

STATEMENT DISCOURS

MINISTER
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EXTÉRIEUR.



85/53

NOTES FOR REMARKS BY
THE HONOURABLE JAMES KELLEHER,
MINISTER FOR INTERNATIONAL
TRADE, TO THE SAULT STE. MARIE
CHAMBER OF COMMERCE & EXPORT CLUB

SAULT STE. MARIE
SEPTEMBER 30, 1985

I'm very happy to be here this morning. This is more than an ordinary occasion. Unless you've been out in the bush for the past few days, you know that the Government has decided to explore with the United States the possibility of opening bilateral trade talks. I think I can tell you something about that.

But I'm here for another purpose, as well -- to launch, here in the Sault, Canada Export Trade Month. Launchings usually involve breaking a bottle of champagne over the bow, but I'll skip that. I hate to waste good champagne. And we don't have a bow.

What we do have, in Export Trade Month, is a program of more than 150 events across Canada, events that highlight various elements of our export activities. So let me start there.

Export Trade Month is a cooperative program. It involves business people, educators and trade officials in various departments and agencies of the federal and provincial governments. This cooperation is evidence of the growing consensus in Canada that our future prosperity is dependent upon improving our export performance.

The thrust of the Export Trade Month program relates directly to these objectives. The spirit of cooperation is demonstrated here today by the Chamber of Commerce, the Export Clubs of Canada, the city and two different federal departments anxious to assist the business community.

We are attempting to raise public awareness across the country of the critical role played by export trade in our national economy. Something like three million Canadian jobs depend on export activity. Our message is that there is a direct economic relationship between export activity and economic health. We want that relationship to be understood by every Canadian.

We are also communicating with the business community -- in particular, the small and medium sized business enterprises which provide the majority of jobs in Canada -- to make them aware of the opportunities that exist in the international marketplace.

To help companies seek these opportunities, the federal and provincial governments offer a broad range of trade support programs and mechanisms. Many of you recall Marketplace 85, which we brought to the Sault back in February. The stars of Marketplace 85 were our Trade Commissioners, who came back from their posts abroad to meet business people one-on-one. During Export Trade Month, the accent is on our trade support programs, and the object is to reach business people who might be thinking of exporting, to let them know that they don't have to go it alone. Our trade-support mechanisms are practical, and they are focused to the needs of our exporters.

Our trade commissioners provide all kinds of overseas services. They can offer advice on import and currency regulations, on rules about joint ventures and local labour content. They can answer questions about access and a variety of other issues and problems which exporters may confront. Three of my Trade Commissioners are here today, in fact, in a sort of replay of Marketplace 85. They have set up an information booth, and they'll be happy to give you specific advice on export markets. All you have to do is ask.

Another service available to the exporter is the Program for Export Market Development. PEMD can provide funding for exploration of new markets on a "pay it back if you succeed" basis. Trade fairs are another vehicle: our trade professionals can assist you in making your product or service better known, via the hundreds of trade fairs Canadians participate in annually around the world. And assistance is offered to those who may benefit from "incoming" tours of foreign buyers, or "outgoing" Canadian missions to foreign markets. Export insurance and financing are other means by which government supports trade development efforts.

The global marketplace is astonishingly large and diverse, and new technologies and other advancements make it bigger and more diverse every day. So, the opportunities are there.

But to exploit these opportunities, we need to be aggressive. We need to be alert to developments that create opportunities. Above all, we need to be competitive -- in price, in quality, in the range of products and services we offer.

What we must really do is develop an export state-of-mind. If we can train ourselves always to think exports -- and that's probably a matter of habit as much as anything -- we will certainly improve our trading performance. If we can get to the point where we are automatically attuned to export potential in considering every business venture, we will improve our sales both inside and outside the country. That's the philosophy of our competition abroad, and it must be ours as well.

It is in this spirit that I'm approaching Export Trade Month. My colleagues in both the federal and provincial governments will be talking to business groups across the country. There will be seminars and workshops, trade shows, incoming and outgoing missions, service club luncheons with export themes and so on. All are attempts to spread the export gospel. All are intended to foster development of the export state-of-mind.

It would be stating the obvious to say that, to a business, exports mean profits. To the country as a whole, however, exports mean a great deal more. Exports mean jobs.

It is for this reason that the Government of Canada last week took the decision to explore the possibility of opening bilateral trade negotiations with our good neighbours across the bridge, the Americans.

We all know that the United States is our single most important market, and by far. But I wonder if we all realize just how important the American market is to us.

Let me try to give you some idea.

Last year, we sold \$83 billion worth of goods to the United States. That works out to more than 33 hundred dollars for every man, woman and child in Canada. It is one-quarter of our national income.

To put it another way, the jobs of more than two million Canadians, from coast to coast and in all provinces and regions of the country, are directly dependent on our sales to the United States.

Over the years, our trade with the United States has been steadily growing, to the point that our two countries now

enjoy the largest single trading relationship in the world. In 1946, for example, the United States took 40% of our exports. It now takes three quarters of them.

But we have a problem. Our access to the American market is now in serious danger of being eroded. The Americans, in particular the Congress, are getting more protectionist by the day. They keep coming up with new ways to keep our products out. This summer, for example, four Western states slapped a prohibition on our pork on the excuse that our pigs were being fed an antibiotic they didn't approve of.

Or take lumber. Americans buy more than half of all we produce, and 60,000 Canadian jobs depend on their continuing to do so. But there are three separate bills now before the United States Congress that would restrict our sales of softwood lumber. That puts a lot of jobs in jeopardy.

This is just a sampling. Canadian steel is under recurrent threat, as we all well know. So is sugar. And fish. And salt. And egg flats. And raspberries. And blueberries. And so forth and so on, and on and on. There is even talk in the United States now of imposing a surcharge on all imports, and that would be a severe blow to all of our economy. It has been estimated that a 10% reduction in our exports alone could throw a quarter of a million Canadians out of work.

Let me bring things even closer to home. Let's focus on the Sault.

If our access to the United States market were curtailed, Sault Ste. Marie would be devastated. If our access were improved, on the other hand, so would the economy of the region.

Why? Because most of the Sault's major employers derive a large part of their income from doing business with the States.

Let me give you some examples.

St. Mary's Paper sells 100% of its product in the United States. That's 500 jobs.

G.W. Martin sells three-quarters of its lumber to the United States. But there are now three separate Bills in front of Congress that would restrict our lumber exports to the U.S. G.W. Martin employs 430 people in the Sault area.

And what about our truckers? Advance Cartage, to take one example, is heavily involved in the transportation of lumber. Just the threat of trade barriers has already cut into their business, and two people have had to be laid off. If the barriers went up, how many others would follow?

Algoma Central Railway would also be hard hit. Most of the ACR's major customers would be affected by trade barriers in the U.S. The railroad employs 500 people, and it figures that 117 of those jobs are directly dependent on trade with the U.S.

The biggest loser, however, would be our largest employer, Algoma Steel. Over the past five years, one-quarter of Algoma's sales have been to the U.S. market. This represents 2,000 jobs in the Sault itself and 150 more in Wawa. Moreover, all of Algoma's recent investment, including the Number Two Seamless Tube Mill, has been based on the premise that they would continue to have unrestricted access to the U.S. As most of us here are aware, however, that access has been under almost constant threat for the past year. The American steel industry is ageing, becoming less competitive. It is demanding more and more protection from foreign steel.

Let me repeat. Access to American markets is critical to Algoma's success.

The principal concern of your Government in exploring trade talks with the United States, therefore, is really quite simple. We can't afford to lose the business, and the arrangements we've got now are just not good enough to keep it. We need something better, just to preserve Canadian jobs.

But that is not all. A better, fairer, more open trade arrangement with the United States would create new jobs, and better jobs. It would encourage new investment, not only foreign investment but investment by Canadians as well, and that would build our industries and make them more competitive throughout the world. We would, in other words, be selling more products not only to the United States but throughout the world. Because we would be more competitive.

Let me stress that the fundamental objective of any negotiations would be an agreement that improves the well-being of all Canadians. We will not conclude a deal which fails to meet this fundamental test.

Neither will we conclude an agreement which diminishes Canadian sovereignty. Our sovereignty is not

negotiable. Our cultural integrity is not negotiable. Not now. Not ever.

More specifically, our medicare system and our fundamental social programs are not open for discussion. They are our business, and nobody else's.

If we enter negotiations with the Americans, and if we can arrive at a deal, the deal we make will strengthen our sovereignty, not weaken it. Only a strong economy can guarantee our sovereignty. Only a strong economy will allow us to support our cultural and social institutions. If our economy were weak, our sovereignty would surely be less resilient. It is hard to maintain your pride when you have your hat in your hand.

During the years since World War Two, Canada has been actively working to bring down trade barriers throughout the world. We have been a leader in the multilateral negotiations held regularly by most of the world's trading nations. We have been through seven rounds of these negotiations, and we hope soon to begin another one. Because every time we can force trade barriers down we gain real and measurable benefits. Back in 1960, for example, our exports to all countries accounted for only 12 percent of our national income. Last year, exports brought us nearly three dollars out of every ten we earned.

And what has happened to our sovereignty during these years? It flourished and matured. As our economy has grown and our prosperity increased, so have the institutions that give us our unique Canadian identity: our health care and educational systems, our social insurance, our equalization programs. We have supported and fostered a vibrant cultural community. We have been able to build institutions and programs which reflect our own values and attitudes.

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As our trade barriers have fallen, our confidence has risen, in ourselves and in our country. We have evolved and matured as a nation.

No one can say for sure whether the initiative we have taken with the United States will eventually bear fruit. It is possible, although I think unlikely, that the Congress will step in to block negotiations before they start. It is possible that when they start we find the Americans' price too high -- or they ours. We should not kid ourselves into believing that the negotiations will be easy. They won't. The Americans are hard bargainers. They are horsetraders, just like we are.

But nothing is ever certain in this world -- except, perhaps, that you never get anything unless you go after it. In my view, and that of the Government, we owe it to the Canadian people to go after it. Certainly not as a "leap of faith". But with our eyes wide open, and with our homework done.

Thank you.