



Minister for
International Trade

Ministre du
Commerce extérieur

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Address by
the Honourable Pat Carney,
Minister for International Trade,
to the National Press Club

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Canada

I am pleased to be able to speak to you today about the interests that your country and mine share, particularly in the area of International Trade. I also want to discuss a subject that is very dear to my heart our hosting Expo 86 last summer in Vancouver and your plans for Expo 88 in Brisbane.

I am not the first Canadian minister to observe that although distant from each other, Canada and Australia have a great deal in common. We are vast, sparsely populated lands rich in natural resources. Though heavily urbanized, we have our share of rugged individuals: pioneers, adventurers bucaners - state premiers: people who have had to fight hard to get by in often difficult and sometimes formidable conditions.

Our respective national myths share strong similarities. Indeed, with minor adjustments for climate and geography, the frontier themes of Banjo Patterson's poems could easily be mistaken for those of Canada's Robert Service.

As leading Members of the Commonwealth, we share a colonial legacy, a common system of government, a concern for human rights, and a respect for the rule of law. At the international level, as middle powers, we have played important and constructive roles in the establishment of rules for the international community in a variety of fields. In the area of trade, both Canada and Australia were founding members of the GATT.

Even before the GATT, as the world lay in the depths of the depression, we sought to reduce barriers to our trade within the Commonwealth. We exchanged preferential tariff rates - an arrangement that has continued to the present day. Since the creation of the GATT, we have worked together to promote our common interests.

Perhaps most importantly, as we look to the future, Canada and Australia are both undergoing a profound change in the way in which we view the world. We no longer regard ourselves as outposts of European civilization, but rather as integral parts of the Asia-Pacific Region. We are leading members of the Pacific community and we have special interests in its future growth and development.

It is to our part of the world that economic power has been shifting. From the Atlantic to the Pacific. Japan, the Asean countries, and an awakening and outward-looking china have become forces with which we must all reckon.

These countries will provide the growth markets of the 21st century. They will offer new opportunities to countries like Canada and Australia. They will also present new challenges because they will compete with us.

For our two countries, one of our immediate challenges is to further diversify our economies. Although Canada has in many respects an impressive and varied modern economy, many parts of the country - including my own - are heavily dependent upon international commodity markets. Like Australia, the decline in the terms of trade for our natural resource and agricultural exports has put pressure on us to diversify. But our economies are dynamic and the manufacturing and services sectors will be increasingly important to us both. These sectors must be internationally competitive, and the standard for judging competitiveness may well be Japan and Korea, or the other Asia-Pacific nations, not Europe or the United States.

You will all be familiar with the efforts of your government and mine to come to grips with the serious problems that plague the international trading system. There is no doubt in recent years its effectiveness in governing fair trade in goods has been seriously eroded.

As for international agricultural trade, the trading system - never very strong in the first place - is now in a crisis. As I have said before, if you want to see what the absence of effective rules would do to international trade in goods, you need look no further than trade in agriculture.

Two hundred years ago when the first wave of British settlers reached Australia, governments could develop their economic policies in isolation from the international economy. That time is now long since past, no government can adopt policies without taking account of their impact on the ability of domestic producers to compete internationally. Unfortunately, some governments have gone further. They have adopted policies that have artificially improved their producers' ability to compete. Once again, agriculture is the leading example.

When it adopted the common agricultural policy thirty years ago, the European Community sought greater self-sufficiency. Unfortunately for the rest of us, its policies have been successful beyond anyone's wildest dreams. I need hardly remind Australians that one of the most significant developments in world markets in the last

ten years has been the EC's transformation from a net importer of most major agricultural products to a new exporter of those products.

Whether it be wheat, beef, sugar or dairy products, the EC has accumulated massive surplus stocks and has acquired new foreign markets through its export subsidies.

Some of these markets were yours, some were ours, and in some the United States held sway. As you know, the United States responded by stepping up the competition for international markets with its own subsidies. This has led to lower international prices for our exports of grains and oilseeds, so that the United States export enhancement program has penalized our farmers and your farmers. For us the result has been the unwelcome spread of the subsidy war to our traditional markets in the Middle East, Eastern Europe and China. These we had been assured, were not intended to fall within the U.S. subsidy program.

Subsidy wars are not an effective means to attain what Washington calls a "level playing field": they promote the survival of the player with the deepest pockets, but not necessarily the most efficient players.

This underlines the fundamental problem facing the international trading system: the existing rules are simply inadequate to deal with the demands of today's world economy. Moreover, there is a critical need for governments to harmonize their domestic economic policies with strengthening disciplines on international trade.

In Canada, with a domestic market of 26 million people, and without the resources to compete in a world where success is often determined by the size of the National Treasury, we are seeking to improve our international competitiveness through a variety of positive, outward looking policy measures. I want to discuss two of those measures: Canadian participation in the GATT negotiations and the negotiations currently underway with the United States.

First and foremost, we are committed to the further liberalization of world trade through active participation in the Uruguay Round of multilateral trade negotiations. Multilateral trade diplomacy is the cornerstone of Canada Trade Policy.

Our objectives in the Uruguay Round can be summarized as follows:

- First, we want to stop the drift of protectionism and the use of predatory trade practices;
- second, we want improved access to foreign markets;
- third, we want reform of the rules for agricultural trade - particularly with regard to subsidy practices;
- fourth, we want to tighten up the use of trade remedy laws;
- fifth, we want to strengthen the effectiveness of the GATT as an institution; and
- sixth, we want to ensure that the GATT adapts to changes in world trade. It must address the new issues of services, intellectual property and investment.

Canada approaches this round with a sense of urgency. GATT must be strengthened, it must adapt to today's world, and it must gain new credibility.

One way to move the process forward is to ensure that our negotiators are given greater Ministerial guidance.

Ministers will certainly need to review periodically the progress of the Geneva negotiations, just as we did earlier this week at the Lake Taupo Meeting in New Zealand.

Another way to push things along is to form strategic alliances on specific issues. The most notable leading up to the launch of the Uruguay round was the Group of 11 Agricultural Fair Traders which met at Australia's Initiative last August in Cairns.

In part, this alliance was a natural response to the power of the three major trading blocs, the EEC, the USA, and Japan. The success of the Cairns Group in ensuring a prominent place for agriculture on the MTN Agenda shows how the less powerful countries can wield greater influence if they work together.

The development of such coalitions also shows how dramatically the world economy has changed. Economic realities have blurred the philosophical divisions which existed between North and South in the 1960s and 1970s.

This is particularly true of the Asia-Pacific Region. Canada hopes that the Uruguay Round will see Asian countries become fully integrated into the world trading system. They must play as important a role in strengthening the multilateral trading system as they have come to play in the international economy.

We see hopeful signs that Japan is ready to assume an important leadership role in the Round, and we expect to see a further opening of that country's markets for agriculture, fish and upgraded natural resource products.

We welcome China's participation in the Round and will work to encourage its trade regime to adapt to the rules of the International trading system.

We hope that the newly industrialized countries of Asia will play a role in the international trading system commensurate with the gains they obtain from it. I believe that these nations increasingly recognize that they can bring about improved access and security of access for their exports only by opening their own markets.

Canada and Australia will need to continue to work with the Asean countries to improve access to key markets for agricultural and natural resource-based products. Such cooperation will be essential to make international trade more secure for countries with less clout than the Big Three.

Canada's commitment to a more competitive economy is also reflected in our initiative to negotiate a new trade agreement with the United States. Few people outside of North America - and surprisingly few in the United States are aware of the fact that Canada and the United States have the world's largest bilateral trade relationship. In value, Canada - USA trade is more than three times larger than all of Australia's foreign trade. More importantly, the lion's share of Canada's total exports of around \$130 billion go to the United States.

No country, therefore, is more vulnerable to U.S. protectionism than Canada. The Reagan Administration is committed to a liberal world trading system, but the

United States faces an enormous trade deficit and the Congress is responding to demands for action. The U.S. trade laws are also being used more frequently. As a result, Canadian exporters have had restrictions placed on literally billions of dollars worth of exports, and we face the threat of new action against our exports.

In light of the U.S. market's overwhelming importance to us, we are seeking a new trading relationship. The timetable for these negotiations is shorter than that for the GATT Negotiations. We will have to decide by this October whether to initial a draft agreement.

This agreement will be fully consistent with the GATT. Indeed, we hope that it will serve as a model for new GATT codes in areas such as services, intellectual property, and trade-related investment.

We also believe that it will lead to a wealthier, more competitive Canada, a development which will benefit all our trading partners.

I referred at the outset to Canada and Australia's close cooperation in multilateral trade negotiations as an important aspect of our relationship.

We are working together to promote a better international trading environment for a range of commodities in which we are each other's major competitors, such as wheat and coal. Just prior to my visit here, senior officials from my former Department of Energy, Mines and Resources, met with their Australian counterparts to exchange views on international minerals issues.

Meetings like these also remind us that Canadian and Australian companies have worked together to develop resources in both countries. Of course, investment, joint ventures and other forms of industrial cooperation between Canada and Australia are by no means confined to the resource sector. I couldn't help notice that a well-known Canadian beer, Fosters Lager, is also sold here in Australia.

This common outlook on the world is reflected in the support which we lend each other in a range of initiatives from the Cairns Group, to negotiations in the UN and to cooperation in the Commonwealth.

After I leave here today, I will be travelling to Brisbane to highlight Canada's support for yet another Australian initiative - Expo 88.

Australia was a major participant at Vancouver's Expo 86. Canada will reciprocate by participating in Expo 88 in Australia's bicentennial year. But we like to think we have done more. Vancouver and Expo 86 brought credibility back to expositions by hosting, financing and promoting one of the most successful ones ever held. In doing so, we have encouraged countries to look favourably again at this unique form of international communication - which had unfortunately fallen into some disrepute.

Some of the nations now planning for Brisbane in 1988 would not likely have found the will or the resources to do so if they had not had an outstanding experience in 1986 in Vancouver.

The Australian experience at Expo 86 was not dissimilar to that of fifty-six other foreign countries that had government-sponsored pavilions in Vancouver. Without exception, they concluded that their Expo investment was worthwhile, as did some three dozen Canadian corporations that committed almost \$200 million to Expo 86 as exhibitors and suppliers.

The success of a world exposition depends most on having an extensive, varied and enthusiastic participation from around the world. Much depends on the caliber of the people who represent their countries.

The selection of John Landy as Australia's Commissioner General at Expo 86 was a stroke of genius. He was a superb Ambassador.

He was also the only Commissioner General to have had a status already erected in his honour in Vancouver. It shows him in heroic pose just as he was overtaken by Roger Bannister in the Miracle Mile of the 1954 Commonwealth Games.

John Landy was so impressed by his local fame that he wondered aloud what sort of statue and welcome he would have encountered if he'd come in first.

The 1986 World Exposition was unique. It attracted more participants than any previous specialized exposition - over 22 million visitors - sixty percent more than

predicted. Well over two thousand special events, conferences and symposia were held in conjunction with Expo 86. Over one hundred thousand performers - ranging from opera singers to motorcyclists - entertained close to six million show patrons.

Expo 86 cost money, but it generated over 63,000 person years of employment in Canada with \$1.34 billion in wages and salaries. It developed \$3.7 billion in economic output and tax revenues of \$570 million. It was, in every way, a mega project.

Expo 86 transformed 70 hectares of rundown waterfront real estate in Vancouver and was the catalyst for a billion dollar automated light rapid transit system, for a new bridge, for six new hotels, for a magnificent trade and convention centre and cruise ship facility sponsored by the Government of Canada.

Above all, it confirmed Vancouver as a major international communications centre and British Columbia as a world class tourist destination, both looking out on the dynamic Pacific Rim. Brisbane is very much like Vancouver - a seaport at an extremity of the country, with no fear of taking on gigantic projects. Even the site of Expo 88 is reminiscent of that of Expo 86 involving as it does the redevelopment of a downtown waterfront area in a way that will permanently enhance the city.

Expo 86 will provide a focal point for other nations to participate in the Australian Bicentennial. For countries like Canada and Australia, celebrations of our national accomplishments should be international events. As I have tried to make clear, both our countries continue to be shaped and defined by our openness to the rest of the world and our efforts to ensure the world's openness to us. Working together, I am confident we can secure a better future for us all.

Thank you.