

Minister of Industry,  
Science and Technology and  
Minister for International Trade



Ministre de l'Industrie, des  
Sciences et de la Technologie et  
ministre du Commerce extérieur

# Statement

# Déclaration

92/1

CHECK AGAINST DELIVERY

**NOTES FOR AN ADDRESS BY  
THE HONOURABLE MICHAEL WILSON,  
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY  
AND MINISTER OF INTERNATIONAL TRADE,  
TO THE SAINTE-FOY CHAMBER OF COMMERCE**

**SAINTE-FOY, Quebec  
January 16, 1992**

Mr. President, dear friends,

First, let me thank you for your kind invitation. I am very pleased to be here with you all today.

The Sainte-Foy Chamber of Commerce has always distinguished itself by the quality and intensity of its work, accurately reflecting the vitality of the Quebec City area. This vitality is becoming increasingly evident in the local economy, which includes a significant number of fast-growing companies, particularly in high-tech sectors.

The Quebec City area has a strong infrastructure in science and technology, with over 4,000 researchers employed in almost 100 laboratories. One of these institutions is the Laval University Centre for Research in Molecular Endocrinology, headed by Dr. Fernand Labrie. This centre won a 1990 Canada Award for Business Excellence for its development of a cancer treatment. In recent years, numerous companies have capitalized on the vitality of the Quebec City area in the science and technology sector.

Small businesses throughout Canada are achieving success and making names for themselves on international markets. These companies all have at least one thing in common: they know how to manage change. Today's world is characterized by the rapid pace at which change occurs in the social, political and economic arenas. The past year's events in Europe certainly bear this out.

Who, just a year ago, could have predicted the end of the Soviet Union? Indeed, who can say what events will take place in the world over the next few months? In this whirl of change, we need immutable values and assets that we can hold on to.

Ordinary Canadians want to know whether they will be able to maintain the quality of their own and their children's lives or whether their social programs will still be there for them in the future. These concerns are shared by fishermen in the Maritimes and forest workers in British Columbia, as well as by entrepreneurs and workers in Ontario and Quebec.

Since 1984, we have stepped up our efforts to manage change. We inherited a stagnant economy, and we have since restructured, modernized and revitalized it. We have deregulated sectors of heavy economic activity, such as energy and transportation. We have privatized Crown corporations. We have made the tax system more equitable. Our sales tax reform has made Canadian companies more competitive on international markets.

The Free Trade Agreement (FTA) with the United States has given our firms guaranteed access to a vast market. We have been criticized extensively because of free trade. But the results have proven that we were right all along. From 1988 to 1990, our positive balance of trade with the United States increased from \$14.2 to \$17.5 billion. This represents a 7.6-per cent increase in our exports.

It is also interesting to note that the nature of our exports has shifted. We have recorded a \$4-billion increase in finished product exports since 1988. This means that the FTA has helped to make our economy more competitive.

1992 will be a crucial year for Canadian international trade. At the multilateral level, Canada is very active in the Uruguay Round, which resumed on Monday in Geneva. These negotiations are very important for us. The fact that Canada has a relatively small domestic market has helped to make us one of the world's top trading nations. Over 25 per cent of our production is sold abroad, and one-quarter of all jobs in Canada are related to exports. Our prosperity and the prosperity of future generations of Canadians depend on our access to world markets. This is why the Geneva talks are so vitally important. An agreement would mean more equitable rules for our exporters. For example, the proposed subsidy and countervail disciplines will give Canadian exporters more certainty in the U.S. and other markets. It will fill a gap left by the FTA.

In the agricultural sector, the status quo is not acceptable. Foreseeable, effective and sustainable rules must be adopted in order to eliminate uncertainty among our agricultural producers.

We are continuing to call for a clarification of Article 11 of the General Agreement on Tariffs and Trade (GATT), on supply management. And we are continuing to work with the provinces and with industry to obtain results that are balanced for all parts of the country, including Quebec.

The GATT draft agreement also contains reductions in duties that would be very beneficial to our export sectors. Forest products, which constitute Quebec's leading export sector, would improve their positions on international markets.

A signed agreement would also offer improved patent protection. I announced recently that we support proposals aimed at strengthening the patent protection given to pharmaceutical products. The proposals set out in the GATT draft agreement would provide holders of pharmaceutical patents with the same length of protection -- 20 years -- as that given to patent holders in other sectors.

These measures will help foster research and development in Canada, and will lead to the creation of high-paying, specialized jobs in the medical and scientific fields. They will therefore help Canada to attract new investment in the pharmaceutical industry. Such protection measures are just one of the ways in which this agreement can help Canada strengthen its position on international markets that are focusing an increasing amount of importance on research and innovation. The new proposed amendments should maintain the recent years' pace of increases in research and development investment in Quebec. In addition, the Quebec pharmaceutical industry would certainly be more competitive internationally as a result.

The Geneva negotiations also focus on service industries, which are valued at \$800 billion annually. An agreement in this sector would open up new markets for our exporters, thereby improving the positions of Quebec telecommunications, engineering, informatics and financial services companies.

I invite you to follow the Geneva negotiations closely. Based on discussions in Geneva this week, the talks seem to be in their final phase. I hope an agreement can be completed this year. Our future prosperity will be more secure with an agreement.

However, our prosperity is not exclusively linked to the GATT. As you know, we are currently looking at the possibility of a North American free trade deal with the United States and Mexico. Such an agreement would create a market of 360 million people, which would help us to make our economy even more competitive. Prosperity is not a matter for governments alone. It is the responsibility of all Canadians.

We must do more than simply open up markets. We must be sufficiently competitive to tap into these markets.

Competitiveness, however, cannot materialize out of thin air. It must be based on objectives and attitudes.

Even though we have the second-highest standard of living in the world, some recent figures are cause for concern. According to the World Economic Forum, Canada ranks 12th in productivity and 16th in terms of international orientation. In other words, some serious corrective action is required.

It is with this in mind that my colleague, the Honourable Bernard Valcourt, and I launched the Prosperity Initiative. This Initiative identifies five areas in which Canada must progress in order to maintain its position on world markets. These areas are: knowledge and learning, science and technology, growth financing, the domestic market, and international trade. Each of these areas is important.

Today's successful countries are those which place a premium on learning. We must improve our basic knowledge and also promote scientific and technical knowledge. By the year 2000, 40 per cent of Canadian jobs will require at least 16 years of schooling, compared to 23 per cent today. Two-thirds of all new jobs will require at least a high school diploma. Nevertheless, 30 per cent - 36 per cent in Quebec - of Canadian students now drop out of high school before graduating. How will they be able to meet labour market demands?

We must also address the issue of on-the-job training. At present, Canadian companies spend half as much as American firms on employee training, five times less than Japanese companies and eight times less than companies in Germany. In science and technology, only 4 per cent of our manufacturing companies conduct research. Canadian firms invest only half as much in research and development as their German, U.S. and Japanese competitors.

Canadian businesses - particularly small- and medium-sized manufacturers - must take advantage of every opportunity to develop new technologies. Their competitiveness and their very survival depend on it.

We must also take steps to finance growth and innovation. We have already adopted numerous measures in this regard, such as tax

reform and the reform of financial institutions. The Prosperity Initiative will help us to identify other means for innovative companies to access better financing.

We must also stimulate the international focus of our companies, particularly small businesses. Only one-third of our manufacturing companies engage in export activities. Small businesses must not be afraid to engage in market prospecting, and to enter into strategic alliances with other companies for this purpose.

If Canadian companies are to be successful on international markets, our own domestic market must also be competitive. Accordingly, we must eliminate interprovincial trade barriers as quickly as possible. According to the Canadian Manufacturers' Association (CMA), there are at least 500 of these obstacles. They include preferential procurement policies; hiring practices; standards and regulations governing a given sector which differ from one province to the next; and policies favouring local wine and beer industries. These trade barriers, according to the CMA, cost us \$6 billion a year; this translates into \$1,000 per family. In actual fact, however, they cost us even more. They undermine the competitiveness of Canadian companies by preventing them from tapping into the entire Canadian market and attaining their competitive potential. They increase company operating costs; and they prevent Canadian companies from competing effectively on international markets.

The Prosperity Initiative is a challenge we have set for ourselves. Its purpose is to develop and adopt a coherent and effective action plan. But it also seeks to arrive at a national consensus in order to maintain and improve our standard of living, and that of our children.

This is why we have commissioned a Steering Group to consult Canadians about the Prosperity Initiative. These consultations are already under way, and the response to date has been very positive. The co-chairpersons of the Steering Group, David MacCamus and Marie-Josée Drouin, will be submitting an action plan to us by next summer.

A number of people have asked me why we are engaging in further consultation. Isn't it time for action? Yes, it is time for action, and we are going to take action. But because of the importance of these challenges, we want the Canadian public to share in them.

I am certain that you have ideas on how to meet these challenges in your companies and in your region. Therefore, I invite you to participate in these consultations. Prosperity is not just the government's challenge; it is a challenge facing each and every one of us. I am certain that, together, we can achieve prosperity for Canada, in a spirit of partnership and solidarity.

Once again, thank you for your invitation and for your kind attention.