

Minister of Industry,
Science and Technology and
Minister for International Trade



Ministre de l'Industrie, des
Sciences et de la Technologie et
ministre du Commerce extérieur

Statement

Déclaration

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NOTES FOR AN ADDRESS BY
THE HONOURABLE MICHAEL H. WILSON,
MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY AND
MINISTER FOR INTERNATIONAL TRADE,
BEFORE THE ANNUAL MEETING OF
THE FISHERIES COUNCIL OF CANADA

OTTAWA, Ontario
October 2, 1991

Thank you for your warm reception ladies and gentlemen, and for your timely and kind invitation to address your annual meeting.

I am particularly pleased to be the first Minister for International Trade, and Industry, Science and Technology to speak to this Council. It is especially opportune that I should be meeting you, since the focus of the work of my two departments is shifting to provide support for strategic initiatives. All areas of the Canadian economy face competitive challenges which can, in part, be met by strategic initiatives and strategic partnering. I want to speak more about the implications for your industry.

Seldom do I have the opportunity to speak to an industry association at such a crucial time in its history, nor at such a crucial time in our history as a country. Today, Canada is at an historic turning point. The fundamental bases of our political and economic systems are being questioned as never before. In response, over the last few months, the Government of Canada has carried out extensive constitutional consultations across the country. The Government recently announced a crucial initiative which will help Canadians to reshape many of our political structures.

At the same time, our economic structures are facing growing competitive pressures for change. When I was Minister of Finance, I outlined, in the Budget presented in February 1991, some of the competitive challenges facing Canada. The Speech from the Throne announced that the Government would be launching an initiative aimed at improving Canada's competitiveness. Later, I want to talk about this initiative.

Your invitation to be here gives me an opportunity to speak to the second-largest exporters of seafood products in the world. You are no strangers to my principal theme -- competitiveness. Despite the economic downturn of the last year, Canada and Canadians entered the 1990s with one of the highest standards of living in the world. Since the late 1940s, we have expanded from our rich resource base to create a healthy and diversified economy which has been very competitive.

Today, the marketplace is global, and is changing so rapidly that we must move quickly to respond to its challenges. The factors which have caused these profound changes in the marketplace are:

- an ever-increasing pace of technological change;
- a truly global economy with transnational corporations increasingly shaping trade flows across borders;
- concern about our global environment, placing constraints on industry -- both about processing and about its share of the waste stream; and

- growing importance of knowledge-based rather than resource-based industries.

These factors are also the basis of the profound global challenges facing Canada, and your industry.

In the last decade, while other nations have made significant improvements in productivity, Canada's productivity growth has stalled, despite strong investment by industry over the past six years. As a result, we have lost ground -- a recent Canadian Manufacturers' Association study ranked Canada's competitiveness last out of the Group of Seven nations.

We have been slow in developing and applying new technologies. The World Economic Forum Report ranked us 17th out of the 24 Organization for Economic Co-operation and Development (OECD) countries in adapting technology. Business has invested too little in skills training for its employees -- we were ranked a disappointing 20th. We have been slow to meet some of the challenges of a global marketplace -- we ranked 16th in terms of international orientation. And perhaps most important of all, the key players in our economy -- governments, labour and business -- have had great difficulty working together towards common goals.

In 1984, our government set out an agenda to create an environment in which industry could respond to new competitive challenges. The Agenda for Economic Renewal has been at the heart of government economic policy since 1984.

This Agenda includes deficit reduction, deregulation and privatization, and the Free Trade Agreement with the United States, which secured and enhanced market access to our largest trading partner. The Going Global initiative, that has opened markets in Europe and the Pacific Rim, is also a part of the Agenda which continues to expand its trade horizons through the proposed North American Free Trade Agreement. The Agenda for Economic Renewal has gone a long way in providing a fiscal and regulatory environment for business to grow. These are among the initiatives that have been taken to provide Canada with the tools it needs to compete.

The seafood and marine products industry knows, perhaps better than most, the rigours of the global marketplace. You have learned them as you have developed markets for the over 80 per cent of your production which is exported. However, this also means your industry, like the rest of Canada's economy, must be especially responsive to the international marketplace.

Today, international trade accounts for over 25 per cent of our gross domestic product. It places us seventh out of approximately 168 nations worldwide in total trade, even though

we rank 31st in population. One in every four of our Canadian work force has a job dependent on trade, and the revenue generated amounts to over \$5,000 each year for every Canadian.

Successful companies -- and nations -- have learned that one key to success in a competitive marketplace is the development of long-term strategic plans -- and partners. Such plans allow industries to chart and implement technological change. Strategic marketing decisions, which require long-term planning horizons, can help industries to be more market-driven and better able to exploit new market opportunities.

Both of my departments -- International Trade, and Industry, Science and Technology -- are working together to help our industries develop new strategies and partners. The goal is to enhance Canada's overall competitiveness as well as that of each sector and industry.

Canadians have a great stake in our continued prosperity. Improving our competitiveness means a higher standard of living. This, in turn, will provide us the means to be a caring society. A society that can secure the social programs we see as essential to our being Canadian. A society that can continue to support the arts and culture which helps us to understand ourselves. A society with the means, and the will, to make our education and technologies second to none in the world.

I'd like to share with you some of the findings the departments of Industry, Science and Technology (ISTC), and International Trade have taken from experience with the sector campaign carried out in collaboration with the Fisheries Council of Canada and with other Canadian seafood associations. I'd like to look at four or five basic components which have emerged as the structure within which, I believe, we can make our plans and develop our strategies to become truly responsive and competitively positioned to keep our products in the forefront among the trading nations of the world.

We need to take advantage of what we already know of the marketplace -- and our product. This leads to some important questions which face all of you here today.

How can we take advantage of the benefits of technology to enhance productivity, product quality and market response time? How can we improve management education, and enhance labour and management skills training? How can we develop strategic partnering to share research and development, joint venturing and integrated marketing into our future? How can we work more closely together as a single competitive entity in the international marketplace?

I would like to talk first about technology because it is the thread which ties all the other components together.

Technology can be new and novel ways to produce and prepare the product: by vacuum pack, by freezing, by packaging and presentation. Technology can mean better market intelligence through the use of well integrated, and shared, communications systems incorporating computers, facsimiles, voice-mail ordering systems and satellite communications.

Technology can also mean research and development in the creation of unique and useful consumer products. Such R&D can ensure Canadian processors maintain and improve quality control, and improve control of both the product supply cost and the market price of the finished product.

Technology can also mean the Fisheries Council's own Parasite Detection Equipment development project. The success of this project will benefit the entire industry through the transfer of equipment and the enhanced quality of your product.

Application of new technology in any industry requires a renewed focus on skills training. This is equally true in your industry which faces the twin challenge of enhancing both labour and management education.

Since meeting technological change is a shared challenge, perhaps different parts of the industry can work together on mutually beneficial projects. This is one of many areas in which management and labour co-operation can pay important dividends. Equally, the opportunities for joint industry projects and networking in this area can reinforce a co-operative approach to international marketing and other shared challenges.

Such joint industry co-operation lead to the success of the ISTC-sponsored technical mission to Europe last spring. This mission drew together a group of specialists from different parts of Canada, each with experience in different scientific and technical fields in the fishery and fish products industries. The group visited various research and development institutes, fish processing plants and equipment manufacturers. They found that many European countries had a more comprehensive, better-funded system for research and development than we have. And they found that funding and participation by industry in these systems was considerably higher than here at home. They also found processing technology was more advanced, with innovations more quickly adapted by their industry than ours.

I think the lesson is clear. In the past, your industry has established itself firmly in the marketplace. However, this past record is no guarantee of future success -- we have to keep up

with the competition. There are hungry and tough competitors who are working hard to beat us wherever they can.

All industries are coming to recognize that labour skills enhancement can be a key factor in improving productivity. The mission, I mentioned earlier, found that Europeans have more mechanized processing. They also found that this mechanization requires greater skills training programs which can help workers adapt to and accept change. With enhanced skills and productivity, the wage structure in European fish processing plants is higher than here.

Co-operation among companies -- and between labour and management within companies -- and long-term strategic planning in this area can also lead to improvements in productivity, product quality and security of market position leading to more secure employment. We recently saw an example of just such forward-looking co-operation. Last March, for the first time, the Fisheries Council of Canada and representatives of labour, processors, trade groups and academe held a national round table discussion about the human resource development challenges facing your sector. This meeting helped to lay the groundwork for addressing these challenges. ISTC will be convening a series of follow-up regional meetings to develop a plan of action for human resource development in the sector.

Many companies in your industry -- lead by the efforts of the Fisheries Council of Canada -- are already looking for ways they can work together to tap emerging market opportunities. One measure which is helping to do just that is the recently formed Fishery Products Technology Consortium -- created with the help of ISTC.

Strategic partnerships can extend beyond the bounds of the traditional industry as we have known it. For example, Dave Nichols, the President of Loblaws International Merchants of Canada, has suggested the seafood industry should see strategic partnerships as not just links among themselves. He sees many mutual advantages to partnerships between retailers like him and seafood processors, especially in the area of product development.

Retailers could bring to such a partnership an accurate sense of the consumer's needs. Processors can bring their own processing and international marketing experience to this partnership. Perhaps this would lead to a higher, more stable, demand for your product, improved quality, better price and -- overall -- a more productive use of an important renewable resource. The net result would be an industry which is much more market-driven rather than production-driven.

To keep up with market demands, strategic partnership may well include the retailer, you -- the processors -- and your suppliers working together to develop products and marketing strategies. So perhaps we need to look at strategic partnerships which cover everything from ocean to market.

Speaking of markets, I would like to say a few words about emerging opportunities, market intelligence and market systems.

First, markets: the international seafood products market. This is an expanding, consumer-driven business. Despite problems in some fish stocks and a global recession, in 1990 the volume of exports from Canada increased to 624,000 metric tonnes of product, up nearly 4 per cent over 1989. And the total value of product -- at \$2.6 billion in 1990 -- increased more than 8 per cent over 1989.

While ground fish were down slightly in 1990 (some 217,000 tonnes, compared to 221,000 tonnes in 1989), exports of shellfish increased from 65,000 tonnes in 1989 to 72,000 tonnes in 1990. Freshwater fish exports also increased from 22,000 tonnes in 1989 to 29,000 tonnes in 1990. Market opportunities are opening for other existing, new and perhaps under-utilized species.

Market intelligence is the basis of any marketing strategy. In assessing potential markets I am sure you recognize that the United States will probably remain our primary market for the immediate future. However, emerging are some long-term, potentially massive new markets to serve. For example, South Korea is lowering tariffs on a number of fish and seafood products, including lobster. Japan, Taiwan, Hong Kong and Singapore offer interesting market and joint venture opportunities for expanded distribution. Such gains might be modest at first, but could increase significantly over time.

My department assisted your industry in investigating the Mexican market earlier this year. ISTC is asking firms to make a commitment to this market and to follow up on this initiative. Your president, Ron Bulmer, participated in that exploratory mission and will be reporting on it to you later in the week.

Perhaps the most interesting opportunity for expansion of exports may well lie in the European Community and its 320 million consumers. Perhaps this market area will be joined by another 300 to 400 million consumers, once the political and economic transformation of the former Soviet bloc is completed.

Market systems: studies undertaken by your industry in co-operation with my department, point to the need for new industry-co-ordinated marketing services so we can remain competitive.

There are already services in place within industry such as the Canadian Association of Fish Exporters Intelligence Digest. Also, the Fisheries Council is studying ways to promote Canadian generic fish to take better advantage of consumer awareness of our high-quality product. Equally, the Council's study of food service markets will help your industry to get more value out of the existing cod and other white fish stocks.

Such services are also available within government. For example, Canada's Trade Commissioner Service -- with over 800 staff members in 128 offices outside Canada, and 12 International Trade Centres within Canada -- provides a very active program of export development. In many posts where seafood and marine products represent a significant export market opportunity, there are one or more officers providing service full time to the fisheries products industry. And to highlight the importance of trade to our standard of living, I have designated October as Canada International Trade Month.

We have co-operative, efficient and viable industry-government market systems operating which can respond to the new challenges of a global market. However, the challenge for any such system is making strategic decisions about their structure which will determine not only the intelligence they gather but also their ability to interpret it. Finally, the challenge is knowing when and how to act upon the intelligence.

This is the area where your industry must be prepared to make substantial investment. In the past, the Government has assisted the development of marketing systems and the means of gathering market intelligence. For the future, strategic decision making in your industry will rely more and more upon the quality of your investment in this area.

I am very impressed by the recently created B.C. Salmon Marketing Council, which has funding amounting to nearly \$1.5 million from members representing all stakeholders in the industry: fishermen, processors, market consumers and native people. The Council will support a fishery promotion campaign and efforts to improve our competitive edge in the international salmon products market.

Perhaps it is time industry and government began to talk about how to create and fund such councils on a national basis.

The important feature is that all of these initiatives are industry-conceived, industry-run, and to a considerable extent, industry-funded. Naturally, government start-up funding will be available, but the objective is to create industry-reliant, permanent mechanisms. In the future, there may be many examples of such initiatives. The proposals which flow from the sectoral campaign would meet the objectives I have just outlined. I am happy to be able to say that they will form the principle focus of the Phase III Sector campaign. They are:

- Strategic Initiatives Fund;

- Technology Initiative; and
- Human Resources Initiative.

The Strategic Initiatives Fund would be used, subject to recommendations from an Industry Advisory Board, to support action plans arising out of the investigative stage of the sector campaign.

The Technology Initiative would consist of a Fisheries Products Technology Consortium, an Aquaculture Technology Consortium and a Further Products Utilization Fund. The Further Products Utilization Fund will address the development of new products from what is now called waste.

The Human Resources Initiative would not only promote personnel development programs at all levels, but would, if industry wished, see to the development of a permanent mechanism for dialogue within the industry on human resources issues, such as training and adjusting to technological change.

Your industry is already finding that co-operation and competition are not mutually exclusive. On the contrary, the capacity to do both is essential to adjusting to an ever-more competitive marketplace. Working together to meet the competition in the global marketplace, working together to meet our internal competitive challenges; in the past, we as Canadians have too often concerned ourselves with what divided us.

I am confident that as we are made to face increasingly stiff global competition we will realize the advantages of working together -- whatever our differences -- to make our country as prosperous as it can be.

This fall, the Government of Canada will be launching the Prosperity Initiative which will focus on five areas which are crucial to our ability to compete: learning, science and technology, investment, domestic markets and trade. Each raises questions. I want you and all Canadians to help me find the answers to those questions. A central part of the initiative is a three-part consultations program which will give all Canadians the chance to help Canada meet the competitive challenges ahead.

Some of you may be aware of the recent United Nations study which ranked Canada as the second best place to call home. I think, in our hearts, we all know that it is second to none. The Prosperity and Unity Initiatives are aimed at making that a reality. They are aimed at helping Canadians build a plan of action to secure Canada's future prosperity.

Together, we can pass a prosperous and united Canada on to our children.

Thank you.