

Statement

95/26

CHECK AGAINST DELIVERY

**NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE CALGARY CHAMBER OF COMMERCE**

**CALGARY, Alberta
April 19, 1995**



Government
of Canada

Gouvernement
du Canada

Canada

More than at any other time in recent memory, events over the past year have demonstrated the central importance of international trade and investment to Canada.

In 1994, Canadian exports increased by 21 per cent, reaching \$219 billion. Our annual trade surplus totalled \$17 billion, up almost \$8 billion from 1993. Merchandise trade surpluses with both the United States and Japan increased yet again.

At the same time that Canada was posting such trade records, the Prime Minister was leading the "Trade Team Canada" mission to China – the largest initiative of its kind this country has ever undertaken.

Meanwhile, Canada – with its major trading partners – was putting the NAFTA and the new World Trade Organization into place. We also helped to launch free trade initiatives both in the Americas and in Asia-Pacific. We are now joined with the United States and Mexico in negotiating the early accession of Chile to the NAFTA. And as the European Union has proceeded with its expansion both northward and eastward, the Prime Minister has challenged our European friends also to look westward and to consider free trade with the NAFTA countries.

With the rapid development of trade liberalization, with market barriers being reduced or eliminated regionally and globally, the challenge for the Canadian government and for provincial governments is to help ensure that our companies can take full advantage of the new opportunities that result from freer trade and investment.

Exports now represent more than one third of Canada's GDP [gross domestic product]. Millions of jobs depend on them. Exports have also been the driving force behind our economic recovery. Exports are responsible for much of our robust economic growth.

International trade is just as important for Albertans as it is for all Canadians. In 1994, exports from Alberta reached record levels. Commodity exports rose by \$3.3 billion – a 17 per cent increase over 1993.

Petroleum exports constitute a major part of this remarkable performance here in Alberta and have contributed to Canada's economic growth in general and to our overall trade surplus. However, though resource and commodity exports continue to be important, Alberta, like the rest of Canada, must increase the export of value-added goods and services in order to expand our economy further.

Clearly, we live in a new, more competitive, more liberalized international business environment. We must all adjust to it. Throughout the recent recession, numerous Canadian companies have learned the hard way to become internationally competitive. The

manufacturing sector, in particular, has done an excellent job in boosting its exports and improving its productivity.

The main challenge in Canada is to get our fiscal house in order. We shall greatly improve our gains on the trade front by improving our country's financial health. We are making progress. The recent federal budget takes far-reaching action to reduce government spending and to reshape the role of governments in building a stronger, yet more dynamic, Canadian economy.

As Alberta, a leader in fiscal responsibility, knows so well, fiscal pressures are causing all levels of government to streamline and co-ordinate their services. In the particular case of international trade and investment, technology and global awareness are also changing the role that governments play in assisting business in the international marketplace.

As Canadians work toward more fiscally responsible government, services provided to our exporters by the federal and provincial governments need further co-ordination and rationalization. For example, in the case of market intelligence, the federal government is improving the provision of timely feedback to Canadian companies on international business opportunities. We are doing so by putting in place readily accessible, advanced technology information services that gather up-to-the-minute trade leads from our posts abroad and provide them to the provinces and to business, especially smaller companies.

But such streamlining in the area of international trade development is not an easy task in Canada where, in addition to the federal government, no fewer than 10 provinces, two territories and several regional governments and municipalities have all involved themselves in international trade development, technology transfers, strategic alliances, tourism and investment. Although I welcome such widespread interest and commitment, I remain concerned that it can result in wasteful duplication.

Canadian trade missions need to be further co-ordinated among various levels of government to avoid confusion, not least among our potential customers. Only when all levels of government and business get together, can we make the greatest impact. The "Trade Team Canada" mission to China was a good example of how we can mobilize federal and provincial resources for the benefit of our whole country. As Premier Klein will be able to testify, the Chinese may have been a little overwhelmed by the arrival of our "Trade Team Canada," but they were never in any doubt why we were there. Equally, Premier Klein's mission to the Middle East in June is a good example of the federal government and a province working together to achieve maximum effect.

Accordingly, in conjunction with the provinces, Industry Canada and a number of federal agencies, my department is working, under the "Trade Team Canada" banner, at further delineating our respective roles and at establishing a framework for improved support to our clients, our exporters.

This is what the Memorandum of Understanding (MOU) that Premier Klein and I are about to sign is all about. It sets the course for yet closer co-operation between Ottawa and Alberta in services for our exporters. This is the first such MOU signed in western Canada. I am grateful to the Alberta government for having provided leadership in the successful negotiations that brought us here today.

This Memorandum of Understanding, similar to the one that we signed last year with Ontario and those we shall sign shortly with Manitoba and Saskatchewan, provides for greater collaboration in planning, information sharing, fairs and missions, education and training, representation abroad, investment promotion, industry and technology development.

Although our federal-provincial agreements do not provide for the immediate, full integration domestically of government trade services, they do constitute a strong base for our future work. Ideally, the Department of Foreign Affairs and International Trade should focus efforts on business support overseas, while provinces - in tandem with Industry Canada and other key federal departments and agencies - co-operate in support services domestically. Our ultimate goal must be for each level of government to do what it can do best.

The proposed office "co-location" initiative here in Calgary is a notable example of what can be done - three levels of government committing to locate their activities in the same building to complement better one another's activities. I wish to thank not only the Alberta government but also the Calgary Chamber of Commerce for its valuable support in developing a "one-stop" export centre here in Calgary.

As we seek to rationalize activities among several levels of government, we must also improve co-ordination within the federal government itself. Currently, no fewer than 20 federal departments and agencies are active in international trade and investment development. In fact, only half of the total federal expenditure in export promotion is administered by my own department. A more integrated approach in Ottawa as well as with the provinces is clearly necessary in order to meet head-on our global competition.

The International Trade Business Plan is a good starting point. This annual document, released in February, outlines Canada's export strategy for 23 key industrial sectors. It contributes to

a growing consensus on trade development initiatives among federal departments, the provinces and a number of private sector groups. To complement the International Trade Business Plan, comprehensive country strategies are being developed for major foreign markets, the first pilot project being India.

But we need to push this co-ordinating process further. We must improve how we spend scarce trade development funds across the federal government. And we must define our priorities better.

One such priority is to work closely with the provinces in our increasing efforts to open up foreign jurisdictions to Canadian direct investment. We seek a more certain, more transparent set of international rules governing transnational investment. My department and our missions abroad already contribute much to the growth of Canadian-based companies into global corporations by introducing them to investment opportunities and potential partners in international markets.

But more can be done. To take another priority: trade policy is increasingly influenced by advances in science and technology. In co-operation with other federal departments and agencies and with the provinces,

- we negotiate international agreements to provide access to international research and technologies of interest to Canadian scientists and companies;
- we assist Canadian companies, particularly smaller companies, in acquiring "best practice" international technologies;
- we market Canada as a source of technology-based goods and services and as an attractive site for research and development; and
- we participate in international standards setting and intellectual property protection negotiations.

To take yet another priority: small business. Government support for smaller exporters can further our transformation from a trading nation to a nation of traders by helping to direct Canadian enterprises to international markets. Our exports today rest on a foundation that remains too narrow, with a limited number of firms still accounting for the majority of our total exports. Although many smaller companies export indirectly through supplier arrangements with larger Canadian and transnational corporations, we seek to assist them in developing all means of selling their goods and services abroad, including more direct exporting.

In adapting our export promotion toward the needs of smaller companies, we are concentrating upon ways in which smaller businesses can have more access to export financing.

A number of initiatives are being developed in collaboration with the banks and with the federal government's own financing agency, the Export Development Corporation (EDC).

One such program will provide better access to working capital by facilitating the extension of operating lines of credit to exporters against their foreign receivables.

Another program will provide medium-term financing for exports. Banks will be able to provide medium-term buyer financing with a partial EDC guarantee for certain types of transactions in a large number of developing countries.

Most recently, the Export Development Corporation launched a new program targeting small-business clients. An EDC business team, accessible via a toll-free number, is dedicated to serving their unique export credit insurance and financing needs.

In my own department, our long-standing Program for Export Market Development (PEMD) is now centred on smaller enterprises. And financial assistance for government-sponsored trade fairs is now only available to smaller firms, on a cost-shared basis. Furthermore, participation in business missions and support for larger companies participating in trade fairs is now on a full cost-recovery basis.

While we are working on these initiatives to improve the access of smaller businesses to our export programs, we must also do more to help prepare them for the rigours of international trade. All exporters, be they new or experienced, require training in international marketing, export financing, foreign commercial and corporate law, culture and languages.

Government has a central role to play in helping to train small businesses, partly through supporting the initiatives of private institutions such as the Forum for International Trade Training (FITT). Both the Calgary Chamber of Commerce and the Calgary Economic Development Authority are to be congratulated for their promotion of the FITT programs.

The Canada-Alberta MOU recognizes the fact that education and training are the most effective means to increase the number of export-ready firms. Bringing companies to the export readiness level is also critical if we are to make optimal use of our own scarce resources abroad. In recent years, an increasing number of companies have been knocking on the doors of our trade commissioners abroad without prior preparation. All too often, answers to their inquiries could or should have been found at home. Just as it is cheaper for a company to gather basic market information from an office in Canada than from a hotel room in Tokyo, it is cheaper for governments to provide basic assistance and training in Canada than from offices abroad.

The provinces are in the best position to play a leading role in this area. Provinces are usually closer to the client base, understand their needs better, and in many instances have a closer ear to the ground.

The agreement that Premier Klein and I are signing today sets us squarely on this path. It commits us to work together to develop export readiness programs. It enhances our efforts to build a "Trade Team Canada" approach to global markets.

But as with the agreements with other provinces, the Memorandum of Understanding is not a panacea. We shall have to work hard to make the agreement a non-bureaucratic, results-oriented, practical tool. And we cannot stop there. We must find practical ways to overcome jurisdictional overlap to better serve the business community and indeed the whole country.

In international trade and investment, the role of government is to support the business community through programs that help the private sector to penetrate foreign markets. We shall accordingly continue to work toward widening the reach of our free trade partnerships and to take advantage of the opportunities created. Together with domestic fiscal reforms to enhance our international competitiveness, they provide the basis for our sustained growth and job creation.

The global business opportunities facing Canadians can be remarkably rewarding. The bottom line is that high-quality, high-paying jobs are created when we are successful in foreign markets. Nineteen ninety-four was a banner year for exports. We must maintain the momentum. By pooling the resources and the talents of both our public and our private sectors, we shall reap the rewards in export markets. All Canadians expect and deserve no less.

Thank you.