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Remarks made by the Right
Honourable Joe Clark,
Secretary of State for
External Affairs,
on the Occasion of a
Canada Day Luncheon with
Canadian and Indian
Business Executives,
New Delhi,
February 9, 1987

OTTAWA

February 13, 1987

It is a pleasure for me to have so many distinguished members of the Indian business community join us on Canada Day at this important trade fair. As some of you may recall, my last visit to New Delhi was less than fourteen months ago and that short interval between visits is a measure of the importance Canada attaches to our relationship with India.

Our two countries have important attitudes in common. On Saturday, I spoke of a common spirit of coalition building and activist diplomacy, which marks the foreign policy of both Canada and India. There are also economic parallels. They go beyond the physical similarities -- immense natural resources; good access to world markets; large distances to span; and sophisticated infrastructure to build. There is also today a recognition that economies that were powered in the past by giant projects and resource development will, increasingly, be led in the future by technology, skill and imagination and there is, in both our countries, an understanding that our economic future depends on the energy and the enterprise of our business community.

Canada's major participation as the partner country in this year's engineering trade fair and the presence of so many innovative and technologically advanced Canadian companies is convincing evidence of the genuine interest that Canadian business and industry has in India. It is also representative of Canada's game plan to bring about a more dynamic and diversified partnership between our two economies.

After the present Canadian Government took office in 1984, we undertook a review of our economic and commercial relations with a number of countries in the Asia-Pacific region, including India. One inescapable conclusion was that we needed to strengthen our connection with the countries of the region. Although Canada and India have a history of cooperation and friendship, the dimensions of our economic exchanges do not do justice to the fact that we both rank among the world's top ten industrial economies.

You have an increasingly diversified industrial base, you have world-class technology in some fields, a vigorous and growing middle class, and increasing self-sufficiency in food and materials. Moreover, under Prime Minister Gandhi's economic modernization and liberalization policies, new opportunities are opening for enterprise and entrepreneurs.

For our part, we are, as a matter of policy, a country increasingly oriented towards the Asia-Pacific region. Already our trade across the Pacific exceeds that which flows across the Atlantic to Europe. The countries of Asia are becoming some of our major economic partners and we want to ensure that is the case for India. In Asia, India is already the fourth largest market for Canadian exports of goods and would probably rank higher if services were included. Our two-way trade now runs to more than \$500 million. We would like to see it top the \$1 billion mark by 1990. A successful outcome to the recently

launched multilateral trade negotiations would do much to enhance trade flows between Canada and India and indeed with the Asia-Pacific region as a whole. I have, therefore, urged in my meetings with my Indian colleagues that our two countries should work together in the new trade round to ensure a result which both achieves further liberalization of world trade and strengthens the multilateral trading system which is so essential to the health of the international economy.

Our review of our economic and commercial relationship with India obviously revealed some considerable achievements. Canadian firms have particular expertise in planning, designing and executing large-scale capital projects. They have already been responsible for major hydro-electric projects in north and south India, a gas pipeline and an iron mine. Our technological capabilities and competitiveness have been responsible for major contracts in railway computerization, avionics and solar systems. We have also begun to see very positive results from the partnership which has been established between your Confederation of Engineering Industry and the Canadian Manufactureres Association and between the Canada-India Business Council and the Federation of Indian Chambers of Commerce and Industry.

The question of our government was therefore, how best to build on these positive trends. Our view in Canada is that, at the end of the day, it is the business and industry commitments which will be decisive in making our economic partnership work. The Government will be supportive in every way possible, that requires a coherent dialogue at the government-to-government level, close and ongoing contacts with industry representatives and the establishment of a positive environment for business exchanges. And this we are doing.

During my last visit it was agreed that annual Indo-Canadian ministerial consultations should take place and that they should include discussion of a variety of bilateral economic and trade matters. The first round of these consultations took place last week and were most positive. Amongst the matters we discussed were a number of detailed proposals made by Canadian companies for major projects and I was most encouraged by the response we received from the Indian side.

Another government-to-government step has been the renewal of the Canada-India Air Services Agreement which will permit an expansion of the present direct air links by our two national carriers. Direct air links do not only make it easier for tourist travel, they facilitate business contacts. They also help to sustain family and people-to-people ties. The thriving Indo-Canadian community in Canada is an important link between our countries. They make major contributions to our political life, our economy, scholarship and the arts, and Canada is much stronger because of them.

Another document that will be beneficial to our respective business communities is the Canada-India Tax Treaty which is now in place in Canada and will take effect in India at the end of March. That will make a major contribution to accelerating the two-way trade and investment and the flow of capital and technology.

This morning, Industry Minister Rao and I signed a Memorandum of Understanding on Industrial and Technological Collaboration which can help bring together Canadian and Indian firms as partners in economic development.

Now that we have that agreement, we must quickly begin to identify priority sectors for cooperation. We hope that it will lead to expanded licencing arrangements under which Indian firms manufacture Canadian-designed goods here in India. Certainly I see more room for transfers of technology; more room for technical collaboration and more room for joint ventures.

Yesterday the Confederation of Engineering Industry and the Canadian Manufacturing Association signed a complementary agreement to form a joint committee for industrial collaboration. The purpose of the committee is to facilitate industrial cooperation between engineering firms in India and Canada. Membership will be drawn from high profile industries in both countries. I would like to commend the CEI and the CMA on this important step forward in their support of industry in both our countries. I can assure you that the committee will receive the full support and cooperation of the Government of Canada.

Obviously one of the attractions of collaboration for Canadian firms is access to your vast domestic market. - But there are attractions for Indian business too, including the opportunity -- you will recognize our slogan at this trade fair -- to "connect to Canada's technology", and to increase your exports to Canada.

As many of you know, Canada has leading-edge technology in areas that are major priorities for the Government of India -- in the production, distribution, and transmission of energy, both hydro and thermal; in mining and processing coal and metals; in oil and gas production; in telecommunications instrumentation and computerization.

But technological exchange would not be a one-way street. As I said earlier, I know that you have a world-class technology of your own to offer in remote sensing and other space-related fields, and in other areas.

Another attraction of collaboration is the opportunity to develop new markets in third countries, using the technologies and management skills of our respective industrial sectors.

I am confident that our business and industry leaders share our government-to-government commitment to deepen and diversify our economic partnership. Indeed, that is already being reflected in the number of commercial negotiations now underway. A number have in fact just reached fruition, and I would invite you to join with me immediately following our lunch to witness the signing of agreements between Indian and Canadian businesses.

- JK Synthetics and SNC/FW Ltd. will sign a transfer of technology agreement for the transfer of advance project management systems and techniques for projects in the chemical, petrochemical, fertilizer and hydro carbon processing sectors in India and for third parties around the world.

- The Desein-Indure Group of companies and the SNC Group will ratify a collaborative agreement for the promotion of professional engineering services through a company called Desein-SNC Private Ltd. SNC will transfer technology to the new joint venture in various disciplines including project management and computerized project systems. The new company will offer its services both in India and around the world.

- The Indian Aluminum Company and the Cambrian Engineering Group, a member of the Agra Industries Ltd. Group, are launching a joint venture to provide advanced technology, equipment and process engineering services in four areas -- vegetable oil refining and deodorizing, food processing, pollution control, and new and non-conventional energy, including solar electric irrigation pumps.

To underline the fact that we look forward to our new relationship being based on the two-way flow of trade and technology, I would also like to make mention of an agreement which involved the transfer of Indian technology to Canada. In this case it is your Oil and Natural Commission (ONGC) which has developed unique technology for use in oil exploration. ONGC has entered into a technology transfer agreement for a photo inclinometer with a Canadian firm, George and Nicks Machine Works, which has manufactured an improved version of the system based on the technology developed by ONGC. This agreement forms the basis for access through Canada to the entire North American market for this Indian technology.

On another positive note, I am glad to be able to tell you today that India's Minister of Energy, the Honourable Vasant Sathe, and I have reached agreement that negotiations will begin on the development of the Raj Mahal Coal Mine under the auspices of a Canada-India Working Group on Coal.

We recognize the crucial role that financing plays in projects on this massive scale. This is why the Canadian government has tabled attractive and competitive long-term financing proposals in support of these initiatives by Canadian companies.

In addition, during my last visit to New Delhi, our two governments signed a protocol to put in place a line of concessional credits of close to Cdn \$200 million to finance the purchase of Canadian goods and services in the oil and gas sector. I am pleased to confirm that this financing facility is now in place and fully operational.

Our two governments have, I believe, now established the necessary instruments of support for the business sector: regular senior level government consultations, a tax treaty, an air services agreement, a memorandum of understanding on industrial cooperation and an attractive financing package. On the basis of my discussions with Indian and Canadian businessmen here, I am confident that these instruments will be fully utilized in the days ahead.

In closing, let me make one observation to Canadians who are not here.

Canada needs more entrepreneurs abroad. One intellectual price of our geography is that too many businesses think that going to the United States is going abroad. We have a massive trade with the United States - the largest in the world - and we want it to continue to grow. But the markets and the opportunities there are most like our own. The real challenge for Canadian entrepreneurs is to break through to markets and customs and societies that are sharply different from what we know. Many of the Canadians in this room have shown that enterprise for years, and carried Canada forward into genuine international competition. You can attest to the frustrations, and the rewards - but most of all, the absolute necessity of an economy, like ours, based on enterprise and imagination at home, requiring the enterprise and imagination to reach beyond what we know in Canada.

We have some stereotypes to challenge. The average Canadian - including the average Canadian in business - knows India more in terms of Mother Theresa and the Punjab than in terms of the half-billion dollar trade between us last year, and the literally limitless range of opportunity for economic cooperation, from textiles to telecommunications. They know the Taj Mahal, the romantic past, but not the dynamic future.

And in India too, there is a disconcerting myth that Canada begins and ends at Niagara Falls. We are a major industrial economy; world leaders in technology, transportation, applied imagination. And we are a friend of India, formed in the same democratic traditions, active partners in the Commonwealth, United Nations and activities ranging from eye hospitals in Agra to power projects in Kerala and commercial enterprise in Toronto and Calcutta, Vancouver and Bombay. We collaborate on the Jaipur Foot and research in space - and we are just beginning.

I hope I have been able to make clear the Government of Canada's full and enthusiastic commitment to building a dynamic and broad-based economic relationship with India, one which draws its strengths from the skills and capabilities of our two nations. You will find the Canadian Government and Canadian business and industry enthusiastic partners in cooperation.

Thank you.