

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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CHECK AGAINST DELIVERY

NOTES FOR AN ADDRESS BY

THE HONOURABLE MICHAEL WILSON,

MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND

MINISTER FOR INTERNATIONAL TRADE,

TO THE ARGENTINE COUNCIL FOR INTERNATIONAL RELATIONS

BUENOS AIRES, Argentina
April 29, 1993

Ladies and Gentlemen, Señoras y Señores:

I welcome this opportunity to address the Argentine Council for International Relations. Many of you look back on lengthy and distinguished careers in government or diplomatic service. And so I look forward to an exchange of views with you concerning Canada's broadening relations with Argentina.

The Government of Canada and Canadians are becoming increasingly interested in Argentina. We are impressed with the success of your extensive political and economic reforms of the past few years. We are eager for a closer, more productive partnership and we are supportive of your efforts to strengthen your international ties.

The Group of the Latin America and Caribbean Countries (GRULAC) has selected Argentina as the regional candidate for election to the Security Council of the United Nations. Canada will support Argentina in its bid for election to the Security Council.

Among the many areas of co-operation between Canada and Argentina, peacekeeping is certainly one that reflects our common commitment to world stability. Argentina has been an active contributor to UN peacekeeping missions in the Middle East, Angola, Western Sahara and El Salvador. Argentina joined the Coalition forces in the Gulf War.

Canada and Argentina are working shoulder-to-shoulder in the UN peacekeeping mission in the former Yugoslavia; some of your 900 soldiers are stationed in the same Croatia sector as Canadian troops. Last June, a delegation from our Department of National Defence visited Buenos Aires to share Canada's peacekeeping experiences with Argentina. An Argentine delegation is expected in Canada later this year.

A Canadian delegation will visit Buenos Aires from May 18 to 20 to begin negotiations on a new nuclear co-operation agreement. The agreement, and the new commercial possibilities it is expected to open, will depend on Argentina's ratification and implementation of the Treaty of Tlatelolco. We hope this occurs shortly, and we will also welcome Argentina's adherence to the Non-Proliferation Treaty. It is rewarding for Canadians to work closely with other nations in the pursuit of a stable international environment and world peace.

Bilateral agreements between Canada and Argentina can also bring the citizens of our two countries closer together. A new air transportation agreement, which expands air links between Canada and Argentina, was concluded in 1992, and we are looking at ways to expand our co-operation to other areas, such as informatics, postal services and financial management.

Canada has adjusted its foreign policy in recent years to take greater account of our geographic location as a nation of the

Western Hemisphere. Our own clear interest in expanding our trade and political relations, as well as the reforms that have swept through the countries of Latin America, have made a closer partnership with our neighbours in the Americas a major Canadian foreign policy objective.

We became a full partner in the Organization of American States (OAS) in January 1990. We are now actively pursuing stronger bilateral relations with the countries of this hemisphere.

Canada wants to work even more closely with Argentina within the OAS. We share many similar positions on issues ranging from reform of the OAS itself to security and the promotion of democracy throughout the region. We look forward to continuing this co-operation in the lead-up to the next general assembly in Managua in June.

Freer trade is an integral part of these renewed relationships. Our total bilateral trade with countries on this continent reached \$6.8 billion in 1992. Canadian direct investment now exceeds \$6 billion, and is bound to increase more rapidly as investment protection agreements and taxation arrangements are worked out with individual nations.

Canada is the seventh-largest trading nation in the world. Worldwide, our merchandise exports totalled \$157 billion last year while our imports were \$148 billion, for a trade surplus in goods of \$9.4 billion.

One in three Canadian jobs depends on trade. Among the world's leading industrialized countries, only Germany surpasses Canada as a trader on a per capita basis.

During the past decade, trade liberalization has helped our country achieve an annual growth of 7 per cent in international trade -- faster than the rate at which world trade has grown, and in spite of a downturn in the world economy.

But recent years have seen major developments affecting the very basics of trade itself. They are occurring in nearly every world region.

The formation of the single market in the 12 countries of the European Community presents new challenges as well as new opportunities. This market of 360 million has replaced the United States as the largest source of direct investment in the world, and their direct investment in Canada now exceeds that of the United States.

Through various initiatives, we are actively developing our trade and investment relations in Central and Eastern Europe.

Many of the fastest-growing economies in the world have been in Asia, and Canadian trade with them is already significant: we anticipate that at the turn of the century we will be doing \$50 billion in trade with Japan and the so-called "Four Tigers." Ten of our top 25 export markets are now Asia-Pacific economies.

Rapid advances in technology have not only changed the ways in which we trade, but also the very content of that trade.

The value-added goods produced by knowledge-based economies command premium prices, lead to diversification and reduce dependence on any one sector.

Countries with knowledge-based economies are able to support high-level health, education and social support services for their citizens. Moreover, countries with well-educated, healthy and socially secure populations typically possess the skills and talents needed to add value to such products.

In my view, then, we can achieve prosperity and growth by pooling our resources and working together. We can jointly exploit niche opportunities in the global economy that match our combined skills. We are seeking joint ventures, strategic alliances and investment opportunities that generate know-how for both countries.

The character of world business is changing in other important ways. No longer are the tangibles -- commodities and products -- the only objects of organized trade. Services are rapidly overtaking merchandise goods in many countries as the driving force of economic growth and health.

Technology transfer, intellectual property, investment: these are the new international trade issues on the table in the Multilateral Trade Negotiations (MTN) at Geneva.

As domestic challenges increasingly involve international implications, we need to take these into account when we negotiate our trade and investment rules. International trading alliances must be strengthened -- and we must be prepared to adapt to change a lot faster than was necessary only a few years ago.

The most important pillar of Canada's international trade policy is our participation in the General Agreement on Tariffs and Trade (GATT) and our commitment to a successful conclusion of the Uruguay Round of the MTN. Canada was an architect of the strong multilateral trading system from the time of its inception, and we view it as more essential than ever.

Canada and Argentina share a common interest in the outcome of these pivotal world trade talks as participants in the Cairns

Group. A successful conclusion will go a long way toward stabilizing world markets for our grain and other agricultural products that are so important to both our countries.

For Canada, a successful Uruguay Round would serve a number of specific purposes:

- One component of the Draft Final Text of the Uruguay Round offers proposals by which future management of trade issues might be streamlined. In 1990, Canada was one of the first proponents of a world trade organization, conceived to offer a stronger institutional basis for international trade policies. Canada is still very positively disposed to such an institutional framework. The idea has been recast in the current round of negotiations as the Multilateral Trade Organization (MTO).
- We have seen the benefit of improved trade remedy procedures under our Free Trade Agreement with the United States, and have advanced upon the FTA mechanism in the North American Free Trade Agreement (NAFTA). Strengthened GATT disciplines in this area in the Uruguay Round result -- enshrined in an MTO -- would benefit Canada and all the world's trading nations. Within the context of a completed and successful Uruguay Round, such an organization can take the GATT and its members into the next century.
- A successful conclusion to the Round would extend multilateral disciplines to intellectual property and the rapidly expanding world trade in services.
- Improved rules and dispute settlement procedures would help Canada -- and all trading partners -- protect and promote respective trade interests on the basis of clear rules rather than economic clout.

We are encouraged by President Clinton's recent announcement that he will seek from Congress extension of the U.S. "fast-track" approval process, and his apparent commitment to conclude the Round by December 15.

Our commitment to a successful Uruguay Round does not preclude agreements liberalizing regional trade that are consistent with the GATT, however, and neither has yours.

Canada and the U.S. negotiated a free trade agreement in 1987. Since the FTA came into force on January 1, 1989, five regularly scheduled tariff reductions have taken place along with three rounds of accelerated tariff reductions.

Canada's experience with the FTA has been very positive. Comparing total figures for the four years prior to 1989 with the

four years since the FTA, our merchandise trade with the U.S. has increased by 18.2 per cent -- despite a slowdown in the world economy.

Our January trade surplus with the United States of \$2.2 billion was up 78 per cent, or \$1 billion, from a year earlier.

Strong export growth indicates the increasing competitiveness of Canada's export-oriented sectors. Exports are fuelling Canada's economic growth and Canada is expected to lead the group of seven (G-7) leading industrialized countries in 1993. Recent indicators show both the Canadian and U.S. economies will post stronger performances this year.

We improved on the FTA and expanded its area of application when we signed the North American Free Trade Agreement along with our partners, the United States and Mexico. This will continue and augment the process of trade liberalization.

In the meantime, Argentina, Brazil, Paraguay and Uruguay have agreed to create the MERCOSUR common market by the end of 1994.

Arrangements such as the NAFTA and the MERCOSUR augment the GATT and share a common goal: freer trade that fosters market efficiencies in the interests of consumers as well as producers.

Both initiatives, though not yet implemented, have already produced dramatic increases in trade.

We are travelling parallel routes. The NAFTA and the MERCOSUR are not competitors. Instead, they represent common commitments to the principles of freer trade among nations.

The legislation to implement the NAFTA on January 1, 1994, is now before Canada's parliament. Once the Agreement comes into force in all three countries, applications for membership from other countries are anticipated.

The NAFTA is not an exclusive club. Nor is it intended to raise barriers against other nations. In my view, the NAFTA accession clause reinforces the partners' commitment to regional freer trade and to reinforcing multilateralism. Canada is willing to explore ways in which Argentina and other countries can become partners within the NAFTA.

I invite you to share with us a vision of the future that contemplates freer trade for all countries in this hemisphere and beyond.

As set out in the terms of the Agreement, the existing members will review all applications. Applicants would have to accept the disciplines and obligations of the Agreement. Argentina has

by itself substantially liberalized its trade and investment environment, demonstrating its commitment to open markets and freer trade. I'm sure we will pursue this topic further.

Trade between Canada and Argentina has fluctuated markedly in recent years. Our exports to Argentina in 1992 increased 64 per cent to \$101.2 million from sales of \$61.7 million in 1991. Two-way trade similarly increased to \$223.4 million in 1992 from sales in 1991 totalling \$191.7 million. Canadian direct investment also continues to grow, reaching \$210 million in 1992, compared with \$70 million a year earlier.

In addition to free trade, Canada and Argentina have both made major reforms encompassing privatization, de-regulation, controls on government spending, tax reform, price stability and improvements to the climate for investment.

Canadian and Argentine companies are already exploring opportunities created by these structural changes in a number of sectors. For example:

- The privatization of Argentina's oil and gas industry is attracting Canadian companies. Two Alberta companies -- Chauvco and Norcen -- are already stakeholders in your oil and gas fields. A third Alberta company, Novacorp, is now operating your northern gas transmission system. In each case, these companies bring knowledge and experience -- as well as capital -- to Argentina.
- The privatization of your telecommunications and transportation networks presents other areas in which we can work together. Canadians have become expert at developing and applying technology in transportation and telecommunications.

It is impossible for any one country -- or company -- to stay abreast of all the technologies developing in communications, however. DTI Technologies of Montreal, for example, is working on one niche -- emergency call systems - - in Argentina and other countries. LARCAN Inc. of Ontario is installing solid-state television transmitters here and elsewhere.

- Argentina plans expansion in its resource-based sectors. For the past 10 years, producers in Canada and Argentina have had to learn how to operate more efficiently to remain profitable in an era of declining commodity prices on world markets. It's another area in which we can -- and should be -- working more closely together. For example, Musto Exploration Ltd. of Vancouver is recruiting investors for a \$500-million copper and gold mine project in Catamarca Province.

We realize that investment -- like trade -- is a two-way street. The door is open to Argentine investors interested in exploring opportunities in Canada. We have a highly skilled, highly educated work force and a solid infrastructure of public and private services. Monetary and fiscal policies aimed at preserving a sound investment climate make Canada attractive to foreign investors. We will continue to welcome the new capital and experience made available by investors from Argentina and elsewhere.

To further improve the climate, the governments of Canada and Argentina together can erect a stronger institutional framework, and our private sectors can use this framework to pursue productive partnerships that will address market needs. The interest of our business sector is reflected in the large business delegation accompanying me during my visit to Argentina.

That is why Foreign Affairs and International Trade Minister Di Tella and I have signed a Double Taxation Agreement. I also delivered a note confirming that Canada has completed formalities required to bring into force the Foreign Investment Protection Agreement signed in the fall of 1991. This agreement between Canada and Argentina, aimed at promoting and protecting investments, now enters into force. We believe such measures contribute to economic stability and more secure relations -- resulting in greater prosperity for all.

Canadians know they must continue to seek out new markets and establish new partnerships if we are to prosper in today's global economy. This certainly includes the markets of Latin America, and particularly Argentina. We see you as an increasingly important partner in trade and investment. Closer ties will benefit not only Canada and Argentina, but all the countries in this hemisphere.

Your Council serves as a valuable forum through which to broaden our knowledge and understanding of one another. That can only lead to closer ties between us.

Thank you, again, for the warmth of your hospitality, and for inviting me to share this time -- and these thoughts -- with you.