

Statement

95/72

YEAR-END MESSAGE

BY

**THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE**

"TRADE LEADS IN GROWTH AND JOB CREATION"

December 13, 1995



Government
of Canada

Gouvernement
du Canada

Canada

As I review the events of 1995, one fact stands out: Canada's exports are growing at unprecedented rates. As we approach the holiday season, Canadians have every reason to take pride in their exceptional performance in foreign markets and to celebrate their successes.

Month after month, Statistics Canada has reported substantial increases in our exports, but it is only by adding up the figures that these routine, monthly announcements reveal the economic phenomenon that lies behind them. In the first nine months of the year, Canada's merchandise exports grew by a remarkable 20 per cent and its trade surplus by a dramatic 63 per cent, compared to the same period last year. This follows a similar export performance in 1994, when exports of goods rose 20.5 per cent over 1993 and the trade surplus grew by 34 per cent.

This rapid growth in our exports is diversified. It is taking place primarily in value-added and major export sectors such as industrial goods, machinery and equipment, and automotive products, as well as in more traditional sectors such as forestry products.

It is also taking place in all major world markets. Our exports to the United States were up 17 per cent in the first nine months of 1995 over the same period in 1994; to Latin America, 29 per cent; to Japan, 32 per cent; to the European Union, 42 per cent; to China, 44 per cent; and to all other Asia-Pacific nations, 47 per cent.

Although exports of services, which represent roughly 13 per cent of our exports of goods, have not progressed as vigorously, they nevertheless grew by 12 per cent in 1994 over 1993 and by 10.5 per cent in the first nine months of 1995 over the same period last year.

The robust expansion of Canadian exports of goods and services has greatly increased the share of our national income derived from trade. As a proportion of our gross domestic product [GDP], our exports of goods and services amounted to 26 per cent in 1992. For 1994, this figure reached 33.2 per cent, and by September 1995, the annualized rate for these exports had grown to 36.6 per cent of our GDP.

For individual Canadians, this means that exports have now become the most significant factor in the growth of our GDP and one of the most important contributors to job creation. Indeed, based on economists' estimates, every \$1 billion in exports sustains 11 000 to 12 000 jobs.

These outstanding results are not simply due to changes in the value of the Canadian dollar. Far more important has been improved market access resulting from multilateral and regional trade and investment liberalization; the growing international demand for Canadian goods and services; and the fact that

individual companies, large and small, are rising to the challenge of the global marketplace.

Canadians increasingly see the benefits of working together to achieve success in international markets. In doing so, they give real meaning to the Team Canada approach to international trade so successfully championed by the Prime Minister. It is when we, in government, in industry and as individual Canadians from all regions and all walks of life, pull together that we succeed best. Canada works and Team Canada makes it work. In 1994, we went one step further in the Team Canada approach and instituted a domestic partnership of the private sector and the federal and provincial governments, which now ensures that together we develop and implement a targeted, co-ordinated and effective international business development strategy for Canada.

This strategy also takes into account that small and medium-sized enterprises [SMEs] are the main generators of additional jobs in Canada and stresses the need for more of them to turn their attention to the opportunities offered by export markets. We have engaged the banking community to become more involved in financing support for new exporters. The Export Development Corporation [EDC] has also put into place more creative export financing and special facilities to provide improved service to SMEs. Abroad, the Trade Commissioner Service will focus on the new needs of Canadian companies, particularly SMEs, as they face a more competitive world.

Access to markets is among the most significant factors in winning additional world business. New Year's Day 1995 marked the birth of the new World Trade Organization [WTO], the successor of the GATT [General Agreement on Tariffs and Trade]. With more than 125 members, the WTO provides the institutional foundation for the globalized economy. The culmination of more than seven years of negotiations, the Uruguay Round Agreement of the GATT cut tariffs on goods by about 40 per cent worldwide, brought developing countries more into the world economy, and set the stage for rules-based trade liberalization in services, government procurement, investment and agriculture, as well as industrial products.

Canada pursued efforts in 1995 to push forward the global trade liberalization agenda in both regional and multilateral forums. We have been actively engaged in the successful conclusion of the WTO negotiations on trade in financial services. We have worked closely with our Quad partners (the United States, Japan and the European Union) to push the multilateral trade and investment agenda forward. In the OECD [Organization for Economic Co-operation and Development], we have helped launch the negotiation of the first-ever comprehensive multilateral agreement on investment. We have also reached out to middle-size exporters by organizing an informal meeting of 10 trade ministers in Vancouver

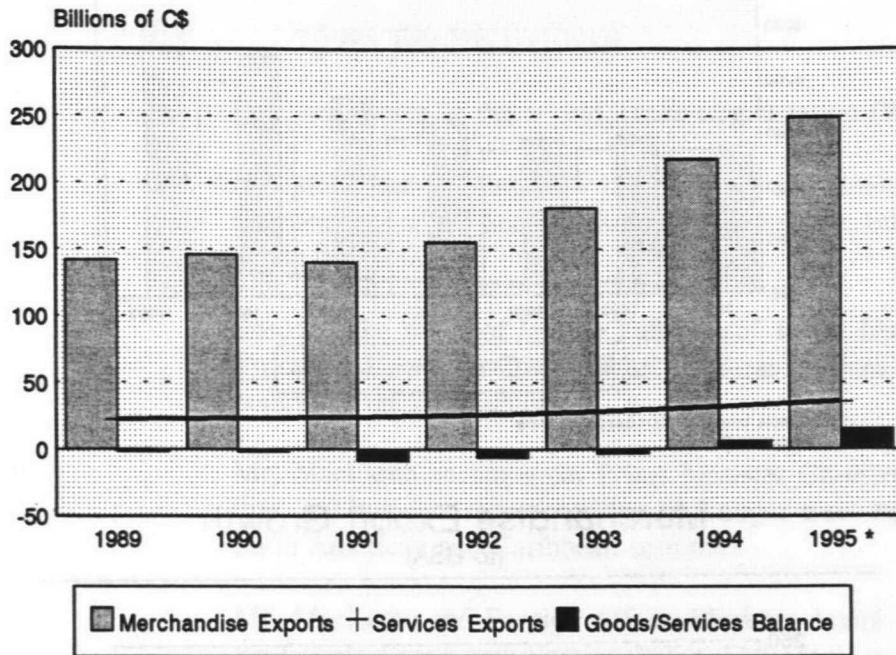
to begin to pave the way for the first WTO Ministerial Conference, to be held in Singapore in 1996.

Canada has been working with the United States and Mexico to expand the NAFTA [North American Free Trade Agreement] to include Chile and, in view of the difficulties encountered by the U.S. Administration in obtaining from Congress "fast-track" trade negotiating authority, we shall take steps to help achieve Chile's accession to NAFTA as soon as possible. Work has also begun with our partners in the Western Hemisphere to create a broader free trade area no later than 2005. In the Asia-Pacific region, government leaders adopted in Osaka, Japan, a "road map" that will guide the 18 economies of APEC [Asia-Pacific Economic Co-operation forum] in achieving free trade in the region by no later than 2010 for developed economies and 2020 for developing economies. More recently, Canada called for the strengthening of transatlantic economic links through further trade and investment liberalization initiatives, leading to eventual transatlantic free trade.

As we look toward the new year, the international trade environment seems poised for additional challenges and opportunities. We shall continue to work with our partners all over the world to open new markets and to break new ground in trade and investment liberalization. We shall also continue to use the Team Canada approach to win new business overseas and thus continue Canada's international expansion, which is so crucial to growth and job creation.

Canadian International Trade

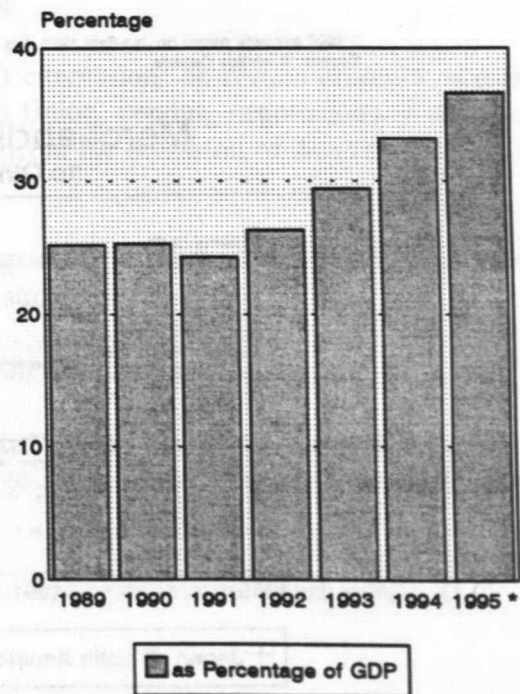
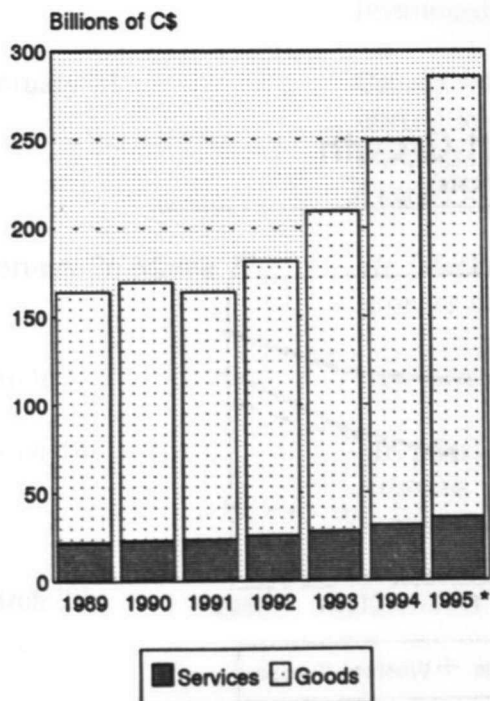
Balance of payments basis



* 1995 estimate based on Jan-Sept 1995 data.
Source: Statistics Canada

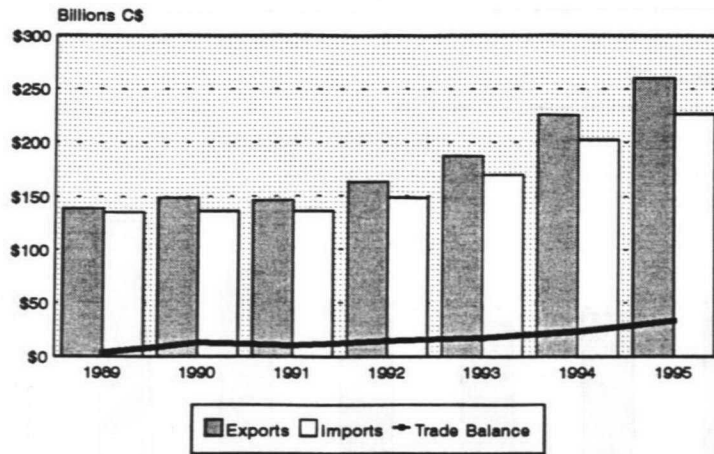
Exports of Goods and Services

Balance of payments basis



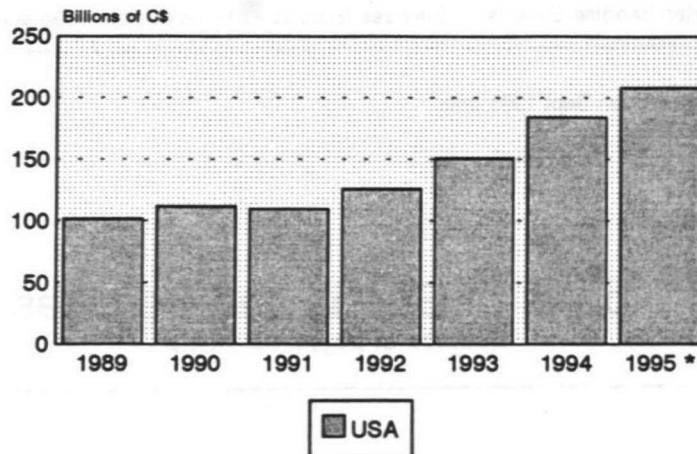
* 1995 estimate based on Jan-Sept 1995 data.
Source: Statistics Canada

Canada's Merchandise Trade Customs Basis



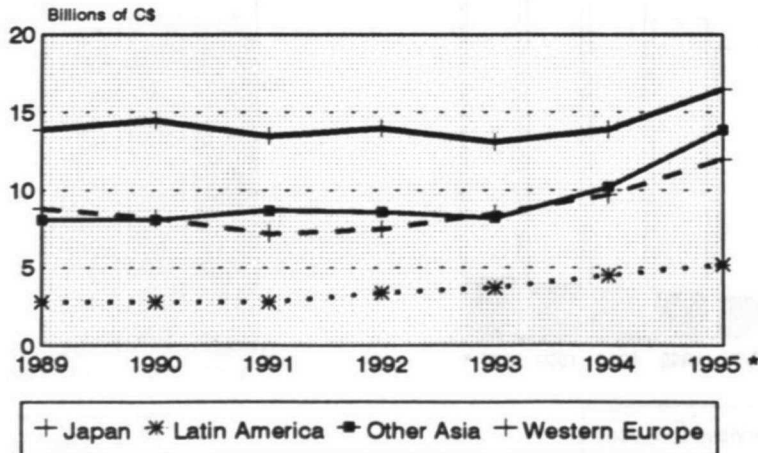
* 1995 estimate based on Jan-Sept 1995 data
Source: Statistics Canada

Merchandise Export Growth (to USA)



* 1995 estimate based on Jan-Sept 1995 data
Source: Statistics Canada

Merchandise Export Growth (to Other Major Markets)



* 1995 estimate based on Jan-Sept 1995 data
Source: Statistics Canada

MINISTER FOR INTERNATIONAL TRADE

1995 TRADE EVENTS

- January 1 Entry into force of the World Trade Organization (WTO)
- January 16 Mr. MacLaren appoints new chairpersons and announces restructuring of the Sectoral Advisory Groups on International Trade (SAGITs)
- January 18 Speech "The Walls of Jericho Fall Down" to the University of Toronto's Centre for International Business outlines Canada's trade policy for the 21st century
- January 19-30 Mr. MacLaren accompanies Prime Minister Chrétien and more than 200 business representatives in a major trade mission to six Latin American and Caribbean countries
- February 7 Mr. MacLaren and Foreign Affairs Minister André Ouellet table the Government's new Foreign Policy Statement, making the promotion of prosperity and employment through international trade one of three Canadian priorities
- February 15 Canada's Export Strategy for 1995-96 released, laying out government strategies and activities in support of international business development
- February 16-17 Norwegian Minister of Trade and Shipping visits Canada
- February 17 Canada and Korea sign a Memorandum of Understanding on Investment Co-operation
- February 21 Canada withdraws tariff concessions on certain products of export interest to the European Union, pending negotiations of permanent compensation resulting from the accession of Austria, Finland and Sweden to the EU
- February 26-March 17 Mr. MacLaren visits Japan, Australia and New Zealand to promote stronger trade and investment ties
- March 7 New Zealand lifts ban on Canadian salmon imports
- March 14 Mr. MacLaren announces during visit to Australia that Canada and Australia will begin negotiations on a bilateral trade and investment arrangement
- March 29 Speech to the Economic Strategy Institute, Washington, D.C.

- March 31 Release of 1995 *Register of United States Barriers to Trade*
- April 1 Government's international business development programs modified to better assist smaller businesses
- April 3-4 Peter Sutherland, Director General of the WTO visits Ottawa to discuss WTO and other trade issues
- April 12 Speech to the Mid-America Committee, Chicago, Illinois
- April 19 Alberta and the federal government sign an agreement on international business development co-operation
- April 24-25 The Secretary-General of the Organization for Economic Co-operation and Development (OECD), Jean-Claude Paye, visits Canada
- April 26-27 Eleventh Canada-Mexico Joint Ministerial Committee brings eight Mexican Ministers to Ottawa
- May 1 Renato Ruggiero installed as the new Director General of the WTO
- May 2 EU Commissioner Responsible for Trade, Sir Leon Brittan, visits Ottawa to discuss trade and investment relations
- May 4-5 Mr. MacLaren hosts Quadrilateral Trade Ministers' Meeting in Whistler, B.C.; Ministers lay groundwork for discussions on trade at the G-7 Meeting in Halifax
- May 8-12 Indonesian Minister of Investment visits Canada
- May 22 Mr. MacLaren speaks to the Royal Institute of International Affairs in London, England, advancing proposals for transatlantic trade liberalization
- May 23-24 Mr. MacLaren leads Canadian delegation to the annual OECD Ministerial Meeting
- May 24 OECD launches negotiations on a Multilateral Agreement on Investment
- May 25-30 Mr. MacLaren leads a delegation of more than 30 business representatives to Hungary, Poland and the Czech Republic
- June 5 Minister of Foreign Trade of the Netherlands visits Canada

- June 7 Negotiations to achieve Chile's accession to NAFTA launched in Toronto
- June 12 Launch of *Focus India*, Canada's Trade and Economic Strategy for the Indian market
- June 21-24 India's Minister of State for Petroleum and Natural Gas visits Canada
- June 28 Additional Canadian members appointed to the roster for NAFTA dispute settlement panels
- June 30 First Western Hemisphere Trade Ministerial held in Denver, Colorado
- July 14 U.S. requests NAFTA panel over Canadian measures on certain agricultural products
- July 17 Speech "Trade Rules or Power Politics" to the Canadian Institute for Advanced Legal Studies, Cambridge University, U.K.
- July 18-21 Mr. MacLaren visits Sweden and Finland to discuss trade and economic ties
- July 23-25 Australian Minister for Trade visits Canada
- July 25 New Internet site launched by the Department of Foreign Affairs and International Trade
- July 28 WTO members conclude agreement enhancing trade in financial services
- July 30-August 3 Pakistan's Energy Minister visits Canada
- August 13 Speech on trade and economic liberalization in the Western Hemisphere to the 64th Annual Couchiching Conference, Orillia, Ontario
- August 24 Manitoba and the federal government sign agreement on international business development co-operation
- August 25 Saskatchewan and the federal government sign agreement on international business development co-operation
- September 10-11 Second Annual National Forum on Canada's International Relations held in Toronto

- September 11-12 Trinidad and Tobago's Minister of Foreign Affairs visits Canada, and signs a Double Taxation Agreement and a Foreign Investment Protection Agreement with Mr. MacLaren
- September 12 U.S. restrictions on Canadian wheat exports expire; Canada rejects the extension of further U.S. tariff rate quotas
- September 15 Canada asks the WTO to establish dispute settlement panels on the European Union's duties on grain imports and on the Japanese liquor tax regime
- September 21-22 Swedish Minister of Industry and Commerce visits Canada
- October 2 Mr. MacLaren and Industry Minister John Manley announce measures to strengthen Team Canada domestically and challenge Team Canada members to double the number of active exporters by the year 2000
- October 2 1995 Canada Export Awards presented to 12 Canadian companies in a ceremony in Fredericton, New Brunswick
- October 4-6 First Session of the Canada-Russia Intergovernmental Economic Commission held in Ottawa during the visit to Canada of Victor Chernomyrdin, Chairman of the Government of the Russian Federation; Mr. Chernomyrdin and Prime Minister Chrétien establish priority directions for Canada-Russia economic co-operation
- October 12 Mr. MacLaren officially launches the Canada-Northern Ireland Steering Group to contribute to a lasting peace in Northern Ireland by encouraging trade and investment relations
- October 14 Speech on China's WTO accession to the Annual General Meeting of the Canada-China Business Council
- October 15-17 Mr. MacLaren visits Germany to foster trade and investment relations; agreement with German Minister of Foreign Affairs establishes German-Canadian working group on transatlantic relations
- October 21-22 Mr. MacLaren attends meeting of Quadrilateral Trade Ministers in Yorkshire, England, to discuss WTO issues
- October 23 Mr. MacLaren visits Sweden to deliver a speech entitled "Relating Regionalism with the Global Trading Order" at a major trade policy seminar chaired by Swedish Trade Minister, Mats Hellström

- October 24-25 Mr. MacLaren visits Spain to discuss Canada-EU trade and investment relations as that country assumes the chairmanship of the Council of Ministers of the European Union
- October 25 Canada succeeds in removing roadblock to Quebec exports of UHT milk to Puerto Rico
- October 29-31 Second annual Middle East/North Africa Economic Summit held in Amman, Jordan
- November 1-8 Pakistan's Commerce Minister visits Canada
- November 2 Speech to the Pacific Basin Economic Council on trade and investment liberalization in the Asia-Pacific region
- November 6-7 Mr. MacLaren visits Japan to promote trade and investment relations and launches a new edition of *Canada's Action Plan for Japan*
- November 8-15 Mr. MacLaren leads a delegation of senior Canadian business representatives to the Philippines and Indonesia
- November 15 Canada and Australia sign a Trade and Economic Co-operation Arrangement
- November 16-19 Mr. MacLaren participates in the Asia-Pacific Economic Co-operation (APEC) Ministerial Meeting in Osaka, Japan
- November 22 The EU postpones its ban on fur imports for one year
- November 23-24 Mr. MacLaren hosts informal trade meeting in Vancouver involving ministers from 11 trading partners
- November 26-29 Poland's Minister for Foreign Economic Co-operation visits Canada
- November 27 South African Trade and Industry Minister visits Toronto and signs a Double Taxation Agreement and a Foreign Investment Protection Agreement with Mr. MacLaren
- December 5 Canada and the European Union settle several outstanding trade issues affecting \$1 billion worth of Canadian exports to the EU