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NOTES FOR A SPEECH BY
THE HONOURABLE JAMES KELLEHER,
MINISTER FOR INTERNATIONAL
TRADE, TO THE HALIFAX
BOARD OF TRADE

HALIFAX

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When this government came into office, back in September, it was with two fundamental commitments to the Canadian people: to get the economy moving again, and to rebuild the bridges of dialogue and consultation between Ottawa and the rest of Canada. This meeting is one of the products of both of those commitments, and I thank you for helping us make it possible.

I understand that consultations are not always easy to arrange, that indeed the business community now feels somewhat overwhelmed by the sheer volume of requests from various government departments to meet with them, or to submit papers, or both. The problem, in other words, has switched from your court to ours: where it used to be difficult for you to get in to see the government, it's now getting hard for the government to get in to see you.

Those of you who are out in the markets of the world are well aware of how tough it is out there. Under the General Agreement on Tariffs and Trade (the organization known as the GATT) the world's trading nations have been trying to get their act together for years. But international trade is still far from free. For every tariff barrier that comes down under the GATT, another kind of barrier goes up somewhere. A quota here, an orderly market arrangement there, a change in specifications for imported products somewhere else -- whatever will protect local industries that can't quite compete.

The fact is that, despite the GATT, more than half of all international trade is managed by governments in one way or another.

The forces for protectionism are alive in every country, including Canada, and the pressures are unrelenting. Just as an example, in the U.S. Congress over the past few years, more than 1,000 protectionist bills a year have been introduced. Not many of them get very far, but the volume is certainly indicative of the pressures. And the volume is growing.

As a trading nation, we face other problems, as well. Our currency has been snookered by the American dollar. It has lost value in relation to the greenback, but it has become more expensive in relation to most of the rest of the world's currencies, driving up the real prices most countries must pay for Canadian goods. On top of that, we face new and growing competition from nations that have been building their

industries. We must cope with the high technology revolution, and with the fact that new materials (such as plastics) are crowding out the iron and steel and copper on which the industrial revolution was built.

Because of oversupply, or underdemand, or changing tastes, the prices of many of our traditional export products, particularly our natural resources, have deteriorated in world markets.

We, as a nation, have been slow to adapt to the many challenges we face to our trade. In 1968, Canada ranked fourth among the world's trading nations, just ahead of Japan. Today, Japan's share of world trade is double ours, and we have dropped to eighth place.

That is not just an interesting statistic. Trade is crucial to Canada's well-being. We can no longer afford to be slow to adapt. The only thing you get from hiding your head in the sand ... is sand in your eyes.

In our six months in office, this government has been moving rapidly to improve Canada's trade performance.

We have undertaken two major export promotion campaigns, including this month's Marketplace '85, which is bringing Trade Commissioners back home from their posts abroad to meet with potential exporters.

We have had a meeting of Federal and Provincial Trade Ministers to work out a national trade strategy.

Trade was a very important part of the First Ministers Conference last month in Regina, and, as your newspapers will tell you, it was a vital part of the Summit Meeting between Prime Minister Mulroney and President Reagan. As you probably know, I have been charged to work with Bill Brock, the U.S. Trade Representative, on the specific task of establishing a bilateral mechanism to chart ways to reduce or eliminate impediments to trade between our two countries. We have six months to report.

The other major initiative we have taken is what brings me here today. On January 29th, the government issued two discussion papers -- one on Export Financing, which is fairly technical and intended primarily for specialists in trade and finance, and the other on How to Secure and Enhance Canadian Access to Export Markets.

The long and short of it is that we must take a hard look at our exports.

For those of you who haven't seen it, let me talk briefly about the paper on securing and enhancing our market access.

The paper opens with a description of the international trading environment -- otherwise known as The Land of Plenty of Problems -- and then considers what we can do about it.

One thing we must do, since Canada's export performance depends so heavily on maintaining an orderly international trading system, is to give our active support to beginning another round of multilateral trade negotiations under the GATT. As we do so, we must also determine among ourselves what our objectives should be in a new GATT round, so that the agenda for negotiations will reflect our concerns.

At the same time, we should consider our bilateral trade with the United States, and the paper sets out four options for consideration. We could try to go along under the status quo.

Or we could try to negotiate arrangements limited in scope to particular sectors, or to particular types of trade barriers (such as government procurement).

Or we could negotiate a framework arrangement, which would commit the two governments politically to objectives and mechanisms for the removal of trade barriers and the settlement of bilateral disputes.

Or finally, we could try to negotiate a comprehensive trade agreement with the U.S.

In issuing the discussion paper, the government has made no prejudgment on which of the four strategies would be the wisest and most appropriate. Each has its pros and cons, its gains and its pains. I must stress that none of them is free of risk, not even the status quo.

Our consultations on all of these issues are continuing. Between now and early May, I will be travelling to 15 Canadian cities, from coast to coast to get the opinions of all interested Canadians. When we have heard you, we will meet with the governments of Canada's provinces and territories to discuss our findings. And by late spring or early summer we hope to be in a position to determine the most appropriate actions that are open to us.

But whatever the course turns out to be, it will be guided by your will, the will of Canadians.

When this luncheon concludes, I will be moving over to the Cornwallis Room -- that's right here in the Hotel -- for an open consultation meeting on our trading options. I very much hope that you will join me there, and that you will speak your mind.

Thank you.