

**STATEMENTS
AND
SPEECHES**



**DÉCLARATIONS
ET
DISCOURS**

90/4

Notes for an address by
the Honourable John C. Crosbie,
Minister for International Trade,
at the Europe 1992 Conference

Vancouver, British Columbia

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VANCOUVER - 1992

Ladies and Gentlemen

We are meeting here today at a time of dramatic change in the world order we have all known throughout our adult lives - changes that will likely make the 1990's the decade of Europe.

Clearly, it is a time of transition and uncertainty. But it is also a time of great hope and opportunity.

The purpose of today's conference is to help make sure that such change means opportunity for British Columbia.

As we all know, the attention of the world has recently been focused on the startling changes in Eastern Europe and the Soviet Union. But our focus today must be centered a bit further west, on the profound and ongoing changes known as Europe 1992.

I do not intend today to go through the ABC's of the program known as 1992. You have already heard from European and Canadian experts, and will hear more this afternoon. Let me simply remind you that 1992 is an ongoing process to remove the remaining barriers to the free movement of people, capital goods and services within the integrated common market of the European Community.

It is a process which goes well beyond our own trade agreement with the United States, with its drive towards political integration. But it is a process born of the same imperative - the need to create companies with the scale and specialization to compete internationally.

Like our FTA, it is not a process of harmonization, but one of mutual recognition. It is designed to liberalize and deregulate, rather than add a new level of regulation. At its root, it will allow a product or service marketed in one Community nation to be freely marketed and sold in the other 11 member states.

You will note my use of the word process. For it is important to recognize that 1992 is less an event than an ongoing process. And the process will no doubt continue even after January 1, 1993. In short, we are dealing with a moving target which requires constant monitoring and vigilance. At the same time, Europe beyond the Community is changing as well. As you are no doubt aware, the countries of EFTA-the six European Free Trade nations outside the Community - have agreed to start negotiations on an ambitious European Economic Space that would create a preferential arrangement involving 18 countries, creating a trading bloc from Iceland to Greece and adding a further 30 million more consumers to the 320 million citizens within the Community.

And we also know that the nations of Eastern Europe, with their additional 110 million consumers, are knocking on the door of the Community as well.

Add it all up - the 320 million people of the Community, the 30 million of EFTA and the 110 million of Eastern Europe - and one can see the immense opportunities and strength that may lie ahead in a common European house of 460 million people.

Of course, the Community by itself already plays a key role in the B.C. economy. Indeed, given the Pacific location of the province, the amount of existing trade - some \$2.5 billion in 1989 - may surprise many Canadians. In fact, B.C. currently accounts for nearly 1/4 of Canada's exports to the European Community, primarily forest products, fish, coal and copper. Clearly, B.C. has much at stake in the coming changes.

So, what are we doing to protect your interests, and how can we work together to seize the opportunities in a changing Europe?

Our national response begins with our broad economic strategy to improve our international competitiveness. It includes better market access to the United States through the FTA, so our companies can gain the strength to compete anywhere in the world. It includes the search for better access to European markets, through the ongoing GATT negotiations. It includes sales tax reform to make our exports more competitive and to lower the cost of investment. It involves ongoing deficit reduction to secure a future of low inflation and low interest rates; and it includes our pro-investment stance, which FTA, makes Canada an attractive location for European firms seeking to serve the North American market.

More directly, our response to 1992 has taken the form of four practical programs which are part of our broader trade and investment strategy called Going Global. Programs designed to:

- * inform Canadian business about the 1992 process;
- * ensure our voice is heard in Europe
- * encourage greater two-way links between Canadian and European firms; and
- * foster Canadian participation in major European R&D projects.

The first initiative, called the "European Challenge", involves the collection and dissemination of information. Its purpose is to study and explain the post-1992 market to Canadians - to translate information into knowledge.

To do this, our Department is sponsoring a series of studies on the single European market. Part one, entitled **Effects on Europe**, was released in April, and is being updated to reflect subsequent developments. Part 2 consists of 12 industry-sector reports to assess the effects on Canadian Trade, Investment and Technology Development. Four studies are now available including the forest products report being released today. Others will follow shortly.

We have also set up both public and private sector working groups to assist us in assessing the changes in Europe. Within the private sector, the ITAC - the International Trade Advisory Committee - has set up a task force on Europe 1992 led by David Culver, the former head of Alcan. And within the public sector, interdepartmental working groups are analyzing the effects EC legislation will have on specific industrial sectors - findings which are also providing useful data for our GATT negotiators. Some of these technical reports are also available today, involving agriculture, telecommunications, defence and metals and minerals, with others in their final stages.

All these reports will eventually be available on an on-line computer information service tailored for Canadian users. This information will be accessible through our Department and the International Trade Centers across the country.

Today's Conference is also part of this process of information dissemination. It is the third in a series of conferences that we are co-sponsoring with provincial governments. Future events will be held in Alberta in late March, and later in the Atlantic region.

So that is the first initiative - the "European Challenge". We believe it is vital that you keep informed of the changes, so that we can intervene appropriately to minimize obstructions or maximize the opportunities in change.

The second program, our "European Trade Policy Strategy", relates to how we ensure our voice is heard at the Central EC level and in key European capitals. For we are determined to protect Canadian interests in the Community as Europe prepares for 1992 and beyond.

These consultations with the Community fall under the umbrella of the unique Canada-E.C. framework agreement. In June, Canadian interests and concerns

were subjects of discussion when Secretary of State for External Affairs Joe Clark and I met with President Delors and Commissioners at a Joint Cooperation Committee Session in Brussels. And we are looking forward to the coming visit

of President Delors and Commissioner Andriessen at a similar Canada-E.C. Ministerial Meeting in Ottawa.

During the past year, I have also been working to increase our links at the political level in member states. Since January of 1988, I have travelled to 5 different European countries, the U.K., France, Italy, Germany and Spain. I co-chaired the first session of the joint Canada-Italy working group in Rome, as well as the Canada-France commission in Paris. I intend to continue to raise the flag.

But the primary framework for our dialogue with the EC remains the GATT. The General Agreement on Tariffs and Trade remains the most effective constraint we have on the behaviour of large powers like the Community and Japan. For middle power trading nations like ourselves, a functioning GATT is essential. And it will be increasingly important as the Community's external policies are modified by these internal market reforms. It is just one more reason why the current Uruguay Round of negotiations is of such importance to Canada.

Our third initiative, the "European Trade and Investment Development Strategy", reflects today's reality that international competition is no longer measured solely by trade and exports.

To gain access to foreign markets, and the full benefits of 1992, companies will increasingly need a visible and enduring presence secured through direct investment, corporate alliances and strategic partnerships.

One aspect of the program, is concerned with joint ventures, technology transfers and the promotion of industrial cooperation between Canadian and European firms. Our objective is to identify well established Canadian companies interested in developing such relationships.

Technology acquisition will also continue to be of importance to Canada. Through the Technology Inflow Program -T.I.P.- we are supporting the travel costs of firms like Microtel here in Burnaby seeking potential sources of technology. We expect, too, that the number of Technology Development Officers in Europe will be expanded. Focused activities will include up to ten incoming and outgoing technology missions in targeted sectors and five studies of European niche technology in sectors of interest to Canadian firms.

Incremental funding will also be added to the Investment Development Program to encourage an expansion of productive investment flows from Western Europe. Four full time investment counsellors are already located there to encourage such

investment. And we hope that an augmented corporate liaison program will also act to stimulate expansion of existing plant facilities - an important component of foreign investment in Canada.

Trade fairs are proven tools to introduce new products and establish representation. As companies like Ocean Fisheries here in Vancouver can attest, European trade fairs are selling fairs. Our goal is to increase Canada's presence at these major shows. Events such as the Paris Air Show, Telecom 91 and the Canada-U.K. Marketplace in London require our maximum participation. This past year, Canada has had 25 national stands in Europe. We plan on expanding our participation even further in 1990-91 to 31 national or core area stands at key European trade fairs, 27 information booths at other shows and 39 trade missions.

Another program, NEXOS - New Exporters to Overseas Markets - was announced last year as part of the World Market Trade Initiative program. The response has been so positive, and the demand so great, that it will be expanded under our "Going Global" strategy. It will introduce companies to European - style marketing and train them in such aspects of business as customs procedures and documentation, labelling, legal aspects and so on. We are planning at least 8 such missions this coming year, with 15 to 20 exporters who are new to Europe participating each time.

Our fourth major initiative, "The Science and Technology Strategy", is aimed at fostering Canadian participation in major European research and development projects in order to give us better access to European technology. We will be reinforcing our presence in Europe by taking a more active role in the Research and Development activities initiated and stimulated by the EC Commission. Funding will be provided for R&D missions, researcher exchanges, and joint projects to enable us to identify and assess specific opportunities arising from the massive new EC programs for research and development.

These, then, are the four components of our 1992 response:

- The European Challenge Initiative;
- The European Trade Policy Strategy;
- A European Trade and Investment Development Strategy, and;
- The Science and Technology Strategy.

All practical programs to assist you in participating in the new single European market of the 1990's.

I submit to you that our first responsibility as a government is to create the opportunities and the environment in which **your** talents can be used to their full potential. Your responsibility is to seize those opportunities. In this highly competitive world, our success or failure as a trading nation will surely depend on this partnership between the public and private sectors.

Please explore how these programs fit with your needs. They exist to be used and exploited.

These programs reflect our belief that we will be failing ourselves if we do not extend our reach and participate fully in the changing European order. And there can be no doubt that Canadians across this country have the ability, skills and talent to compete successfully in the Europe of the 1990's.

Already, there are many British Columbian firms showing the way. Chemetics International, a 1989 Canada export award winner, is a process-technology company that is serving customers all around the world. Applied Microsystems Ltd. has exported their oceanographic equipment to 25 countries around the world. The Rocky Mountain Bicycle Company won the bike of the year award in Europe with its Lamborghini of bicycles. Adagio Enterprise is selling Silk Lingerie to the French and the great Canadian Cider Exporters are selling cider to the British - surely two excellent examples of selling "coals to Newcastle". Softtouch systems, whose software services are scheduling the crews on European Airlines, Conair Aviation, whose fire fighting aircraft and systems for helicopters are assisting the French, Portuguese and Spanish, Okanagan Dried Fruits Ltd. whose products have entered the Swiss and British Cuisines - these companies have shown it can be done.

So I invite you all to take up the challenge and to find out how we can assist you. Because working together, we can catch the wave of change sweeping over Europe; and ride it to prosperity.

Thank you.