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Luncheon speech by the
Right Honourable Joe Clark,
Secretary of State for
External Affairs, to the
Venezuelan Executives Club

CARACAS, VENEZUELA

September 8, 1986.

It is a distinct pleasure for me to begin by first visit to the South American continent in the city that witnessed the birth of Simon Bolivar over two hundred years ago. The Beacon of Liberty, freedom and justice that was kindled by "The Liberator" still burns brightly to inspire those who are struggling to achieve the ideals that were so important to him. The democratic example set by successive Venezuelan governments in the last three decades has provided substance to these ideals and now they are reinforced again by the growing number of governments in your sister republics who have chosen the democratic path. Bolivar would be proud.

As part of the family of this hemisphere, we share that pride in the growth of democracy and believe that stronger economies and stronger democracies go hand in hand. Canadian's in business, in government, in the arts, and in other fields want to work more closely in this large family of the Americas. Personally I look forward to the good advice and active cooperation of your government. The prominent role of Venezuela in Opec, Contadora, and the Cartagena Group to name a few, gives your government unique perspectives and insights on issues that affect us all. I also hope to renew this momentum in Canada-Venezuela relations and to improve our trade prospects in several areas. To pursue that goal several Canadian businessmen and investors have accompanied me. Canada is perhaps best known for our resources and our geography, and 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 coal, oil, grain, aluminium and other commodities 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. 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 Venezuela, 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 who have chosen different ways to respond to the social, the economic, the political opportunities of the Americas. We should know one another better.

Canada and Venezuela both have large territories and relatively small populations. These realities necessitated at first a strong government presence in commercial and industrial projects in both countries. The government which I represent has recognized the unique advantages and efficiencies of the private sector and has now begun the process of divesting itself of these corporations; the Venezuelan Government is considering a similar approach to industrial development. Tomorrow we will visit Puerto Ordaz and the Guri Dam in the new and burgeoning industrial heartland of your country. Canadian companies have been major suppliers of equipment and technology to this important hydro-electric project. The Canadian businessmen here today are interested in specific opportunities to participate in Venezuelan development projects.

Yesterday Laboratorios Vargas and capsule technology of Canada signed a joint venture agreement which will permit the transfer of technology and equipment to produce rigid gelatin capsules in Venezuela. I have just come from a signing of a cultural Memorandum of Understanding with your foreign minister, Dr. Consalvi, which provides for the means to enhance and facilitate the exchange of cultural events between Canada and Venezuela.

But Canada's relations with Venezuela are not limited to bilateral matters. As I mentioned earlier, Venezuela/Canada interests in multilateral subjects mirror the diversity of our bilateral interests. Although not a member of the Contadora Group, Canada is providing support and encouragement to the search for peace in Central America. Venezuela, through the San Jose oil facility and Canada, through Caribbean, are assisting in promoting economic development in the Caribbean region. Both our countries are actively seeking ways to assist the new government in Guyana to overcome its economic problems.

Canada, like Venezuela, is heavily dependent on trade with the U.S.A. Seventy-eight per cent of our exports and seventy-two per cent of our imports are with that country. We in Canada see such access to the largest single market in the world as an advantage, not a disadvantage. In 1985, the Prime Minister initiated negotiations on a new trade agreement with United States. These negotiations are being undertaken without precondition on either side in an effort to renew, strengthen and secure access to the markets of our largest trading partner. If successful, a trade agreement with the United States will generate growth, greater productivity and specialization within the Canadian economy. Canada will become a richer market for internationally traded goods and services as well as a more competitive supplier to North American and other markets.

This trade initiative is one part of Canada's pursuit of freer world trade. So is our active presence at the GATT ministerial meeting in Punta Del Este next week. So is our effort to improve and develop trade ties with Venezuela and other trading partners.

The world economy is changing. Staggering shocks have been experienced since the early 1970s. We continue to face the dilemma of trying to control inflation and avoid recession. Debt and deficits are a major problem worldwide, but the situation is critical for many developing countries. Markets for commodities have fluctuated widely. Both Canada and Venezuela have ridden the oil price roller coaster. In my own province of Alberta thousands of people have lost their jobs in the oil industry. But in spite of these economic uncertainties our countries have not ignored the plight of those less fortunate than ourselves. In addition to the San Jose facility, Venezuela was the first country to respond to Bolivia's plea for financial assistance. The imaginative arrangement of trading oil for bauxite with Guyana will assist that country to face its economic problems.

Global economic interdependence is a reality which is becoming more widely understood and accepted in all countries. There is broad agreement that domestic policies should contribute to the stability and growth of the world economy, and on the need for increased international cooperation to this end. However, the international economic system is under extreme strain. The shared objective of a more open and free trading system is coming under pressures from protectionist measures and threats.

I am on my way to represent Canada at key trade talks next week in Punta Del Este, which we hope will launch a new round of multilateral trade negotiations. These negotiations are of critical importance to us and, we believe, to all other trading nations. We, Venezuela and Canada, are highly dependent on an open international trading system for continued growth and development. Our main objective in Punta Del Este will be to reduce the strains on the system which, if not relieved, will have a disastrous impact on our collective future.

In the area of international agricultural trade, we are facing a genuine crisis. Policies originally designed to protect and encourage farmers in the European community countries, and to a lesser extent the U.S.A. and Japan, now threaten farmers everywhere. Canadian and Venezuelan farmers are faced with a juggernaut of European and American subsidies which threaten to bankrupt treasuries, distort agricultural trade and destroy smaller agricultural economies. International agricultural trade issues absorb a significant and increasing amount of my time and that of my Prime Minister. At the Tokyo Summit of industrialized nations in May, agriculture was raised by Canada and discussed at length. That was the first time the Summit looked at agriculture. It will not be the last. Although leaders there recognized the problem, their subsidy practices continue and get worse. That is the international environment in which Venezuela and Canada seek to prosper.

Individually, neither of our two countries is powerful enough to impose our preferred solutions. However, with other nations, we must work together to advance our vital interests. We must convince larger trading nations and blocs that their own interests would be better served a world that works together. Canada looks to the GATT talks both as a means to reduce trade barriers and promote freer trade, and also as a key forum for future international cooperation. We fear and will fight isolationism, protectionism and predatory subsidization schemes. At Punta Del Este, we will advocate not only cooperation, but consultation, where possible and necessary, even policy coordination, as agreed among the Summit Seven at Tokyo.

Venezuela and Canada are both new countries in their modern incarnation. We have developed at great speed, with the international trading systems serving as a conduit of economic growth. In recent years, many countries have been hampered in their attempts at economic development by high debt burdens. In an effort to service these debts, countries have compressed import levels to free sufficient amounts of foreign exchange to meet critical payments. These domestic constraints have had negative repercussions on the world trading system in general and on individual trading partners in varying degrees. Canada strongly supports the consensus which has developed in favour of growth-oriented adjustment policies. We believe the Baker plan recognizes this imperative, and although much remains to be done to give practical expression to Mr. Baker's proposals, I am pleased that the plight of debtor nations is now being viewed through a growth-oriented prism.

Canada has worked hard and consistently for policies internationally conducive to lower interest rates. This has meant painful adjustment of economic expectations and performance to fight inflation there have been notable successes, although this war is never won. We have also sought to encourage our more powerful trading partners, whose policies determine international interest rates, to adopt policies conducive to lower rates, including enhanced international economic cooperation. The Tokyo Summit commitment to economic policy coordination makes real progress in the thinking of major industrialized countries. Canada will gain from this process, but so will Venezuela.

These gains will not be limited to the economic sphere. Bolivar himself recognized the need to examine the totality of the human condition if true liberty were to be achieved. The full benefits of a democracy cannot be experienced in a climate of economic uncertainty. Nor can the full potential of countries and their citizens be attained without economic progress. Hunger, illiteracy and social hardships can all be traced to economic deprivation.

But these gains cannot be achieved by governments alone. In democratic societies it is the will of the people, expressed through the media and through influential pressure groups, such as those gathered here today that provides direction and substance to government policies. At the government level, Canada and Venezuela have established a joint consultative committee as a forum to exchange ideas and concerns. Meetings of this committee have been positive and stimulating. Governments can only go so far. Our two countries have much to offer each other, but it will require a much more active and continuous exchange between the opinion makers represented here today before specific advantages and opportunity can be identified. I encourage you to begin now to think of how you can follow-up and expand on the business contacts made during the visit and to seize the commercial opportunities that are and will be presented. There are gains to be made for all of us.