



Statement

Déclaration

ERRATUM

Statement 92/13

Notes for a Speech by the Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, at the Inauguration of the World Trade Centre in Montreal

Paragraph two on the first page should be deleted.

The future location of the International Trade Centre and of the Regional Office of Industry, Science and Technology Canada in Montreal has not yet been determined.

Déclaration 92/13

Notes pour une allocution du ministre de l'Industrie, des Sciences et de la Technologie, et ministre du Commerce extérieur, M. Michael Wilson, lors de l'inauguration du Centre de commerce mondial de Montréal

Le deuxième paragraphe de la première page devrait être rayé.

L'emplacement futur du Centre du commerce international et du Bureau régional d'Industrie, Sciences et Technologie Canada à Montréal n'a pas encore été fixé.

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

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No. 92/13

CHECK AGAINST DELIVERY

NOTES FOR A SPEECH BY

THE HONOURABLE MICHAEL WILSON,

**MINISTER OF INTERNATIONAL TRADE AND MINISTER OF
INDUSTRY, SCIENCE AND TECHNOLOGY**

AT THE INAUGURATION OF THE WORLD TRADE CENTRE

**MONTREAL, Quebec
April 8, 1992**

I am pleased to welcome you to Montreal for the spring 1992 meeting of the World Trade Centres Association, and I am grateful to you, Mr. President, for so graciously extending your invitation to my guests in Montreal, Ambassador Hills and Secretary Serra. I am delighted to be associated with the official inauguration of the city's new World Trade Centre. These impressive surroundings are in keeping with the important role the association has played in Montreal for many years now.

The Montreal offices of both government portfolios for which I am responsible -- International Trade and Industry, Science and Technology Canada -- will be moving soon to the World Trade Centre. Our International Trade Centre has worked closely with yours in Montreal in the past, and the relationship will only be enhanced once we are sharing the same address.

The World Trade Centres in Halifax, Montreal, Toronto, Edmonton, Vancouver, and most recently Ottawa, link members here with those at your Centres in some 50 other countries. Your mixture of promotional, consultative and educational activities is an important contribution to a stronger international trade environment. You are playing a pioneering role in developing new and innovative approaches to trade in today's global marketplace.

Members of the World Trade Centres Association are clearly aware of the fundamental importance of trade to economic growth and prosperity all over the world. Canada's high standard of living and enviable social programs are based, to a significant extent, on trade. Canadians earn 25 per cent of their income from trade -- more than two and one half times the comparable figure for the United States and twice that of Japan. Among the Group of Seven (G-7) countries, only Germany racks up a larger portion of its gross domestic product through the buying and selling of goods.

With 27 million people, Canada ranks 31st in population, but our economy is the eighth largest in the world. And our per capita income is the second highest of all industrialized economies. One of the reasons for this has been our outstanding trade performance. During the eighties, for example, Canadian exports grew at an average annual rate of 5.1 per cent in real terms. That was a full two percentage points faster than the economy as a whole. Canadians rely on trade to maintain and increase their prosperity. We must continue to look for and develop our markets worldwide. It is vital, therefore, that we pursue an activist trade policy.

Canada's trade has expanded during the last 40 years, under the beneficial and gradually liberalizing influence of the General Agreement on Tariffs and Trade. The GATT is, quite simply, the motor oil of the world's trading machinery. Over the years, negotiations under the GATT have brought down tariffs, and reduced the use of a variety of unfair trade practices. In the last completed negotiations -- the Tokyo Round -- participating countries made significant across-the-board tariff cuts, and initial progress was made toward the further reduction of non-tariff barriers. Agreement on a Government Procurement Code, for example, was an important step forward. In a more open world market, trade increased, and its benefits were distributed widely to all trading nations. The achievements of the Tokyo Round helped to power the economic growth of the eighties, in Canada and around the world.

Canada is an unabashed supporter of the GATT, and a successful conclusion to the Uruguay Round is Canada's number one trade priority. It is no accident that my two partners in the NAFTA negotiations are both members of the GATT and, without presuming to put words in their mouths, I dare say they have similar hopes to mine for the success of the Uruguay Round. Certainly Canada's interest in North American free trade is complementary to, and not an alternative to, the global agenda of the GATT.

By restraining protectionism, the GATT opens doors to the complex global marketplace. It also is an important rule book that sets the standards for vigorous competition, while restraining "beggar-thy-neighbour" practices that hurt everyone. Canada wants the doors to stay open because Canadians want to compete. We also want clear rules so that all countries have the same opportunity to put their economic talents to work. That's why we are pressing for a successful conclusion to the Uruguay Round.

The world is changing, and the GATT must change with it. The time is long overdue to bring the GATT up to speed with modern realities.

There is a lot at stake. Most of the recent attention on the negotiations has focused on the agricultural sector, where Canada's interests are significant. Success will mean an effective brake on the cutthroat competition that has plagued world grain markets for much of the last decade. Disciplines on export subsidies will help restore the incomes of Canada's grain farmers, whose quality product is, in many parts of the world, a synonym for Canada. There are also important stakes in the agricultural negotiations for our dairy and poultry producers. In Canada we have a unique supply management system that provides many of our farmers with stable incomes, without distorting world trade. It operates within the GATT rules but these rules need clarification as they apply to these products. This is a primary objective for Canada.

But success at the Uruguay Round encompasses more than the agricultural sector. Further reduction of tariffs on a wide range of goods will reward both our producers with more open markets, and our consumers with lower-priced goods. Agreement on subsidies definitions will do much to clear up the misunderstandings that have resulted in countervailing duty actions against Canadian products. With clearer rules, exporters will be able to stickhandle their products to market, with less fear of being called offside by a referee with a possible interest in the outcome.

Rules on intellectual property rights will spark creativity and innovation. The service sector, now representing two thirds of all jobs in Canada, will for the first time come under multilateral disciplines. But the most important achievement of a successful multilateral trade negotiation will be its contribution to the world economic climate. No economist can itemize every benefit of a world trade deal. But every economist knows that where there is business confidence, the entrepreneurial spirit thrives.

The successful completion of the Uruguay Round, by no means a sure thing at this point, will signal a continued commitment to order and stability on world markets. It will create an atmosphere of calm assurance for exporters. It will send a fundamental message that the trade-based prosperity, from which we have benefited for the past 40 years, will continue into the next century.

As I have said, the GATT is Canada's number one trade policy priority, but is not the only track on which we are pursuing our national trade interests.

A little more than three years ago, Canada and the United States signed the Canada-U.S. Free Trade Agreement. The FTA was a major step forward for the single largest trading relationship in the world. Trade between Canada and the U.S. was immense before 1989, but it is even bigger now. Total two-way trade between our countries was more than \$200 billion in 1991. That represents nearly \$108 billion in Canadian exports to the United States, and nearly \$93 billion in U.S. exports to Canada, resulting in a merchandise trade surplus in Canada's favour of \$15 billion. Canadian critics of the FTA have been relentless and unforgiving in their many accusations. But I have yet to hear them complain that Canada's annual exports to the U.S. were five per cent higher in 1991 than in 1988, the year before the FTA began. I guess it's hard to argue with success. I know that some of those critics would blame the FTA for every sparrow that falls, but these numbers suggest to me that, without the FTA, the global recession from which we are now emerging would have been worse for Canada than it was.

Of course, the Canada-U.S. trade relationship, larger than any other in history, has its frictions, and they didn't just start in 1989 with the FTA. In as large a trade relationship as this, there are bound to be some. They were there in the seventies and the pre-NAFTA eighties. We disagreed with U.S. actions, the U.S. protested our actions. Sometimes the disagreements were quite deep. Recently, I have made clear our government's objections to the U.S. Administration's decision to impose a duty on Canadian softwood lumber. We have also protested the decision of U.S. Customs to impose a duty on Canadian-built Honda Civics.

I do not propose to dwell here on either of these issues, except to point out that they have, among other things, served to stimulate further questioning in Canada of what we achieved in the Free Trade Agreement. We have each benefited from the increased and assured access to each other's markets. But to ensure that access, we each won the right to our day in court, in an open process, held before arbitrators fairly chosen by both sides. In cases like the Honda audit, we won the power to have these trade actions judged and held up to scrutiny in a way that will force both governments to be accountable for their behaviour. And, on lumber and other anti-dumping and countervailing cases such as pork -- we made a major breakthrough in international trade law. We have obtained a process where biassed, politically motivated decisions will be struck down. Canadian pork producers can tell you that -- \$20 million went back into their pockets after an FTA ruling. Other decisions went in favour of the United States. That demonstrates that it is a fair process. It shows that the FTA remedy system is working. Give the process time and it will continue to work.

The confidence the government has placed in the FTA is reflected in our decision to join the United States and Mexico in negotiations for a North American Free Trade Agreement. NAFTA is a logical extension of the FTA to Mexico, adding a market of 85 million people to the free trade area.

Canada has a number of objectives in these negotiations. We are drawn to the opportunities offered by the expanding and dynamic Mexican market driven by the far-sighted reforms of the Salinas government. Under the possible agreement we seek, Canadians will be better able to market their goods and services in Mexico. They will also gain important experience for further expanding their horizons to the rest of Latin America.

Through the NAFTA, we also want to assure investors that Canada will continue to be an excellent location from which to serve the whole North American market. Companies that build facilities or start up services here will be able to reach customers in both the U.S. and Mexico. They will also be able to forge strategic alliances with business partners in all three countries, thereby placing themselves on a better footing for global competition.

We have another important objective in these talks. After more than three years' experience with the FTA, we see prospects for improvements in Canada-U.S. trade relations. It is clear, particularly in the wake of the Honda ruling, that rules-of-origin must be more clearly articulated in the NAFTA than they are in the FTA. Canada and the United States can also agree on some fine-tuning of customs procedures, to ease the flow of goods and services across our common border. This can be accomplished while still preserving the balance of benefits and obligations in the FTA.

Preservation of the FTA has been our position from the beginning, and we have not wavered. The FTA has not been compromised by these talks, and it will not be. Canada and the U.S. negotiated a good agreement in 1988. And we have both made it very clear, inside the negotiations and out, that any changes in that agreement will not be made unless they serve the interests of our respective citizens well.

Now, world markets, as I have said, are vital to Canadians, and the lowering of international trade barriers a pre-eminent policy objective. But there is another dimension to this barrier issue, and it arises from the fact that Canada's most important market may actually be right here at home, among other Canadians. While we are making important and necessary efforts to increase our access to foreign markets, Canadians are today encumbered by more than 500 artificial internal trade barriers. The Canadian Chamber of Commerce has made the point eloquently: "Interprovincial trade barriers they say, act like a tax on local residents and on the national economy, and are a contributing factor to Canada's low productivity growth.... It's not difficult to see how their removal will aid in global competition."

The Canadian Manufacturer's Association says that these barriers cost Canadians \$6.5 billion a year. A restricted market results in inward-looking, less-efficient companies. Canadians are bearing an important hidden burden that results in lost confidence, diminished competitiveness, lost sales, lost income for Canadian workers, and in lost opportunities for all.

Most Canadians neither understand nor accept these barriers. They want to know why you can't buy beer made in New Brunswick here in Montreal, when it is among the top 10 imports in all 50 American states. They are amazed that you can't use bricks made in one province on construction sites in another. They think it's inefficient that wire and cable companies, selling to provincial utilities and phone companies, must establish local residency in order to win contracts. They know the country is over-regulated when trucks transporting goods across Canada have to obtain 10 different approvals, and must comply with regulations in each province.

We are phasing out most trade barriers with the U.S. under the FTA. Some of these barriers, in beer and wine, for example, are also unacceptable under the General Agreement on Tariffs and Trade. Because of such international trade obligations, foreigners are gaining preferential access to Canadian markets. Surely it is time that Canadian producers are treated at least as well as foreigners in the Canadian market.

Action has been slow in coming, but most provinces have now agreed to give all domestic beer the same treatment, beginning July 1 this year. This should ensure that Canadian brewers are on the same footing in Canada as their American competitors.

The federal and provincial governments are working together to reduce and remove remaining barriers in other sectors. Last fall, for example, the governments signed an agreement, which came into effect just last week, to open most procurement by government departments over \$25,000 to bidding by companies across the country. This will open up several billion dollars of public spending to national competition. This is an important, if modest, beginning -- much remains to be done.

At their most recent meeting, the First Ministers of Canada considered the question of barriers to interprovincial trade, and directed that federal and provincial ministers complete the work of identifying, reducing and removing barriers to interprovincial trade by March 31, 1995. To pursue this crucial work, I will be meeting with my provincial counterparts at the end of this month, in Winnipeg, to discuss extending the procurement agreement to a wider segment of public sector procurement. We will also develop a plan to fulfil our mandate from the First Ministers -- eliminating interprovincial trade barriers by March, 1995.

To sum up, Mr. President, by removing barriers both within and without the Canadian market, we will create more competitive businesses, better able to take their place in the global marketplace of the twenty-first century. From a 27 million-strong, unified market in a prosperous, unified country, Canadians can seek out and explore world markets, secure in the knowledge that their own economy is being strengthened.

Canadians can confidently press for a successful conclusion of the Uruguay Round. Canadians can confidently strive for better relations with their largest trading partner, the United States, and Canadians can confidently forge a new economic relationship with a modern and dynamic Mexico. In doing all these things, Canadians will be carrying out their great, historic project -- the building and maintaining of a prosperous, united and compassionate nation across the northern half of the North American continent.