



Minister for
International Trade

Ministre du
Commerce extérieur

STATEMENT DISCOURS

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Notes for a speech by
the Honourable Pat Carney,
Minister for International Trade,
at a luncheon hosted by the
Canadian Chamber of Commerce
in Hong Kong

HONG KONG

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Canada

Good afternoon ladies and gentlemen.

It is a pleasure for me to be in Hong Kong. As Canada's International Trade Minister, I am particularly pleased to be here at a time when Canada is actively working to expand its economic partnership with our Asia/Pacific neighbours. The region has a very special importance for me personally since I was born in the International Settlement of Shanghai.

I have heard Hong Kong referred to as "Atlantis in reverse", and I can appreciate why. The view from Victoria harbour certainly does suggest that Hong Kong's incredible skyline has literally risen up out of the water.

Hong Kong's beauty is matched only by its economic vibrancy. I envy the participation of John Henderson, Ed Rubin and members of the Chamber in the hub of economic activity. I would like to take this opportunity to salute the work of their organization which greatly heightens the awareness of Canada in the Hong Kong business community.

Hong Kong and Canada enjoy a unique bond of friendship and close ties. Some 600,000 Canadians of Chinese descent call Canada home, while more than 10,000 Canadians live in Hong Kong. There are over 50,000 graduates of Canadian universities who have returned to Hong Kong, and there are 16,000 Hong Kong students studying in Canada. This tremendous level of interchange builds a bridge of experience and understanding to expand our economic links.

Trade is a cornerstone of Prime Minister Mulroney's economic agenda and just last year we announced a major trade initiative focussed on the Asia-Pacific region. We have opened new offices in Shanghai, Osaka, Bombay and Auckland, and our trade staff in Beijing has doubled. In Hong Kong we have appointed a senior investment counsellor, Daniel Lawrence, one of eight around the world. The Canada Business Centre has been opened in Exchange Square. It offers a range of services including trade promotion in Hong Kong and South China, tourism development, investment counselling and business immigration. Our trade promotion program has expanded to cover everything from digital switches to spices. I am told that even the Bank of China will entrust its gold to a Canadian vault in their new building.

I am here today to further our Government's goals of expanding our investment and trading ties with Hong Kong. I am here to urge Hong Kong business people to invest their energy and money in Canada and on my return to Canada, I will encourage Canadians to invest their energy and money in your exciting economy.

I also want to bring you up to date on Canada's initiatives in the international trading arena, particularly the Government of Canada's two-track approach to trade negotiations.

I have just come from the Quadrilateral Trade Ministers Meeting in Japan, where Ministers from Canada, Japan, the EC, and the USA, collectively representing two thirds of world trade, met at a time of increasing world tensions in trade. We sought ways to fight protectionism through closer economic cooperation, particularly through the new GATT round.

Under Canada's two track trade strategy, we are working to liberalize and enhance trade with our partners, like Hong Kong, in the General Agreement on Tariffs and Trade, and we are negotiating a free trade agreement with our principal trading partner, the United States.

I would like to emphasize that Canada is firmly committed to the GATT. That commitment is clearly demonstrated by the leadership role we have taken in the current GATT round on key issues such as agricultural trade.

I would also like to emphasize that our bilateral negotiations with the United States are a complement to our multilateral negotiations. Any agreement with the United States will be consistent with the GATT.

This proposed trade agreement between Canada and the United States has involved months of consultations with the provinces and the private sector and is entering an intensive phase of negotiations. The final phase of the discussions will take place this summer. An agreement must be concluded by October 1987 and signed by January 1988 in order to meet the requirements of the so-called "fast track" negotiating authority granted to President Reagan by the U.S. Congress. There are many obstacles still before us, but we are hopeful that an agreement can be reached by the target date.

What do we hope to achieve with such an historic bilateral trade treaty? First, we want to achieve a gradual reduction and elimination of tariff and non-tariff barriers. Second, we want to establish a new dispute settlement mechanism: a bi-national, impartial body to rule on matters of disagreement. Third, we want to break new ground in areas such as trade in services, an issue of great interest to Hong Kong as well as Canada. A bilateral arrangement that covers trade in services could advance the GATT negotiations on this complex issue.

I am pleased that Hong Kong will remain an independent member of GATT.

As GATT partners and Asia-Pacific partners, Canada and Hong Kong already enjoy substantial economic links. Across Canada there are now five chapters of the Hong Kong-Canada Business Council with 1200 members working to expand opportunities in trade and investment.

In 1986, our two-way trade totalled more than HK\$8 billion (C\$1.36 billion). Hong Kong is Canada's largest supplier of clothing, and a major source of toys, watches and jewellery. But trade, as you know, means buying and selling. What about Canadian exports to Hong Kong?

Over the last decade our exports have increased eightfold and in the first two months of this year have increased by 69 per cent. We are especially pleased that exports of high technology products--particularly telecommunications equipment--represent one of our largest and fastest growing markets in Hong Kong.

Canadian firms have a world-class reputation in telecommunications and are, in fact, the third largest supplier of such products to Hong Kong. We are sending you our best. Companies such as Northern Telecom, Mitel, and Cognos, a Canada Export Award winner, have established offices in Hong Kong.

We are delighted that Canadian expertise has won the design contract for the vessel traffic management system for Victoria Harbour. We believe it will serve as a model for other ports along the China coast and around the world.

I am pleased to note the success of another Canada Export Award winner, International Geosystems Corporation, in marketing its Tian Ma Chinese word processing system. By all accounts, it is the world leader in this field.

But in spite of these impressive successes, Canada still has only one per cent of Hong Kong's market. We are currently undertaking several initiatives to expand our market share, initiatives such as the Canadian Food and Beverage Show, held here a few weeks ago. Other missions and trade shows in computer software, building products and pollution control equipment are scheduled to promote Canadian expertise in these fields.

Another key element in Canada's economic partnership with Hong Kong is investment. Hong Kong is an important regional headquarters for most of our major banks. I also understand that Canadian life insurance companies underwrite approximately 40 per cent of the total business in Hong Kong. Some 60 Canadian companies maintain offices here, many of which are regional headquarters. The latest to join these ranks is the Globe and Mail which is opening a regional business office here tomorrow.

Hong Kong companies have recently made some major investments in Canada. The Hong Kong Bank of Canada now has the largest branch network of any foreign-owned Canadian bank. The bank opened its new headquarters in downtown Vancouver yesterday.

Another important example has been the K.S. Li Group's investment in Husky Oil, one of Canada's important petroleum companies. A signing ceremony is taking place just hours from now in Calgary. We welcome this initiative and look forward to seeing their development plans unfold as our oil patch revitalizes.

Cathay Pacific Airways' investment in Canada started as a Vancouver store front operation in 1983. Today Vancouver serves as its North American headquarters with daily flights between Vancouver and Hong Kong this summer.

These major investors are taking advantage of Canada's more open and hospitable business climate. With the dismantling in 1985 of the Foreign Investment Review Agency, Canada established a more open and pragmatic investment policy. We are building bridges, not barriers, to economic opportunity. Our new investment policy is one of those bridges.

Hong Kong investors who want to establish a base from which to serve North American markets should look very closely at Canada. Just as Hong Kong is considered a gateway to China, Canada is a gateway to North America.

Canada not only has a dynamic market in its own right, it also is an integral part of the rich North American market of 250 million consumers. Many people do not realize that Vancouver is only 50 kilometers or 30 miles from the United States border, and that the states of Washington, Oregon and California provide Canada's west coast with a prosperous market of 30.4 million people.

Hong Kong, too, has a unique advantage. It is a highly attractive market itself, and an important entry point in accessing the markets of China and the region. In this role it serves Canada well. Fully one third of our total 1986 exports to Hong Kong of HK\$1.8 billion (C\$315 million) were re-exported, while Canada imported HK\$1.2 billion (C\$207 million) of Chinese products alone through Hong Kong.

Canada has placed a high priority on trade with China, building on a history of friendly and productive relations. Since both Canada and Hong Kong enjoy special relationships with China, there are very real opportunities for us to work together.

Trade and investment interlink with immigration. As you are aware Canada has a active business immigration program in Hong Kong.

A question we are often asked is, "are we welcome in Canada, as investors, as immigrants, and as partners?" The answer is unequivocally yes. We welcome Hong Kong residents in Canada as business partners and investors; as friends and neighbours. We have a solid base on which to build a greater, more diverse partnership. We in Canada want to make our strong links stronger with Hong Kong and, in fact, all our Asia/Pacific partners. Few people recognize that total Canadian exports to this region in 1985 were greater than our exports to Western and Eastern Europe combined. This trend is continued into 1986, making the Asia/Pacific region Canada's most important market after the United States.

When my family moved from Shanghai to Canada, we settled in British Columbia, our Pacific province. For many years, I have called Vancouver home, a dynamic Pacific port like Hong Kong.

I have referred to Vancouver as the principal Canadian gateway to the Asia/Pacific region, and as a key entry point into North America for Asia. I would like to conclude my remarks this afternoon by outlining its present and future role in the growing economic activity of the Asia/Pacific region.

Last December, the Governments of Canada and British Columbia agreed on a number of economic initiatives to heighten British Columbia's presence as a Pacific centre of trade, commerce and travel. Already there are many key institutions in place in British Columbia that focus on greater understanding and economic opportunity between Canada and the Asia/Pacific region. I am talking about institutions such as the Asia Pacific Foundation of Canada established to promote Canada's role as a member of the Asia Pacific community and the Vancouver World Trade Centre, modelled on your own successful World Trade Centre.

The two Governments are working to expand international banking and other business services in Vancouver. A commercial arbitration centre has been established in Vancouver and ways of streamlining filing procedures for the Vancouver Stock Exchange are being examined. The Canadian Government's action to deregulate the financial sector will further enhance the expansion of banking and related services in British Columbia and across Canada. As the internationalization of the banking and securities sectors advances, Vancouver will be well positioned.

In the area of transportation, the Governments of Canada and British Columbia are working on ways to stimulate increased traffic and commercial and industrial activity at ports and airports in Vancouver and along the coast of British Columbia. Tourism is another issue being looked at by the two Governments. EXPO '86 focussed the world's spotlight on Vancouver and British Columbia greatly enhancing international awareness of its attraction for tourists and travellers. Visitors from Hong Kong increased by a record 50 per cent in 1986 over 1985. Early indications are that similarly impressive flows will occur in 1987.

As you can see, there is a lot of action on Canada's west coast. British Columbia's Minister of Economic Development, Grace McCarthy, will no doubt elaborate on this activity when she is here in Hong Kong next month.

I invite you, as I know Minister McCarthy will, to join with us to develop and enhance our economic partnership--not only between Hong Kong and British Columbia but between Hong Kong and Canada as a whole.

The history of both Hong Kong and Canada is the history of trade development. With this in mind, let us work together to realize an even more prosperous future for both Hong Kong and Canada.