

Statement

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Notes for remarks

by the Honourable Pat Carney,

Minister for International Trade,

at a luncheon hosted by

the Indonesia-Canada Business Council

and the Canadian Business Association

JAKARTA, INDONESIA

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Minister for
International
Trade

Ministre du
Commerce
extérieur

Canada

Mr. Chairman, Ladies and Gentlemen. As Canada's Trade Minister I am pleased to be making my first visit to Indonesia and must say that I am delighted with the warm welcome I have received. At the outset, I would particularly like to thank Minister Saleh, my host and colleague, for his kind hospitality and for the excellent arrangements for my visit both in Bali and Jakarta.

It is a privilege to address this combined luncheon of the Canadian Business Association and the Indonesia-Canada Business Council. I am particularly pleased to see so many from the Canadian private sector represented here today. I understand that around 30 Canadian firms have established offices in Jakarta.

The Asia/Pacific region has always been of particular interest to me. When my family moved from Shanghai, where I was born, they settled in Canada's Pacific Province of British Columbia. Today, I continue to travel frequently and extensively throughout the Asia/Pacific region, which has a top priority in Canadian foreign and trade policy.

As a former Energy Minister, I am impressed at how successfully Indonesia has met the challenges imposed by the fall in world oil prices. And, as a Trade Minister with a particular interest in resolving the current crisis in agricultural trade, I am very much aware of this country's enviable achievement in reaching self-sufficiency in rice production -- so important to domestic economic stability.

I should add that Indonesia's measures toward liberalization of its economy and trade regime are both courageous and welcome. At a time of creeping protectionism in the world the positive example set by these measures, and very positive results that should accrue to the Indonesian economy, provide an outstanding international illustration of the benefits of freer trade.

Trade, of course, plays a crucial role in the economic well-being of this region, and many of you in this room are at the heart of significant trading activity. In 1986, trade among Pacific countries accounted for some 40 per cent of world trade.

As a Pacific Nation, Canada places high priority on increasing economic activity with our partners in this dynamic region.

Since 1976, Canada's trade with ASEAN countries has tripled. And, in 1986, for the first time in recent memory, the books show that ASEAN achieved a positive balance of trade with Canada of some \$75 million (Cdn).

Two-way trade between Indonesia and Canada has also taken an upward turn, amounting to some \$355 million (Cdn) in 1986, so that Indonesia is now Canada's largest trading partner among the ASEAN countries. And I am glad to say that preliminary figures for 1987 indicate a substantial increase over 1986.

While these figures are encouraging, I see them as just a beginning, a base on which we can build a much more expansive and productive economic relationship.

The Government of Canada has committed several million dollars to help Canadian business develop new trade links with this region. Market studies have been completed in a number of sectors of mutual interest, including oil and gas, forestry and the aerospace industry. And we will continue to fund a wide range of sector-specific trade missions to Indonesia and the other ASEAN countries, as well as hosting senior industry representatives from this region on visits to Canada. We are also encouraging the establishment of joint ventures in Indonesia.

In this connection, I am pleased to note that the newly-established ASEAN-Canada Business Council recently held its first meeting in Manila which Indonesia co-chaired. The Council, which has our full support, will make an important contribution to strengthening our economic links, particularly in expanding private sector relationships between our countries.

Of course, our host organizations, the Indonesia-Canada Business Council, and the Canadian Business Association have played a major role in enhancing the Canada-Indonesia trading relationship and I am sure this will continue.

Canada, I can assure you, would like to see greater economic partnership with Indonesia in areas where Canadian companies have demonstrated leading-edge technology and expertise. To this end, we are undertaking a number of new initiatives that include:

- First, participation, along with Canadian industry, in several key trade shows, such as Indo Energy and

Electric Indonesia. Indeed, there will be greatly increased trade show activity here by Canada in the coming months.

- Second, sponsorship of a mission of 15 advanced technology firms to come to Jakarta in February to explore market prospects in remote sensing, computer technology, instrumentation and industrial equipment.

Because Canada is committed to increased two-way trade, we have been pleased to sponsor Indonesian participation in events and missions designed to increase Indonesian exports to Canada. For example:

- An ASEAN food packaging, processing and equipment group visited Canada recently with representation from six Indonesian firms;
- Later this year we will be bringing food exporters from Indonesia to Food Pacific 88 in Vancouver to meet Canadian buyers;
- There has been a mission from Canada to assist the Indonesian seafood industry to better understand Canadian seafood packaging standards;
- Finally, two months ago we sent furniture experts from Canada to explain our market to your manufacturers.

The tremendous potential for greater trade ties between your country and mine is matched by the potential for increased investment.

Canada is one of Indonesia's largest sources of foreign capital. To our Indonesian friends I would ask: Do you know that INCO, ALCAN, BATA and ASAMERA are Canadian companies? And more Canadian investors are showing a keen interest in exploring new investment opportunities here. For example, last October the Investment Co-ordinating Board - or BKPM - organized a series of seminars in Canada on investing in Indonesia. These were well-attended and productive. And at the recent investment forum sponsored by UNIDO and the BKPM in Jakarta, Canada had the largest contingent of any foreign delegation.

Of course, investment, like trade, is a two-way street, and we would very much like to see more Indonesian investment in Canada. Canada is one of the most attractive

and profitable business environments in the world and we welcome overseas investment.

Indonesia and Canada have much to offer each other. We not only share a community here in the Asia/Pacific region, we also share a community of interest. In my meetings here with my host, Minister Saleh and his cabinet colleagues, Ministers Wardhana, Nurjadin, and Tahir, I have emphasized Canada's desire to further develop that community of interest, especially with Indonesia.

There are some interesting similarities between Canada and Indonesia which we talked about. Indonesia is a series of islands of population in a large ocean; in Canada we have islands of population in a large land mass. Because of these similarities, we have to deal with similar problems, such as long distance transport, communications and energy transmission. The expertise and technologies that we have developed in Canada to overcome these problems are, I believe, of direct relevance to Indonesia and can be transferred here to the benefit of Indonesia's social and economic development.

This afternoon, I would like to make three announcements that demonstrate Canada's commitment to becoming a growing economic partner with Indonesia.

First, in recent months, credits worth more than \$125 million have been offered by Canada to support Canadian firms seeking particular projects in Indonesia. These credits were offered in line with our policy of improving Canada's position as a supplier to Indonesia.

Second, the Canadian government has agreed to extend an additional concessional line of credit to Indonesia to enable Canadian suppliers to compete on equal basis with their major international competitors. I expect to announce the particulars of the line of credit in the near future.

Third, I am pleased to announce the successful conclusion of negotiations by a Canadian firm which has been doing business here for some years. Hawker Siddeley Canada has secured a contract worth some 17 million dollars to supply additional coal hopper cars for the important Bukit Asam Project. And based on my discussions here I am confident that General Motors Diesel of Canada and Sydney Steel Corporation will soon be awarded orders for locomotives and steel rail which will total over 35 million dollars.

These three developments will make an important contribution to Canadian participation in the Indonesian market and to expanding our economic partnership.

Working closely together will benefit us both in a larger context as well, that is the context of the ongoing round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT).

I have come to Jakarta directly from Bali where I attended the Asia/Pacific Trade Conference where the new MTN Round was extensively discussed. Our main purpose was to instill a greater sense of urgency in the negotiations. To this same end Canada has offered to host a mid-term review of progress in the MTN, because it is important for all countries that we achieve early results.

Canada and Indonesia, along with its ASEAN partners, must continue to work together to ensure a successful outcome to the GATT negotiations, especially in the resource and agricultural sectors. Here I would note that Canada and Indonesia are members of the Cairns Group of Fairs Agricultural Traders which has focussed attention on the need for early progress in the agricultural sector.

The next few months will be critical in determining whether progress can be made on an early resolution of the crisis in world agricultural trade.

On a more general note, countries at all stages of development have vital interests at stake in the Uruguay Round. And it is important that they participate fully to ensure their interests are fully taken into account. A major Canadian objective is to promote greater involvement of developing countries in the Uruguay Round.

To this end, in June last year, Canada undertook a second round of bilateral consultations in Jakarta as well as in other ASEAN capitals on the main MTN issues. In Geneva, we are also working closely with Indonesia's representatives on specific negotiating issues of importance to our two countries.

To underline our commitment to work with developing countries towards a positive outcome to the MTN, last year Canada arranged a special training tour across Canada for trade policy officials from all ASEAN countries. It is my conviction that this kind of cooperative activity will increase our mutual understanding and will help Canada and Indonesia to participate in these important negotiations as partners. We have a common cause in resisting the forces of

protectionism and in making the international trading system work for all of us -- in strengthening world economic growth.

Let me mention here a development which we believe will have a positive impact on the new GATT Round. That is, the recently-completed trade agreement between Canada and the United States. Some of you may be aware of the long and tough negotiations that have led to this historic trade treaty.

The progress we made bilaterally on improving access to each other's markets for both goods and services demonstrates that countries can find solutions to even the most complex trade problems when there is the political will to find those solutions.

As the Canadian Minister responsible for the Canada-U.S. Trade Agreement, I would like to emphasize two points. First, this bilateral trade treaty is fully consistent with the spirit and letter of the GATT. It represents one track of Canada's two-track trade policy to liberalize trade with our GATT partners as well as with our principal trading partner, the United States.

Second, let me assure you that this Agreement ensures the existing access of third countries to the markets of Canada and the U.S. It erects no barriers whatsoever to third countries. The agreement will, over time, make Canada a stronger and more attractive trading partner for Indonesia and the other Pacific rim countries.

In fact, what the Canada-U.S. Agreement demonstrates is Canada's intention to build bridges, not barriers, to economic opportunity.

And where are there more economic opportunities than in the Asia/Pacific region? It is my determination to ensure that Canada will continue to work closely with its ASEAN partners to make the most of these opportunities, to make the potential of our cooperation a reality.

In conclusion, let me say that Canada and Indonesia have moved a long way in the past few years to develop a more dynamic economic relationship. You have my personal assurance that I will be working to ensure that our relationship remains dynamic and progressive in the future.

Thank you.