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NOTES FOR AN ADDRESS BY
THE RIGHT HONOURABLE JOE CLARK,
SECRETARY OF STATE FOR
EXTERNAL AFFAIRS, TO THE
"COMPETITIVE EDGE" SEMINAR.

PULLING TOGETHER FOR A
BETTER FUTURE

TORONTO,
OCTOBER 1, 1984

PULLING TOGETHER FOR A BETTER FUTURE

Notes for a speech by the Right Honorable Joe Clark
Secretary of State for External Affairs,
Toronto October 1, 1984

This is my first speech in Canada as Secretary of State for External Affairs.

And I am here to talk about trade.

Because we believe that trade must have a much higher priority in the External policy of Canada. That is one the major changes we were elected to achieve on September 4, and I am here to ask your help in building both new markets and new attitudes in trade.

For decades, much of our national debate has been about internal questions - our constitution, our languages, our identity, our federal/provincial reality. (No single Canadian topic causes more confusion internationally than our federal/provincial relations. They cause about as much confusion abroad as they do at home). But we have looked inward so long that we risk forgetting the basic Canadian reality that this nation survives by reaching outward.

At the same time, much of our internal economic debate has been about how we distribute wealth, rather than how we create it.

The people of Canada have indicated, overwhelmingly, that they want a new agenda in Ottawa, and our new government is at work on that new order of business. We are committed to creating wealth, and growth and jobs - and we know that exports are the key to Canadian prosperity and growth. But to export, we have to meet the competition. And to meet the competition that is now out there in the markets of the world, business, labour and governments are going to have to pull together as we have never done before.

We have to change some attitudes.

I want the Department of External Affairs to be known as a selling department, as well as a policy department, and a source of skilled diplomacy.

One of my neighbours at the Cabinet table is George Hees, who, with his gift for delicate language established an alphabet slogan for the Trade Commissioners of twenty-five years ago. He told them Y C D B S O Y A. You Can't Do Business Sitting On Your Ass. I'm not as subtle as George, but that is the spirit I want to establish.

At the same time, I want all of us to recognize how much the world has changed, and is changing. Trade is no longer just a commercial activity. It is very much a political and diplomatic activity.

Thus, as you know, international trade is part of the External Affairs Department and I will be working closely with my colleague, Jim Kelleher, the Minister for International Trade, to ensure that the trade service and the diplomatic service work closely together.

I spent part of last week at the United Nations, in private meetings with foreign ministers of other countries. Our conversations were preliminary because our government is new, but in virtually every meeting - including with the Soviet Union - the question of trade arose. I want to ensure that, once we have set our goals, Canada's political and diplomatic skills are applied to selling our products as vigorously as the resources of other countries are applied to selling theirs.

That has to happen for two reasons - first, because trade is more important to Canada more than ever; and second, because the competition is tougher. We have always called ourselves a trading nation. But in the 1960s, years of great trade optimism in this country - exports accounted for about one-sixth of our total economic activity. Today, exports account for twice as much. Fully one-third of our Gross National Product is generated directly by trade. Trade matters more than ever now.

But with this vast increase in trade and investment has come interdependence. And with interdependence, vulnerability - both of individual national economies, and of the entire economic system.

World trade will not soon again grow as fast as it did in the previous two decades - not so long as recovery runs at different speeds in the industrialized countries, and the developing nations remain heavily in debt. But all countries need trade and want investment. The industrialized nations need it to help their structural adjustment and create new jobs. The developing countries need it to service their debt through growth. The competition for markets will be more intense - more cut-throat - than anything we have seen so far.

International economic stability sometimes seems too precarious for comfort. Overhanging the trading system are the possibilities of sudden and substantial shifts in exchange rates or interest rates, and of further protectionist disruptions. Overhanging the international payments system are the prospects of bankruptcies on a national scale, and inadequate lending.

This is a delicately balanced situation. And in the hand that is being played out internationally, there is a dangerous joker - protectionism - the wild card which can threaten growth and recovery everywhere.

Governments of all the industrialized countries have come under strong protectionist pressures as a result of the last recession. Almost all have found it necessary, for one reason or another, to provide some protection requested. And it is not the old kind of protection of the tariff, which was at least visible and predictable in its effects.

The new protectionism is much less transparent, more insidious and very much more difficult for the exporter to deal with on his own. It is applied through a variety of non-tariff measures at the border, such as so-called voluntary export restraints, orderly-marketing arrangements and changes in technical standards. And then, often lying behind these barriers, are industrial and structural measures, of taxation, subsidization, regulation and purchasing practices, which have been brought in for some domestic policy reason, but nonetheless have a protectionist effect. All of this amounts to a serious erosion of the open multilateral trading system so carefully build up over the past forty years - an erosion of the system you exporters need to keep your markets open.

At the Economic Summits of Williamsburg and London, governments of the major industrialized countries called for the reversal of this trend. But the response has been slow to materialize. It is now thought that as much as 44 percent of total OECD trade, including agriculture, is subject to some form of non-tariff restriction, and as much as 20 percent of trade in manufactures. Under the accumulation of this kind of pressure, it becomes quite plausible to ask whether the open trade system is really open any more.

And with all this, there is a world-scale revolution going on - the technological revolution. As with most revolutions, you either run with it or you are run over by it.

That is the real world we have to live in. We have a choice between trying to escape it, and trying to control it. This Government intends Canada to take control of events which affect us. We have to work out together - with the provinces, business and labour - how we are going to respond to that challenge, but I think there is no doubt that Canadians want to respond.

Four principals should guide our strategy.

First, we must resist protectionism and keep trade open. Canada must play a full role in the international efforts to manage the international economy effectively, and work closely like-minded trading partners, especially the United States.

Second, we have to put a premium on making Canada competitive, and keeping us that way. That means more attention to enterprise, to innovation, to cooperation among governments, labour and business.

Third, we have to pursue every export opportunity, large or small, traditional or new. I want to know how we can help you take better advantage of export opportunities.

Finally, there has to be a much greater sense of pulling together than we have known before. I hope that we can increase practical cooperation between federal and provincial governments interested in trade, and that there will be a much more active sense of team-work between the private sector and government.

Export Trade Month, which begins today, is a good example of what is possible when we do pull together. Working together, business, governments, labour, the academic community and others have mounted a remarkable exercise right across the country - involving the time and efforts of thousands of people. Here, in Toronto, we have assembled over fifty Trade Commissioners and Trade Development Officers from around the world and across Canada. You can make one-on-one contact with the individual who knows about the specific market, or the product, or the export service you want to know about. There will be some two-hundred and fifty events such as this in more than thirty cities and towns in every province.

We are also making our presence as exporters felt abroad - in trade missions to some twenty-five countries. To launch that part of Export Trade Month, Jim Kelleher, my colleague the Minister for International Trade, is today in Washington, opening International Public Transit Expo 84. From the United States to the United Arab Emirates, from Brazil to Bulgaria, from the South of France to the Sudan, Canadians will be out this month promoting an extraordinary breadth of commercial interests - everything from defence equipment to fishing equipment, from softwood to software.

Exporters are, by definition, internationally competitive. You are in immediate contact with international economic change. If you weren't confident of your ability to respond to it, and meet the competition, you would not be in the business.

In my view the export community needs to have a stronger voice in shaping national economic policy - not only trade policy, but the full range of our domestic policies which affect our ability to compete.

The government needs to know - with very little delay - that what we are doing is accurately geared to international business development. Especially, we need to know that we are properly tracking change in international supply and demand, and in our own domestic export supply capabilities which might be exportable.

We need also to be very alert to developments in our major market, the United States. For example, right from the start of any moves toward protection in the States, we must bring to bear a careful and cogent presentation of our own Canadian interest, and of the American's own interest in unobstructed two-way trade. As we have seen recently in the case of steel, there is a lot that can be done through a concerted effort by Canadian business, labour and government, acting together to influence opinion in the United States. The effect we can have jointly is far greater than the sum of the effects we can achieve separately. We should continue, along those lines, to mount a civil but forceful campaign in the United States to seek their appreciation of the vital interest we both have in keeping continental trade channels open.

We must work, as well, to preserve and enhance your access to your other most important markets.

That means keeping up the pressure in the GATT to roll back protectionism and keep the system open. It means sitting down with the United States to look at sectoral trade and other initiatives. It means invigorating traditional markets in Europe and growing markets in Japan, the Far East and the Middle East. I want there to be good communication between us in the Federal Government and you in the private sector as we proceed.

Trade is a two-way street. We cannot expect to export to others if we will not buy what they have to sell. We cannot try to knock down the barriers to your products abroad if we are erecting the same obstacles at home. As exporters you can help us help you. You can help us to help you to keep the trade channels open.

Canada is a country of immense potential and some rather serious problems. We have a deficit, that is larger than Canadians were led to believe. We have allowed a pattern of conflict to scar relations between federal and provincial governments, and there is a legacy of suspicion between the federal government and both organized labour and business. The problems of attitudes are relatively easy to change. The deficit is more difficult, and so are some of the structural problems, at home and abroad. But those problems have to be seen in the context of the natural strength of Canada. We are an immensely rich country, with creative, skilled and energetic people, and

access, quite literally, to the whole world. As a country, we are well regarded, almost everywhere; as a people, we come from literally everywhere, and those personal connections to other cultures, other markets, are alive and waiting to be worked.

You in this room have to make the sales; but we in the government have to make them possible.

I am here today to ask you both to do your job, and to help me do mine.

My colleague, Jim Kelleher and I need to know - early - what practical changes in policy or approach you think new ministers should introduce. We need to know what has been going wrong if we are going to be able to set it right.

This government is two weeks old today. We have begun some of the changes the nation needs, and will meet Parliament early next month. Our mandate is to build a strong future for an extraordinary country.

We need more than your prayers - and more than your advice - although both will be welcome. We want you to apply the best of your enterprise, and your imagination, and your skill - to opening and keeping the markets this nation need to excel in the world.