

Statement

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NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE SECOND OTTAWA CONFERENCE
ORGANIZED BY THE SWEDISH EMBASSY,
THE SWEDISH-CANADIAN CHAMBER OF COMMERCE
AND THE SWEDISH TRADE COUNCIL

OTTAWA, Ontario
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It gives me great, great pleasure to congratulate the Swedish Embassy, the Swedish-Canadian Chamber of Commerce and the Swedish Trade Council for organizing today's conference. I thank you for including me in your program.

When I was in Sweden in July, I had the opportunity to meet with several business leaders and to discuss the untapped potential for co-operation and partnership among Canadian and Swedish enterprises.

I also had the opportunity to reflect on the ties that bind our two countries together. We are both northern democracies, rich in geography and natural resources. We share a deep philosophical commitment to multilateralism and the international order, and have worked well together over the years in the UN [United Nations], the OECD [Organization for Economic Co-operation and Development], and the GATT [General Agreement on Tariffs and Trade]. We are both coping with similar domestic challenges: the need to reduce our debt and to reform our social programs. And, as small, open economies, we share the dubious distinction of being both highly exposed to external economic forces and highly dependent on exports for prosperity.

But the parallel that is most germane to our discussions today is our growing concern with transatlantic relations. While Sweden and Canada have both sought to secure our most important markets through regional groupings, we both continue to look outward. While we are both tied to regionalism by necessity, we remain essentially global nations concerned about Europe and North America drifting in regional blocs.

It is because of this that Canada and Sweden have approached the subject of redefining transatlantic relations in the post-Cold War era from a similar perspective.

Europe and North America provide much of the political and economic leadership for the world. When we are in conflict, the effect is felt globally. When we co-operate, as we have done so successfully since the Second World War, we have the capacity to build a better global system.

Since the end of the Cold War in 1989, political leaders have been searching for a new world order. This is curious, as the outline of such an order is in fact taking shape before our eyes. This new order is being driven not by military or geopolitical considerations, but by the immutable forces of economics and technology.

But old habits die hard. Forty years of Cold War left a legacy that is hard to shake. Concepts like the balance of power, nuclear umbrellas, falling dominoes, and a bipolar world continue to haunt our thinking and complicate the task at hand.

As a first step, we in North America must fully understand the revolutionary changes that have swept Europe in recent years. While the Soviet bloc was disintegrating, Western Europe – led by the European Union – was integrating. In fact, many suggest that the latter was an important cause of the former. Although many of the political and security implications of this are obvious, it is the economic consequences that I find most fascinating.

Three factors are driving economic development in Europe. The first is the integration of Western Europe, through the expansion of the European Union, including the recent accession of Sweden, Finland and Austria, and its continued development and integration, including, eventually, a common currency.

Through the single European Act, the Single Market Program, and the Maastricht Treaty, the EU has transformed itself. It has become more co-ordinated and better positioned to play a full role on the world stage. For the first time, it has a foreign policy identity to complement its economic and trade policy role.

The European Union is an economic superpower. It is a rich, prosperous single market of 370 million people, with a GDP larger than that of the United States.

The second factor is the establishment of market economies in Central and Eastern Europe and the consequent economic growth. We need only consider the changes in the former German Democratic Republic to see the long-term potential of the region.

The third is the growing economic integration of Central, Eastern and Western Europe as the new market economies reorient their trading patterns. The accession of Poland, Hungary, the Czech Republic, and Slovakia to the EU will only accelerate this process.

These developments have the potential to turn Europe into an engine of global economic growth for the next century. This is the new Europe with which Canada must co-operate to help redefine transatlantic relations.

The Government of Canada has three fundamental objectives for our relations with Europe. First, we wish to ensure peace and stability in Europe through the concept of political security. Second, we want to promote political plurality and market economies in Central and Eastern Europe. And, third, we want to strengthen economic ties with Europe through trade liberalization and the eventual establishment of free trade.

This last objective is vital. Economic issues will be the primary determinant of transatlantic relations in the future, just as security issues dominated in the past. Canada, Sweden and other economic middle powers have a strongly shared interest

in subjecting as much of their trade and investment relations as possible to mutually agreed rules and law. This contributes to certainty and predictability for exporters and investors, and fosters growth and prosperity.

As Sweden and Canada know, multilateral disciplines are preferable because they provide for broader application of rules, which allows for economic rationalization over larger markets and greater efficiencies and economies of scale. This is why we are both committed to developing a strong and effective World Trade Organization [WTO]. Unfortunately, it can be more difficult to create and advance multilateral disciplines, given that the difficulties inherent in securing consensus tend to increase exponentially as the diversity of the membership increases.

For this reason, we should not be afraid to pursue other arrangements when these are the best means to advance rule-making into new areas or to achieve additional levels of obligation in existing areas. This is the route that both the EU and the NAFTA [North American Free Trade Agreement] have followed. The logic for this process applies equally well across the Atlantic, as it does on either side or, for that matter, in the Asia-Pacific area.

The fact that we encounter resistance to further economic integration and market liberalization is a measure of the success we have already enjoyed. The easy liberalization is behind us. The next steps involve liberalization in areas that are more difficult, and the gains will also be more pronounced.

But the bottom line is that we must move forward, because maintaining the status quo is too expensive. Existing barriers to transatlantic trade and investment cost jobs, and contribute to inflationary pressures and higher interest rates. Given the challenges that governments face on both sides of the Atlantic to create jobs, restrain spending, reduce deficits and promote growth, we can't afford any other path.

I am encouraged to see that we are gradually working toward a consensus among Atlantic nations that something needs to be done to renew and revitalize our links.

For instance, the European Commission recently tabled a paper with the U.S. Administration on the improvement of transatlantic links. Among its many suggestions is one to create a "transatlantic economic space." This paper builds on constructive suggestions from many concerned government leaders, including my Swedish counterpart.

Britain has proposed a "pathfinder initiative," which would see Atlantic nations take the lead in pushing forward trade and investment liberalization within both the WTO and the OECD.

German colleagues have suggested establishing an international group of eminent Atlantic citizens to guide us forward, as have I.

The modalities of how we proceed, and exactly what we seek to accomplish, are still emerging from the dialectical process. Among the possibilities are further duty reductions, new investment rules, increased intellectual property protection, aviation and maritime transport agreements, and improved rules for public procurement practices.

But if the agenda is still emerging, the consensus is clearly growing that the status quo is insufficient. If Atlantic nations are to continue to provide economic leadership in the future, we shall have to revitalize old transatlantic bridges, and build new ones.

We had a glimpse of the future at the recent G-7 Summit in Halifax. Canada and the EU signed a major agreement on co-operation in the field of science and technology. This agreement opened the door for Canadian companies, universities and researchers, to enter into joint ventures with European partners participating in the European Commission's \$23-billion fourth Framework Program for Research and Development.

In the weeks ahead, our Department of Foreign Affairs and International Trade will host seminars in Montreal, Toronto and Vancouver to explain the agreement to interested Canadians and a new era of co-operation in science and technology will begin.

We have other initiatives under way. We are negotiating agreements with the EU on competition policy and customs co-operation. We are almost ready to sign an agreement on education and training. We are negotiating agreements on veterinary inspections and mutual recognition of testing and certification for product standards. These are steps toward the closer co-operation and trade liberalization of the future.

Sweden and Canada are not superpowers, but we are respected and influential nations within the European Union and the NAFTA respectively. We have a shared responsibility to provide leadership on global problems.

We can do this. We have collaborated in the maintenance of peace. We built the international institutions of our common security, and we can build the transatlantic bridge to our common prosperity. And when we do find ourselves in a position to lead, let us act boldly.

Thank you.