

Statement
Minister for
International
Trade



Discours
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ADDRESS BY

THE MINISTER FOR INTERNATIONAL TRADE,

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TO

THE TRADE POLICY FORUM OF THE PACIFIC ECONOMIC

CO-OPERATION CONFERENCE

AND

THE INSTITUTE FOR RESEARCH ON PUBLIC POLICY

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Canada

It gives me great pleasure to join you in this conference as we discuss the important issues of Pacific trade and economic development. Before I commence, I believe congratulations are in order for a variety of individuals and organizations. I'd like to congratulate the Canadian National Committee on Pacific Economic Cooperation for their success in hosting the third Pacific Trade Policy Forum; the Chinese Taipei Committee for its financial support; the Institute for Research on Public Policy for its organizational role; and Professor Ted English, without whose hard work, none of this would have been possible.

Earlier today, Germain Denis offered a Canadian perspective of the Pacific in the Uruguay Round of multilateral negotiations. So I do not wish to plough over furrowed ground.

Rather, I felt it might be useful to place Canada's Pacific Strategy in a broader context, so you can better understand our national aims and aspirations.

Sitting here in central Vancouver, it is easy to forget that Canada is a relatively new entrant into the ranks of industrialized countries, with much of our development occurring only in the past 4 decades. Indeed, we are a mere pup in the time frame of Asian history. And our national character is still evolving, with our continuing immigration and urbanization. We are not the country we were even 20 years ago.

That national character has been shaped by geography, history and economic forces.

Despite the percentage of Canadians who live in cities close to the U.S. border, our national mythology has been shaped in great part by our harsh, northern climate and vast, open spaces.

Economics has caused ever-growing links with our Southern neighbours; and

History has caused us to look back across the North Atlantic for our traditions and institutions.

North for mythology;
South for commerce;
East for our traditions;
Rarely have we looked West beyond our shores.

While we have been a nation from sea to sea for over a century, we have never truly turned our minds to the Pacific.

To most Canadians, Vancouver has represented the end of the line, far from the original Canada of Ontario and Quebec. And Asia was the Far East, reflecting a European perspective that one had to round the Cape of Good Hope in search of silk and spices.

Our fundamental challenge, as we approach the 21st century, is to change the way Canadians see the world; and ourselves.

In a very real way, it is to help Canadians see this city not as the end of the line, but as the beginning; not as a point of departure, but the port of entry into the Pacific domain; not as our far Western edge over the Rockies, but our Far Eastern centre on the Pacific Rim.

Our plan to help Canadians adjust to the realities of the 21st century starts with a commitment to the multilateral trading system. As a middle power with a small domestic market, it is

absolutely critical that we support the goal of an open world economy based on respect for the rule of law in multilateral trade.

We view the General Agreement on Tariffs and Trade as the door to development through trade - as the critical link between the 3 megaeconomies of North America, a Asia Pacific and the European Community.

I recognize that such a commitment to multilateralism might sound contradictory in light of our bilateral free trade agreement with the United States. But there is no contradiction. For the FTA is an agreement linked tactically, strategically, substantively and psychologically to our objective of a more open world economy.

As a matter of tactics, the agreement helped prevent a rise in damaging protectionism between Canada and the United States. And we believe it strengthened our negotiating position in the ongoing Uruguay Round of multilateral negotiations.

Strategically, the agreement secured better access to a world scale market - a decisive response to Canada's age-old problem of market size. It lowers barriers to trade in value-added products and services - barriers which have long been obstacles to our development as a value-added economy. And in lowering these barriers, it increases our attractiveness as a location for world-scale manufacturing facilities - a gateway to the North American market for Asian and European manufacturers.

Substantively, the agreement is firmly based on the concepts and principles of the GATT - in technical standards, procurement, export and import restrictions and elsewhere.

But perhaps most importantly, the Free Trade Agreement is a psychological watershed in our nation's history. For it signals a new, outward-looking and more confident Canada.

Far from signifying a retrenchment of Canada into a Fortress North America mentality, this bilateral agreement is truly a stepping stone for our producers to offshore markets. For it increases our ability to seize the opportunities in freer trade around the world - to participate in global developments from a position of strength.

Now, during our second mandate, we intend to build on that initiative by promoting a global orientation for our traders.

One action which symbolizes that global thrust is our decision to change the working name of Canada's Department of External Affairs. Henceforth, the Department will be called "External Affairs and International Trade Canada." (And) we will be launching a corporate identity program later on during October - our Export Month. The reasons for this change are two-fold: first, to constantly remind Canadians of the importance of international economic relations in the conduct of our foreign policy; and second, to ensure our exporters understand who and where to call in Ottawa for export assistance.

A second action will be our constant and continuing focus on the Uruguay Round of multilateral negotiations. Indeed, we believe it is no exaggeration to state that the continued health of the world economy depends on the progress we make in the current Uruguay Round.

Consider, for example, the link between agricultural trade reform and international finance reform which is being pursued by the many Asia Pacific nations in the Cairns Group. One of the benefits of agricultural reform would be higher returns to the LDC's for their exports,

thereby easing their debt burden. But a second benefit would be lower budgetary deficits in North America through the lowering of wasteful subsidies. And that, in turn, would surely have a beneficial impact on interest rates, which would ease the debt servicing costs of LDC's even further. Combine meaningful progress on trade with a credible U.S. fiscal policy, and one has the foundation for growth into the 90's.

If agriculture is one critical issue, another is the need for disciplines on national trade laws governing alleged subsidies and dumping - laws which, when abused, threaten to undo much of the benefits of past tariff reductions. For our part, we have done a great deal of work on this subject, and I am pleased to be able to release our multilateral position today. Our primary objectives in this area are:

- . to seek improved disciplines on subsidy practices;
- . to add greater precision to rules and procedures;
- . to obtain clear multilateral understanding on acceptable government programs that are non-trade distorting; and
- . to establish a better dispute settlement process.

It is my hope that other nations will find Canada's position compelling, both in terms of logic and practical effect.

So, one Canadian action will be the creation of External Affairs and International Trade Canada; and a second will be a continuing focus on the Uruguay Round. That leads me to a third action - our trade development strategy to seize the opportunities in freer global trade.

We call it our three pillar strategy - geared to the megaeconomies of the United States, the European Community and Asia Pacific.

In other recent fora, I have outlined our approach to the 1992 initiative of the European Community and our U.S. export development plan.

Today, I would like to focus on our Pacific front.

As Prime Minister Mulroney declared during the recent election campaign, we intend to implement a Pacific 2000 Initiative to ensure Canada is front and centre in the dynamic theatre of the Pacific Rim.

Today, the volume of Trans-Pacific trade between Asia and North America exceeds \$300 billion a year. By the turn of the century, that trade will likely exceed \$500 billion.

By that time, Pacific Asia will contain 60% of humanity, 50% of global production and 40% of global consumption.

Clearly, it is high time that Canada developed our own Pacific personality. And we intend to do just that.

We will be strengthening our scientific and technological base through active partnerships;

We will be promoting a greater awareness of Asian countries in Canada by encouraging cultural and language studies - awareness of Japan and other nations which are part of the rich diversity of the Asia Pacific region.

We intend to promote a greater awareness of Canada in Asia Pacific, by supporting exchanges and Canadian studies programs; and

We will be pursuing an aggressive regional trade strategy, identifying specific market opportunities in Japan, the so-called 4 Tigers, India and elsewhere; and mounting promotional drives to translate those opportunities into exports.

But our Pacific personality goes beyond trade and investment. It is also about people. Fully 50% of our immigration now comes from Asia Pacific. By the year 2000, there will be one million more Canadians of Asian origin - a major force in our multicultural fabric; and a solid link across the Pacific.

To date, I have been focusing on Canada's continuing transformation into a global trader and a growing Pacific presence. But we also understand that the nations of Asia Pacific are currently undergoing an equally dramatic, if not even greater, change.

In fact, I would suggest it is in the changes taking place on both sides of the Pacific that our full potential lies. For I believe it is through trade liberalization in sectors such as food products that we can develop a mutually beneficial Trans-Pacific relationship based on comparative advantage.

Recent actions have shown that other trading partners, such as the United States, may exhibit impatience as they exert pressure to open Asian markets more fully, and more quickly. We understand and support their objectives. We do not support their methods.

Rather, we believe the answer to current Trans-Pacific problems lies in multilateral and regional cooperation - not bilateral confrontation. That is why we are placing so much emphasis on the Uruguay Round; and that is why we are extremely interested in supporting the development of a Pacific Rim forum and wholeheartedly support Prime Minister Hawke's call for a Ministerial Meeting later this year.

We see this initial meeting as an opportunity to enhance the sense of community and common purpose among nations of the region. We see it as the beginning of a process of identifying first, how we can work together to sustain growth, and second where collaboration and cooperation might be most beneficial, for instance, in resource management, transportation or telecommunications.

We hope that a Pacific Ministerial Forum might stimulate policy-oriented research in the region; and that organizations like the PECC could help Channel data and analysis to where it is more needed.

(And) we would look to the forum to impart political energy to the fostering of business linkages, with a potentially key role for the Pacific Basin Economic Council.

Should the dialogue be restricted to economics and trade? We think that the agenda of cooperation, by its nature, is a broad one. And we see no reason why the topics covered by Pacific Ministerial meetings could not eventually be extended to other areas, such as the environment.

In approaching the idea of regional cooperation, I believe we should remember the unique qualities of past regional cooperation - our success in mobilizing private sector and academic involvement.

We should build on this success - and avoid building a big and expensive bureaucracy - by using what we have already. I am thinking, for example, of this organization, the Pacific Economic Cooperation Conference - the PECC.

While matters of policy will obviously remain within the purview of government, recent moves in PECC to acquire a small, permanent staff and to sharpen the focus of its work programs suggest that PECC might contribute analytical support to the process of regional cooperation. It is something that should be explored.

So that is Canada's Pacific trade strategy for the 1990's and beyond

- a recognition that international economic relations is a key factor in our foreign policy;
- a firm commitment to multilateral trade and the rule of law as the door to opportunity for Canada and for all nations;
- using the bilateral free trade agreement with the United States to strengthen our ability to compete in the Pacific arena;
- a Pacific 2000 Strategy to develop our Pacific personality; and
- full-fledged support for Pacific regional cooperation.

We believe it is a coherent and realistic strategy that reflects Canada's needs and aspirations as an export-oriented middle power bordered by the Pacific and the Atlantic, and situated north of the world's largest consumer market. (And) it is our hope that, through this strategy, we can take our rightful place among the nations of the Pacific, and ensure that all countries of the region can prosper in peace into the 21st century.