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Notes for an address by the
Right Honourable Joe Clark,
Secretary of State for
External Affairs,
to the Canadian Business
Association of Singapore
SINGAPORE, June 17, 1987

OTTAWA

June 19, 1987.

Mr. President, distinguished guests, ladies and gentlemen:

I welcome this opportunity to meet with the Canadian Business Association of Singapore and to share some thoughts with you on Canadian government policies and approaches, particularly as they relate to the Asia-Pacific region.

It was a Canadian, the late Dr. Marshall McLuhan who invented the phrase "Global Village" and Canada is one of the most international of countries. Our people come from every corner of the world; and our policies in trade, in development, investment, immigration and in education all reflect a nation that is open to the world. Traditionally, we paid more attention to our links across the Atlantic, but that is changing.

My government recognizes, as a national policy, that our future prosperity is tied to the Pacific and that we have human links to build and deepen across the Pacific. Over half of the world's gross national product is generated by the nations around this ocean. Three years ago, Canada's Pacific trade surpassed our trade across the Atlantic. Japan, China, Korea and Australia are all among our top ten customers, and our trade with the members of the Association of South East Asian Nations had tripled over the last decade. Canadian business and government are active in and are in the region for the long haul. That policy decision is clear and firm. The challenge now is to identify more things we can do together.

One of our starting points is that Canada does not have a large domestic market to achieve efficient economies of scale. Instead, we rely on the free flow of trade, be it across the Pacific or with other parts of the world. Almost 30% of our GNP derives directly from exports. That means one in three Canadian jobs depends on trade.

Trade is, of course, important to all the countries of the Pacific Rim, and many of you in this room are at the heart of significant trading activity. Trade among Pacific countries accounted for almost 40% of world trade last year.

We share with you deep interest in helping the world move to a more open trading system. There are protectionist impulses in every country and all countries must actively resist those forces, but they are easier to resist when they are resisted together. National interests differ and, of course, must be respected. We must strive to reward efficient

productivity, to promote constructive competition, and to foster technological innovation. While we have to recognize that there are national concerns, we must accept that there is also a global interest that affects us all.

One major step Canada has taken towards more liberalized trade is the opening of negotiations with our largest trading partner, the USA, to seek a freer trade arrangement between our two countries. That same motivation led us to take a very active role in the launching of the new Multilateral Trade Negotiations at Punta Del Este, Uruguay - where Canada and Singapore worked together closely and effectively. Naturally, any trade arrangement between Canada and the USA will be fully consistent with the GATT. Indeed, history teaches us that a successful trade negotiation between Canada and the United States can significantly strengthen the world trading system.

Fifty years ago, the United States was gripped by protectionism. The Smoot-Hawley Act was passed, and the protective and insular USA policy which it embodied dragged the world deep into depression. That destructive pattern was broken by a bilateral agreement between Canada and the United States in 1938. That agreement became the basis of the GATT, just as an agreement now, between Canada and the United States, could break down a new and growing American protectionism.

Let me underline two realities about that growing insularity in the United States. The first is that the insular attitude is not shared by the Reagan administration. President Reagan has his critics in the world, but one undeniable reality about his administration is that he is trying to make Americans look outward, rather than inward.

That is particularly evident through arms control. There, the United States administration is not only seeking a serious agreement with the Soviet Union, but is also taking pains to ensure that the agreement will be on terms acceptable to the NATO allies in Europe. In doing so, there will be no legitimate cause for Europe to feel unprotected or alone in facing the massive Soviet advantage in conventional power on the European continent.

In the same spirit, in international trade, the Reagan administration is trying genuinely to lead Americans away from protectionism. One advantage for the world in a more open trade agreement between Canada and the United States is that it would provide positive proof to the American Congress of the value of reduced barriers. If the administration cannot conclude a successful negotiation with Canada, they will have trouble persuading their Congress to accept more liberal trading arrangements with the rest of the world!

A second reality is that many Americans believe profoundly that protectionism will work to their advantage. Superpowers often have an illusion of invulnerability. If you are Singapore, or if you are Canada, you know you have to come to terms with new world developments in trade and technology. There is no immunity to these changes - not for the Soviet Union; not for the United States; not for anybody. But some Americans, and undoubtedly some Soviets, think superpowers can protect themselves uniquely against those changes. If we want a more open world trading system, we have to recognize the deep roots of that illusion, and encourage leaders who look outward.

A stronger and more vigorous North American economy will provide an expanding market for all our trading partners; it will provide guaranteed access to a market of over 275 million people.

We should not minimize the current risks to world trade and indeed to the international economy arising from the imbalances which now exist among the major economies. I have just come from the Venice Summit, where there was an agreement on the need for major fiscal and economic adjustments, if the OECD countries are to reach the collective 3% growth rate that the International Monetary Fund considers essential for managing international debt. Those are principally decisions for Japan, Germany, the United States - whose policies contribute particularly to these imbalances. I am hopeful that each of those powerful nations will make the adjustments they must.

Increasingly, trade questions involve all of us directly. History has demonstrated that each successive round of multilateral trade negotiations since the end of the war has stimulated world economic growth, to the advantage of all countries. This is why I am so pleased that Canada and the members of ASEAN are working together to ensure a successful outcome to the multilateral trade negotiations, not least in the resources and agricultural sector.

New trading rules can increase trade between Canada and the ASEAN member states. They will benefit from our common commitment to the free enterprise system and to a culture of entrepreneurship. I note the ASEAN countries are now exporting more goods to Canada than they are importing - by a difference of \$75 million. An increasing portion of those exports to Canada are finished or manufactured goods. Malaysia, the Philippines and Singapore, for example, have become the largest exporters of integrated circuits in the world.

20 years ago, few observers anywhere anticipated that ASEAN would now have achieved its present level of cohesion and cooperation. Canada, like ASEAN's other trading partners, watches intently as ASEAN moves toward further economic

integration. We applaud the efforts to formulate ideas and strategies for greater regional economic cooperation. We know it will require considerable political will and statesmanship to make the difficult decisions that make closer integration possible.

Canada has been working actively to increase two-way trade and investment with the ASEAN countries. Under our national trade strategy, we have committed several million dollars to help Canadian business develop new trade opportunities here. To date, market studies or joint ventures have already been completed in the areas of oil and gas, telecommunications, forestry, high technology, sporting goods, and the aerospace industry. This year, we are undertaking 13 more studies in selected sectors, such as transportation and food processing, and these will be available later this year.

We will continue to fund sector specific trade missions to ASEAN and to host key ASEAN business decision-makers in Canada. Fourteen missions are planned this year, in such areas as power transmission, rural communications and livestock. In addition, as part of our effort to promote further two-way trade, we have established a fund specifically allocated to the ASEAN region to underwrite marketing seminars and to finance trade missions to Canada.

Last September, my Department sponsored, in Vancouver, the Canada-ASEAN Forum. It brought together Canadian and ASEAN business and industry representatives to discuss Canada-ASEAN cooperation in trade and investment. That Conference afforded an opportunity for private sector representatives to confer on joint ventures, technology transfer and licensing opportunities, particularly in the sectors of energy, communications and mining.

Other special initiatives in 1986 were the Canada-Malaysia Conference in Ottawa, the Thai-Canada Dialogue in Bangkok, and, of course, the tremendously successful EXPO'86 in Vancouver, at which each ASEAN country had a pavillion. These events were in addition to our continuing dialogue under the Canada-ASEAN Economic Cooperation Agreement.

We recognize that ASEAN has assigned priority to enhanced cooperation involving investment through joint ventures and transfer of technology. At present, the Canadian International Development Agency's Industrial Cooperation Program is involved in over 150 ASEAN projects - mostly related to joint ventures and prefeasibility studies. We recognize that Canadian firms still need to know more about the advantages of equity involvement in ASEAN, and so we are preparing publications on trade and investment opportunities in the region. If Canadian business wants to succeed in Southeast Asia, it will have to send investors as well as salesmen.

The private sector is already beginning that healthy change. The ASEAN-Canada Business Council has been formed and its executive committee is today designing the agenda for the first plenary meeting, scheduled for Manila in November.

The Canadian presence is well established in Singapore. The provinces of Ontario and Quebec maintain active regional offices, and there are some 80 Canadian companies - large, medium, and small - resident here. In full recognition of Singapore's role as an increasingly important international banking centre, the five largest Canadian banks, and Canada's largest trust company, maintain offices here. Indeed four of the six most profitable merchant banks in Singapore are Canadian and, on the basis of assets, the five Canadian banks rank in the top ten of the fifty Singapore-based merchant banks.

As a further demonstration of our growing commercial relationship, I am delighted to note that Singapore's United Overseas Bank (UOB) has now been incorporated in Canada and will soon be granted a full license. The UOB is the second Singapore bank to become operational in Canada. Certainly banking is a key underpinning for the growth of trade and investment. I am pleased to welcome UOB to Canada's foreign banking community.

And, I am happy to say, Air Canada is now here to stay, thanks to the successful air negotiations which were concluded here in the small hours of May 30. Our two governments have made a major effort to ensure that the revised air service agreement will provide a sound basis for future expansion and for the growth of commercial relations, investment and tourism. It is my impression that all the carriers concerned, SIA, Air Canada and CAIL, are satisfied that this agreement contains mutually beneficial reciprocal benefits.

On Saturday, I will meet with the active Canadian Alumni Association in Singapore, comprised of former students who have studied in Canada. Students represent a very real link between our countries stretching back for over a quarter of a century. At any time there are over 1600 Singaporean students in Canada.

Both of our countries have benefited from this movement. Canadian educational institutions are enriched by the presence of students from diverse backgrounds and cultures. Canada benefits as they become unofficial representatives for both countries in trade, culture and goodwill. The quality of inexpensively available education in Canada is easily demonstrated. One need only look at the success that many Canadian graduates have made in Singapore's

public and private sectors. Many senior business executives, several of whom are here today, and four of Singapore's permanent secretaries have received Canadian education, including two in the Ministry of Education. I can think of no better endorsement of the benefits of a Canadian education.

Singaporean students are welcome in Canada. We will be even more active in the future in providing information and counselling on the varied opportunities that the Canadian educational scene presents.

Singapore itself is becoming the archetypical post-modern state. It is a major economic and commercial centre. An important element in Singapore's trade strategy is the development of links with China, and Singapore sees itself as a gateway to that vast market. This is something about which Canada and Singapore should compare notes, given the greatly increased attention we too are paying to China. Certainly, as a China gateway or, indeed, a significant gateway to Asia, Singapore seems to have the flexibility and versatility to build on its existing strengths as a transportation and financial hub, and to become a regional centre for technology and sophisticated management services.

Canada, like Singapore, knows the importance of a strong information technology industry. Many of our companies are recognized as world leaders in their areas of activity, and are already very well-known in Singapore. To expose more of our companies and their products to this market, Canada will once again have a significant presence at the Singapore Informatics Exhibition August 27-30, 1987. This follows on our successful participation in last year's show.

Also, because we see growth in Singapore and because we want to be part of it, Canada, with the cooperation of the Singapore Federation of Chambers of Commerce and Industry, is organizing a major two day Conference on two-way trade and investment in the first quarter of 1988 in Singapore. We will be bringing senior Canadian private sector decision-makers to Singapore to talk to their local counterparts and company presidents about possible joint ventures, licensing agreements, third country marketing, new technology, and investment opportunities. I wish to emphasize that our theme is two-way trade and investment. I know that we can count on the enthusiastic support and participation from the Canadian Business Association and its members.

There are limitations to what governments can accomplish as governments. I am very heartened therefore at what I see in the way of private sector activities and plans in Canada directed towards Southeast Asia, and Singapore in particular. The new ASEAN-Canada Business Council is a welcome

addition to the scene and will, I know, enhance these activities. I know that the Canadian Business Association of Singapore will continue its positive role and I wish to thank the Association, not only for today's gracious hospitality, but for the contribution it has already made to furthering trade and commerce between our two countries.

Thank you.