



Statements and Speeches

No. 85/22

CANADA-AUSTRALIA TRADE

Notes for Remarks by the Honourable James Kelleher, Minister for International Trade, to the "Doing Business With Canada" Seminar, Melbourne, Australia, November 6, 1985.

...My visit to Australia this week is, in part, a result of a discussion between your Prime Minister, Bob Hawke, and my Prime Minister, Brian Mulroney, in March of this year. They agreed that Canada would send a mission to Australia led by a minister. Subsequently Australia is to send a similar mission to Canada. Both missions have been instructed to pay particular attention to the opportunities for interchanges of expertise and technology. We hope they will lead to joint ventures, and I'll get into that a little later.

My second motive in coming to Australia is as part of an effort to increase Canadians' understanding of the importance of trade and other business links across the Pacific.

Canada, too, is a Pacific nation. During the election campaign which brought our government to power 14 months ago, Prime Minister Mulroney quite often pointed to the need for Canada to play a full role in commerce in the Pacific region. As the first minister from the new Canadian government to have the privilege of visiting Australia, I can tell you that we are pulling out the stops and getting more and more involved. The Pacific rim is certainly one of the most promising areas for commercial activity in the world today.

Canada, like Australia, is a large land with a small population, and that is a combination that makes us both trading nations. Exports bring us 30 per cent of our national income, and they bring you close to 20 per cent of yours. They are very important to both countries.

The government of Canada is committed to improving our trade performance. We are working very hard to do so. As Minister for International Trade, I consult frequently with my colleagues from the ten provincial governments in Canada. And together, we have developed a national trade strategy.

Perhaps the most significant item on which we reached rapid agreement was that there are two market regions that must get our priority attention — the United States and the Pacific Rim. The importance we give to the United States is no surprise. It takes more than three-quarters of our exports. Indeed, the trade between Canada and the United States exceeds in volume and value the trade between any two other countries in the world.

As for the Pacific Rim, it is the fastest growing region in the world. Canada's trade across the Pacific exceeds our trade across the Atlantic, and it is growing more rapidly. Again, no surprise. Our trade, like yours, was once directed heavily toward London and the Continent. But look what's happened since the war. In Europe, the Common Market has encouraged the Europeans to trade with each other first. And the Pacific Rim has come alive.

It would be something of an understatement to say that Japan has risen from the ashes. And what about Korea, where both Canadian and Australian fighting men were part of the United Nations forces only 30 years ago? It used to be that a "nic" was something you got shaving. Now it stands for "newly industrialized countries", and most of them are in the Pacific. The new policies being pursued in China, with its potential market of a billion people, are enormously encouraging. And, of course, when we come here to trade, we feel like we're coming home.

Canada is not a latecomer to the Pacific. Our first prime minister, Sir John A. Macdonald, gave his support to what is now known as "the great Canadian dream" — the building of a great railroad, the Canadian Pacific, that united our country from sea to sea. Vancouver has been a major Pacific port ever since.

Perhaps a bit of history is in order here. Canada's first trade minister was a gentleman named Mackenzie Bowell. Later in his life he served briefly as prime minister, but he was appointed minister of trade and commerce in December of 1892. In September of 1893 he set forth on his first official trip outside Canada. Where did he go? With great foresight, he went to Australia. And two years later, he sent out Canada's first full-time trade commissioner — also to Australia.

For Canada, Australia is a market that has long been attractive. It is certainly no less so today than it was 90 years ago. Looking at the first six months of 1985, you are our twelfth largest market in terms of gross exports. For what it's worth, you rank just behind France, and just ahead of Italy. What's even more interesting, from our standpoint, is the sort of things you buy from us. Australia is Canada's fourth biggest market for fully finished manufactured goods. Hundreds of Canadian firms are active here, promoting their sales through local Australian sales representatives.

For many Canadian businessmen, in other words, Australia does not seem so far away. That being the case, Australians should find Canada just as close.

When I was speaking to your ministers in Canberra yesterday I discussed the prospect of a new round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT). Forward movement toward an era of diminished trade obstacles would benefit us all, and I am happy to say there is agreement between our two countries that a new round of trade talks — it would be the eighth under the GATT — is needed. It's needed for many reasons: to combat growing protectionism in the world, to address long-standing problem areas such as agriculture, quotas, subsidies and safeguards, and to bring the international trading system into phase with the changes that have been taking place in world markets.

The fact is that trade between nations is no longer what it was ten or even five years ago. We used to trade goods and that was it. Now we trade ideas. Much of the trade between Canada and Australia is still composed of tangible commodities, but more and more our firms are associated in other ways. We produce goods under licence. We use each other's brand names. We take a television program and produce new wealth by rebroadcasting it. We have one country's pop music stars record in another country's studio. We assiduously follow the latest twist in production methods, which often turn out to have been developed in Japan. The Japanese tell us that they simply followed advice received 30 years ago from the United States.

Another element of change is the increasing complexity of the technology embodied in our exports. Giving the local representative a few shop manuals will no longer permit him to give adequate after-sales support in a foreign market. Some governments also make special demands that local content be incorporated in their purchases.

It is in the context of such a changing world that we in Canada have urged that progress toward a new round of GATT negotiations proceed with the minimum of delay. And we are happy that Australia agrees.

We have not only called for progress on the world stage, we have also served notice of our intention to begin talks with our neighbour and predominant trading partner, the United States, about ways to reduce or eliminate the barriers that still exist between us. We believe this step could do more than serve the particular interests of Canada and the US. We believe it could also set a positive example for the other trading nations of the world. It is our hope that the initiative we are taking with the United States will hasten, rather than impede, a wider and more general easing of trade barriers.

In your own arrangement of closer economic relations (CER) with New Zealand there may be wrinkles we should consider as we begin discussions with the United States. We know how it works on paper, of course, but the ins and outs of practice might have relevance for us. I hope that corporate executives I meet in Australia will give me the benefit of their personal experience with the CER.

Two possible ways of expanding our trade — with each other and with the world — were discussed last March by Prime Ministers Hawke and Mulroney. We should give them serious consideration. One is the exchange of technology, the other the establishment of joint ventures. Both would help us respond to the new trading environment in the world.

I would urge Canadian and Australian business executives to look for new ways they can collaborate. For want of a better term, the expression "industrial co-operation" has come to be applied to all these new forms of international business beyond the traditional buying and selling of goods.

For some of you, investment in Canada may offer benefit. Indeed, those of you who follow Canadian affairs will know that our government this year created Investment Canada, an agency designed to encourage foreign investment. Another option would be to license a Canadian firm to produce your product there. In either case a Canadian centre of production could be a great source of strength in servicing your markets in the United States as well as in Canada.

Canada is presenting a freer business environment in other ways, as well. The changes we have made in the national energy policy are very important. I would draw your attention to the new energy accord between the federal government and the provinces of British Columbia, Alberta and Saskatchewan. This Western accord frees the forces of the marketplace. It provides a fairer fiscal regime for the industry and invites participation by foreign companies.

Turning the proposition around, Canadians have long recognized that Australia is a good place to invest.

You are the fifth largest recipient of Canadian foreign investment. Australia might also be a good location from which Canadians could tackle other markets in the Pacific. I would urge Canadian companies to give careful consideration to forming joint ventures with Australian firms. The good relationship we have in traditional trade is the best basis from which to examine new undertakings such as joint ventures.

The statement by the two prime ministers in March and the seminar this morning all have been intended to stimulate you to think of new ways of doing business with Canada. I have a specific example of firms that show this flexibility, but I can't tell you much about it because the companies involved are in the final stage of negotiations this week. This much I can tell you, however. The Canadian firm has developed a new high-tech electronic device. So has the Australian firm. The Canadian firm's product is unique in that it is the only device to meet certain international standards. But to use the Canadian product you also need a product of the type the Australian firm has developed. The Canadian firm is negotiating with the Australian firm to secure the exclusive world-wide marketing rights to the Australian company's product. Once negotiations are complete — and that could be today — the two firms, acting together, will be able to offer a complete system. It should be a world-beater of a combination.

This is the kind of fresh thinking which could be of real benefit to us both. A small dose of collaboration — industrial co-operation if you will — can make our companies better competitors in world markets.

We in government can make introductions by sponsoring events such as the Canadian technology seminars to be held in Melbourne and Sydney this coming March. We can make the environment for collaboration easier by changing or eliminating regulations when they impede sensible business arrangements. What we cannot do for you is to take on the role that is the entrepreneur's preserve: innovation. You need to find the way to turn a new situation into a profitable arrangement. It can be done, and I am convinced that working closely with our Australian business partners is one of the most promising avenues we can explore....

S/C