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85/15

NOTES FOR AN ADDRESS BY
THE HONOURABLE HARVIE ANDRE,
MINISTER OF SUPPLY AND SERVICES
AND RECEIVER GENERAL FOR CANADA,
TO THE
BRAZIL-CANADA CHAMBER OF COMMERCE.

SAO PAULO, BRAZIL
MARCH 19, 1985

Thank you.

My wife, Joan, and I came to Brazil as the Canadian Government's official representatives to the inauguration of Dr. Tancredo Neves, your new President.

It has been a very interesting week for the two of us, since we have never been to Brazil before. I must say, we would have liked to stay longer and see more of the country. It is hard to get to know a country, as large as Canada, by visiting only three of its cities,

That would be the same as you coming to Canada and visiting Toronto, Montreal and Ottawa. You would miss the best part of the country, my home town, Calgary and the Rocky Mountains.

Having been here once, I am sure that we will come back again to see some of the things that we have missed on this trip.

As a Member of Parliament and a Cabinet Minister in a democratic government, I must say I am pleased to see your country returning to a more open, democratic system of government.

I speak for Prime Minister Mulroney and for all Canadians in wishing Dr. Neves and his new team every success in the years ahead.

The Government that I represent, the new Progressive Conservative Government, has just come to power in Canada having been out of office for almost twenty years.

So, I have an appreciation of some of the difficulties Dr. Neves will be facing as well as the opportunities he has to take Brazil into a new era.

This seems to be the week of new Presidents in Brazil. I understand that you are electing a new Board of Directors and a new President for the Chamber. I would like to wish Gary German every success in his new post and encourage his efforts to develop closer working, and social, relationships between Brazilian and Canadian businessmen...both here and in Canada.

I am told that the Chamber has full-time offices in Toronto as well as Sao Paulo and that its Toronto manager was awarded the Order of Rio Branco by the Brazilian Government in 1984. It is organizations like your's that do so much in promoting growth in trade, investment and technology transfers.

These objectives contribute to economic development in both countries. More importantly, I think they contribute to understanding, awareness and acceptance of our differences and our similarities.

My Government is putting a high priority on private enterprise and the voluntary sector in leading economic recovery, creating wealth and solving social and economic problems. There are so many things that you can do, as a private non-profit organization that are not possible in the rarified atmosphere of official government-to-government relationships.

I think that I am the first Minister of the new Canadian Government to visit Sao Paulo. Sao Paulo represents the post-war economic miracle of Brazil and is the heart of your industrial strength.

After our meeting here, Mrs. Andre and I will be taking a helicopter flight over the city, which I am told, is the only way to get a panorama of this huge industrial centre.

One of the major objectives of the new Canadian Government is to promote and stimulate international trade. My Prime Minister, Brian Mulroney, went to New York shortly after the election and said in no uncertain terms 'Canada is open for business again'.

I am here to tell you the same thing. Canada is open for your business. Canadians, I know, want to develop more business in Brazil.

Brazil-Canada bilateral trade totalled almost \$1.5 billion Canadian dollars last year. This was an increase of over 30% from 1983, and makes Brazil Canada's largest trading partner in South America.

In fact, I was surprised to discover that Brazil is a more important market for Canadian exporters than either France or than Australia and New Zealand combined.

You are buying many commodities that we produce in Western Canada - wheat, potash, coal and sulphur. And you are also sourcing in Canada sophisticated manufactured goods like satellites, aircraft engines, computer components and telecommunications equipment. These are manufactured in all parts of the country.

For Brazil's part, you are doing better in the Canadian marketplace than you have ever done before. Brazilian exports were up 34% to a record \$670 million. This total is made up of a wide variety of products.... something like 600 different items, including fully manufactured goods, entering Canada from Brazil.

This is the type of bilateral trade relationship that works, almost equal contributions from both partners representing both commodities and value-added goods.

Of course, we can each do better than we are doing. Brazilian exports to Canada represent only a very small percentage of our imports and I'm sure the same thing is true on the other side of the ledger.

I understand from your President that a goal of the Chamber is to achieve annual exports and imports of \$1 billion each way by 1986. The way you are going right now, you should be able to achieve and even exceed that target.

As I said earlier, the Canadian Government is committed to the expansion of free trade around the world. You can count on us not to be putting in place barriers to free trading relationships. Hopefully, you should see us...to the extent possible...reducing some of the barriers that presently exist.

I should tell you that we are also committed to a more aggressive marketing and sales effort around the world. As a government, we are going to be working with the private sector to promote Canadian goods and services.

After all, we produce very good products and we have world-class expertise in many areas, especially telecommunications and transportation.

As part of your aggressive approach to selling Brazilian goods and services, we would like to see more of you visiting Canada, and spending time in our country, getting a feel for new opportunities and looking for situations where you have a competitive edge.

Of course, while you are there, we will help you develop an increased awareness of what Canada has to offer. That is the only way we can continue the growth of mutually beneficial commercial relations.

Trade is only one aspect of the economic relationship between our two countries. Another, just as significant, is investment.

The latest statistics available show Canada ranked sixth as a source of foreign investment capital in Brazil. According to the Brazilian Central Bank, official investment and re-investment was valued at just short of \$1 billion. That is not the estimated market value based upon assets controlled, which would be considerably higher.

Canadian statistics show Brazil to be the fourth ranked recipient of Canadian investment abroad, after the United States, Britain and Australia.

As we know in Canada, investment capital is critical to a developing economy. It is the fuel of growth providing the jobs and the technology to produce wealth.

When I look at the number of Canadian firms with major investments in Brazil - Alcan, Brascan, Moore Corporation, Noranda, Massey-Ferguson, Bata, Seagrams and the major Canadian banks - I am impressed by the extensive commitment they have made to Brazil.

I am told that there has been a significant increase in the number of smaller Canadian firms looking at establishing operations in Brazil. In this sector, there are almost unlimited opportunities for joint ventures, licencing and transfer of technology etc.

In this regard, I am pleased to note that the Brazil-Canada Tax Treaty has been signed and now awaits congressional and parliamentary ratification. I know your Chamber has been actively pursuing this Treaty for some years since it will further facilitate investment flows between our two countries.

In addition, the Canadian International Development Agency, CIDA, has just completed its first five-year program of development cooperation and assistance. I understand CIDA is now embarking upon a new \$23 million program with particular emphasis on technical cooperation in telecommunications, agriculture and the sciences.

As I mentioned earlier, the new President of Brazil heads a government faced with serious challenges as well as unique opportunities. Since Canada faces many of the same challenges and opportunities, there is certainly scope for our two nations to work together.

The major challenge is to reduce the high levels of unemployment and under-employment that exist in both countries. One of the ways that this can be done is through the development of new products and technological capabilities to increase our competitiveness in the international market place.

Of course, that raises another challenge, that of the education and training of our youth and, to some extent, the retraining of a large part of the work force so that we can improve productivity and adapt to changing technological requirements.

We cannot meet those needs within the context of rapidly spiralling public debts which draw scarce resources into interest payments rather than productive, job-producing investments. That is why one of the most important priorities of my government is the reduction of our annual deficit.

Certainly, in improving Canada-Brazil bilateral trade relationships, we can help each other create new jobs. But, there are also areas in which we can assist each other's efforts to win contracts in other countries...especially where we have complementary skills and resources to offer countries, in Africa or the Middle East for example.

We can help each other transfer technology through an increased level of exchange among our doctors, scientists, technicians and students under the technical cooperation program.

And, of course, in working more closely together, we should be able to use our different points of view and different approaches to problem-solving to create new technologies that we can market to the

world. The basis of expanding bilateral trade is the private sector in both our countries. For this reason, I can assure you that the Government of Canada is ready to do its part to lay the groundwork for enhancing the cooperative efforts between the Brazilian and Canadian private sectors.

In conclusion, let me just say that, at the international level, my government is also committed to becoming more active in the pursuit of international peace and stability.

I am sure that the new Government of Canada and the new Government of Brazil can pursue this goal with the same vigour and commitment as your Chamber works towards improved bilateral economic relations.

Thank-you, I will be happy to answer any questions that you may have.