

Statement

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**NOTES FOR AN ADDRESS BY
THE HONOURABLE RAYMOND CHAN,
SECRETARY OF STATE (ASIA-PACIFIC),
TO THE PACIFIC BASIN ECONOMIC COUNCIL**

**VANCOUVER, British Columbia
December 1, 1995**



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of Canada

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Canada

I would like to thank the Pacific Basin Economic Council - Canadian Committee, the Asia Pacific Foundation of Canada and Industry Canada for their invitation to speak to you today. Having just returned from Ottawa, which has been pelted with snow for the past three weeks - and another 30 centimetres last night - I guess I'm a true "B.C.er" when I say the rain of the west coast is certainly a welcome sight!

I am pleased to have the opportunity to speak to you today about the role of the federal government in international trade and more specifically, in increasing our trade with the countries of the Asia-Pacific region. A key part of my job as Secretary of State (Asia-Pacific) is to enhance Canadian export opportunities to the region. As our government has clearly demonstrated during the two years we have been in office, trade - exports, investment and technology transfer - is central to sustaining Canadian prosperity. The export of Canadian goods and services accounts for over one quarter of Canada's gross domestic product. Directly and indirectly, exports sustain over two million jobs in Canada. Most importantly, the export sector has been the most dynamic element in stimulating economic growth in Canada. For all these reasons, international business development holds a high priority on our government's economic agenda.

Considerable progress has been made in recent months to bring down trade barriers in order to facilitate a better trade environment for Canadian businesses. We've had a successful conclusion, after almost seven years of negotiation, to the Uruguay Round of the GATT [General Agreement on Tariffs and Trade]. We've committed ourselves to the North American Free Trade Agreement - NAFTA. And we've worked hard to build bridges to Asia-Pacific markets through such vehicles as ASEAN [the Association of Southeast Asian Nations], ARF [the ASEAN Regional Forum] and through APEC [the Asia-Pacific Economic Co-operation forum]. I would like to spend some time today discussing the latter of these vehicles, APEC.

But before outlining the results of last week's APEC Ministerial and Summit in Osaka Japan - which I attended with Prime Minister Chrétien and Ministers Ouellet and MacLaren - I would like to take a moment to point out that, at the Summit, I had the tremendous privilege of announcing that Vancouver will host the APEC Ministerial and Summit in 1997. As Canada's gateway to the huge Pacific market, Vancouver is the engine behind Canada's new focus on the entire region. The APEC meetings will not only generate significant economic benefits for the entire city, but they will also put Vancouver on the map of every leader in the region.

APEC is presently the fastest-developing multilateral organization in the world. APEC enables Canada to pursue specific objectives such as expanding trade opportunities, promoting investment and trade liberalization, and protecting the environment. It provides an opportunity to match the region's

needs to Canadian capabilities and to improve business opportunities and co-operation in sectors of key interest to Canada, including energy, fisheries, telecommunications, transportation and tourism.

This year's Summit proved to be a huge success; with all 18 member economies following up on the Indonesian summit of last year with bold steps toward the removal of all trade barriers by a specified date: 2010 for the developed economies, 2020 for developing ones.

There are three important outcomes of this year's meetings.

The first is the "Action Agenda." As you will have read, APEC members developed an Action Agenda - a framework to fulfil the vision of free and open trade and investment. Many of you also will have read the speculation in the press prior to the meeting as to whether ministers and, through them, leaders would be able to reach an agreement on the Action Agenda. Some predicted the demise of APEC if leaders were unable to reach a consensus on how to proceed with implementing the Bogor Declaration.

One of the stumbling blocks was the issue of comprehensiveness - that is, whether APEC applies to all sectors. The Japanese, Koreans, Chinese and Taiwanese, for example, argued that agriculture should receive "special treatment." Canada's position, on the other hand, was that there should be no exclusions in initiating our pursuit of broad trade liberalization and facilitation.

Fortunately, as you know, ministers were able to agree, and the Osaka Action Agenda was approved and presented to leaders when they met on November 19. APEC leaders adopted the Agenda at the start of the meeting without any amendments. The Agenda sets the framework for work on what are referred to as the three pillars of APEC's work: trade liberalization, trade facilitation, and economic and technical co-operation.

The Action Agenda calls for all APEC members to develop individual liberalization packages in early 1996. We will then enter into a process of consultation and comparison to examine the rough balance in undertakings. Once developed and agreed, these packages of trade and investment liberalization and deregulation measures will be delivered to the APEC Ministerial Meeting next year in Manila.

The following year, 1997, APEC economies will begin to implement their individual packages on January 1. The progress made by each economy during the first 10 months of 1997 will likely be the focus of the APEC Ministerial and Summit Meeting in Vancouver.

Besides the Action Agenda, Osaka had two other important results – the so-called Initial Actions and the decision to work together to invigorate action in global trade talks in the WTO.

Each member economy was required to make a "down payment" or "initial action package" at the Osaka meeting to demonstrate good faith in moving towards the objective of free and open trade and investment by the year 2010.

China, Canada's fifth-largest trading partner, will reduce its import tariffs by up to 30 per cent from next year on 4000 products. It has also offered to eliminate some import controls and to permit Sino-foreign trading companies to establish in China. All told, these represent China's biggest liberalization measure since 1979.

Japan has offered to cut its tariffs on almost 700 products. It is also looking at some significant deregulatory measures to improve foreign business access.

Indonesia, the world's fourth-largest country, is pressing ahead with reforms to open up its economy, and will reduce tariffs progressively by up to 10 per cent on a number of products by 2003.

As you can see, Canada cannot afford to opt out. At the end of the day, APEC is about access to some of the most dynamic and fast-growing markets in the world.

Canada's own initial Action package for Osaka included, beyond its Uruguay Round commitments: reductions of MFN [most-favoured-nation] rates on 1500 tariff line items; reduction of 3016 existing GPT [General Preferential Tariff] rates; and the extension of GPT treatment to 219 tariff lines not previously covered.

I should point out that despite portrayals in the media to the contrary, the Auto-Pact is not "on the table" for discussion in APEC.

Similarly, culture has not been discussed in APEC. Although any economy is free to raise any issue it wants, that does not mean that the other members will agree to discuss it. Canada intends to preserve its cultural identity and cultural industries, as do other APEC members. Should the issue arise, we will continue to ensure that Canadian interests are preserved.

On the issue of invigorating the WTO, Canada is particularly pleased that both ministers and leaders endorsed the proposal by Canada that APEC members should develop initiatives in anticipation of the first Ministerial Review Conference in Singapore in December 1996. This is an important facet of our

desire to emphasize the openness and outward-looking nature of APEC.

In fact, APEC trade ministers will meet next summer to explore how we can infuse APEC's momentum into the rest of the world trading system. But I don't want to leave you with the impression that APEC is just about government officials and ministers meeting in far-off places. That is not at all the case. In the end, APEC is for business and about business - both in the shorter term and the longer term.

In the longer term, tariffs will be lower and markets that were once the exclusive domain of indigenous companies will be open to Canadian companies. But in the shorter term, APEC members are working on other types of business facilitation. Leaders agreed that, collectively, the member economies need to cut down on the paperwork for business people. They also endorsed the work of the APEC Customs Procedures Group to harmonize and simplify customs in the region by 1998 and to eliminate some of the most irritating customs problems in the area. Business people travelling in Asia-Pacific might be able to get their visas for short-term business trips more quickly. In this regard, the Australian Prime Minister, Mr. Keating, advanced an interesting proposal at Osaka. He suggested the development of an APEC business travel card to facilitate immigration and customs procedures for business people in the region. We supported the idea and will work with the Australians to develop the details.

A computer network will be built that will allow businesses to look up tariff rates, information on non-tariff barriers, and so on. Many APEC markets are viewed as opaque. APEC's efforts to gather and make available information on investment regimes, government procurement, intellectual property and competition policy practice can only be helpful to those seeking to enter new markets.

Canada values and encourages the input of the Canadian private sector at all levels of APEC activity, especially in the 10 working groups and symposiums, where useful technical exchanges and new relationships can result. Although APEC's 10 sectoral working groups were not present in Osaka, they do meet throughout the year to look at and provide advice on specific trade and investment issues. These working groups often directly involve business participants or advisors. These groups cover: fisheries; human resources development; industrial science and technology, resources conservation, energy co-operation; telecommunications; trade and investment data; trade promotion; transportation; and tourism. In addition, there are ad hoc experts' groups covering small and medium-sized enterprises (SMEs) and agricultural technology. These working groups contribute towards economic and technical development, for example, through technology transfer and solutions for regional economic infrastructure.

Canadian companies have been particularly active in the Transportation and Telecommunications Working Group activities. As well, over the past three years, APEC has benefited from private sector insights and advice from two prominent bodies - the APEC Eminent Persons Group (where Canada was represented by John S. MacDonald of MacDonald Dettwiler) and the Pacific Business Forum (where Canada has been represented by the President of the Canadian Chamber of Commerce, Tim Reid).

Input from these groups was particularly critical in helping governments find the political will to agree to the vision of regional free and open trade and investment set out in the Bogor Declaration. This year, at the Osaka APEC meetings, it was decided that such an advisory capability should be made permanent and the decision was taken to form an APEC Business Advisory Council with up to three representatives per member. APEC also seeks to integrate private sector know-how and views at the working level.

In short, I believe that the outcome of the Osaka meetings will enhance the prospects for success of the Canadian private sector in the Asia-Pacific region. We are a country of competitive traders. I've no doubt that given our high-quality products and services, a more open trade and investment environment presents an enormous number of opportunities for Canadian companies. It's now up to business to pursue them.

Thank you.