

# STATEMENT DISCOURS

MINISTER  
FOR  
INTERNATIONAL  
TRADE.

MINISTRE  
DU  
COMMERCE  
EXTÉRIEUR.



85/14

NOTES FOR A SPEECH BY  
THE HONOURABLE JAMES KELLEHER,  
MINISTER FOR INTERNATIONAL  
TRADE, TO THE WORLD TRADE  
CENTRE, MONTREAL

MONTREAL

APRIL 1, 1985

When this government came into office, back in September, it was with two fundamental commitments to the Canadian people: to get the economy moving again, and to rebuild the bridges of dialogue and consultation between Ottawa and the rest of Canada. This meeting is one of the products of both of those commitments, and I thank you for helping us make it possible.

Those of you who are out in the markets of the world are well aware of how tough it is out there. Under the General Agreement on Tariffs and Trade (the organization known as the GATT) the world's trading nations have been trying to get their act together for years. But international trade is still far from free. For every tariff barrier that comes down under the GATT, another kind of barrier goes up. A quota here, an orderly market arrangement there, a change in regulations somewhere else -- whatever will protect local industries that can't quite compete.

The forces for protectionism are alive in every country, including Canada, and the pressures are unrelenting. Just as an example, in the U.S. Congress over the past few years, more than 1,000 protectionist bills a year have been introduced. Not many of them get very far, but the volume is certainly indicative of the pressures. And the pressures are growing.

As a trading nation, we face other problems, as well. Our currency has been put behind the eight-ball by the American dollar. It has lost value in relation to the greenback, but it has become more expensive in relation to most of the rest of the world's currencies, driving up the real prices most countries must pay for Canadian goods. On top of that, we face new and growing competition from nations that have been building their industries. We must cope with the high technology revolution, and with the fact that new materials (such as plastics) are crowding out the market for some of our traditional exports.

We, as a nation, have been slow to adapt to these changes. In 1968, Canada ranked fourth among the world's trading nations, just ahead of Japan. Today, Japan's share of world trade is double ours, and we have dropped to eighth place.

The fact that we have a healthy trade balance at the moment should not lull us to sleep. If we are going to maintain our standard of living, let alone improve it, we're going to have to do better as a trading nation. We're going to have to sharpen our competitive edge.

The long and short of it is that we must take a hard look at our exports.

In our six months in office, this government has been moving rapidly to improve Canada's trade performance.

We have undertaken two major export promotion campaigns, including last month's Marketplace '85, which brought Trade Commissioners back home from their posts abroad to meet with potential exporters.

We are working actively with Provincial Trade Ministers to work out a national trade strategy.

Trade was a very important part of the First Ministers Conference in Regina, and, as you know, it was a vital part of the Quebec City Summit Meeting between Prime Minister Mulroney and President Reagan. As you probably know, I have been charged to work with the U.S. Trade Representative on the specific task of establishing a bilateral mechanism to chart ways to reduce or eliminate impediments to trade between our two countries. We have all of six months to report.

The other major initiative we have taken is what brings me here today. On January 29th, the government issued two discussion papers -- one on Export Financing, which is of a somewhat technical nature, and the other on How to Secure and Enhance Canadian Access to Export Markets.

Both of these papers are available here today, and I have to tell you that the access paper has been going like hot-cakes. We've had orders for more than 20,000 copies and the paper is now in its third printing. I expect to be approached any day now by the Book of the Month Club.

For those of you who haven't seen it, let me give you a quick digest.

The paper opens with a description of the international trading environment -- which is somewhere between a swamp and a jungle -- and then considers how we can survive in it.

One thing we must do, since Canada's export performance depends so heavily on maintaining an orderly international trading system, is to give our active support to beginning another round of multilateral trade negotiations under the GATT. As we do so, we must also determine among ourselves what our objectives should be in a new GATT round, so that the agenda for negotiations will reflect our concerns.

At the same time, we have to consider our bilateral trade with the United States, where our access being seriously threatened. The paper sets out four possible courses.

We could try to go along under the status quo.

Or we could try to negotiate arrangements limited in scope to particular sectors, or to particular types of trade barriers (such as government procurement).

Or we could negotiate a framework agreement, which would commit the two governments politically to objectives and mechanisms for the removal of trade barriers and the settlement of bilateral disputes.

Or finally, we could try to negotiate a comprehensive trade agreement with the U.S.

In issuing the discussion paper, the government has made no prejudgment on which of the four strategies would be the wisest and most appropriate. There are advantages and pitfalls to each of them. None of them is free of risk, not even the status quo.

The question we are trying to answer in this consultation process is which course would be best for Canada.

This is the sixth stop in our consultation tour -- which will eventually take us to 15 Canadian cities from coast to coast. So far, we've been in Nova Scotia, P.E.I., B.C. and Alberta and I've learned a lot about the experiences, the problems and the hopes of business people on both sides of the country. Businesses in Quebec, from what I've heard so far, share many of the views of the Maritimes and the West, but there are other concerns here, as well.

The object of the exercise is to hear from everyone who wants to talk to us. When we have heard you -- and that should be along about the middle of May -- we will meet with the governments of Canada's provinces and territories to

discuss our findings. And by some time in June we hope to be in a position to determine the most appropriate actions that are open to us.

But whatever the course turns out to be, it will be guided by your will, the will of Canadians.

Thank you.