

Statement

Department of
External
Affairs



Discours

Ministère des
Affaires
extérieures

88/20

CHECK AGAINST DELIVERY

Notes for a speech

by the Right Honourable Joe Clark,

Secretary of State for External Affairs,

to the Italian Chamber of Commerce - Montreal

MONTREAL

March 11, 1988.

Secretary of State
for
External Affairs

Secrétaire d'État
aux
Affaires extérieures

Canada

Ladies and gentlemen, it is an honour and a privilege to join you tonight and have the pleasure of speaking to you.

The Italian Chamber of Commerce has for a long time added a very special element to the Montreal social and business scene. Along with Sergio Momesso's team at the Forum, it has served to develop an impressive profile for the Italian community in this city.

I understand that you, Mr. Federici, and your organization have been very active in developing Italo-Canadian business contacts, not least through the investment mission that you sponsored to Italy last fall. That mission is already beginning to show results.

The business relations created by this sort of activity are what give substance to Canada's relations with Italy, and with the European Community. It is a very important dimension of Canadian policy to encourage the growth of these relations, and to provide an environment that helps our private sector take initiatives with Europe.

A foreign policy covers the full wide range of life. It touches every province, every city, every country, almost literally every question. Quite literally, some of those questions are life and death issues. Some of them affect the deepest convictions of Canadians - their deepest sense of who they are and of what they come from.

On a personal level I have greatly appreciated my collaboration with the Italian Foreign Minister, Signor Andreotti. He and I were, in fact, Prime Ministers together in 1979, but we both went on to better things. In foreign policy matters, Canada and Italy share a great deal in our outlook -- Italy has been a force for peace in areas of conflict on several continents - so has Canada - working together constructively with other like-minded countries. Canada and Italy also cooperate in a practical way in development assistance - in helping economies that need to grow set their roots and plan their way. For example, we are, for instance, both partners in the Momotomb Geo-Thermal Electric project in Nicaragua.

This Government gives a high priority to our relations with Italy and with Europe, and to securing a trade framework that will provide a secure basis for expanding relations with that continent.

Just a week ago, the Prime Minister returned from the meeting of NATO Heads of Government in Brussels, where he reaffirmed the Canadian defence commitment that makes us part of European security. Countries that value freedom have to act together to protect it, and that is why this Government has increased Canada's commitment to NATO in Brussels. The Prime Minister also met with the President of the European Commission, Jacques de Lors. That was the first such meeting between a Canadian Prime Minister and the President of the Commission of the European Communities in the last decade. There have been frequent bilateral visits and exchanges at the Ministerial level with Italy. The last western Economic Summit was in Venice last year. The next is in Toronto in June. Canada is involved along with Italy in a full, ongoing process of collective economic coordination through the Economic Summit, the OECD, meetings of Ministers, not to mention international financial institutions, and the GATT. The pace and warmth of these dealings has seen a notable increase in recent years.

Most of you know the important role which Canada played at the Punta del Este meeting in 1986 which launched the new round of multilateral trade negotiations under the GATT. Towards the end of this year we are expecting to host in Montreal a Ministerial meeting of all of the countries participating in that new GATT Round, to review progress and see how to move forward. This is a very ambitious undertaking. There are a record number of countries taking part, over ninety, which represent every level of development, and many types of trade regimes. The negotiations cover a wider range of subjects than ever before, and will have to take account of a great many existing intergovernmental arrangements. One key element to the success of the negotiations will be the attitude of Europe. Europe hopes to have its internal barriers removed by 1992. What will Europe do about its external barriers? Will it bring them down at the same time? Will it reach outward, or look inward? It is our belief, on the Canadian side, that broadly-based freer trade can work, if all parties try to make it work. That, in the view of the Mulroney Government, is the challenge for Canada in the decade to come.

The Canada-U.S. Free Trade Agreement fits squarely into those priorities. That Agreement is the most effective way to turn back the tide of protectionism and create an environment for trade and investment to grow between Canada and the country which inescapably is our main trading partner. That in itself will help open the way for trade liberalization in the rest of the world. It will not erect or freeze any barriers to trade with third countries, but provide incentives to bring barriers down everywhere.

There was a grave danger that traditional American trade policy could turn against the world, and seek to protect itself in a kind of fortress America. Instead this Agreement can help rally American support for trade liberalization generally in Congress and elsewhere, and demonstrate the concrete advantage of nations working together. It is fully consistent with the General Agreement on Tariffs and Trade and it reinforces respect for GATT provisions and disciplines -- something not always true of other bilateral arrangements. It has established benchmarks in areas such as government procurement and financial services which could spur progress in the Uruguay Round. It has committed both parties to work closely in the multilateral negotiations to find generally-applicable solutions in areas such as agriculture and subsidies/countervail which are crucial to the success of the MTNs.

It is not enough just to talk about these things. We need working models for the way the world can work together. That's one of the opportunities that this Agreement between Canada and the United States provides not only to us but to the other eighty some nations that are working with us in the multilateral trade negotiations.

The establishment of free trade between Canada and the U.S. is not the end of the road ... But as a step in turning back protectionism and building an effective new round of freer trade among all our major trade partners.

Even in its own terms alone, however, the Canada-U.S. Agreement will contribute to Canada's trade with countries such as Italy. As a result of the Agreement Canadian firms can be expected to become more competitive, both directly through lower costs, and through their adaptation to a larger North American market. That means they will be more likely to build products and abilities that will also help them expand markets elsewhere. That will improve our ability to meet competition in Europe and globally.

The larger North American market created by the Free Trade Agreement is a potent new reason for locating plants and outlets in Canada, and it makes an attractive centre for new investment by enterprises in Europe. In this it contributes to one of the objectives we share with your Chamber ... of building economic links between Canada and Italy.

In many senses Canada and Italy make good economic partners. Both countries are active in the group of seven Summit and each has an influential role in its own region. Both countries have experienced substantial economic growth in recent years. Italy has kept its place well up in European growth tables over the last three years, and has surpassed Britain in the size of its GNP. The performance of the Canadian economy has also been good -- remarkably good in an unpromising global economic environment. Canadian GNP grew in 1987 by 8.6% (or 3.9% in real terms) which will once more put it at or near the top of the OECD economies. As we saw today, our unemployment rate is now down to 7.8%, the lowest it has been since the summer of 1981. Inflation was kept to a manageable 4.1%, and investment levels are rising in an encouraging way. Canadian exports are now, as a result of improved price competitiveness, expanding well in Europe and Japan.

You will have to allow me to say that this is not all by accident. When you have good economic results it is because you follow effective economic policy.

Let me tell you, as a Minister who has sat around that table, economic decisions to change the economic policy of this country were not easy. It was not easy to take on the regime of the Foreign Investment Review Agency; not easy to take on the attitude towards state ownership which was evident in the National Energy Policy; not easy to bring in all of those changes. We brought them in and the results are clear. Some people predicted that those deliberate economic changes would lose hundreds of thousands of jobs in Canada. In fact, we have had the best record of job creation in the history of this country and one of the best in the whole of the Western world. I am not here to celebrate Michael Wilson except that I think he has done a first-class job as Minister of Finance for this country.

You don't get results like that without policy. You don't take those policies for granted because they were very difficult to put in place; very controversial to put in place. They have paid off, and not everyone wants them to stay. Let it be known we do.

The Government is prepared to take practical steps in support of trade and economic cooperation. I am pleased that a Canadian/Italian Agreement on Economic and Industrial Cooperation has been approved and will soon be signed by Ministers of the two governments.

This Agreement will encourage:

- The exchange of visits by commercial, industrial and technical representatives between Italy and Canada;
- The holding of more trade fairs and other trade promotion activities;
- Increased industrial cooperation, including joint ventures and licensing arrangements;
- The study of possibilities for cooperative relationships in areas of mutual interest, and
- Cooperation in third country projects.

There are also encouraging signs of greater collaboration between Italian and Canadian companies, such as the agreement reached last month by Ansaldo Transporti SPA and UTDC Inc. of Canada, regarding urban passenger transit systems. The Government will do what it can to facilitate industrial cooperation of this sort.

There can be no doubt that Quebec stands to benefit from this Government's policies to develop Canadian trade and foster internationally competitive enterprises. This is reflected in the confident position that has been taken by Premier Bourrassa and the Government of Quebec on the trade challenges facing Quebec industries -- one of meeting competition with new and better products, attracting foreign investments and foreign know how, and making Quebec a hospitable environment for doing business. Indeed, Quebec enterprises have displayed outstanding adaptability and versatility in recent history in profiting from new trade opportunities, and there is every reason to believe they will continue to do so.

What is the perspective, therefore, for those interested in promoting Canadian-Italian relations in a practical way? I would say: very good. The economic communities in Europe and North America are consolidating their internal ties, but countries in both continents are also aware of their global responsibilities. Travel and communications are bringing us together. Global markets encourage more companies in both countries to search for new ideas and new markets. Canada and Italy have a great deal to do together and we depend on your efforts and those of others like you.

One of the advantages that I have as a Foreign Minister in contact with other cultures and other countries is to realize just how extraordinarily lucky we are to live in a country like Canada. A country that not only has the tremendous physical resources and a great sense of future that is ours, the sense of optimism, but it also has the profound freedom that reaches into each of our lives, each of our homes and touches each of our children. There is nowhere else in the world like this country. That splendour of Canada is more often recognized in other places than it is here in this country.

We are a country whose people come from every corner and every culture of the world. But not only do we come from every corner that also means we have lines that reach out to every corner. When you are a Foreign Minister and interested in trade that gives you special advantages. Because a country like ours has credentials around the world that few others can equal. What we have to do is put those to work. We have to put them to work in a cultural sense because it is easier for Canadians coming from a nation that is different at home to understand the complexity of differences abroad. It comes natural to us because we live in a world the way we have to live at home.

It's also a very real economic advantage. An economic advantage that I think we haven't taken enough advantage of. We have excellent people who work at the Department of External Affairs for our country. They can only do part of the job. What is really needed is for citizens to connect with citizens and opportunities in other parts of the world. That is true commercially, in terms of trade as well as it is in other parts of policy.

One of the two things that we have to do through Chambers like yours - which connect our two countries- and through other organizations that take advantage of all the things we have in common, is to take advantage of the natural benefit, the natural advantage of Canada that comes from the fact that we come from so many places and are in contact with so many places.

Thank you.