

STATEMENT DISCOURS



NOTES FOR A STATEMENT BY
THE HONOURABLE JEAN-LUC PEPIN,
MINISTER FOR EXTERNAL RELATIONS,
BEFORE THE CHAMBER OF COMMERCE
CANADA/BRAZIL

SAO PAULO
NOVEMBER 23, 1983

I would like to say first how pleased I am to have the opportunity to address such a distinguished audience and would like to thank the Brazil-Canada Chamber of Commerce for making the occasion possible.

As you may know, I have just arrived from Brasilia where I had the opportunity to meet with President Figueiredo, Chancellor Guerreiro, and other Brazilian Ministers. We reviewed with politicians and officials in some detail the state of the Canada-Brazil bilateral relationship and exchanged views and perceptions on a variety of important hemispheric and international multinational issues of mutual concern.

With satisfaction both "teams" rejoiced in the impressive expansion and strengthening of Canada-Brazil links which have taken place in recent years. Yesterday morning, for example, Foreign Minister Guerreiro and I inaugurated and participated in the opening discussions of the first meeting of the Canada-Brazil Political Affairs Consultative Committee.

The fairly detailed exchange of views on multilateral issues by this Committee is one more element in the consultative process between our two countries which, since 1976, already comprises a Joint Economic and Trade Committee. That framework is conducive to greater understanding, cooperation and friendship between us, at the government level.

I am especially glad to be here when we are marking the tenth anniversary of the incorporation of the Chamber which has worked and is working so hard to further the ties between our two countries.

What a pleasure too to be in the City of Sao Paulo which has held such an important place in the life of Brazil and which is known the world over as a vigorous and thriving centre of commercial and industrial activity.

Canadians like to think that they have played no small part in the development both of Sao Paulo and of Brazil as a whole. The first Canadian trade mission to Brazil took place at the end of the last century and Canadian investment in the initial electrification of this city was for a long time one of the largest investments made abroad by my country and one of the largest foreign investments made in yours.

The economic links between us have continued unbroken to this day bringing benefits to both our countries. That is not to say that we have not had our problems or differences in trade, economic or other matters, but I think I can say without qualification that we have always tackled any difficulties in the frank and open manner which has become a characteristic of the relationship between us.

The increased importance which we Brazilians and Canadians have come to attach to our commercial and trade links in recent years is shown by the agreement in 1976, already referred to, to establish a Joint Economic Committee to review our trade and economic relations, and by the emergence from this Committee of the Industrial and Agricultural Sub-groups.

There has also been an increasing number of reciprocal visits and interchanges of missions, culminating in the official visits of our Prime Minister, Mr. Trudeau, to Brazil in January 1981 and in the much appreciated visit of President Figueiredo to Canada in 1982. In the "climate" being favourable, much has resulted to our mutual benefit in recent years notably in investment, in joint ventures and licensing, in the provision of lines of credit through the Canadian Export Development Corporation, through considerable investment of private banks and corporations and in aid through organizations like the Canadian International Development Agency.

Through initiatives at home in Canada and in Brazil, Canada has become a major participant in the process of helping Brazil meet the challenges of development while at the same time establishing Brazil as the largest export market for Canadian goods and services in Latin America.

In fact, our exports to Brazil have continued to fluctuate between \$500 - 600 million during the past few years despite the decline in overall Brazilian imports. Even in these difficult times, I am pleased to note that Canada is still providing Brazil with important and much needed imports such as wheat, coal and fertilizers.

On the domestic Brazilian industrial scene, notwithstanding Brazilian acquisition of a few of these such as Brazilian Traction, Canadian companies continue to prosper and one of them, Moore Corporation, is expanding its operations in the country and will be opening a new plant in Recife next week.

I would like to think also that the sale last year of a domestic telecommunication satellite has broadened the scope of cooperation with Brazil in high technology areas and that the sale will lead Brazil to consider buying other Canadian products, such as Video Text (Telidon) in which Canada is a recognized world leader. There are many others among you, Canadian businessmen, I know, who consider Brazil a good investment for the good opportunities it offers for the production here of manufactured goods.

While I am, of course, interested in the exports of Canadian goods and services to Brazil, I welcome as part of a mutually beneficial and balanced relationship the efforts that Brazilians have made to develop their export markets in Canada. I think the Brazilian authorities would agree with me when I say that Canada is one of the most open markets in the world with very few restrictions on imported goods and services. Indeed, Brazil has been increasing its exports to Canada of late and indications are that our imports of Brazilian goods should surpass and exceed \$400 million this year.

We are even encouraging greater efforts on the part of Brazilian companies to sell to Canada. For example, the recent seminar sponsored by this Chamber on "How to Export to Canada" was an important and innovative event to which the government lent its support. We are now awaiting missions and exhibitions by Brazilian companies in our own trade fairs.

Brazilian manufacturing industries, in spite of the current and, let us hope very temporary contraction, have seen remarkable advances since the Sixties. One thinks immediately of this country's aeronautical industry which transformed itself in the brief space of twenty years and which has produced sophisticated aircraft, sub-systems and components for military and general aviation purposes in a number of countries including Canada. Brazil is firmly on the world stage of aeronautics, assisted, I might add, with Canadian technology in the form of Pratt and Whitney engines.

Gains in the value of exports of manufactured products from Brazil will help reduce its proportional dependency on commodity earnings which are so prone to severe price fluctuations. It is true that harsh times and a restrictive economic environment have limited the absorptive capacity of most economies in the world, including that of Canada, for some types of manufactured goods, but I repeat, I believe Canada has shown a genuine openness and willingness to assist other countries in time of crisis. My country remains a forthright spokesman for the merits of an open trading system and we welcome any effort by Brazil to increase its marketing thrust in Canada.

By working together in areas such as these and through the efforts of people such as yourselves, Brazil has conquered many of the technical, commercial and investment obstacles which it has confronted in the past. It is our sincere opinion that this will -- as it must, continue in order that a secure and expanding economic future is prepared for new generations of Brazilians and Canadians alike. In this respect, I am pleased to announce that agreement in principle has been reached on a double taxation accord between Canada and Brazil. Final approval of this measure will be reached when both sides have made the necessary procedural arrangements in their respective jurisdictions.

There is no doubt that because of the many similarities between us -- we are both large, resource-rich countries with an industrial potential which is just beginning to be realized -- there will be times in the future when we find ourselves in competition. This is part of a normal trading environment. To compensate we must develop the more contemporary forms of trade between the two countries: specialization, joint ventures, cooperation in Third countries, tourism, financial cooperation. In this context, I would like to reaffirm Canada's commitment to participate in multilateral efforts to help Brazil resolve its current financial difficulties. The process of overcoming these problems is necessarily a complex one but solutions are being found. The Canadian Government and banks believe that the international system of financial institutions, both public and private, is able to assist Brazil out of the current situation. Individuals and institutions around the world are more and more cognizant of their role as members of an interdependent world community. We must accept our obligations to bring collective support to one another within the framework of multilateral institutions. The challenges are, of course, great but the price of failure is enormous. By countries such as ours working together at all levels, I am confident that these challenges will be met.