



Minister for  
International Trade

Ministre du  
Commerce extérieur

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# STATEMENT DISCOURS

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Notes for remarks by the  
Honourable James Kelleher,  
Minister for International Trade,  
to the Chamber of Commerce

WINNIPEG

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Canada

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I am here in Winnipeg to chair a meeting of Federal and Provincial Trade Ministers. We started last night and went on all of today, right through that great Canadian institution, lunch.

These meetings tend to get covered in the media only when they produce sparks, and then only the sparks are reported. But they have some importance for Canada.

We spent part of today, for example, discussing Canada's trade strategy, a plan that was approved by First Ministers in Regina in February of last year. Boring? Not at all, because before we introduced it Canada had no national trade strategy at all. The Federal Government and the Provinces went their own separate ways, with no coordination, some confusion and a great deal of duplication of effort.

Now we have agreed objectives, and we're making progress on them.



The main objectives of Canada's trade strategy are improving our trade competitiveness, strengthening our access to foreign markets and developing more effective international marketing. All of this involves many specific initiatives, including better and more efficient export financing, trade promotion campaigns -- including one month a year when we send our trade commissioners through Canada talking to independent business people about exporting -- and better information about trade opportunities throughout the world. We are creating, for example, a computerized information exchange on trade fairs and missions. We are also accommodating provincial trade officials at our embassies and consulates abroad.

Access to foreign markets is obviously a major and ongoing concern. One of the things we have been talking about last night and today is the two major rounds of trade negotiations Canada is undertaking this year, and I

thought you might be interested in a report on them, too.

You'll notice that I said two rounds. One of them usually gets upstaged. It's the one that John Turner and Ed Broadbent usually forget about. But for a country that depends as much on trade for its livelihood as Canada does, and in a world that is at once both increasingly interdependent and increasingly protectionist, the next round of multilateral trade negotiations under the auspices of the GATT is very important indeed.

I think most Canadians now know that the GATT is not something you're supposed to check at the door in a gangster movie. It's the acronym for the General Agreement on Tariffs and Trade, the organization that sets and enforces the rules for the international trading system. Something like 90 nations are either signatories to the GATT or conduct their trade in accordance with its rules, and the rules are updated every few years in multilateral trade negotiating rounds.



Since the GATT was created -- shortly after the end of World War II -- there have been seven such rounds, the last being the Tokyo Round concluded in 1979. The eighth round will start in September, at a meeting of cabinet ministers from all interested countries which will be held at Punta del Este, a seaside resort in Uruguay -- the same resort, by the way, in which the Alliance for Progress was launched 25 years ago.

With the Punta del Este Conference now less than three months away, a great deal of activity is going on around the world to prepare for it. At the moment, we're in the crucial stage of setting the agenda -- the priority items for negotiation. Last month, as you may have heard, trade ministers from many of the GATT countries -- big and small, industrialized and otherwise -- met in Seoul to consider the possibilities. What emerged from that meeting was, on the

whole, very heartening. There appears to be strong and growing support for a number of issues that we in Canada consider vital.

It's still too early to predict exactly what will be on the agenda, but here are some of the things we're looking for:

First, a tightening up of the rules of trade. We need stricter codes to cut down on the abuse of countervail duties, emergency safeguard measures and a whole range of actions that are being distorted by the pressures of protectionism. There has been so much slippage here that the whole trading system is threatened.

Second, we want world markets to be opened more in a variety of areas, including services, high technology, forest products, nonferrous metals, fish and, importantly, agriculture.

And third, we want stricter and clearer rules on the practice of subsidizing exports by one means or another. And here I'm thinking particularly of agriculture, where foreign subsidies are causing great hardship to Canadian farmers.



This isn't the whole shopping list, of course. It's just some of the highlights, but I think we stand a good chance of getting most of it on the agenda. There seems to be widespread agreement, for example, that the world's trading nations must finally take a hard look at agriculture -- and I suspect that won't come as bad news here in Winnipeg.

Now let's look at that other set of trade negotiations we're involved in, the one that makes most of the news.

There has been a great deal of coverage of every aspect of our bilateral negotiations with the United States, and I suspect that you, as business people, are almost as familiar with the issue as I am. But there's one important area that I think is spending more time on, and that is the form the negotiations will take -- how they'll be conducted, the provinces'

role in them and the organization we have put in place to make sure our negotiators stay in tune with the wishes and needs of Canadians from all walks of life.



As you know, the negotiations have already started. The first meetings between the two chief negotiators -- Ambassador Simon Reisman on our side and Ambassador Peter Murphy for the United States -- were held on the 21st and 22nd of last month in Ottawa. They dealt mostly with form -- the shape of the conference table and that sort of thing -- and I'm happy to report that there were no major differences of opinion. Unlike some other international negotiations, both sides quickly agreed on how to conduct the negotiations.

The second set of meetings started yesterday in Washington and are continuing today. With form disposed of so quickly, these meetings are mostly on substance.

That is going to be the pattern, by the way: alternate meetings in Ottawa and Washington. There's no particular timetable for the meetings. The negotiators will get together whenever both sides are ready to talk about whatever topic or topics are at hand.



We have put in place a rather extensive series of mechanisms to provide Mr. Reisman and his team with guidance and support. It is not only extensive; I think you'll agree with me that it is impressive. It is also a first. Canada has never before had anything like it. Which means that we should be better prepared for these talks than we have been for any set of trade negotiations in the past.

The mechanisms come in two general forms, one to maintain dialogue with the private sector -- industry, labour and consumers -- and the other to ensure the

ongoing participation of the provinces. Let me deal first with the private sector involvement, because I can take credit for it. It was my idea.

Basically, what we have done is create two formal private sector structures. One is known as the International Trade Advisory Committee -- or, as it is known acronymically, the ITAC. is headed by Walter Light, the former chairman of Northern Telecom, and is made up of 39 prominent Canadians who, together, represent all major sectors of the economy, both official languages, all provinces and all concerned interest groups -- from culture to consumers, from mining to manufacturing, from life insurance to labour, from forestry and farming to fisheries and fashion.

Three Winnipeggers are members of ITAC, by the way: Walter Kroeker of the Canadian Horticultural Association, Maureen Prendiville of Prendiville Industries and G.T. Richardson of James Richardson and Sons. I name them in alphabetical order so that I can't be accused of playing favourites.



The ITAC meets quarterly, and its members are the Canadian equivalent of Franklin Delano Roosevelt's dollar-a-year men. They are unpaid. They are also sworn to secrecy, as they are provided with sensitive industry and government documents. Each of them, of course, is an expert in his or her own field, and what we are looking for from the group is policy guidance on all matters involving trade. They report directly to me.

The other group -- or, to be more precise, groups -- are the Sectoral Advisory Groups on International Trade, which the acronymicists in their wisdom have shortened to SAGITs. This, by the way, is a bilingual acronym. In French, *s'agit* means to get your tail in gear.

Assuming they have, the SAGITs are 15 separate committees representing all the major sectors of the Canadian econ-

omy. They too meet four times a year -- each of them -- or more often if necessary, and their assignment is to look out for the interests of the sectors they represent. There will be many Manitobans on these SAGIT committees, and one of the most important of them, the Apparel and Fur Group, is headed by a man you may have heard of, Peter Nygard. They, like the ITAC, receive sensitive briefing material, serve without pay and report directly to me.

My role in all this is to keep the ITAC and SAGITs up to date with the negotiations -- and I should say that they are involved in our multilateral GATT negotiations, as well -- and to weigh and pass on their judgments to Cabinet and to Ambassador Reisman.



As for the role of the Provinces, which has been the topic of some discussion in the past months, here is what I can report.

On the second of June, the First Ministers agreed on a process for federal-provincial cooperation. The Prime Minister and the Provincial Premiers will meet every three months to review the progress of the talks with the United States. In addition, designated ministers from the provinces will meet whenever necessary with the Secretary of State for External Affairs, Joe Clark, to discuss developments in the trade negotiations. And, on the level of officials, who are the real technical experts on trade, the Continuing Committee on Trade Negotiations -- otherwise known as the CCTN -- meets regularly.

The object of all of this is to keep the Provinces fully informed of developments in our bilateral negotiations with the States and our multilateral negotiations with the world, and to get their input on both. It is a program that has been approved unanimously by all the Premiers, whether they be Progressive-Conservative, Liberal or N.D.P., and that is a point that I often wish the

Opposition in the House of Commons would keep in mind. We are in this together, and what the Provincial Governments have approved let no Member of Parliament put asunder.



So what are we seeking from these negotiations with the Americans? For one thing, we are seeking respite from the protectionist forces that seem to have overwhelmed the U.S. Congress. The fact that the Americans have a roaring trade deficit is beyond our control, and should not affect us -- except that the Americans are making it affect us. The Omnibus Trade Bill is a protectionist nightmare, a dungeon for trade, all but a declaration of war. It is also misconceived. It does not address the real cause of the U.S. trade deficit, the fact that the American dollar has become inflated beyond all reason. It attacks the symptoms of the disease, while ignoring the cause -- the equally massive U.S. budget deficit, a hot potato that no politician wants to pick up.

We need protection from bills like that, just as we need protection from protectionist measures such as the 35% percent tariff just imposed on shakes and shingles made of Canadian cedar, an irrational tariff considering that the U.S. doesn't have enough cedar to go around, and measures such as the countervailing duty investigation against Canadian softwood lumber -- only three years after a similar investigation concluded that our softwood lumber industry trades fairly and without government subsidies.

What we are looking for in these negotiations is protection from these measures of convenience, measures that are taken to protect American industries that are endangered not by Canadian practices but by American policies, or measures that are directed against other producers but sideswipe Canada in the process. What we are looking for, in

short, is secure access to our most important market by far.

But that is not all we are looking for. We would also like to see an all-around lowering of trade barriers, tariff and non-tariff barriers alike, to give Canadian producers a better crack at the U.S. market. This would have two effects. It would give Canadian producers a chance at a market ten times the size of our own. And it would allow them to adjust their production to a mass market, taking advantage of economies of scale and specialization: they could concentrate on products that they produce efficiently and well. So we would like to see as many barriers as possible come down.



Our third concern is the establishment of a workable bilateral system for the settlement of trade disputes. In a business relationship as broad as the one between Canada and the United States, disputes crop up all the time -- some serious, some not. At present, they are resolved -- or inflamed, as the case may be -- on an ad hoc basis, which is hardly a satisfactory situation. With a formal, functioning and workable settlement mechanism, disputes such as the softwood lumber affair would be resolved amicably between friends and business partners.

These are our main goals in the negotiations with the United States. They are possible goals. We have a strong team. We have done our homework. We have the ability to transform our hopes to realities.

And, as the Prime Minister said last night, "This isn't for tomorrow, but for the next decade and the next century. I look at this as a declaration of confidence in ourselves. . . confidence in our ability to assure a more prosperous and secure future for our children and their children.