

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

CANADA-CHILE CHAMBER OF COMMERCE

SANTIAGO, Chile
April 28, 1993

Ladies and gentlemen, señoras y señores: good morning -- buenos dias.

Thank you, chairman and members of the Canada-Chile Chamber of Commerce, for this opportunity to share some thoughts with you on trade and investment relations between Canada and Chile. We are seeking to build closer ties, and we welcome the Chamber's commitment to increasing trade and investment between Canada and Chile.

Two-way trade between Canada and Chile reached \$347.1 million in 1992, up from \$329.4 million in 1991. Although our exports totalled \$145.1 million, our imports of Chilean products retained their advantage, at \$202 million.

Canada is the seventh-largest trading nation in the world. One third of all Canadian jobs depends on international trade. Our economic success depends on our sales of products and services to other countries, and we market more than natural resources. Though our capabilities are great in agriculture, mineral and forest products, Canada is increasingly developing as an exporter of manufactured goods and innovative services. In telecommunications, aerospace products and transportation, Canada is a world leader.

Like Chile, the markets beyond our borders sustain our development, foster our prosperity, and challenge our competitiveness.

The most important issue for all trading nations is the successful conclusion of the Uruguay Round of Multilateral Trade Negotiations. Both Canada and Chile are working toward that objective through our membership in the Cairns Group, and the successful conclusion of this Round may be in sight. We are encouraged by President Clinton's recent announcement that he will seek from Congress the necessary extension of the U.S. "fast-track" approval process, and by an apparent commitment to conclude these talks by December 15 this year.

Our commitment to a successful Uruguay Round does not preclude agreements liberalizing regional trade that are fully consistent with the General Agreement on Tariffs and Trade (GATT). Similarly, Chile has pursued its own regional agreements.

Chile has shown dynamic leadership in its unilateral steps to reduce trade barriers, as well as in its co-operative arrangements: Chile is to be congratulated on signing free trade agreements with Mexico and Venezuela.

Your exports to Mexico doubled in the first year of that free trade agreement, providing a market for your booming fruit and agriculture exports, as well as solid opportunities for your processed and high value-added goods. Those results came from

tariff reductions and a strong commitment from your private sector to enhance export trade.

Canada achieved the goal of freer trade on a regional level more than four years ago when we implemented the Free Trade Agreement (FTA) with the United States.

Canada's experience with the FTA has been very positive. Our exports to the United States are at record levels. Foreign investment is up, and we have benefitted from the dispute settlement provisions that are the centrepiece of the Agreement.

As further evidence of the success of the Agreement, Canada and the United States recently announced the results of the third round of tariff acceleration affecting \$1 billion in two-way trade. Tariff acceleration provisions enable industry in both countries to request the elimination of tariffs at a rate faster than provided for in the FTA. The overwhelming industry response to tariff acceleration demonstrates that business is eager to take advantage of the benefits of the FTA.

Comparing total figures for the four years prior to 1989 with the four years since the FTA, our merchandise trade with the United States has increased by 18.2 per cent -- despite a slowdown in the world economy.

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

The legislation to implement the NAFTA on January 1, 1994, is now before Canada's Parliament; similar legislative packages will be prepared by both Mexico and the United States. Once the Agreement comes into force, applications for membership from other countries are anticipated. Chile has expressed a clear interest, and Canada would view an application from Chile with favour.

As set out in the terms of the Agreement, the existing members will review all applications. Applicants will need to observe the disciplines and meet the obligations of membership. I'm sure we will pursue this topic further. Chile has by itself substantially liberalized its trade and investment environment, demonstrating its commitment to open markets and freer trade.

There is no need, however, to wait for the implementation of the NAFTA to strengthen Canada's and Chile's business relationship. The strong Chilean economy, founded on extensive free market reforms, is ample reason for heightened Canadian business activity here. To improve the climate further, the governments of Canada and Chile together can erect a stronger institutional

framework. That is why Minister Foxley and I yesterday discussed the possibility of negotiating double taxation and foreign investment protection agreements, which will add to the predictability and stability of the Canada-Chile relationship.

That relationship is excellent. Canada's interest in Chile has never been stronger, as the size of the Canadian business delegation accompanying me clearly demonstrates. I am joined here today by representatives from no fewer than 50 of Canada's top firms. They are eager to do business with you.

Canadian companies have also been participating in Chilean trade fairs in record numbers.

- During this visit, I will also be speaking at the second Space Conference of the Americas here in Santiago. The Canada booth at the trade exhibit section will feature product literature from over 25 of Canada's leading aerospace and high-tech companies. Representatives from Canada's space agency will also be there.
- Last week, 35 Canadian mining and services suppliers toured Chilean mine sites.
- Canada mounted its first-ever national pavilion at the avionics trade show FIDAE in March of 1992.
- Over 100 Canadian companies were at the Expomin mining trade show in Santiago last May.
- The Canadian Manufacturers Association -- Canada's largest business association -- staged an extensive commercial mission to Chile in September last year.
- Last year, for the ninth consecutive year, 19 Canadian companies attended FISA here in Chile -- the largest trade show in Latin America for consumer products, capital goods and industrial machinery.
- Expocorma at Concepcion in 1991 drew the largest delegation of Canadian forestry firms ever to participate in a trade show outside Canada, and we are expecting over 35 to participate this year.

This traffic is not all one-way by any means. We are proud to display our technology in operation in Canada. We have recently sponsored delegations of Chilean business people to Canada in fields as diverse as forestry, the environment, telecommunications and mining.

Companies in Canada and Chile are now involved in more than

30 joint ventures across a broad spectrum of economic activity. These are sophisticated joint ventures -- ones that could lead to greater penetration of third country markets in the southern cone.

Chilean and Canadian companies are working together to manufacture mining equipment, conduct geophysical exploration, process wood, assemble furniture, irradiate food and lumber, develop software and produce architectural designs.

Canadian companies are currently bidding to provide new radar installations for your civil aviation authority. In this context, it's important to note that our vendors are experienced in meeting procurement requirements that are technically demanding.

Northern Telecom recently supplied \$12.5 million worth of cellular equipment to Cidcom Celular.

Yesterday, I witnessed the signing of a \$5-million contract under which LARCAN Inc. will sell 32 TV transmitters to Television Nacional de Chile.

Canadian companies can deliver the world's best products at competitive prices. Foremost among them are important infrastructural goods, including hydroelectric components and power boilers -- items necessary for increased economic development. For instance, GE Canada is bidding to supply electrical components for Endesa's Pangué hydroplant, and Babcock and Wilcox is bidding to supply power boilers to Forestal E. Industrial Santa Fe Maciniento Chile of Santiago.

Traditionally, Canada has prospered through resource extraction. With the decline in world commodity prices over the past 10 years, our producers have developed new technology to become more competitive, and learned to work more efficiently. Much of Chile's future prosperity depends upon continued expansion in its resource-based sectors. The list of entrepreneurs who expressed interest in Chile reads like a directory of Canada's mining industry.

These companies remain interested in investing their capital and expertise in developing new mines. They also recognize the rapidly emerging opportunity to export our technology in the form of advanced mining equipment and processes, and engineering and consulting services. For example, B.C. Bearing Engineers Ltd. has just signed a joint venture deal with UHCO S.A. to market Canadian mining equipment here.

Canadian mining engineers have also been in the forefront of developing methods for pollution control and waste management. This is an important area that all countries with significant

mining sectors must address, as they strive to preserve their environment. Sustainable development is an important principle for us all, and Canadian firms have much to offer in the way of environmental services to the mining industry.

What is true of mining is equally applicable in your forest products industry, which -- in under 25 years -- has grown into an export business worth US\$1 billion. Over the next seven years, Chile's dynamic forestry sector plans to invest more than US\$1.3 billion in sawmilling, wood-processing and pulp and paper facilities. Our companies fared very well in the last round of contracts, and we intend to be at least as competitive in the next round of acquisitions.

There are also environmental considerations in the forest products industry, especially as they relate to pulp and paper operations.

Canada is committed to the view that environmental friendliness is not only compatible with -- but indicative of -- the best and most efficient forestry, mineral or manufacturing processes. More and more companies are adapting "green" production techniques that have resulted in increased efficiency, along with access to new markets in which environmental concerns are paramount. Environmentally friendly technology is generally buyer-friendly and energy-efficient. Canadian researchers lead in a variety of approaches to environmental protection.

We are actively seeking partners who will invest money, talent and experience in achieving clean air, water and soil for today's citizens -- and a healthier world for their children.

The increased openness of your markets and the prosperity of your nation make Chile an attractive investment location. Canadians recognize this. Our direct and portfolio investment in Chile at this time is estimated at US\$2.2 billion. Canadians have been the single-largest foreign investors in Chile in each of the last two years.

We are working to provide support to Canadian firms that invest in Chile. Canadian investment in Chile is eligible for insurance through our Export Development Corporation (EDC). The EDC offers a trade financing line of credit with a Chilean bank and is currently negotiating additional facilities with other banks and telecommunications companies.

Canadians know that they must continue to seek new markets and establish new partnerships if they are to prosper in today's global economy. The markets of Latin America hold great potential.

Canada and Chile share a common commitment to democratic

institutions, a common belief in liberalized trade and a mutual interest in export development. Our countries have only begun to tap the great potential for expanded trade and economic co-operation. Trade agreements create opportunities to expand trade and investment. Trade development initiatives, such as this mission, can help companies in Canada and Chile make the most of those opportunities.

We will succeed only if companies such as yours, Canadian and Chilean -- and organizations such as the Canada-Chile Chamber of Commerce -- explore and take full advantage of the new markets created by these agreements. As members of the Chamber, you can play a leading role in building closer ties between Canada and Chile as partners in the Americas.

Thank you for showing me the dynamism of your nation, the charm of your country and the warmth of your hospitality.