

STATEMENT DISCOURS

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Statement by the Right
Honourable Joe Clark,
Secretary of State for
External Affairs, to the
Canadian Institute for
International Affairs

(Speech addressing the
necessity for Canada to
review its current trade
arrangement with the
United States for a better,
fairer and more open one.)

TORONTO

October 4, 1985.

Throughout our history, trade has been critical to Canada's livelihood. Now, almost one-third of what we produce is exported. Few countries in the world are so dependent on trade. And simply put, trade means jobs. Yet our share of world trade has been declining. This trend ultimately threatens the jobs of many Canadians and the living standards of the nation as a whole.

Canada has faced critical choices in trade and economic policy at many times in our history. However, in recent years the international economic environment has changed profoundly. It is worth remembering what happened the last time there were profound changes.

Five decades ago the world was in the midst of the Great Depression. Countries everywhere called for protection of their own industries.

Restrictive trade policies were followed and they made things worse.

Canada and the United States were the first to act against the strong protectionist pressures of that time. We began, together the process of tearing down these obstacles to growth. Canada and the United States concluded a bilateral trade agreement in 1935.

More countries joined us in 1938. And the principles underlying the Canadian-American bilateral agreement formed the foundation of the post-war multilateral trading system.

For half a century Canada has pursued a policy of trade liberalization. Today more than ever, our prosperity and that of our partners depend on an expanding world trade and a growing world economy.

This government was elected to create jobs and growth. As one important step, we have embarked on a campaign to reduce trade barriers around the world and to enhance Canada's access to markets everywhere. Let me give you four examples.

We are pursuing these goals both on the multilateral front with all the countries participating in GATT and, as well, bilaterally, with our major trading partner, the United States.

At the Bonn Summit in May, at the OECD, and elsewhere, we joined with other Western governments in calling for a new round of multilateral trade negotiations to pick up where the Tokyo round left off. But consensus in the developed world is not enough alone.

So, for four months Canada has been working to narrow the differences between the developed and developing countries with respect to the MTN. This month, a delegation headed by a senior official of my department will be visiting Thailand, Korea, Malaysia, Singapore, Indonesia and the Philippines to try to get agreement on an agenda. Similar consultations have already been held in Columbia, Argentina, Ecuador and Peru.

This morning, I took part in a founding meeting of the Pacific Economic Cooperation Conference, whose purpose is to encourage economic and other cooperations between Canada and the countries of the Pacific Rim. It includes representatives of business, the academic community, federal and provincial governments and all political parties, and is designed to help us make the most of opportunities in the Pacific Rim, where we expect Canada's trade to grow more than anywhere else in the world. For ten years, immigration across the Pacific has exceeded that across the Atlantic. For the past three years, our trade across the Pacific exceeded that across the Atlantic. It is an ocean of opportunity for Canada.

And, finally, we have agreed to open discussions with the United States, which could lead to a new bilateral trading agreement between our two countries.

Our access to the American market is now in serious danger of being eroded. The Americans, in particular the Congress, are getting more protectionist by the day. The threat faces all regions of Canada, and a wide range of commodities. There are over three hundred protectionist bills in the Congress today. They either threaten or have already harmed \$6 billion in Canadian exports, and 140,000 jobs. They threaten our exports of lumber, steel, fish, uranium, agricultural products, raspberries, potatoes, salt cod, asbestos and even shingles and shakes.

That is today's list, coming from Congress. In addition, various States dream of other ways to stop our trade. This summer, for example, four western states slapped a prohibition on our pork, claiming they didn't like the antibiotics our pigs were being fed.

The most serious threat today is to the lumber industry, in every Canadian province except New Foundland and Prince Edward Island. Americans buy more than half of all we produce and 60,000 Canadian jobs depend on it and are continuing to do so. There are three separate bills now before the United States Congress, that would restrict our sales of softwood lumber. That adds up to a lot of Canadian jobs.

This is just a sampling. Canadian steel is under recurrent threat. So is sugar. And fish. And salt. And raspberries. And blueberries. And on, and on and on. There is even talk in the United States now of imposing surcharges on all imports, and that would be a severe blow to our economy. It has been estimated that a 10% reduction in our exports alone could throw a quarter of a million Canadians out of work. Even when the Congress takes aim at someone else (such as Japan), Canadian exports can be adversely affected.

So we have a threat we cannot ignore. Canada can't afford to lose those jobs, or to have them continue under constant threat. The arrangements we have now are not good enough. We need something better just to preserve Canadian jobs.

We also need the opportunity to review other American practices which limit Canadian opportunities. "Buy America" restrictions force Canadian companies to move to the United States in order to sell in that country. That is why Bombardier had to move a plant to Vermont to supply subway cars to New York. Much of our trade is tariff-free. Trade in other commodities such as petrochemicals is virtually prohibited by American tariffs. Restrictive trade practices, aimed at other countries often side-swipe Canada, as they have on steel. We need a better mechanism for settling disputes, and for calculating what is really a subsidy, on either side of the border.

That speaks of some of the obstacles we want to discuss with the Americans, in the interest of Canadian jobs and security.

But let's also look at the opportunities.

A better, fairer, more open trade arrangement with the United States would create new jobs, and better jobs. It would encourage new investment, not only foreign investment, but investment by Canadians as well, and that would build our industries and make them more competitive throughout the world. We would, in other words, be selling more products not only to the United States but to the rest of the world as well. Because we would be more competitive.

There are a great many Canadian producers who relish the challenge of greater access to a market of 250 million people. They are confident about their capacity to compete in a more certain North American environment. They have confidence in their capacity as managers and in the skills, know-how and diligence of their workers.

The Government wants these firms to flourish. We know that this is a more promising avenue to growth and employment than bailouts -- or taking a plunge into our own brand of protectionism.

Virtually since its inception the Canadian economy has been built on trade. The record of history is very clear. Our well-being as a nation depends on trade; strong trade performance provides more and better jobs. That, in turn, provides the stronger economy which enhances our capacity to invest in the social and cultural institutions which buttress our Canadian identity.

And that brings me to the final key point I want to make.

What the Government of Canada has done so far is to invite the Americans to begin with us negotiations about the trade between the two countries. Talks involve no risks. If negotiations proceed, we will see what we will see. We believe we can strike a deal that would be good for Canada. But we have no illusions. The Americans are hard bargainers. Horse trading is a tradition in both our countries and the essence of horse trading is that you close the deal only if you like it. If we cannot strike a deal that would benefit all of Canada, we will strike no deal at all.

So there may be no negotiations with the United States at all; their Congress may refuse even to consider arrangements which would limit their power to threaten Canada by protectionist bills. If a negotiation begins, it may come to nothing because Washington may demand a price which this government is not prepared to pay.

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That is not a new challenge - it would be a central question whether we took no initiative on trade or entered into better arrangements or, most particularly, if present protectionism caused a massive loss of Canadian jobs. Cultural industries and institutions depend particularly on a strong economy - in the private sector and in the public sector.

Nor is the question of Canada's sovereign identity new to me. Je connais quelquechose de mon pays dans mes deux langues. For eight long months, four years ago I fought and changed a constitutional measure, precisely because I believe it offended the nature of my country. In two public incarnations, I have had the honour to help the Canadian people express our nature in response to foreign crises, once in Ethiopia, once on the Indo-Chinese seas, with acts of generosity and sacrifice. Like my Prime-Minister, and many of our colleagues I came into active politics in response to Mr. Diefenbaker's vision and had the honour, a month ago, to announce sovereign decisions to ensure that northern integrity be proclaimed.

I know something about this country - its strength, its contradictions, its sense of vulnerability. My own view is that, in recent years, we have become much stronger, as a national community, much more sure of our ability to compete.

The Canadian vision of the New World is different from the American Dream. It is based on our own values, born of our culture, our history, our climate and geography. Canadians have a right to demand that their Government preserve these values and protect them.

As the Prime Minister said when announcing in the House of Commons the Government's intention to pursue this trade agreement, "Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character - these are the essence of Canada. They are not at issue in these negotiations".

When the "National Policy" was introduced in 1879 Canada was a struggling infant. Trade barriers were seen as a necessary part of a general economic program aimed at linking the new country together on an east-west axis, settling the west through a transcontinental transportation system, and building a domestic manufacturing sector.

But that new Canadian maturity does not reduce the concern that commercial negotiations, might somehow, diminish our cultural sovereignty. The questions becomes: how do we guarantee canadian cultural sovereignty during the trade negotiations.

The most extreme solution would be to refuse to talk about any subject that might have any relation to any part of Canadian culture. That could stop us from seeking better markets for Canadian books or films; it might stop the export of Moosehead beer. It could lead to decisions in advance, that we take other large categories of questions off the table, leaving nothing to negotiate.

A more realistic approach I believe, is to indicate clearly Canada's cultural integrity and sovereignty and then to involve the cultural industries directly in the process of any relevant discussions, or any negotiations that might occur. That is what we are doing.

But, in addition, because of the unusual importance of the question, I am meeting in the next two weeks with representatives of Canada's cultural industries, months before any possible negotiations might begin, to discuss with them directly the best ways to guarantee and assert Canada's sovereignty, both in the context of any trade negotiations and elsewhere. My colleague, the Honourable Benoit Bouchard, the Acting Minister of Communications, is interested in this process and will also follow it closely. We see the American market as offering great opportunities to Canada's cultural industries, and we want to ensure that opportunity is seized.

But the Canada of 1985 is not the fragile newcomer to the family of nations that it was at Confederation. We have come of age, and the expectations of our citizens have matured. It is now appropriate for Canada to be more assertive, both as to who we are and what we can achieve.

As I indicated earlier, our economic relations with the United States have grown steadily closer over the past 40 years. Does anyone seriously believe that Canadians have less sense of national identity today than we did in 1935? Is our sense of ourselves less vital now than fifty years ago?

Consider even more recent times. In the 1970's we witnessed seriously division between Quebec and the rest of Canada, and there were bitter quarrels between the eastern and western regions of our country. Those divisions had nothing to do with our closer economic relations with the U.S. They sprang from indigenous and historical sources. And we have overcome them. Canada today stands as a mature, united, country ready to assert its position in the world.

The decision to open negotiations with the United States will not weaken our sovereignty. It is an assertion of sovereignty in an increasingly interdependence world. It demonstrates our confidence that we can be as productive, innovative, ingenious, and efficient as our American partners.

Enhancement of trade with the U.S. could strengthen our economic base and provide us with increased means to finance excellence in education, the arts, science and technology, social programs, and national defence. That would strengthen our sovereignty and reinforce our sense of pride as a people.

The increased prosperity resulting from larger markets and a more competitive economy would surely make us more able and willing to pursue political and social policies appropriate to our own conceptions, values, and needs. That is the essence of sovereignty.

Sovereignty is a dynamic, not a static thing. It is constantly changing. It is not an artifact to be kept under glass and protected from the intrusion of change.

Countries acquire their sovereignty gradually. They build it, maintain it, and strengthen it by confronting and overcoming problems. That is how Canada has done it in the past. That is how we should conceive of sovereignty now.