

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

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**NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
TO A BUSINESS SERVICES SECTOR LUNCHEON**

**TORONTO, Ontario
May 13, 1993**

I recently saw a cartoon about an imaginary conversation between an old Russian woman and a Russian cosmonaut who had just returned after a year in space.

"Comrade," the cosmonaut begins, "I've been in space for a year. It's good to be back in Leningrad."

"Sorry," the woman replies, "Leningrad is now St. Petersburg."

"Leningrad out? But Lenin was the father of communism."

"Sorry, communism is out. We are now capitalists."

"Capitalists? But how could Gorbachev allow this to happen?"

"Sorry, Gorbachev is out. He was overthrown by the hardliners."

"You mean the hardliners are in charge?"

"No, the hardliners are out. And Yeltsin took over."

"You mean Yeltsin is the head of the Soviet Union?"

"No, the Soviet Union is out, too."

"No Soviet Union?" cries the cosmonaut in disbelief.

"Quick, alert the Warsaw Pact."

"My son," says the old woman, "we need to talk."

A few years ago, we Canadians were like that Russian cosmonaut. There had been rapid changes. Our familiar world was shifting. We needed to talk.

The federal government helped to get Canadians talking. We invited Canadians to take part in the Prosperity Initiative. We asked them to work together to develop a plan of action to address our economic challenges.

Canadians responded. They talked together in 186 Community Talks and in regional consultations in five major centres. They talked at round tables, conferences and in forums. They talked about science and technology, education, government, quality, investment and trade.

A remarkable consensus developed about creating our economic future.

Canadians want to meet the global economic challenge. To meet it, they said, we all must change. We must change how we work,

learn and innovate. We must choose co-operation, not confrontation -- action, not argument.

The talking is over. Now, speaking for Canadians, the Prosperity Steering Group has given us a plan for action, "Inventing Our Future: An Action Plan for Canada's Prosperity."

Your industry joined in the Prosperity Initiative. In November 1991, you participated in National Services Conferences held in six cities across Canada. And your Business Services Consultation Group, under the leadership of Robert Ferchat -- who I'm pleased to see here today -- issued its report in May 1992. It called for private and public sector co-operation for action in seven key areas: people, government, trade, finance, information, innovation, and partnership.

The consultations brought together owners, managers, workers, customers, suppliers, educational institutions and governments. That team effort resolved problems and suggested solutions. It was the kind of team effort the new global business climate values. We can't become -- or stay -- competitive by relying only on individual firms acting independently. Co-operation and collaboration can solve problems and create opportunities.

This government is a partner with you. Let me tell you how, as a partner, we are acting on your industry's recommendations to solve problems and create solutions. And I want to challenge you to act, to be more aggressive in creating a new competitiveness for Canada.

The simple fact is that you are the key to Canada's economic competitiveness. Your sector creates wealth and more than two thirds of Canada's jobs. Your services are vital to the success of the goods-producing sector. Your competitiveness is essential to making Canada's future prosperous. So it is no surprise that our Prosperity response focuses on your concerns. It is the reason your sector is one of the ten getting priority for export development.

We have negotiated more open international trade for Canadian business. We are continuing to press for increased open access in international markets through the General Agreement on Tariffs and Trade (GATT) Uruguay Round. And we have already won freer access for Canadian services under the Canada-U.S. Free Trade Agreement (FTA) and further expanded this access under the North American Free Trade Agreement (NAFTA), which includes Mexico.

The NAFTA opens a door to unlimited trade and investment opportunities. Access North America is a \$27-million, four-year

program to get Canadian business started through that door with:

- the New Exporters to Mexico (NEWMEX) program;
- support for a Canadian business centre in Mexico City;
- an expanded trade fairs and missions program; and,
- extensive market information and export education projects.

Freer access doesn't make sales. It creates the potential for trade. To turn potential into sales, more Canadians need global trading knowledge and skills. We can create that knowledge and skill. Working with the private sector, we are doing just that. We joined the Chamber of Commerce, the Canadian Federation of Labour, the Canadian Exporters Association and others, to form FITT -- the Forum for International Trade Training. FITT graduates will have the know-how to get through the doors we are opening, in order for you to close Canadian sales.

In a minute, I'll talk about another partnership to develop successful international traders in the services sector.

The federal government is doing its part to develop exports. Industry associations can also develop exports. Services industries account for 70 per cent of our gross domestic product (GDP) -- but only 20 per cent of exports. We must confront the imbalance -- and we are.

I am particularly pleased to see Lynn Haight here. She is the newly appointed chair of the Sectoral Advisory Group on International Trade (SAGIT). The rejuvenated SAGIT will focus on closing this critical gap in our trade in services. Recognizing the vital role your associations can play in developing new markets abroad, we have included them in the Program for Export Market Development (PEMD).

We are using competitiveness frameworks, a new tool, to find where Canadian industries fit in the competitive global framework of their sectors. We will work with business and provincial governments to prepare competitiveness frameworks for several services sectors. The sectors include consulting engineering, geomatics, environmental services, distribution services, and commercial education and training services.

To improve your competitiveness -- and the general competitiveness of Canadian industry -- your consultation group wants stronger industry associations. So do I. Strong industry associations are, like partnerships and strategic alliances, essential tools for building a strong, competitive industry. Canadians know this. Throughout the Prosperity consultations, Canadians repeatedly urged a new co-operation and collaboration for competitiveness.

To start making associations stronger, in February I called together representatives of 19 Canadian associations for a brainstorming session. At this session, an expert panel gave us four characteristics of an ideal industry association. They are:

- high density of representation;
- sophisticated policy expertise;
- sophisticated technical expertise; and
- trust between association staff and members.

How do Canadian industry associations stack up against those criteria? Not well, according to the experts. Canadian industry associations are generally highly fragmented, with a poor density of representation, and weakly integrated.

Everyone at the meeting agreed that associations can improve competitiveness. Everyone agreed that there should be better co-ordination and co-operation among industry associations. Everyone thought that there is room for informal networking among associations. But this is not enough. Thought and agreement must become concrete action.

This sector has many distinct but successful industry associations. This gives you a unique opportunity. You can develop a network of associations. You can create a network of expertise unlike anything Canadian business has seen. A services association network could be a model for other associations.

I have asked my officials to study industry associations. When that study is complete, I intend to meet again with association leaders to begin to change the association model. At that time, I hope that I can look to this sector as an example for others to follow.

In this rapidly changing economy, it won't be uncommon for a company to be a supplier to another company in one business, a competitor in another business, and a partner in a third business.

Using the template of a strong industry association network, you can form company-to-company partnerships. Join other companies and groups of companies to form strategic clusters and form these critical business masses to become internationally competitive. Don't believe that you cannot export your services because you are a small firm. Thousands of small Canadian firms have services to offer in markets all over the world.

Use alliances and strategic clusters to leverage your resources, and to benefit from others' strengths.

Partnerships will move you beyond your boundaries -- just as they have moved our international competitors beyond theirs.

I said the same thing at the National Services Conference in Toronto in November 1991:

We can start changing our ways by casting off the myths about competitiveness. We can build a new competitiveness grounded in the traditional Canadian values of co-operation and teamwork in tackling and solving common problems.

This government will work with business to develop partnership and co-operation. In 1991 and 1992, the federal government joined private and public sector organizations to sponsor Services Month. And we will be partners again for the third annual Services Month this November. We know from the Prosperity consultations what the important issues are. Services Month is an opportunity to work on those issues.

The activities for Services Month we are discussing include:

- quality seminars;
- repeating the Competitive Edge Visits Program, which was so successful in Manitoba;
- workshops on partnership development through inter-firm co-operation, modelled on B.C.'s Flexible Networks;
- access to Finance workshops, modelled on last year's successes;
- strategic planning for service firms, another repeat of a success from last year;
- managing the Marketing Function workshops, similar to last year's workshops in Quebec City and Sherbrooke;
- workshops on global business planning and expanding markets through strategic alliances, joint ventures and partnerships; and,
- workshops to help manufacturers find trading house partners.

Services Month is not an end, but it can be the start of acting together to meet common challenges, to learn from each other's success. Last year's Services Month was an opportunity for associations and businesses to build partnerships. We are repeating our sponsorship to continue that partnership building. We will create a climate in which winners can emerge and succeed. We are ready to support your companies and associations in sharing knowledge.

But you have to make the first moves. The federal government isn't going to do it for you. No provincial government is going to do it for you.

Later today, you will see the result of another government-industry association partnership. This partnership takes the experience of an entire association's membership to benefit every

member -- and every business services exporter and potential exporter.

That partnership, between the Canadian Exporters' Association and the federal government, has just published a multi-media, self-help marketing kit especially designed for your industry.

Today I am pleased to join our partners in launching the kit, called "The Road to Success: Exporting Services to the United States." Both experienced exporters and newcomers will find it a useful marketing tool.

The kit includes a video and a user-friendly Export Readiness Diagnosis computer disk. I urge you to attend the information session just after this luncheon. In light of the successful partnership that created the kit, I am pleased that the President of the Canadian Exporter's Association, Mr. Mark Drake will be participating in this session. I know that you will be interested to see how you can use this kit's unique features to help you build export sales.

Canadians are in the midst of change. Our world and our economy are changing under many pressures -- information, innovation, technology. It is change that may be as fundamental and broad as the Industrial Revolution. It is change that is a certain promise of a surge in human progress and prosperity.

In times of great change, people of vision and energy shape the change. Energetic visionaries form human, natural and technological resources into new patterns.

You can choose to let others shape the change. Or, you can choose to shape the changes to create more competitive businesses and a more competitive industry -- and a more competitive Canada.

Thank you.