

STATEMENT DISCOURS

SECRETARY
OF STATE
FOR EXTERNAL
AFFAIRS.

SECRÉTAIRE
D'ÉTAT AUX
AFFAIRES
EXTÉRIEURES.



86/47

Luncheon speech by the
Right Honourable Joe Clark,
Secretary of State for
External Affairs

Buenos Aires, September 11

OTTAWA

September 16, 1986.

Almost a year ago today, I was honoured to welcome Foreign Minister Caputo to Canada, in a visit which marked a new beginning in relations between our two countries. Today, he and President Alfonsin very graciously welcomed me to Buenos Aires, and with me a large delegation representing Canadian investors and industries. That indicates the mutual belief, in Canada and Argentina, in Government and in business, that we have a great deal to do together.

The roots of our relations go back to the beginning of the century. Many of Canada's major companies - The Royal Bank, Massey Harris, Hiram Walker, Seagrams - were established here early. We opened our first trade office in Buenos Aires 75 years ago. That relation was based on the strong similarities of our two countries at opposite ends of the Americas. The similarities that existed then exist now, but the compelling fact is that, after 75 years, there is not enough business between our two countries. I want to change that, and so, I believe does Argentina.

The businessmen and investors who are with me today share that view. They are here not because our government invited them along for the ride. True to their own advice, they paid their own way because they are personally convinced of the economic and social benefits to be gained by investing and marketing in Argentina. Argentina's return to democracy is applauded by everyone in the world who respects freedom and who recognizes that stronger economies and stronger democracies go hand in hand. Our presence is proof of our faith in Argentina's future and of a potential for co-operation between us. We admire the courageous and effective modernization program that has been set in train by President Alfonsin and the adjustment you are making to lay the basis for assisting recovery and growth.

Canada is perhaps best known for our resources and our geography, and, like you, we have a lot of both. In territory, we are the largest country in this hemisphere, the second largest in the World. We have abundant natural resources, including many where the price could be better. In fact, we are proud of both our resource base, and our success in building a modern nation across a vast and sometimes hostile territory. But there is much more to Canada than mines and miles.

We are an increasingly competitive modern economy, and an increasingly distinctive North-American society, tolerant, diverse, confident. Respect for individual differences is natural in a country like Canada, with two official languages, and a population drawn from every corner and every colour of the World. Respect for national differences is natural in a country like ours, whose only experience with colonialism has been as a colony. We are active in the world-in trade, in aid and in the vigorous support of multilateral institutions. Our economy is one of the strongest in the OECD. Our productivity is high and increasing. With a challenging geography, and a powerful neighbour, we have to be innovative, and are among the world's leaders in transportation and communications and other modern technologies.

I am here to learn more about Argentina, but also to talk about Canada. There is no denying the strength and impact in the world of the United States. Equally, there is no denying the strength and importance of other countries, other economies, other societies in this rich and diverse hemisphere. We are all countries of the new world and who have chosen different ways to respond to the social, the economic, the political opportunities of the Americas. We should know one another better.

The world economy is changing. Staggering shocks have been experienced since the early 1970's. We continue to face the dilemma of trying simultaneously to control inflation and avoid recession. This dilemma is not limited to the arcane formulas of economists or the mystical juggling of central bankers. It strikes at the very heart of growth, of development, of democracy itself. Despite the relative prosperity of Canada, we are not immune from strains caused by widely fluctuating oil prices. Low commodity prices have resulted in unemployment for thousands of Canadian miners; unrealistic agricultural subsidies offered in Europe and the USA threaten the very livelihood of farmers in Canada and in Argentina.

Je dirigerai la délégation canadienne lors de la réunion ministérielle du GATT qui se tiendra la semaine prochaine à Punta del Este. Cette réunion revêt une importance critique pour le Canada et pour toutes les autres nations commerçantes. Le gouvernement canadien est fermement convaincu qu'une action internationale s'impose en vue d'améliorer l'environnement commercial mondial. Tout comme l'Argentine, le Canada est fortement tributaire d'un système commercial libéral pour soutenir sa croissance et son développement, et nous sommes persuadés que la réunion de Punta del Este offre la meilleure chance de progresser dans cette voie.

We must realize, however, that GATT negotiations by their very nature, will be long and complex, and the world cannot wait while the search for long term solutions is conducted. In particular, the agricultural sectors in both our countries are in a state of crisis. Action is needed now if we are to avoid the destruction of our farming communities. The Cairns Meeting of Fair Traders in Agriculture agreed that while the GATT negotiations were underway, solutions to the current crisis in agricultural trade should be sought urgently.

We believe that one of the ways to achieve progress could be to ask a group of prominent individuals to provide an urgent, independent, and objective analysis of agricultural subsidies and obstacles to market access, and to report to us on their findings and on the remedies we might consider. We would envisage such a group providing their views on the main issues in trade affecting all agricultural commodities, particularly those currently experiencing severe difficulties such as cereals and red meats.

This group could be asked to consider those government policies and programs that impact significantly on production and trade in farm products, particularly those affecting commodity trade in the next two to three years. It could be asked to propose specific and practical actions to be undertaken together by governments within their current legislative and program frameworks. Such a group would be intended to complement the longer-term action of the GATT. It is clear that it could not substitute itself for the negotiations. What we have in mind is that the proposals from the group could go some way toward reducing the current intolerable stresses in international trade in agriculture and reinforcing the confidence of producers in their own futures.

As we support a more open international system, we are also pursuing direct negotiations with other trading partners. One does not preclude the other - instead, they reinforce each other. Our government has initiated negotiations with the United States, in recognition of the need to enhance and secure our access to the markets of our largest trading partner. If successful, such an agreement will generate growth, greater productivity and specialization within the Canadian economy, and if we are successful in overcoming protectionist trends in the USA, that will serve everyone's interests in opening markets.

The recently signed protocols between Argentina, Brazil and Uruguay were undertaken with the same intent, and for the purpose of forging a stronger regional economic entity that is able to compete fairly and equally on the international scene.

Progressive opening of international trade is also an important part of the strategy for coping with and reducing the burden of international indebtedness. Surely it is folly to lend large amounts of money to a country and then eliminate its capacity to earn foreign exchange to pay off its debt by raising protectionist barriers or competing unfairly through subsidies. Industrial countries must resist the temptation to protectionism and subsidy. The successful launch of the new round of multilateral trade negotiations is essential to these objectives. We hope that can happen as soon as possible.

Improved export performance is essential to the growth-oriented debt strategy which the international community has been developing in the past year. Canada welcomes this emphasis on growth. We were keenly aware that the previous focus on austerity and retrenchment was straining the political and social fabric of many indebted countries. The strategy had to be complemented by additional measures aimed at stimulating investment and growth.

Fortunately, we are now beginning to implement a strategy based on enhanced financial support for growth oriented adjustment measures. I am aware that some Latin American economists consider the current debt strategy inadequate. But I believe we are on the right track. Canada has committed Dhrs 45 million to the international package of support for Mexico. In 1985 we participated in the international arrangements to support the Austral Plan. We remain ready to play a constructive role in designing and implementing future support packages.

The private sector in Canada is our largest pool of financial, technical and managerial expertise. Increasingly we find our businesses involved in international technological transfers which create benefits for the economies of both countries. For example, there are a number of Canadian firms working in Argentina today in such diverse fields as pulp and paper, hydro electricity, transportation and telecommunications, just to name a few. This diversification is a practical example of the wide range of areas where Canadian and Argentine technology can work together.

The Canadian government has actively supported the efforts of Canadian companies in Argentina. By way of example, the Canadian International Development Agency recently approved funding under its industrial cooperation programme for a traffic control study in the city of Rosairo; a liquified petroleum gas processing plant study in Bahia Blanca; an energy management systems viability study. The culmulative value of these studies approaches \$1 million. We have also agreed this morning to support eight technical cooperation projects proposed by your government.

It is my hope that these initiatives will stimulate representatives of the business community here today to seek even more exchanges between our two countries. For our part, our two governments have signed today a tourism agreement. We hold regular consultations on trade and economic issues in our Joint Economic Committee. We are prepared to do more, but only with the stimulus and support of an active business community can we achieve the potential that was recognized 75 years ago. I urge you to actively seek diversified export markets in Canada; to seek joint venture and licensing agreements, in Canada, in Argentine or in third countries; to establish business associations that can be a source of advice, support and contacts for both Canadian and Argentine businessmen.

We, who are leaders of democratic societies and benefit from their freedom, have a duty to assist in the economic growth that is the underpinning of democracy. For the full benefits of democracy cannot be enjoyed in a climate of economic uncertainty. The full potential of countries and individuals cannot be attained without the liberty that economic development brings.

I can assure you that we will work side by side with you and your government in your efforts to reap the full benefits of democracy and growth in Argentina.