

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

92/9

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

CANADA-CZECHOSLOVAKIA CHAMBER OF COMMERCE

TORONTO, Ontario
February 25, 1992

Honoured guests, Mr. Bata, ladies and gentlemen, good afternoon. To our distinguished guests from the Czech and Slovak Federal Republic, welcome to Canada. And to the organizers of this conference, congratulations. I understand that today's seminars have been an overwhelming success.

I am extremely sorry that the tabling of our federal budget in the House of Commons this afternoon has prevented me from being with you in person. I understand that your conference is going well, and I appreciate this opportunity to share some thoughts with you.

Whenever I think of the Czech and Slovak Federal Republic, I remember my visit in the spring of 1990, a time of great change and expectations for Czechoslovakia. In 1989, the Czech and Slovak people rose up peacefully to rid themselves of the communist rule which had dominated their lives for over 40 years. The "Velvet Revolution" as it became known, marked the most rapid, decisive, and peaceful departure of a Communist regime from power in all of Central and Eastern Europe.

As the architects of the new Czech and Slovak Federal Republic map out the blueprint for political and economic reformation, we look forward to this country's bright and challenging future. Canadians have always felt a special affection for the people of the Czech and Slovak Federal Republic, and I like to believe that the reverse is also true. Obviously the large and prosperous communities of Czech and Slovak origin in Canada have had a major impact on this special relationship. But the real strength in our relationship stems from all that we hold in common as countries.

Both our countries must face the challenges of charting their political and economic courses in a rapidly changing world. For the countries of Central and Eastern Europe, securing economic and political stability will be the most daunting challenge. The dissolution of the Soviet Union will have a profound impact on the course of future European and world events. Now we see the emergence of a new kind of state structure, the European Community, which will play a major role in world affairs and undoubtedly affect the future of the Czech and Slovak Federal Republic.

The member states of the European Community, many of whom have a long history of conflict with one another, have joined to manage their strategic resources to prevent future wars and prosper together. History shows us that nations are more easily destroyed than built. The countries of the European Community have prospered because of their unity, which in turn strengthens security.

In Canada we have realized that unity and competitiveness in the international marketplace are keys to Canada's prosperity. Like the Czech and Slovak Federal Republic, Canada was formed by the

merging of founding nations with different linguistic and cultural backgrounds. And like Canada, the C.S.F.R. is facing the challenge of nation-building, within the framework of a federal system that embodies both national unity and cultural diversity.

Canada's unity and security can be secured by building a competitive economy. Economic prosperity in the twenty-first century will depend on how best we develop our human resources, not simply on how efficiently we extract our natural resources.

Our federal government's Prosperity and Competitiveness Initiative has given Canadians an opportunity to contribute to developing a plan of action to ensure a prosperous economic future. It is intended to engage every Canadian in meeting the challenges of a changing global market. Meeting these competitive challenges will require the commitment and long-term effort of every Canadian.

Industrial sectors, educators, entrepreneurs, governments and individual Canadians will all play critical roles in making the changes we need to secure our prosperity and that of our children.

Canada's economic success has depended on the hard work of generations of her people. Equally, our prosperity depends on our strong trade relationships with countries around the world. In Canada, prosperity is tied to international trade -- one in three Canadian jobs depends on it. The Free Trade Agreement (FTA) with the United States, for example, has secured access for our firms to a vast market. The North American free trade negotiations, if successful, will extend the FTA to include Mexico and create even more trade opportunities for Canadian business.

By ensuring the freer movement of goods, services, and investment, agreements like these increase trade and provide shared prosperity. The Czech and Slovak Federal Republic's recent associate membership in the European Economic Community is a step toward freer trade and prosperity. The Republic should be congratulated on this move.

Open economies and free trade pave the way to prosperity. One need only look at the thriving economies of Hong Kong and Singapore as cases in point. The U.S.-Canada trade relationship -- and the trade relationships among the member states of the European Community -- are excellent examples of peaceful relations through shared prosperity. Never has the world prospered as it has since the advent of the General Agreement on Tariffs and Trade (GATT).

This is why Canada is dedicated to the idea of a strong world trading system, and why our number one trade priority remains a successful conclusion of the Uruguay Round of Multilateral Trade Negotiations. For Canada, a successful Uruguay Round is essential, given the importance of trade to our economic well-being and our interest in ensuring a stable and predictable world trade environment.

But it is also essential now for economic recovery. Success in the talks would provide a much needed stimulus for world trade and investment. It would also provide rules and open markets to help new market-driven economies, such as the C.S.F.R., become fully integrated into the world system as they develop and reshape their economies. The people of the Czech and Slovak Federal Republic should be congratulated on their remarkable march toward a free and open market economy.

When the C.S.F.R. liberalized prices in 1990, inflation was running at 55 per cent -- far behind the 250 per cent annual inflation rate registered in Poland during the same period. Now, the Organization for Economic Co-operation and Development (OECD) estimates inflation in the C.S.F.R. may have fallen below 10 per cent per annum last year.

Unemployment, while a new phenomenon for many Czechs and Slovaks, is still relatively low. At the national level, an estimated 6.3 per cent of the work force was out of work, reflecting a decline in output -- a phenomenon the C.S.F.R. shared with all the emerging market economies of Central and Eastern Europe. However, if all goes well, 1992 should be the year of privatization and its success should result in positive economic growth.

Canada, along with its Group of Seven (G-7) partners, has been doing its share to spur economic growth and a free economy in the C.S.F.R. to help the people of the C.S.F.R. through this challenging period. Late last year, Canada granted general preferential tariff treatment to the C.S.F.R. This preferential tariff treatment will allow goods made in the C.S.F.R. to enter Canada at reduced, or in certain cases, duty-free rates. Consistent with commitments made at the G-7 Summit in London, Canada also moved to offer textiles made in the C.S.F.R. enhanced access to the Canadian market at a time of great hardship for our own textile industry. Canada signed a new bilateral air agreement with the C.S.F.R., offering Czechoslovak Airlines landing rights at Toronto's Pearson International Airport.

To encourage Canadian investment in the C.S.F.R., Canada signed a Foreign Investment Protection Agreement and Double Taxation Agreement with the Government of the C.S.F.R., which will enhance the competitiveness of Canadian firms investing in the C.S.F.R.

Canada will commit US\$25 million to the Group of 24 (G-24) developing countries' fund for the Republic's balance of payments support.

Canada is working with the Republic on the signing of a bilateral Nuclear Co-operation Agreement that should enable the Czech and Slovak Federal Republic to explore safe alternative energy options aimed at reducing its dependence on imported sources of energy.

Canada's Export Development Corporation (EDC) has made a \$25 million dollar line of trade credit available to the Republic to cover the export of Canadian goods and services. The EDC currently has more than \$350 million worth of projects in its pipeline.

Through our government's Task Force on Central and Eastern Europe, Canada has provided the C.S.F.R. with more than \$5 million in technical assistance. Bilateral projects are under way in sectors such as agriculture, energy efficiency, environment, management training, and vocational education. These projects are designed to advance economic reform and facilitate long-term business collaboration between Canada and the Czech and Slovak Federal Republic.

I take great pleasure in announcing today another project in the area of banking, for which Canada is providing the core funding. The joint undertaking by the Canadian Bankers Association and the Canadian Executive Service Organization (CESO), will send six teams, including three CESO volunteer consultant bankers per team, to the C.S.F.R. and Lithuania to assist in the transformation of the Investnicni Banka in Prague and Vilnius Bank in Lithuania into full service banks, including development of a branch network.

But the Task Force Program is not only about technical assistance. Through the trade and industrial program called Renaissance Eastern Europe Program, the Government of Canada has launched a development program to increase the involvement of Canadian companies in the markets of the former Soviet bloc. The program recognizes the changing circumstances in this unique region and the need for local models of successful private enterprise. The program will share certain business development costs associated with market penetration and new forms of business co-operation. For example, Stelwire, a subsidiary of STELCO Ltd., recently received a \$75,000 contribution from the Renaissance Program which positioned the company to obtain a commercial contract worth \$1 million to date.

Over the past decade, the trade surplus enjoyed by the C.S.F.R. has averaged about \$50 million annually. We are working to improve our bilateral trade, currently just under \$80 million,

which is far from its full potential. I am convinced the recent changes to the C.S.F.R.'s economy will bring parallel opportunities for growth in the years to come. It is up to you, ladies and gentlemen, to become the emissaries of increased trade, investment and strategic alliances in the Czech and Slovak Federal Republic.

Certain companies have already begun to pave the way for Canadian bilateral trade and investment in the C.S.F.R. Some of the greatest examples are with you today and are no strangers to you: Bata, Canadair, Armbro, Stelwire, Bell Helicopter, Babcock and Wilcox, and Apotex are but a few shining examples.

We are encouraged to see Canadian companies aggressively seeking new business opportunities in the C.S.F.R., such as the Canadian consortium led by the Armbro Group which is currently bidding on a \$180 million expansion and privatization project for Prague's international airport.

As a matter of fact, the owners of this Four Seasons Hotel are most interested in investing, along with Japanese, Czech and Slovak partners, in a five-star hotel on the Myslivek site in Prague.

The Czech and Slovak Federal Republic has also attracted foreign investment from its powerful trading neighbours. This investment is disproportionately high when compared to investment from other regions of the world. Germany, for example, currently represents as much as 89 per cent of foreign investment in the C.S.F.R. My colleagues from the Czech and Slovak Federal Republic have come here today to encourage Canadians to invest in their country, to diversify the make-up of foreign investment in the Republic. We hope that the Government of the C.S.F.R. will continue to welcome and encourage North American investment. The Canadian government is ready to assist Canadian firms in doing business in the C.S.F.R. and neighbouring countries. The Program For Export Market Development, run by External Affairs and International Trade Canada, is designed to help Canadian companies identify -- and get a foothold in -- new markets such as the Czech and Slovak Federal Republic.

Never has there been a better time to invest or do business with the Republic than now. The governments of the C.S.F.R. and Canada have done their best to create a strong and favourable environment for bilateral trade and investment.

Ladies and gentlemen, we are living in historic times. Canada looks to the Czech and Slovak Federal Republic with admiration and sees the dawning of an era of growth and success. I hope that when we meet again democracy and open markets will have blossomed to their fullest in the Czech and Slovak Federal Republic.

Thank you for your kind attention.