

# STATEMENT DISCOURS

MINISTER  
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EXTÉRIEUR.



85/25

NOTES FOR A SPEECH BY  
THE HONOURABLE JAMES KELLEHER,  
MINISTER FOR INTERNATIONAL  
TRADE, TO A LUNCHEON ORGANIZED  
BY THE "COMITÉ DE REGROUPEMENT  
DES ACTIVITÉS INDUSTRIELLES"

QUÉBEC

MAY 3, 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.

The forces for protectionism are alive in every country, including Canada, and the pressures are unrelenting. Just as an example, more than 100 protectionist bills were introduced in the U.S. Congress last year alone. Not many of them got very far, but the volume is certainly indicative of the pressures. And the volume is growing.

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 (such as copper and nickel.)

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.

Since we have come to 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 took place throughout the month of March and 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. And in this regard, I can report that I have had excellent meetings in the past two weeks with both Ambassador Mike Smith, the acting U.S.T.R., and Clayton Yeutter, who has been named by President Reagan to take over the job. We'll be working together this summer and will submit a preliminary report in September.

The other major initiative we have taken is what brings me here today. Back in January, 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 25,000 copies and the paper is now in its fourth printing. The Book of the Month Club hasn't called yet, but I'm sure it's going to.

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

It opens with a description of the international trading environment -- a place filled with traps and barriers, and inhabited by predators -- 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 recent OECD meeting in Paris, the industrial countries made unexpected progress toward getting a new round underway. It now looks like the next round could begin next year.

At the same time, we have to consider our bilateral trade with the United States, where our access is 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 non-tariff 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 agreement, one that would encompass most of our trade 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 last stop on our consultation tour -- which has taken us in the past six weeks to 15 Canadian cities from coast to coast. I can tell you that, from my point of view, it has been an outstanding trip. I have gained insights into the problems, aspirations and abilities of business people all over Canada, and of labour representatives as well. I think there are two main themes to what I've been hearing. That Canada has been falling behind in trade, and must catch up. And that there is intense interest, all over the country, in doing anything within reason to secure and enhance our access to world markets in general, and to the U.S. in particular. Perhaps the one thing that has struck me most, however, is the depth of knowledge of the people whom we have heard. If I had a hat on, I would take it off to you. You're great!

The object of the exercise, of course, is to hear from everyone who wants to talk to us. Next week, we'll be

back in Ottawa to receive some formal submissions. We intend to listen to everyone who wants to put forward a view. When we have heard you all -- and that should be along about the middle of May -- we will meet with the governments of Canada's provinces to discuss our findings. And by some time in June I hope to be able to put to Cabinet my preliminary recommendations on the most appropriate actions that are open to us.

Whatever the course turns out to be, I can assure you of two things. It will be determined on the basis of what is in Canada's interest. And it will be guided by your will, the will of Canadians across the land.

Thank you.