

Statement

Minister for
International
Trade



Déclaration

Ministre du
Commerce
extérieur

CHECK AGAINST DELIVERY

Good afternoon,

I would like to introduce this pamphlet, my Deputy Minister for International Trade, who is accompanying me today.

When we met last year, the world that we discussed changes in the global trading environment, with particular emphasis on our policy of springing trade. As you are aware, the Prime Minister announced the policy last year, and the Government is an economic and trade program designed to ensure that Canada will succeed in this world economy. This policy utilizes the springboard of the FTA as a means of achieving competitiveness in the global economy.

OPENING REMARKS

BY THE MINISTER FOR INTERNATIONAL TRADE

Let me say that it is a matter of the highest priority to the global trading community.

JOHN C. CROSBIE

AT THE

STANDING COMMITTEE ON EXTERNAL AFFAIRS

AND INTERNATIONAL TRADE

HOUSE OF COMMONS

June 18, 1990.

Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada

Canada

Good afternoon,

I would like to introduce Don Campbell, my Deputy Minister for International Trade, who is accompanying me today.

When we met last year, you will recall that we discussed changes in the global trading environment, with particular emphasis on our policy of Going Global. As you are aware, the Prime Minister announced the policy last fall and committed the Government to an economic and trade framework designed to ensure that Canada will succeed in this decade and into the next century. This policy utilizes the springboard of the FTA as a means of achieving competitiveness in the global marketplace.

Let me turn for a moment to the trade issue that is of highest priority to Canada, as well as to the global trading community.

The Uruguay Round of the multilateral trade negotiations has now entered its final phase.

The time is short and the road will be long between now and the concluding meeting in Brussels. As well, there will be some potholes en route. Obstacles could include a number of issues with national interests at stake. I have in mind agriculture, textiles and some of the new issues such as intellectual property. It is a very complex negotiation but collectively we must reach agreement.

Ministers have agreed at recent meetings including the Informal Ministerial, the Quadrilateral and the OECD Ministerial that our negotiators be directed to develop frameworks for each of the 15 negotiating groups. These will be reviewed at the July 23 meeting of the Trade Negotiations Committee.

This deadline must be kept if we are going to make our closing December date. I will host two MTN meetings including the Asia-Pacific Ministers in Vancouver Sept. 11-12 and the Quadrilateral in St.

John's Oct 11-13 in order to move the issues to a successful conclusion.

As you know, MTN negotiators are currently seeking a substantial and balanced package of global trade liberalization measures across most sectors including agriculture; as well as reviewing and strengthening the trade rules in the GATT and expanding the reach of the trading system to newer areas of trade in services, intellectual property and trade-related investment.

At the same time, the high stakes in a successful outcome in the substantive areas has begun to focus attention on the institutional framework necessary to effectively implement and administer the new, complex and comprehensive multilateral trade agreements. Trading nations must respond to the challenges and opportunities created by rapid developments in Europe, in developing countries and elsewhere.

The Canadian Institutional Strategy that I unveiled two months ago is aimed at consolidating the transparency of new market-based trade regimes, strengthening the effectiveness of a common dispute settlement mechanism across the whole range of trade agreement, and placing a new global trade organization in a position where it could interact effectively with the IMF and World Bank to ensure a greater coherence of trade, financial and monetary policies.

A new World Trade Organization (WTO) would build upon the substantive rights and obligations arising from the Uruguay Round. Agriculture and textiles I hope will be gradually but fully integrated into the new GATT and the rules on subsidies/countervail, anti-dumping, import safeguards and balance of payments will be significantly strengthened. The WTO would administer these agreements as well as the new GATS (General Agreements on Trade in Services) and those on TRIPS (Trade-Related Intellectual Property) and TRIMS (Trade-Related Investment Measures). These agreements would be underpinned by a more unified and effective multilateral dispute settlement mechanism aimed at eliminating recourse to unilateralism.

I have continually stressed that the creation of a WTO will only come about if we have a large and substantive result in the Uruguay Round. Without success at the concluding meeting in December we

will have no reason to establish a WTO.

I would now like to briefly discuss Canada - U.S. Trade Relations and the ongoing implementation of the FTA.

Our trade policy and trade development efforts have been centered upon the U.S. and the vast American market. The FTA is being implemented and the business community is taking advantage of the increased opportunities of the market.

On May 18, I met with Ambassador Carla Hills for a meeting of the Canada - U.S. Trade Commission. The Commission received status reports from a number of the working groups, in particular those dealing with subsidies and trade remedies, tariff acceleration, temporary entry, rules of origin and customs matters. I should also mention that the Commission at its November meeting established a services working group to explore the possibilities of enhancing trade in services. The first meeting took place in Washington on May 4.

In the Commission we also dealt with a number of current issues in the relationship. We did so in the context of a strengthening trading relationship and a willingness to seek solutions where possible.

The Canadian business community is actively seeking out opportunities in the world's single largest market. Exports to the U.S. are up, in part due to an active trade promotion program. Last year more than 10,000 Canadian companies, of which approximately 85% are small and medium sized companies, participated in trade promotion events and activities in the U.S. organized by my Department.

One program in particular, NEBS (New Exporters to Border States) took 3092 new-to-exporting companies, for an initial exposure to the U.S. marketplace. Subsequent surveys indicate that a majority of the companies ended up exporting.

I do not propose to go into detail on the Canada U.S. trade relationship, but the FTA is working and our business community is reaping the benefits of enhanced market opportunities.

The progressive changes in the USSR and our policy towards

Latin America including our initiative in joining the OAS have all occurred since I last met with this Committee. Our activities in Eastern Europe, in Mexico as well as our MTN discussions have taken place in harmony with our priorities outlined in the Three-Pillars Strategy of Going Global. We are seizing the opportunities in the U.S. marketplace, securing our access to the markets of the new Europe and enhancing our success in the Pacific.

Last year I spoke in some detail on our Going Global Program and I have already mentioned several aspects of our trade program in the U.S.

In the Pacific we are pursuing strategies for key sectors such as beef in Japan. We are looking to the future and have created a language and awareness fund to ensure that business understands the cultures and languages of the region. Last week, my colleague Joe Clark announced a grant of \$10M to the Asia-Pacific Foundation in order to assist in the development of courses at the secondary school and university level and to assist employees of small and medium-sized firms to attend such courses.

Our efforts in Europe include analyzing and informing business of the changes to take place due to the economic and political integration of Europe 92. In addition to major conferences which I attended in Toronto, Montreal and Vancouver, we are holding sector specific seminars and workshops across Canada. On June 6th, the first in a number of workshops scheduled for Atlantic Canada was held in Halifax.

International trade is the cornerstone of Canada's economy and while overall export growth has been significant, a decline in our market share in the three mega markets suggests an erosion in relative competitive advantage. Canada's ability to reverse this trend depends upon how well Canadian firms assess new business environments, respond to the challenges of rapid technological innovation, and make effective use of strategic alliances with foreign partners.

Our global concept is a necessity if we are to succeed as a nation during the rapid globalization of world markets and economies. The integration of trade, technology and investment priorities and programs is key to our survival in the future.

But the last six months have seen events that were not measured or predictable. Yesterday's unthinkable is today's reality. Canada has to be and is a full-fledged player in those fora that are shaping events to meet the expectations of all those looking for freedom.

This brings me to discuss with you the extraordinary Bonn Conference on economic co-operation in Europe to which I led a group of senior Canadian executives. I was extremely pleased to participate in the first ever East/West Conference where there were only winners. We have moved from a period of "detente" to one of "entente".

In fact all 35 participating states, committed themselves to the principles of market economics and linking economic development to fundamental western values such as multi-party democracy, the rule of law and human rights.

The participating states recognized the importance of economic reform. They accepted the objective of creating free and competitive market economies where prices are based on supply and demand.

The active participation of representatives of the business sector underlined the fact that while governments have the responsibility to provide an adequate overall framework for economic activity, the decision to do business and the source of economic growth lie with the business community.

The actions of the private sector will be crucial to the process of economic reform and regeneration in the USSR and Eastern Europe. Each of the Eastern European governments will choose its own path and its own pace but all have recognized the need to move to a price and market based economy.

The Canadian Government is actively working to ensure that we participate in the economic transformation of Eastern Europe, and to realize the benefits of this opening of markets. We intend to work in partnership with the Provinces and the private sector.

As an example of our participation, we are a full member in the European Bank for Reconstruction and Development which will create opportunities for Canadian companies to be directly involved in the development of the region. We are also creating a special fund of

assistance for Eastern Europe which, although on a modest scale, will establish training programs and institutional linkages.

Starting tomorrow in Montreal, there will be a series of Canada-USSR technology round-table meetings held across the country with a delegation of 12 Soviet technology and business experts.

I would like to turn now to the question of a possible free trade agreement between the U.S. and Mexico. I begin by noting the announcement made last weekend in Washington.

During their meeting President Bush and President Salinas concluded that a comprehensive free trade agreement was the best vehicle to achieve their shared objective of expanded trade and economic relations - to provide a "powerful engine", as they described it, for sustained growth, job creation and opportunity.

They agreed that the United States Trade Representative, Carla Hills, and the Mexican Secretary of Commerce and Industrial Development, Dr. Jaime Serra, would undertake the consultations and preparatory work needed to initiate such negotiations, in accordance with each country's internal procedures, and to report back to the two Presidents as soon as practicable, but in any event before their next meeting in December.

I expect that formal negotiations between the U.S. and Mexico could be announced later this year, perhaps on the occasion of President Bush's scheduled visit to Mexico in December, or perhaps even earlier. In the interim, the U.S. Administration will be working with Congress, examining various studies and completing their own analyses of U.S. Interests. The Government of Mexico will be carrying out its own preparations. President Salinas has already responded positively to a recommendation from the Mexican Senate to negotiate a free trade agreement with the United States, its largest trading partner.

This Government welcomes the U.S.- Mexico initiative to move in the direction of a possible free trade arrangement. Canada has, of course, already taken major steps to expand our trade and economic relations with each of these important trading partners and neighbours. We enjoy excellent relations with both governments, each of which has kept us informed of developments as they work

toward their free trade objective.

The Government has not, at this time, reached a conclusion as to whether we would wish to be involved in this U.S.-Mexico enterprise, nor is Canada under an obligation to join in their discussions. In reaching a decision, the Government will be consulting with Parliament and the Provinces, as well as with business and labour representatives. Last week I met with the International Trade Advisory Committee to review the principal considerations. My Department has been in contact with all provincial governments.

The Federal Government will also continue its own internal assessment of where Canada's interests are and how they might be best advanced in the circumstances. A initial study of the impact of a US - Mexico agreement is underway and a number of universities and economic institutes are studying the issue. My Deputy will chair a steering committee to further investigate and analyze the options. We have stressed our interest in remaining in close touch with the U.S. and Mexico, as each of them moves independently along the path of internal consultation.

As most of you know, President Bush telephoned Prime Minister Mulroney before the release of the announcement, at which time he reviewed where matters stood. Similarly, I met with my Mexican counterpart, Dr. Serra, in Montreal on June 12, 1990 so that he might de-brief me on discussions which had taken place in Washington during the just-completed visit of President Salinas. Obviously this matter raises important considerations and is receiving high-level attention in all three countries.

In the past few minutes I have set out some of my views on the challenges, the opportunities and the issues that we face in the global trading environment.

In the 80's we found that in the global environment there was no place to hide. In the 90's we must learn how to cope with global interdependence. The new internationalism is characterized by economic competition and making money rather than by making war.

Canada must be part of this new internationalism and attempt to take the lead in managing our future. Canada can compete globally! We can help to shape an economy capable of competing globally

from the strengthened North American base created by the Free Trade Agreement. The export sector is well placed to be the leading edge of modernization and economic aggressiveness in the Canadian economy.

I have laid out the agenda as I see it - I look forward to your comments and questions.