

# News Release

Secretary of  
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# Communiqué

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NOTES FOR A SPEECH BY  
THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS,  
THE RIGHT HONOURABLE JOE CLARK,  
HOSTED BY THE CALGARY CHAMBER OF COMMERCE  
ON  
INTERNATIONAL TRADE OPPORTUNITIES FOR CANADA

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Affaires extérieures et  
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International Trade Canada

Canada

I want to begin by thanking the Chamber of Commerce for their wholehearted help in improving the connections between the Department I run and the region I come from. We have two basic purposes. One is to give my officials a better, more direct, understanding of Western Canada. The other is to help Western Canadians understand more about foreign policy.

The merits of teaching the bureaucrats go without saying. It is an article of faith in Alberta that Ottawa does not understand. Indeed, some people have inflated that simple proposition into a full-bore one-note political philosophy. But the proposition is also true. In a sense, in a large country, and a complex age, it will always be true, about every region. But there is a particular alienation in Western Canada, which has a genuine basis in legitimate grievance, which can be exploited by extremists, and which could divert into sour dead ends some of the most creative energies available to the country. That alienation can't be understood at long distance and can be overcome only if people of goodwill meet. Which is why my officials are here, and why I hope to persuade more of my colleagues in Cabinet to make similar efforts. Our success this week in Calgary will influence that process.

The other purpose of this experiment is to help broaden the understanding of foreign policy. That becomes increasingly important as the world changes so profoundly. No nation is an island but we, more than most, are effected by developments around the world. We depend on trade more than any other developed country, so the exchange rates and trade tactics and political stability of other nations effect jobs in Canada directly. We have a vast environment, vulnerable to industrial practices in the United States or Latin America or the Soviet Union, or the over fishing of Spain or Portugal. We are multicultural society, and disorder elsewhere is often echoed here.

Foreign policy isn't foreign anymore. Events in these countries directly effect our jobs, our climat, our social order. So it is important that we understand those events, and seek to influence them constructively.

This is a time of extraordinary change. I will speak in a moment of Eastern Europe, where no one could have predicted the scope and pace of recent change and, more significantly, where no one knows what will happen next.

But historic changes are also emerging elsewhere.

In South Africa, after relentless pressure from the Black majority and its friends outside, including prominently Canada, the Pretoria government maybe considering basic changes in the apartheid system.

In Latin America, once dominated by dictatorships, democratic elections are becoming the rule. Debt is becoming to be addressed. A UN Observer Force, which Canada helped fashion, is in Central America, helping the five Presidents pursue their common plan for peace.

Western Europe, cautiously but steadily, is heading toward economic union, and in 1992 will become the largest single market in the world.

Japan is emerging not only as an economic superpower but perhaps as the economic superpower of the next centuries. So startling is the burst of power of the Pacific economic miracle that Americans, when polled, now identify Japan as a greater threat to the long term security of the United States than the Soviet Union.

That startling perception of the American population illustrates not only their changing view of the Soviet threat. It also indicates the effect of economic change on political reality.

And that, of course, is the lesson of the Soviet Union and Eastern Europe.

While many of the changes there have a political face, they almost all have an economic base.

Karl Marx was correct in pointing to the pervasive effect of economic reality on political systems. He was profoundly wrong in suggesting the direction his influence would leave the world.

The reality is the Soviet citizen, sick of perpetual promises of prosperity unfulfilled, unwilling any longer to sacrifice his life for a utopia in which he no longer believes - and in which he knows he will not participate.

The reality is the Polish worker, unable to feed his family, discarding the slogans of a failed ideology, and embracing the alternative of freedom.

The reality is the Romanian peasant, suffering decades of brutal repression and deprevation, rising with his fellow citizens in a brave popular revolt.

It is now impossible to argue that Marxism has not failed. The people of the Eastern Bloc are declaring this daily. And governments themselves are acknowledging its truth. Marxism is fading not because it is regarded by it's subjects as wrong; it is being abandoned because it doesn't work. It doesn't deliver.

But it is easier to reject a bad system than to build a good one.

Having wrested power from the old regimes, the new regimes must learn how to exercise power. And a new sort of power. Democratic power. The most subtle form of government.

None of these countries has had recent experience with democracy. And in many of them there is no history of democracy. Teaching tolerance in societies which have spent the last forty years enduring intolerance is not an easy task. The limits of acceptable debate and discourse are not easy to define. Democracy is not a gadget to be assembled with an instruction booklet. It is a state of mind, a cultural habit.

On Friday, at the Nickle Arts Museum, the Magna Carta will be put on display. That document, a contract between King John and his people, was signed in the year 1215 - 775 years ago. The deal it consummated was the birth of the British democratic tradition - a tradition on which Canadian democracy is ultimately based. In the 775 years between the signature of the Magna Carta and today, civil wars have been fought in Britain over the development of democratic principles. Riots have occurred. Kings have been be-headed. Eastern Europe is attempting to do in a matter of months - peacefully - what has taken us almost eight centuries to achieve.

One year ago, not one country in Eastern Europe had held a democratic election in over forty years. By the end of this year, with the exception of Albania, the ballot box will have been tried in every country of the region.

It is probable that most East Europeans would like to throw out the Communists. And, even with the short notice available for opposition parties to form themselves and campaign, it is probable that Communists will not fare well. So what awaits these brave, pioneering democrats? What awaits them is what will have brought them to the power in the first place: economies in a state of virtual collapse, in such bad shape that it would almost be easier to start from scratch than to salvage prosperity from the mess which now exists.

The problems vary in degree from country to country. But there is a common illness with a common pathology. We know the symptoms:

- outdated, and in some cases non-existent infrastructures;
- old, inefficient and outmoded industrial sectors;
- mountains of foreign debt;
- inflationary pressures;
  
- price and wage structures totally unrelated to real costs;
- and currencies barely worth the paper they are printed on.

Finally - and perhaps most importantly - there is a crisis of attitude. We tend to think that initiative is innate. That born in every human is the desire to compete, to make a profit, to get out there and hustle. But these habits too are cultural. They are not automatic. It is a contradiction in logic to suggest that one can "teach initiative" any more than one can legislate democracy.

We hear stories of farmers in Eastern Europe frustrated by no longer being told what to produce or what to charge for their products. We also hear stories of angry factory managers whose customers are no longer identified in advance and whose suppliers are no longer pre-ordained. Developing a democracy in twelve short months is daunting enough. But developing democracy and conducting an economic revolution at the same time is almost unimaginable. The dangers are clear. Democracy rejects repression. People are allowed to do what they want. But what if they don't want to do what a successful market place requires? What if they sit back and wait for the state to tell them how to be free? What if they resist the promise of profit and seek refuge in the predictability of a managed economy?

There is an even more serious danger. It is this. The period of economic transition will be difficult and, in some cases, frightening. Wages will drop. Prices will rise. Unemployment will soar. The danger here is that democracy, not the previous regime, will be blamed for the misery.

Canadians, properly, want to help transform Eastern Europe and the Soviet Union. We are sending Food Aid and technical compensation, rescheduling debt and encouraging trade and investment and participating fully in the new Bank for European Reconstruction and Development. And there is much more that the Canadian government and people must do. The point I want to leave with you about the East Bloc is that the changes have just begun, and the easy part is over. We must understand what is happening and make a long-term Canadian commitment to help.

Today, I want to focus on the set of economic opportunities these changes in the world offer Canadians and Albertans.

We are a nation which is trusted the world over. Our long history of straightforward diplomacy, our track record of adherence to agreements once negotiated, our tradition of being an honest broker have earned us a reputation to be cherished.

It is to be cherished not because it is honourable - although it is. It is also to be cherished because nations trusted in diplomacy are nations trusted in trade.

We are also well placed because we have a successful and respected market economy. The world sees our commitment to a free economy as enduring not because we say so but because our history provides proof of this commitment. In a world where the market place is being discovered, our new land stand as an old beacon of stability and prosperity. And despite periodic problems and difficult times, our natural abundance and hard-earned wealth stands in stark contrast to the poverty and chaos so evident in other corners of the globe.

But perhaps our people are our greatest asset. Canadians are accustomed to praise of their multicultural society - of its uniqueness and relative social peace. But our ethnic richness is also a business asset.

We should prize that asset, and encourage the distinctive contributions that different Canadians can make to our collective prosperity.

One in ten Canadians is of East European or Soviet ancestry. Thousands more come from Asia and the Pacific, and know the languages, know the customs we have to master in this global economy.

This is an extraordinary national resource. Canada, better than most, can tap the intimate knowledge of customs elsewhere, of other societies, of other languages to sell our products abroad and attract investment to Canada.

This rich cultural tapestry is also related to a very profound psychological asset. And that is that Canadians are an outward-looking people.

The last election sent a special message. The message was not so much that Canadians supported free trade. The message was that Canadians are confident enough to look beyond their borders, to take risks for themselves - prudently and responsibly - and to shape and manage change rather than to deny it.

Although the free trade agreement was a monumental accomplishment for the future of Canada - and it was accomplished with great difficulty and effort - it was also in many ways the easiest step to take.

I do not mean easy in the sense of the degree of difficulty in negotiating the text. Rather, the US is a relatively familiar market for Canadians - because of the similarities of our two peoples - our shared heritage, our long history of co-operation, our geographic proximity, our common use of English.

But the future opportunities for Canadian trade lie beyond North American shores - in the Pacific, Latin America, and Europe - East and West.

While the United States is, and will remain for the foreseeable future, our most important trading partner, the hope for new growth in trade opportunities lies in these other regions. Free trade is not the last word. It is the first step. A way to consolidate our economic foundations so that we can take on the new world beyond.

To make the point even more clearly, the health of the American economy - which will obviously help determine the growth in Canada\US trade - is dependent on expanding market opportunities abroad. Therefore, a successful FTA is itself dependent on new trading relationships elsewhere.

If we are to become masters rather than victims of our economic destiny, we must learn the ways of our competitors. We can not expect them to accommodate our preferences, our practices, our peculiarities.

I have talked to Canadian businesspeople who are boldly developing new initiatives in the Soviet Union. They are men and women of vision and imagination, people used to risk who thrive on challenge. But for many of them the Soviet market is strange - uncomfortably unfamiliar. There is the language. I mean here not simply language in the sense of the spoken word. I also mean the vocabulary of business. They discover that fundamental concepts - which Canadians treat as second nature - are often only just beginning to be understood in the Soviet Union. There are different customs. The system remains a bureaucrat's dream and a businessman's nightmare. The decision-making process is opaque. The players are innumerable.



In the Pacific there are also formidable challenges at hand. Language is one of them. At some point in time, the Japanese, as the rising giant of much of the global economy, will start to expect those with whom they deal to respect more fully their culture and customs, to understand their language and to adapt to them rather than them adjusting to us.

We may not like this prospect. It's not a comforting reality. That it is inevitable. It is also natural. For decades, the United States has functioned successfully in the world economy using the English language.

It has done so, however, because it has been dominant, not because others preferred its habits.

As the trading system becomes less dominated by the United States, the challenge for Canada become more serious. As an illustration, Canada has 1,200 full-time students of Japanese. Australia, with half the population, has over 15,000. Canada clearly has a job to do.

Paradoxically, as the world market becomes more integrated, the market edge will lie with those who can accommodate to differences rather than commonalities. This is particularly clear when one realizes that so much of future trade will be in the service and information system sectors. Here, we are selling more than just widgets. We are selling the capacity to communicate clearly, quickly and efficiently.

Let's look at the Pacific region for a moment. The facts speak clearly and compellingly:

- Since 1970, Asia's share of global output has doubled.
- By the year 2000 the GNP per capita of Japan will exceed Europe's.
- Japan has become the world's banker. The top 21 financial institutions are Japanese. Japan, together with Korea, Taiwan and Hong Kong, have \$250 billion in currency reserves.
- By the end of the century, the Pacific will contain 60 percent of humanity, 50 percent of global production and 40 percent of global consumption.
- The trade between North America and the Pacific was \$20 billion in 1970. Now it is \$275 billion. It could rise to \$1 trillion by the year 2000. Investment will grow exponentially.

- In 1983, Canada's trade with the Pacific surpassed our trade with Europe. In 1988, Pacific trade increased by 30 percent - to \$17 billion. We expect Canadian exports to the region to grow by at least 50 percent by the year 2000.

- Four of our ten largest markets are in this region.

- B.C. trades with Japan more than it does with the US.

- The four Western provinces account for about 3/4 of all exports to Korea and Japan, and 90 percent of exports to China.

This is our new reality - the new challenge and the new opportunity.

Yet simply describing the future does nothing to assist in turning it to our advantage.

Saying Canadians must think globally is only the first step. We must act globally:

- To be present globally, we must be present locally - around the world.

- To be successful around the world, we must do more than produce the products - we must sell them.

- And to sell them, we must not only know our products - we must know our customer.

Let me describe some of the initiatives we are taking as a Government. These initiatives are based on a fundamental premise: that it is not the Government who will develop the markets. It is business. But Government has a role in giving business the opportunity to exercise its genius and initiative; in opening doors, providing resources and building partnerships.

First, concerning the US, we are following through finally on the FTA, ensuring Canadians are well served in the discussions over subsidy and countervail.

But we will also expand our programs for business:

- Our trade show participation will triple over what it was two years ago to 400 events involving 72 industrial sectors and 10,000 companies - 95 percent of which will be small and medium-sized. We can expect this to lead to \$2 billion in sales, generating 50,000 jobs.

- We will spend \$20 million this year on export promotion, a 50 percent increase over this year. Our experience tells us that every \$1 spent on promotion generates \$150 in new business.

- The NEW EXPORTS TO BORDER STATES PROGRAM will involve 55 missions and 2,000 participants, bringing businesses together in the Northern US.

- There will be a follow-up with the 900 companies which recently attended cross-country seminars to take advantage of the 40,000 new US Government procurement opportunities worth over \$3 billion.

In the East Bloc, the emphasis will be on facilitating new business and helping fledgling free markets develop firm roots.

In Asia, the Prime Minister announced last Fall in Singapore a \$65 million 5-year program called Pacific 2000. This will include:

- A Pacific 2000 language program to teach Canadians the language of commerce of the future.

- A Japanese science and technology fund to strengthen Canada's technology base using joint projects and strategic partnerships.

- New large-scale trade exhibitions and tourism promotion.

- New satellite trade offices in Japan and Korea.

Finally, in Latin America, where the economic prospects are long term but nonetheless significant, we will pursue the large potential market for Canadian goods. Our Latin American strategy has been portrayed in the media solely in terms of membership in the Organization of American States. However, we have not just joined an organization; we have assumed our place in this hemisphere - a hemisphere which is turning towards democracy, and whose rediscovery of democratic principles will surely lead to economic growth - and opportunities for Canada.

Latin America has a population approaching 600 million, immense wealth in natural resources and a well-educated labour force.

Even now, trade with this region is important. Our exports to the region exceed that with Italy and France taken together. And our two-way trade is equivalent to that with China and ASEAN combined.

One example of the potential of this market is canola. There is a \$100 million market in Mexico, our largest trade partner in the region. We have sent a mission to Mexico to seek to exploit this market.

In the oil and gas sector, nine Alberta companies will visit Venezuela in few days on a mission organized by my Department. There will also be substantial Alberta participation in similar missions to Mexico and Brazil later in the year.

Just last week, I hosted the largest delegation of Cabinet Ministers ever to leave Mexico. This unprecedented meeting of the Joint Ministerial Committee examined ways to expand trade in a variety of areas.

In the future, we will expand our contacts with provincial governments in developing partnerships in trade promotion and participate in important regional trade fairs.

I believe Alberta is well-positioned to turn challenge into opportunity. The demand for our energy resources will increase; our agricultural expertise is world-class; our innovative high-technology sector is blossoming; and our human resources are rich in talent and ethnic diversity.

The future belongs to those who are willing to build upon the past, not simply to rely upon it. It is a future for traders. It is a future for Albertans.