

STATEMENT DISCOURS

SECRETARY
OF STATE
FOR EXTERNAL
AFFAIRS.

SECRÉTAIRE
D'ÉTAT AUX
AFFAIRES
EXTÉRIEURES.



86/23

"PREPARING FOR THE NEXT
CENTURY"

Notes for an address by the
Right Honourable Joe Clark,
Secretary of State for
External Affairs,
Montreal, March 14

OTTAWA

April 9, 1986.

Speech Highlights

- The government is proposing to improve and secure the quality and number of Canadian jobs by entering into trade negotiations through GATT and with the U.S.
- That policy "is for the world. We are getting Canada prepared for the next century - a century that does not belong to any one country, but to the world, ...".
- The provinces have a right to be heard when there are questions affecting their jurisdiction.
- Canada is part of the world. Canada is becoming stronger and able to compete in world markets. "We are on the leading edge of many new technologies that are going to provide the jobs and growth of the future".
- Negative attitudes to increased trade "simply sell Canada short ... This country can meet the best in the world and this country can beat the best in the world".

The purpose of this government is to have Canada stand strong in the world. In eighteen months in Government, we have turned around the decline in our economy. Canada's economic outlook has never been better - and ladies and gentlemen, we are just getting started. Michael Wilson's budgets are part of that strategy. So too is the leadership we are taking in trade.

What we are proposing is to improve and secure the quality and the number of Canadian jobs by entering into trade negotiations; first with the world in the new GATT round and secondly with our largest trading partner, the United States.

Those negotiations both assert our sovereignty and assure our sovereignty.

Ladies and gentlemen, all nations have opinions. Strong nations have influence. Economic strength in Canada means international influence for Canada. Sovereignty is a function of economic capacity as well as national will.

Other sources of our sovereignty - our culture, our clean environment, our distinctive social programs - those are not a part of trade negotiations. But they benefit from successful trade negotiations.

More trade means more growth, and more growth means more money in Canada to contribute to the arts, to help pay for social programs and to afford these other activities which help define our distinctive country.

For Canadian nationalists, the real question is how do we find the economic strength to exercise that sovereignty. The answer is that we can build that strength only if we come to terms with the opportunities that exist in the world of trade.

In 1935, when most of the world was busy building walls of protectionism, Canada and the United States successfully negotiated a trade agreement. The principles spelled out then foreshadowed the founding principles of the first General Agreement on Trade and Tariffs in 1948 - the GATT.

That was the first comprehensive multilateral trading agreement in the modern world. It paved the way for much of the economic well-being enjoyed by so many countries in the post war world.

Our purpose has always been to strengthen the multilateral trading system. And we do that in distinctive Canadian ways.

For example, we recognize that there is a difference in approach to the new GATT round between developed and developing countries.

There is need in the world for bridges. There is need for countries that are rooted in the developed world, as we are, which can connect with developing countries. We have been doing that. Jim Kelleher and I have sent trade delegations to Brazil, to Central America, to the ASEAN countries and to India, to sit down and talk about what can be on the negotiating agenda. To ensure that it is an agenda for the whole world - for the developing and the developed countries.

We have offered Montreal as the place where the Ministers can meet. Wherever the negotiations are, Canada will be there actively building a more open multilateral trading system that is strong enough to attract the participation and the support of all the countries in the world. That is the essence of our policy. It is for the world. We are getting Canada prepared for the next century - a century that does not belong to any one country, but to the world, and to the people who can compete in it.

Obviously that will include the United States. In September, after extensive consultations across Canada, the Prime Minister invited the Americans to discuss trade negotiations.

If they agree to negotiations, that could lead to a freer trade arrangement with the United States if such a deal would be in the long-term interest of Canadians. If we cannot make a good deal we will make no deal. Ladies and gentlemen, as someone who knows this country and has confidence in our strength and confidence in our vision I know that we can make a deal that will be in the interests of this country.

We have undertaken broader preparations for these new rounds, - trade rounds with the world and with our neighbours. Never before in Canadian history has there been nationwide consultation. We have established a national advisory group and Jim Kelleher will soon announce sectoral advisory groups. We will have the benefit in any negotiations of people with hands-on experience.

We are in addition breaking Canadian practice by establishing a new way to make the country work together. We are establishing formally for the first time the principle that there will be full participation by the provincial governments in these negotiations. That has never been tried before.

We believe that the provinces have a right to be heard when there are questions affecting their jurisdiction. Our view is that rather than use jurisdiction as a fighting matter, we should recognize from the beginning that there is a common interest in moving Canada forward.

If we have learned one thing in the last 12 years, it is that we have had enough of situations in which federal and provincial governments meet only to fight. We are one country and the way that we can act as a country is if we stop feuding about who has what right over what field and begin to work together.

It is not going to be easy to put that principle into practice. But we believe it is going to be far more fruitful to start that principle, than to proceed on the old divisive principle of trying to hide behind jurisdiction.

Ladies and gentlemen, Canada is a trading nation. A little more than 30 percent of our Gross National Product comes from exports. For comparison, Japan's figure is 15 percent, one half of ours, and the U.S. figure is 10 percent, one third of Canada's. Of the seven nations that gather each spring for the Economic Summit of developed countries, only the Federal Republic of Germany depends on exports more than we do.

The response of Canadians to the famine in Africa demonstrates beyond any question the determination of the people of this country to be part of the world. It also shows that there are developments in this world to which we are not immune, from which we cannot run away.

We cannot say to our people "pay no attention to the starving in Africa". Similarly, we cannot say to an international trading environment that is threatening jobs in Canada and providing opportunities in Canada "please, please world, exert your influence everywhere else except here". There is no opting out of the modern world. There is no opting out of the future.

We are part of the world, and we have to grow within it. Yet, in the last decade, this country, a country which depends on trade for growth, has been falling behind. While the rest of the world was looking outward, we were looking inward. While other countries reached out to seek new investments and growth, we drove new investments away.

That is now behind us. Those were the policies of the decade behind us. But this country, Canada, paid a price for that. We fell behind and only now are we starting to catch up.

Canada is becoming a stronger nation. Canada is working again. Canadians can be proud of our sophisticated and diversified industrial base. While some 60% of Canadian exports remain resource based, only a small fraction now leaves the country as raw materials.

Canada's economic recovery has been stronger than our trading allies. In the past 15 months, the Canadian economy zoomed ahead at a 6.1 percent rate of annual growth, more than double that of the U.S. More important, Canada's increase in productivity has been five times as great as for the U.S.

That means that Canada is prepared for the world. This nation is prepared for the next century. Since the recovery began, Canada has increased the value of its exports by 40 percent. That is double the increase after any recession since the Korean War.

Let me talk about the opportunities for Canada. If we come to terms with the world, we can secure many of our current jobs. But we will create many more, generating the kind of growth that will allow us successful adjustment and successful transition.

We, as the Chairman said a few moments ago, are proven world leaders in telecommunications, in transportation, in other fields of the next century. There is no one better. Here is one example: you know the reputation of Hong Kong for high technology capacity. Well, we sell microchips to Hong Kong. There are countless other examples.

We are on the leading edge of many of the new technologies that are going to provide the jobs and the growth of the future.

But we need a larger market. Just look at this fact: of the industrialized countries in the world with whom we compete, only Australia has a smaller domestic market. In a world in which the advantage goes to countries producing for mass markets, a small domestic market means that you are a step behind the competition.

Canada has the skills. We have got the self-confidence. We don't yet have the market. But we will find it in the area where most of our trading has been done. We are going to find it by securing and improving access to the markets that exist in the United States.

For better, or for worse, seventy-five percent of our exports go to the United States. More than 20 percent of theirs come to us. Between us, Canada and the United States do more than \$150 billion in trade each year. That's 50 percent more trade than the United States does with Japan. Canada and the United States, in fact, represent by far the largest bilateral trading relationship in the world.

A fair bilateral trading agreement with the United States will open up opportunities for Canadian industry to access a market of more than 200 million people.

That is the key to our ability to compete. That is the key to our ability to create jobs that are essential to the future of a country like ours.

Now, naturally enough some people approach these questions in fear. They think that in any negotiation Canada is going to be outsmarted. That attitude simply sells Canada short. We are too strong for that. This country can meet the best in the world and this country can beat the best in the world.

The real question isn't about what other countries are going to do to us. The real question is about what Canada can do for itself. This debate is a test of Canadian self-confidence. It is a test of Canadian maturity.

This is a strong, accomplished, confident country and we should act that way, because if we don't we put at risk the economic strength which will allow us to pursue distinctive Canadian goals and interests.

There is no question at all but that these initiatives involve a major step in Canada's growth as a nation. There is going to be controversy, but there is always controversy as a nation moves forward. Every reform is going to meet resistance from people who are comfortable with things as they were, or resistance from people who doubt the ability of Canada to stand on its own.

When Sir John A. MacDonalld wanted to build a large nation from sea unto sea he faced resistance, but now that large nation is a fact. When social programs were introduced into the Canadian Parliament in the 1940s there was resistance, but those reforms are now part of the permanent fabric of Canada.

What we are proposing is to build upon those strengths and not to have them put at risk as they would be if we continued to fall behind in the changing world of trade.

Ladies and gentlemen, the country has come a long way. We have built our skills and our identity and our confidence. We live in the world, indeed we thrive in the world and the new opportunities in trade give us the chance to achieve new growth, create new jobs and continue to fortify and assert our distinctive identity. That is what we are here to do.