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STATEMENTS AND SPEECHES

Closing remarks by
the Honourable John Crosbie,
Minister for International Trade,
at the Business Leaders' Conference
on Europe 1992

Canada

Toronto, Ontario

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Ladies and Gentlemen:

My tasks today are threefold:

- to thank Minister Ruggiero for his presence here today; and for his informative remarks;
- to briefly outline the Canadian Government's perspective on this important development; and
- to ensure that this luncheon ends before 1992.

I would suggest that in order to understand Canada's approach to 1992, it is useful to step back and place the process in its broader context. Because trade, as never before, is played out on a global canvas, with Europe and 1992 only part of the total picture.

In my opinion, that total picture would reflect three basic facts of modern economic life.

Fact number one is the emergence of the global triad -- the three great pillars of economic activity in the global arena:

- North America
- the European Community; and
- the Japanese-centered, Asian-Pacific mega market.

These 3 mega markets are, of course, not new. Trade within each region has long been growing rapidly. Many of the institutional arrangements that underpin the triad, like the Treaty of Rome in Europe and the Canada-U.S. Auto Pact, are decades old. And the 40 year old link between these three pillars is the GATT.

So the emergence of a global triad is one fact. A second, I would suggest, is that the focus of international commerce in value-added goods is moving towards more direct investment -- in particular, setting up close to customers to maintain quality control, to meet the demands for just-in-time inventory practices and to ensure intimate knowledge of local conditions.

And the third reality -- one closely linked to investment -- is the growing need for strategic corporate alliances, particularly in higher technology sectors like aerospace and telecommunications. Alliances which are necessary not only to share the risk of escalating development costs, but to broaden the potential markets for eventual production.

In devising the correct Canadian response to such trends, we set ourselves 2 fundamental goals.

One was to improve the ability of our companies to compete; and the second was to improve their opportunity to participate in all 3 markets.

Central to the issue of competitiveness was the Canada-U.S. Free Trade Agreement.

For the FTA will clearly improve the ability of Canadian-based enterprises to compete not just in North America, but in the other 2 mega markets of Asia-Pacific and Europe. We see it as a stepping stone to all 3 pillars; just as the Europeans see 1992 as a strategic necessity in the face of North American and Japanese competition. It is a key part of what Premier Peterson has correctly described as "a winning formula".

But we also recognized that the ability to compete and participate worldwide is irrelevant without opportunity. Hence our desire to also make multilateral progress in the GATT -- progress on such difficult issues as agricultural trade, procurement, technical barriers and trade in services -- progress which we hope will maximize trade and investment flows between the 3 mega markets.

That is what we mean by a three pillar strategy, with the Free Trade Agreement as the key to Canadian competitiveness and freer trade through the GATT as the door to opportunity in all 3 mega markets.

And that's where the 1992 exercise comes into play. For, as I said this morning, it is the link between these internal Community reforms and the external GATT commitments of the European Community that will determine what 1992 ultimately means for Canadian firms and Canada.

I strongly hope that 1992, like our own Free Trade Agreement, will be a force for freer multilateral trade; with the rules extended on the basis of most-favoured-nation and national treatment. It is in the interest of the Community to do so. But because of the disparities within the Community, I have no doubt that protectionist forces will be at work. They must not prevail.

Minister Ruggiero, it is our hope that the 1992 process does not successfully roll back the frontiers of states within Europe, only to see them reimposed at the Community level.

In light of these economic realities, and the uncertainty over the details of 1992, our government action plan for 1992 is three-fold.

First, we will continue to use the GATT as a framework for Canadian-Community trade relations. We want to build on the existing GATT Codes; to devise new rules for trade in services and investment; and to restore order in agricultural trade. The issues are, of course, difficult at the best of times. They will, we hope, be made easier by the architects of 1992. We must soldier on, building on the agreement reached in Geneva 2 days ago.

Second, the government will continue to monitor 1992 developments closely, and alert Canadian firms about the opportunities and risks ahead. David Culver -- a member of the International Trade Advisory Committee -- is leading the task force on 1992 that is advising the Government. Our missions and embassies are keeping their eyes peeled. Working groups have been created within the Government to provide detailed analysis; and we are releasing today 1 of the 3 major studies to assist Canadian business.

Third, we want to encourage strategic corporate alliances and promote two-way investment, recognizing that the Community is already our most important overseas source of direct investment. It is an area where I am sure Mr. Royer will agree that Canada should not come up "short".

So that will be the basic Canadian trade strategy for the 90s. A three pillar strategy, with the FTA as the key to competitiveness, and multilateral rules as the bridge between the three pillars of Asia, Europe and North America.

And within the European pillar:

- using the GATT as a framework for Canadian-Community relations;
- detailed, ongoing analysis of 1992 developments;
- the encouragement of strategic European alliances; and
- improving on international business skills.

So the message is simple.

- 1992 is a major change on the competitive landscape -- one more step in the emergence of the global triad.

- It's a change that frankly makes our own FTA look even more intelligent, and the ongoing GATT negotiations even more important.
- The extent of the change will be either big -- or bigger. Only time will tell.
- Like all change, it will create both risks and opportunities -- risks through more competition from stronger European firms; and opportunities as the European economy expands.

You need to know about it.

You need to keep on top of it.

And we intend to help you do just that.

So, thank you, Minister Ruggiero, for your informative remarks; Thanks to all the Chairmen and Speakers this morning; and Thank you all for your attendance and interest.

I hope you found the conference as useful as I did.