



Statements and Speeches

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TRADE MISSION TO WESTERN AUSTRALIA

A Speech by the Honourable E.C. Lumley, Minister of State for Trade, to Australian and Canadian Businessmen, Perth, Australia, May 19, 1980.

...Obviously there is something which binds Canadians and Australians — something which I fear we have always just taken for granted. We have to spend more time and effort in nurturing, developing and expanding this wonderful relationship....

My only regret is that our time here is so short that we can only catch a fleeting glance of this most beautiful of cities with its delightful setting and climate. I would have liked to have spent several days at the sites of some of your major development projects so as to see for myself the sources of the economic boom which is bound to propel this state into great economic activity.

In any event we will be back. Our businessmen will be following-up on the many contacts they have made and I shall be returning, I am sure, to examine more closely how we in Canada can participate in each of your great resource developments — and great they are!

- Already Western Australia is one of the world's largest suppliers of iron ore — your Premier gave us all the figures. No matter how you look at it, production or exports, you have made your mark in the world;
- your bauxite production has been significant to the Canadian aluminum industry;
- you are important in nickel and there has been close co-operation between our major nickel producers to the mutual benefit of both our countries;
- and then there is the oil and gas which is bound to change the face of your north west;
- add to these your fisheries and agriculture and you have one of the greatest futures in this resource-hungry world.

During my regrettably short stay in Perth, I have already been captured by the enthusiasm of your political and business leaders regarding future developments in the state. The Northwest Shelf LNG development ranks among the largest projects currently being undertaken anywhere in the world. We hope that Canadian technology and Canadian companies will play a role in this and future energy developments here.

As many of you know, my Department recently held a Canadian oil and gas technology symposium in Perth to acquaint you with the latest developments in this industry in Canada and to provide an opportunity for Australians and Canadians in

the oil and gas sector to meet informally over a period of several days. We now hope to build on this initiative as well as on relationships that have been, or are being established in other industry sectors.

We are watching with interest your plans for further developing uranium, nickel, iron ore and aluminum. We have many parallel developments in Canada and we feel that we have the potential to work with you in sharing technology and equipment. This could be done on a direct sales basis or through licensing/joint ventures and other co-operative agreements.

Clearly, the tremendous resource developments planned and under way in Western Australia will provide numerous opportunities for expanding your industrial base. Given your human and financial limitations, we assume you will want to concentrate on those areas providing the greatest long-term benefit and we will encourage Canadian firms to explore technology transfers, joint ventures and other investment opportunities.

As many of you know, we in Canada are increasingly looking west to the Pacific economic basin and to Southeast Asia. Certainly, because of major resource and energy developments in Western Canada, we have experienced an impressive westward shift of population and economic activity. It seems to me that such a shift is taking place here as well which underscores again the similarities that exist between Canada and Australia.

Canada and Australia have much in common

Your winter is certainly different than ours! Otherwise I can think of few countries that have so much in common as does Australia and Canada.

We have common parliamentary systems — both functioning within the Commonwealth. We are relatively new countries, short on history but with enviable futures. We are both huge countries with relatively small populations strung along a narrow ribbon — yours along the sea coast, ours along the U.S. border. Beyond our ribbon of population are great unpopulated hinterlands — yours hot most of the year, ours cold. Both are richly blessed with an abundance of natural resources, often located in very remote areas. We are both export-oriented — we have to be, given the resource base of our economies and the need to achieve economies of scale for our developing manufacturing industries.

We also have a great deal in common in other areas which have a relevance to our future trading relationships.

Neither of us is a member of any major economic bloc at a time when economic blocs are consolidating themselves around the world. Indeed Australia and Canada are the only two major industrialized countries without unhampered access to a market of at least 100 million people. This in itself would suggest the need for closer forms of consultation and co-operation.

It is obvious to me that despite our similarities, we both have taken each other to

much for granted. Our Commonwealth heritage must be more than just a preferential trade agreement. Important as that arrangement is, I'm convinced our greatest hope for co-operation lies in resource development.

We realize that you have considerable domestic capabilities for supplying many of your needs. But where imports are required, we want to be considered among the off-shore contenders – particularly for the great resource development projects.

My objective in coming here with this group of senior Canadian businessmen is to demonstrate to you that Canada does have the expertise and capability of competing with your other offshore suppliers for your import market.

Perhaps the greatest problem between us is the lack of awareness of each other's capabilities. I would hope that this mission will be a forerunner to many and that we will be seeing in Canada similar business missions from Australia. Only in this way can we fully explore opportunities of mutual satisfaction.

It is obviously our responsibility to make you aware of our competence. I say without any apologies that our businessmen can be competitive with any in the world. Add to that a 15 percent devalued Canadian dollar (compared to the U.S. dollar) and we are very confident that we can meet your needs. In the resource development sectors in particular, we are strong simply because we have been involved so deeply and, like you in Australia, we have developed the know-how in these very areas in our own country.

As an indication of our competence and competitiveness, I might cite some of the major activities (around the world) in which we have been involved and for which we have provided financing from our Export Development Corporation. EDC is the Canadian Government Crown Corporation which extends long-term financing for the purchase of Canadian goods and services and which finances approximately \$2 billion annually of Canadian exports.

Since the launching of Canada's long-term overseas loan facilities in 1961 we have financed:

– Some 40 projects in the power field with Canadian goods and services totalling over \$2.3 billion. Examples are thermal power projects in New Zealand, Venezuela and Colombia.

– In the oil and gas area we have been involved in 33 overseas projects with Canadian equipment and services totalling about \$1.1 billion. Most significant is a gas-gathering system in Algeria which will involve over \$400 million in Canadian product. Our oil and gas technology largely centred in Western Canada is second to none; in New Zealand a Western Canadian company in association with a New Zealand company was just awarded a \$130-million methanol plant.

– In the transportation field we have financed over 100 projects with \$1.2 billion of

Canadian involvement. One of our companies represented here has been involved in sales in over 90 countries.

— In mining and metallurgy Canada was involved in some 50 projects valued at \$67 million — for example a \$65-million involvement in an aluminum project in Ireland. We also supplied some \$30 million of mining equipment to your neighbour to the north, the Philippines.

— In communications and telecommunications we have experience in some 50 projects worth \$500 million. We just concluded a \$100-million contract with Korea for digital telecommunications equipment.

— For ports and material-handling equipment we supplied 14 projects totalling about \$70 million. One of our companies represented here has been successful in obtaining a \$17-million port job in Panama and has considerable expertise with bulk-handling equipment.

I regret to say that with very few exceptions such as large trucks for your mining industry, little of this great project activity has involved Australia. Thus, we would, of course, like to spread our net wider. I sincerely feel that if Canada can compete successfully in other world markets in the resource-development areas, and in manufacturing generally, then we should be able to give other offshore suppliers to the Australian market a good run for their money.

Joint ventures

One important area I would like to touch upon is the area of joint ventures between Canadian and Australian firms — not only for work in Australia and Canada, but for work in third countries such as the neighbours of Western Australia to the north. I feel that we should be embarking on a more active program in this direction.

You have developed an acceptance around the Pacific and in Southeast Asia; we have as well. The region is rich in project opportunity; we individually are successful in a few, but most go to our competitors. Perhaps, where it makes good business sense we might combine our forces.

What we need I feel, is the development of some form of an inventory of our capabilities so that we might call upon one another as opportunities arise. I have already asked my officials to determine where we might start and I hope to pursue this thought during my visit to Canberra later this week.

As a former businessman, I know that it is not necessary for me to remind you not to wait for governments to do the pioneering for your business. Our aim at the political level can only at best be to provide the framework — such as the double taxation agreement I hope to sign in a few days with your federal government. The real action must remain with the businessmen.

We have in our trading relationship come a long way together. We have one billion Canadian dollars of two-way trade flowing. Yet I feel we are only scratching the surface