



STATEMENT

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NOTES FOR AN ADDRESS BY

THE HONOURABLE ROY MACLAREN,

MINISTER FOR INTERNATIONAL TRADE,

TO THE

SOUTH AFRICAN CHAMBER OF BUSINESS

**JOHANNESBURG, South Africa
February 1, 1994**

Mr. Chairman, ladies and gentlemen, distinguished guests:

Once again, let me say how delighted Mrs. MacLaren and I are to be in South Africa at this important moment in your history. I must also thank you all for taking the time from your many preoccupations to meet with our visiting delegation here today.

It is a tribute to the commitment on both sides that we Canadians have travelled to South Africa to learn first hand the best way to participate in future economic relations with you, and that you have taken the time to share your views and perspectives on South Africa's way forward.

As the representative of a country that took a firm stand on apartheid, I want to extend our strongest congratulations to South Africans on the progress that has been made toward the achievement of a non-racial democracy. The abolition of statutory apartheid and the adoption of a non-racial democratic constitution have created an environment that now permits the establishment of new business links between South Africa and Canada.

As you are aware, Canada lifted economic sanctions against South Africa last September. Only the United Nations military embargo on trade in military goods is currently being observed. What impact has the lifting of economic sanctions had on our bilateral relationship? Frankly, we have turned the page. I can say with some assurance that we have now ushered a new era of bilateral co-operation, which I hope will be strengthened in the years ahead.

As a government, we have reinstated the full range of trade support measures for trade with South Africa. The most obvious example is the opening, last October, of the trade section of the Canadian Embassy in Johannesburg. It is currently staffed by four trade specialists, two from Canada. This is an important indication of our confidence in the new South Africa.

Export credit and insurance is now available to Canadian exporters to South Africa through the Export Development Corporation, which has now placed South Africa on cover for short- to medium-term coverage.

Officials of South Africa and Canada are reviewing the question of a Canada-South Africa double taxation agreement. I shall also be having informal discussions with South African officials, with a view to starting negotiations at a mutually agreed upon date.

From the perspective of South African exports to Canada, the lifting of the trade sanctions now permits you to sell your agricultural produce as well as coal, iron and steel products to Canada.

More importantly, the lifting of sanctions now permits Canadian companies and banks to engage in investment and financial transactions with South Africa. In fact, the presence here today of senior representatives of two of Canada's leading commercial banks underscores our commitment to service this market appropriately.

Other mission members are here to investigate a whole range of opportunities, including joint ventures, technology transfer, licensing arrangements, project management expertise, distributorships and agency agreements. In a more general sense, we are all here to learn more about the South African marketplace, its strengths, requirements, as well as its *modus operandi*.

I am sometimes asked what level of investment do I foresee Canadians placing in South Africa. Understandably, I do not have a specific answer at this time, but I can make a few general observations.

Trade tends to be a first step for many companies seeking to establish or re-establish themselves in a market. Frequently, as a second step based on success in that market, a company may seek to enter into other business relationships that may involve equity or non-equity participation. Several of the mission members (including SNC Lavalin and Lardel Holdings) have already entered into these types of relationships.

Ultimately, much will depend on the economic climate in Canada and in South Africa, and the competing demands for capital internationally. As well, many Canadian companies are monitoring the political and economic developments in South Africa, particularly in light of the upcoming elections and the changes anticipated thereafter.

But, if I may share my conviction based on discussions with the Canadian business community, there is an overall openness to investing in South Africa now that Canada's investment sanctions are lifted. Individual companies will continue to make decisions based on the merits of the specific investment opportunity and the attendant risks and rewards. Institutional investors are now beginning to review the South African market in order to determine how they wish to participate.

In this respect, South Africa, with its superior infrastructure, sophisticated financial sector, diverse economy, growing consumer market, wealth of human resources and convertible currency, is an attractive destination for Canadian investors who are seeking investment opportunities overseas, particularly in Southern Africa.

In addition to trading in the traditional items, Canadians are ready to work with South Africans in the areas of education and training, transportation, telecommunications and other related high-technology fields to help you attain your goal of a strong and vibrant South African economy. We anticipate that with very active Canadian and South African business communities, our two-way trade can quickly attain its pre-sanctions 1986 level of almost C\$500 million.

Already we have seen both in Canada and here in South Africa the establishment of several Canada-South Africa chambers of commerce and business with the objective of promoting mutual business interests. The Canadian Exporters' Association is also planning a franchising mission to South Africa later this year. Its goal will be to seek potential franchising partners and the focus will be on small- to medium-sized businesses.

Which brings me to another point, the future role of South Africa in Southern Africa. Many Canadian exporters and investors visualize a future in which South Africa will be a regional centre of distribution for goods and services to most parts of sub-Saharan Africa. This will likely be the case regardless of the type of economic relationships South Africa finally evolves in regional institutions such as the Southern African Development Community, the Preferential Trade Area, or the Southern African Customs Union.

My government's role is to ensure that the appropriate structures and agreements are in place to foster trade and investment initiatives. In these days of mounting government debt and declining flexibility of governments to undertake infrastructure and other initiatives, we are very supportive of private-sector initiatives that encourage trade and investment as a means of achieving growth.

Recognizing the key role that a new South African government must play in addressing the many inequalities left by the system of apartheid, Canada will remain flexible in support of those programs that can help the new administration attain its goals.

In closing, I want to thank you again for your time. I strongly encourage you to come and visit us in Canada and learn more about what we have to offer. I have no doubt that you will be seeing an increasing number of Canadians seeking to learn more about opportunities for mutual co-operation.