to Canada, takes a special interest in the domestic situation in my country.

There is no doubt that these are interesting political times for Canada, particularly with the upcoming provincial election in Quebec on September 12. Let me update you on the economic and political front.

Our government was elected on a firm commitment to and mandate of economic growth and job creation. We know that exports and foreign direct investment will have an important role to play in this strategy.

We also know that strong fiscal management and political stability are essential to attract foreign investment. A strong economy is the key to a strong society. In this regard, we are gratified by the recent outlook of the OECD that suggests that Canadian growth levels in the years ahead will lead the G-7 [Group of Seven leading industrialized countries]. The fact that we have managed to do so while containing inflation and increasing productivity underlines the attractiveness of Canada as a base for investment in North America.

A number of other indicators also point to a strengthening Canadian economy. Economic growth has gained momentum over the last year, fuelled by exports and consumer spending. In fact, the recent strength of employment growth and consumer confidence suggests that the expansion is taking hold. Almost 200 000 jobs have been created since January and employment is now approaching pre-recession levels. Growth momentum is stronger than expected so far in 1994. Despite the rise in interest rates, real growth in 1994 will likely be stronger than the three per cent predicted in the budget. Meanwhile, inflation remains at record lows, and the Government remains firmly committed to fiscal responsibility. We are on track to achieving a reduction of the deficit to three per cent of GDP [gross domestic product] in three years. Our ultimate goal, of course, is still the elimination of the deficit over a reasonable period of time.

I know there are foreign investors concerned by the political situation in Canada. Investors should not be worried every time a provincial election is called in Quebec, especially when polls suggest that people in Quebec would choose to stay in Canada. Tensions between provinces and the central government are not unique to Canada, they are part of every federal system.

Canadians expect their government to govern with honesty and integrity. Perhaps more important than a perfect Constitution is the good and responsible conduct of a government. Quebec also recognizes this. The high personal standing of Prime Minister Chrétien in Quebec demonstrates that people have confidence in his leadership.

We are calm and confident on the eve of the Quebec election. We are fully confident that Premier Johnson can win. And if not, let me remind you that Quebec elected a Parti québécois government in the past, then rejected its separatist proposal in a referendum, then re-elected it some months after that. Polls in Quebec today suggest a very similar duality in the minds of Quebecers.

People in Quebec have also been hit hard by the recession. They see that Canada is recovering and I do not think that they are willing to jeopardize the recovery by voting for separation.

Canada this year topped the UN Human Development Index, which identifies the living conditions and quality of life around the world. Canada remains an excellent place to live, to work and to invest. In a turbulent and unpredictable world, Canada remains a prosperous and peaceful nation.

Ladies and gentlemen, let me ask all of you to work with us to build even more bridges across the Pacific between Canada and Hong Kong, bridges that carry knowledge and prosperity in both directions.

Thank you.