

Statement

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**NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE
CANADIAN CHAMBER OF COMMERCE IN THE PHILIPPINES**

**MANILA, The Philippines
November 10, 1995**



Government
of Canada

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President Dan Young, Ambassador Heeney, ladies and gentlemen:

I am grateful to the Canadian Chamber of Commerce for inviting me to speak today. It is a pleasure to address the very key players who are working to raise the profile of Canadian products and expertise in this rapidly expanding market of opportunity.

In the short time that I have been here, I have been most impressed with the great boom in the Philippine economy, as well as with the tremendous gains that Canadian companies, such as those in this room, have made here. This is truly a rapidly emerging success story.

Until very recently, the country had not shared in the fast-paced growth of its Southeast Asian neighbours and was not the central focus of trading partners like Canada.

And yet, last year, the Philippines achieved 5.5 per cent growth in gross national product, and is on track to match that performance in 1995. Even faster acceleration is expected in 1996. Sound fiscal and monetary management, along with the positive political climate, is contributing to increased foreign investor confidence and higher foreign investment.

The Philippines' economy is continuing to open up through other initiatives such as trade deregulation and liberalization, measures to stimulate competition, and increased emphasis on export development. Furthermore, the country is firmly shouldering its responsibilities on the world stage by ratifying the Uruguay Round of the General Agreement of Tariffs and Trade. The Republic of the Philippines is therefore a founding member of the World Trade Organization.

President Ramos deserves full credit for these reforms. He has turned the Philippine economy around and brought his country the global recognition it deserves. For individual Filipinos, the success of the President's initiatives is demonstrated every time they turn on the lights. Through his actions, power outages are a thing of the past.

I had the opportunity to meet with President Fidel Ramos yesterday. He warmly welcomed me and the Canadian delegation, and we discussed the many common elements that tie our two countries together. I was impressed with the degree of interest he took personally in some of the recent business initiatives many Canadian companies have taken in the Philippines. In our discussion, the correlation between the needs of the burgeoning Philippine economy and Canadian supply capability became quite clear.

The Philippines is poised for further major development, and Canadian businesses hoping to take advantage of the substantial opportunities need to position themselves promptly. Canada's competitors are moving ahead and are ready to tap into the

opportunities. We need to act fast. The proof is there - official visits are up and foreign business people are practically running over each other in the airports and hotels.

As I look out over this audience, however, it encourages me tremendously to see a room full of people dedicated to conducting business between Canada and the Philippines. Because of your vote of confidence in this country, our trade relationship is healthy and growing. Total merchandise trade between our two countries has almost quadrupled since 1986, reaching nearly \$665 million in 1994. Canadian exports grew from \$45 million to \$195.8 million during this period. While the trade balance is in the Philippines' favour, the statistics do not capture the sale of Canadian services, which are a considerable portion of overall Canadian commercial activity in this growth market.

The investment picture is just as bright. Total Canadian investment in the Philippines has been estimated at C\$1 billion, ranking us in the top 15 foreign investors. New investment interest in the Philippines has focussed on mining, technology, agri-food and the energy sector.

I have already had the opportunity to witness the successes of individual Canadian firms in this country in ceremonies I attended yesterday. Later today, I will witness the signing of several more important commercial agreements that Canadian companies - some of which are members of the Chamber - have concluded with such local firms as ICC [International Communications Corporation], Telec Phil, and PLDT [Philippines Long Distance Telephone].

I am pleased to see that well-known Canadian products have already made quite an impression here. Through a joint venture agreement with Asia Brewery, Labatt's Ice Beer is now brewed right here. Bombardier's Sea-doo's are popular at most beach resorts in this country. And whether you know it or not, if you or your children eat at Jollibee or McDonald's here, there is a better than 50 per cent chance they are eating Canadian french fries.

These are all very strong signals that I will be taking back to Canada to encourage more Canadian businesses to come to the Philippines. Opportunities lie in the Philippines' considerable infrastructure requirements, such as in power, transportation and industrial machinery. Private business investment in industrial and mining equipment is the second-biggest source of growth in demand, followed by private construction. Consumption is expected to grow by 5.2 per cent in 1994, up from an average of 3 per cent in the last decade.

The Canadian government is doing its part to pave the way for easier access to the Philippine market. Yesterday, Secretary

Navarro and myself signed a new Foreign Investment Protection Agreement, or FIPA, in the presence of President Ramos. The FIPA is a reciprocal bilateral agreement to protect and promote foreign investment between our two countries. It serves to delineate the respective rights and obligations of the signatories with respect to the treatment of foreign investment, and promote a stable investment climate. Many of you in the business community have demonstrated interest in such an agreement because of the growing stock of investments in the country. As the first FIPA with an Asian country, this agreement sends an important, positive signal that Canadian interest in the Philippines is strong.

We are also working with Canadian companies to take advantage of opportunities through the Asian Development Bank [ADB]. During my visit here, I met with senior officials at the ADB to reinforce our desire to increase our ADB market share. It appears that, over the next three years, the ADB is slated to lend up to US\$1.5 billion to the Philippines. We intend to implement a plan that will focus on specific sectors and projects in order to increase the number of ADB-funded projects Canadian companies can win.

We intend to work very hard to further promote Canada's excellent relationship with the Philippines. In this regard, I hope that President Ramos will be able to visit Canada early next year. Such a visit would greatly promote the bilateral relationship and give impetus to the realization in Canadian business circles that the Philippines deserves attention.

While we are clearly very interested in our trade relationship with the Philippines, we also look more broadly at our relationship with the entire Asia-Pacific region. In this regard, Canada is committed to the Asia-Pacific Economic Co-operation forum, or APEC. We want APEC to become the key vehicle for economic and trade consultation and co-operation in the region. It has proven itself vital in shifting countries in the region towards freer trade and more open economies. APEC has also provided a new avenue for bridging the Pacific and engendering a new climate of confidence in regional stability among member nations. I will be departing next week for Osaka to sit down once again with my counterparts in APEC to further the trade liberalization momentum.

Coming out of the Osaka meeting will be a detailed Action Agenda which will be presented to the APEC leaders, including Prime Minister Chrétien and President Ramos, at their Summit on November 19. It will contain commitments to action in the progressive elimination of tariffs and non-tariff measures, as well as work in the areas of customs procedures, standards and conformance, investment, government procurement, and dispute mediation, among others.

The plan also details work programs agreed by APEC's various working groups in areas such as transport, telecommunications, human resource development, small and medium-sized enterprises, and industrial science and technology. A number of Canadian firms are already involved in working group activities and helping to ensure that APEC work is relevant to the objectives and the needs of the private sector.

While the work of APEC appears quite challenging as we aim to meet the target of free trade among its developed economies by 2010 and among its developing members by 2020, it is apparent that we are trying to put together more than an instrument for liberalizing markets in Asia-Pacific - that is too modest an endeavour. What we are truly working towards is an instrument to force the pace of liberalization worldwide.

We are pleased with the partnership we have forged with the Philippines on APEC affairs. Our two countries will consecutively host the next APEC meetings - first in the Philippines in 1996 and then in Canada in 1997. We have been working at both the political and the official level to ensure that the next two years of APEC discussions make concrete progress towards our objectives.

Ultimately, the test of our efforts to open markets and create opportunities will be the efforts of individual companies, such as those in this room, to take advantage of those opportunities. You have already shown much success in your efforts. I am confident that you will continue to demonstrate the same level of success and that Canadian and Filipino companies will continue to work together to the mutual advantage of both our countries.

Thank you.