

STATEMENT DISCOURS

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Notes for Remarks by the
Honourable James Kelleher,
Minister for International
Trade, to the Canadian
Association for Latin America
and the Caribbean and the
Brazil-Canada Chamber of
Commerce

OTTAWA

February 4, 1986.

Ladies and Gentlemen:

Let me say how pleased I am to participate in your consultations with Government. I am well aware that although this is billed as an annual event, it is really a consolidation of what is an ongoing and lively relationship, and that gives all the more meaning to today's meeting.

Indeed, the working relationship of CALA and the Brazil-Canada Chamber with Government Departments shows that one of the fundamental commitments of our Government can be a reality. That commitment is to consultation, to bridge the communications gap between Government and the private sector to help get our economy moving again -- and keep it moving.

My principal concern today has a lot to do with communications. It lies in giving you, as business people and exporters, a clear picture of the Government's trade strategy -- not as it is sometimes depicted by our critics, but as it actually is.

Just over a year ago, I issued a discussion paper on how to secure and enhance Canadian access to markets abroad. There were two principal working sections to the paper. The first dealt with the necessity to encourage -- and prepare for -- a new round of multilateral negotiations under the GATT. The second discussed what Canada might do to maintain and improve our access to the markets of our largest trading partner, the United States.

The section on the U.S. listed four possible courses -- from leaving things as they are to negotiating a new bilateral trade arrangement. At that point, we took no sides. We simply pointed out that none of the options was perfect, that each of them had pluses and minuses.

But somewhere the point got blurred, perhaps because the discussion paper contained so much to discuss. Somewhere along the line, people forgot about our preoccupation with the next GATT round -- in other words with our global trade. What caught everybody's attention was one of the four options for dealing with the United States -- the option of bilateral trade negotiations.

"Attention" may be an understatement. The idea that we might negotiate a better trade deal with the country that buys nearly a quarter of everything we produce -- not a quarter of our exports, but a quarter of everything we turn out -- that idea set off a barrage of charges and countercharges across the land. And when, after long and intense consultations with the private sector and the provinces, we determined to undertake bilateral negotiations, the barrage of course intensified.

One of the charges that has been heard most -- and, I suspect, the one that most concerns you here -- is that we are "putting all our eggs in one basket." Or, to put it another way, that we have abandoned our global trade interests and become narrow "continentalists".

I assure you that nothing could be farther from our minds. We are not putting all our eggs in one basket. We have not become continentalists. We are absolutely committed to expanding Canada's trade everywhere in the world.

Let me be explicit.

At the same time that we proposed bilateral trade talks with the Americans, we also launched a major new trade initiative in the Pacific

Rim, which as you know has become the fastest growing area in the world. We have opened new trade offices in Japan and China, and dispatched more trade commissioners to the area.

But that is far from all.

As Minister for International Trade, I spend a great deal of my time pounding the streets of the world to promote Canadian exports. I have been to Eastern Europe twice, to Western Europe three times, to the Far East, to Australia and New Zealand. And on Friday I head off again, this time on an around-the-world trade mission. My first stop will be London, for a strategy session with our trade commissioners all over Western Europe on how we can increase our trade in that vital area of the world. Then it's off to Southeast Asia -- to Singapore, Indonesia, Malaysia, Thailand and Hong Kong. There, my principal mission will be to help open doors for Canadian businesses in the ASEAN countries.

As you know, I had to postpone a trip to South America last fall because of pressing government business in Ottawa. I greatly regretted having to put it off, and I fully intend to reschedule it at the first opportunity this year. As I will explain in a few moments, Latin America is very important to us.

Now let's talk about the GATT. Any bilateral agreement we conclude with the U.S. must also take into account our global trading needs and meet our obligations to the GATT. It would be plain stupid for Canada -- or the United States, for that matter -- to sign an agreement that would in any way discourage our trade with the rest of the world. Indeed, the probability is that a Canada-U.S. trade agreement would contribute to lowering trade barriers everywhere.

This will be a watershed year for the world's trading nations. After more than a year of hemming and hawing, a majority of the 90 or so nations that participate in the General Agreement on Tariffs and Trade have agreed to begin the next round of Multilateral Trade Negotiations sometime after this summer.

Under this Government, Canada has played a leading role in getting the world's trading nations to agree to start the next round. We have sent official delegations throughout the world -- obviously including Latin America -- to line up support and make preliminary attempts to determine an agenda. I myself have pushed for the new round in discussions with the trade ministers and ambassadors from many countries.

We did not make a big display of this -- diplomacy is often more effective when it is done quietly -- but we have been very active in our efforts. And to underscore our enthusiasm, we have offered to host the Ministerial Conference that will get the next round underway. We have suggested that the conference be held in Montreal in September.

This will be the eighth GATT round, and its objective will be to reverse the movement towards protectionism that is building in the world, to lower more trade barriers, to tighten some of the loopholes and modernize the GATT system.

Through its first seven rounds of multilateral trade negotiations, the GATT has generally worked well. It has succeeded in cutting tariff levels roughly in half. It has established the framework for an orderly trading system and reduced the trade frictions that exist between nations. Largely because of its efforts, the volume of world trade has grown sevenfold since

1950. That has enriched the lives of us all.

But progress under the GATT tends to be ponderous. Negotiations for the eighth round will probably take many years. They will not be easy, for they must take into consideration the needs and aspirations of a great many nations, not all of which are agreed on what they should cover.

It is in this context that I believe that the bilateral trade negotiations between Canada and the U.S. could actually improve the prospects for the next GATT round.

There is good historical precedent for this belief. Five decades ago, the world was in the midst of the Great Depression, and trade wars had broken out to make things worse. Canada and the U.S. were the first to react to the rampant protectionism of the times. In 1935, we signed a bilateral agreement to bring the barriers down, and its principles eventually became the foundation for the GATT.

Something like that might well happen again. If Canada and the United States could lead the way again, if we could show the rest of the world that trade liberalization is to everyone's advantage, the next round might well get further faster.

With this in mind, let's focus our attention for awhile on Canada's relations with Latin America and the Caribbean.

First, let me congratulate both CALA and the Brazil-Canada Chamber on the initiatives you have undertaken during the past year. These indeed complement what we are doing and serve as an excellent example of the benefits to be reaped from consultation and cooperation.

We are all aware of the economic crises -- not to mention the natural disasters and political problems that have plagued South and Central America and the Caribbean over the last two years. In fact, if we didn't look behind some of the published reports during that period, we could have concluded that the only thing left to be done was turn out the lights. Well, we didn't do that. And we won't.

In the case of the Caribbean, we took steps to stimulate growth by increasing our aid flows and creating better access to the Canadian market from the region. In October of last year the Prime Minister advised Caribbean Heads of Government that we would be ready to introduce additional duty-free arrangements in 1986. He announced as well that we would take further steps to facilitate sales to Canada, steps such as market development training, marketing seminars and directories. These programs go well beyond simple moralistic posturing. We believe that by strengthening the economies of those countries, we will create new market opportunities for our own exporters as well. You can't sell very much to a customer with no money.

Canada's relationship with Central America has been strengthened during a very difficult period in that region. In June of last year, my colleague, Madame Vézina, visited Costa Rica, Nicaragua and El Salvador to review our aid, trade and other policies in the region. Canada has been a supporter of, indeed a participant in, the Cantadora effort to bolster the political stability of these troubled countries. This is essentially a political initiative, but out of it should come a better atmosphere in which to do business.

I believe Mr. Richardson has already reported to you on the Trade

and Industrial Cooperation Committee Meeting which he co-chaired in Mexico City in November. It was a meeting that produced results. Mexico and Canada agreed to an exchange of information and to a program of activities which would help both countries pursue their trade objectives with each other.

Although the news to report from South America has not been promising and the debt, low commodity prices, and market access problems continue, we have maintained our marketing efforts and resources, and are tailoring them to opportunities for Canadian exporters.

At the same time as we look at the harsh realities of the economies of the region we also see some optimism as we look into the medium and long-term. Argentina, against what appeared to be impossible odds, has had the courage -- and, believe me, it took courage -- to attack its spiralling inflation and to get serious about managing its debt burden. The light we decided not to turn off in Argentina turned out to be at the end of the tunnel.

As for Brazil, its economy once again proved to be not just resilient -- but irrepressible. Brazil is on the rebound in a big way. It has always regarded itself as the land of the future. But the economy now appears to have taken off, so that it has become the land of the present, as well.

Ecuador and Colombia have also started on a moderate upswing, which is also very encouraging, and there are signs of life in most other countries, too.

During the past few difficult years, we continued an active trade development program in South America. We did so with the full knowledge that

there would be no quick fixes, that new opportunities would have to wait for awhile. In the short term, we were mainly trying to maintain our share of what was then a shrinking market, and to hold our position until the situation improved. But in the process we signed both a double taxation agreement and an air agreement with Brazil.

The Department also sustained its promotional projects program in the region and, in my view, brought it to a higher level of sophistication through the use of sector seminars in conjunction with fairs and missions. We were able to achieve this only by pooling our efforts with yours and those of C.I.D.A. The petroleum industries seminar in Brazil and Tecnocan in Buenos Aires stand out as examples.

Officials also conducted Joint Economic Committee meetings with Venezuela and Argentina, and a number of high level visitors came to Canada for discussions and a look-see at Canadian expertise. From all of this activity emerged a number of new and important trade opportunities which we hope will bear fruit.

All of this activity, I believe, goes to demonstrate two general points. One of them goes back to the question of how many baskets you put your eggs in. And the answer is as many baskets as you can get your hands on.

The second point is that all of these programs were undertaken with a minimum of adjustment to our Government presence in the region. And what does that show? I think it proves that we can be more efficient at running things. By taking a good hard look at how we've been doing things, by developing new and more imaginative methods, programs and tools, we can improve our effectiveness without expanding resources.

That's a tall order but I believe it can be filled. It already is being filled. We found the resources to start implementation of Phase I of the trade strategy, and we're looking at what is required for Phase II.

We're also looking at streamlining some of our existing programs, to get them to produce more for less.

Let me close on the theme that I started with. Canada is a trading nation. Being a trading nation, and with so much of our income dependent on being competitive in all world markets, means that we must press our trade in all world markets. This government is doing exactly that, and we have been doing it since we took office. How many baskets do we put our eggs in? We put them in as many baskets as we can get. We have, after all, an awful lot of eggs.

Thank you.