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NOTES FOR AN ADDRESS BY RAYMOND CHRÉTIEN  
AMBASSADOR OF CANADA TO THE UNITED STATES OF AMERICA  
TO THE CANADIAN CLUB OF TORONTO

"THE VIEW FROM WASHINGTON"

TORONTO  
May 10, 1995



Here, let me mention two examples that are worrisome:

1. First is the role of the United Nations and especially the use of peacekeeping to make our planet a safer and more stable place. This is part of our DNA as a country. The attitude to the U.N. is very different in Washington. In some quarters the antipathy towards the U.N. and some of its programs is almost palpable.
2. Another example of this troubling trend is Cuba. Earlier this year, Senator Helms and Congressman Burton introduced legislation that would expand the U.S. embargo of Cuba. It seeks a secondary boycott on countries trading with Cuba. This includes Canada. Now, our two countries share the same goal - peaceful and democratic change and the restoration of human rights in Cuba.

It is not this ultimate goal which underlines our concern and objections. It is the fact that these bills have the effect of regulating what Canadians in Canada can and cannot do. It is this extraterritorial grasp that has drawn our strong protest and the protest of countries from the European Union. I am pleased that the administration shares many of our concerns.

- B. On trade issues, a noticeable change has also taken place on the Hill.

If Republicans are ideologically committed to trade liberalization, the new Congress is clearly cautious. The Mexican crisis has dampened support for new trade initiatives. The longer Mexico's financial situation remains a question mark, the weaker will be congressional support for new trade liberalization measures. And this includes Chile's accession to NAFTA.

On bilateral trade issues, e.g. wheat, dairy and poultry, sugar, Republicans can be as parochial as Democrats. There is no question that some of our policies, such as those we have put in place to assist our cultural industries, are under very close scrutiny.

- C. The implications of the new Congress on our shared environment.

The current U.S. emphasis on less government and devolution of power to the states could have a direct impact on our environmental interests. Industry-oriented legislators will be seeking to limit the scope of laws such as the Clean Air Act, and the Clean Water Act. My colleagues and I will be kept busy reminding those legislators of their country's obligations to Canada.

Herb Phillips,  
Ambassador Blanchard,  
Consul General Kennedy,  
Ladies and Gentlemen:

- I. Thanks for the introduction.
- II. This is my first speech to a Canadian audience since my arrival in Washington. I have preached the Canadian gospel in many U.S. cities.
- III. Today I want to talk to you about two main themes:
  - What is happening in Washington and their implications for Canada;
  - Our bilateral relationship with the United States and how it is likely to evolve as we approach the beginning of the new millennium.
- IV. What is happening in Washington.
  - There has been a major shift in power from the Democrats to the Republicans. The 104th Congress has created a totally new dynamic between the White House and Congress. The Speaker of the House Newt Gingrich is driving the political agenda, with President Clinton fighting back hard. Since their election, the Republicans are questioning principles in play in the U.S. - since the new deal came into effect, almost 60 years ago. Their claim that interventionist government has failed, is finding a resonance across all levels of politics in the U.S. What is not clear is how deeply this view is held by persons on the street. The average voter seems to be more concerned with the need to reduce the benefits of others - not what he or she receives.
  - When we put our magnifying glass on what is happening in Congress, we watch especially for changes that may impact on Canada. Let me mention a few that are already apparent:
    - A. There is a drift towards isolationism and unilateralism in Congress on foreign policy. It runs directly opposite to our interests. We Canadians are committed internationalists and multilateralists. We belong to almost every major club in the world. We know from experience that through multilateralism, we can maximize our influence in the world.

5. Canada's trade with the United States is vitally important as we look for ways to expand employment, and create the growth necessary to reduce our deficit. It directly generates 2 million Canadian jobs. Our exports now amount to almost 30% of Canada's GDP, and this share is likely to rise in the coming years.
  6. Inevitably, a commercial relationship this large produces some disputes. But let me tell you this: we are in much better shape today than we were just a year ago. Real progress has been made on the wheat, softwood lumber and beer portfolios. Others, such as steel, sugar, dairy and poultry and cultural industries still need work, but I am confident that we will manage them to our mutual satisfaction.
- C. Third, our partnership on foreign policy, defence and security issues.

Together our two countries helped to found the United Nations, and together we must work to strengthen its effectiveness. Our partnership in NORAD has insured the security of North America for over 35 years. Working together in NATO and the OSCE, we helped to end the cold war. Through the OAS, we are working together to advance the cause of democracy in Central and Latin America. A perfect example is Haiti, where as we speak, our policemen and 600 peacekeepers are in the process of consolidating democratization.

Our dialogue and cooperation extend to a greater number of areas: how to restore peace in the former Yugoslavia, helping the states of the former Soviet Union on their way to democracy and a market economy, how to control weapons of mass destruction, how to bring peace to the Middle East and on and on.

Of immediate interest is the G-7 Economic Summit which, in a few weeks, will focus the eyes of the world on Halifax. There are issues on the agenda of paramount importance to the world. One will get special attention: the need to reform international financial institutions. This means a better "early warning" system; an enhanced IMF surveillance; and a mechanism for early exit from financial crises.

In a nutshell, our relationship is in excellent shape.

- D. Now, I would like to spend a few minutes on where I think this extraordinary relationship is going, and where it is likely to be at the end of the present millennium.

The new-found importance of the Alaska congressional delegation dramatically increases the chances that the ban on energy exploration in sensitive border areas may be lifted. This could affect the Arctic National Wildlife Refuge. Canada remains very committed to the protection of this land and the caribou herds that are an integral part of the Arctic way of life.

There is another factor complicating matters in Washington. The 1996 presidential campaign has already begun. Every significant decision in the U.S. capital is now being made through the prism of the November '96 elections.

V. Our bilateral relationship and where it is going.

Here are a few facts to demonstrate why the Canada-U.S. relationship has become the most comprehensive relationship of any two countries in the world:

A. First, geography. We are neighbours and friends. We do not even have a fence between our properties. More than 100 million, Americans and Canadians, cross our border each year. Our two countries share the responsibility of managing 40% of the world's reserve of fresh water. That is why we have to be so careful about keeping the Great Lakes clean.

B. Second, trade. Clearly, this is the cornerstone of our relationship. Many of the more than 230 agreements governing relations between our countries involve trade. The latest of these is the "Open-Skies" Agreement, which already resulted in new, better air service between our two countries. It will make it easier for us to enhance our trading relationship, the numbers of which are just staggering.

1. In 1994, two-way flow of goods and services exceeded 400 billion dollars. That is over 1 billion dollars of business each and every day.
2. More than 80% of our exports go to the USA. 25% of U.S. exports come to Canada.
3. Just as importantly, trade is growing at a phenomenal rate. The increase was over 900 million dollars per week more in 94, than in 93. This increase alone was more than our trade with all the other OECD countries combined in 1994.
4. This growth has benefitted all provinces, but especially Ontario. Ontario's exports to the U.S. this past year grew faster than the national average. For example, Ontario exports more cars and trucks to the U.S. than does Japan. Ontario ranks only behind Michigan in the production of cars within North America.

First, when I look in my crystal ball, I see even more trade than the staggering figures I mentioned to you earlier. The FTA and NAFTA have set the tone and are irreversible. Our economies will be more intricately linked.

Let me mention just two statistics about the U.S. economy that convinces me that good economic relations with the United States is great news for us. First, only 16% of the U.S. workforce is now employed in manufacturing. Second, 38% of U.S. merchandise exports are in the high-technology sector. What this tells me is that the U.S. economy has already re-tooled itself for the information age. This makes it by far the most competitive and vibrant market among the industrialized countries. And with our privileged access and strong partnership, I see no reason why our current share of the U.S. domestic market, presently at just 2.2%, could not double sometime early in the new millennium. Just think of the hundreds of thousands of jobs created and the economic well-being generated for Canadians!

E. Governments can facilitate the climate in which the thousands of business transactions take place, every day in North America. But it is you, members of the business community, who are driving the integration of markets, and who are creating jobs and prosperity. And we can do more to help you to increase trade between our two countries, and with the rest of the world. For example:

1. In North America, we will have to develop better means to apply trade laws among NAFTA partners. The use of countervailing and anti-dumping duties within North America cause uncertainty. Our goal is to develop ideas to put to the three NAFTA governments on how to deal with this problem, by the end of this year.
2. Globally, we must help the spread of market forces in partnership with the United States. The Miami Summit of last December has produced an undertaking to complete a Free-Trade Agreement for our whole hemisphere by 2005. APEC has already declared its intention to negotiate a Pacific-wide free trade zone by year 2020. And why not more? We have already put in play the idea of a free-trade agreement between North-America and Europe. It is an idea whose time could come sooner than later.

Now, I know some of you in the audience might wonder whether the present degree of inter-dependence between our two countries is healthy. Is it good for Canada to be so closely linked in one relationship, however friendly. Could it mean a loss of political autonomy on our part, a loss of sovereignty?

Personally, I do not think so. Let me explain to you why. As we approach the new millennium, our planet is shrinking with each new trade and technological development. The spread of information is changing the political and economic configuration of the world. While our links with Europe remain important, we are clearly paying more attention to Asia and Latin America. And it is exactly what our government in Ottawa is doing. But, whatever way you look at possible shifts in power in the years to come, the U.S. will remain our most important partner and the only unchallenged superpower in the world.

For a country like ours, strong, resilient, highly respected in the world, the extraordinary potential of our relationship with the U.S. will continue to offer us tremendous opportunities. Not only for growth and prosperity, but also to help build the world we want to live in, and leave to our children and grandchildren.

Frankly, we are very lucky to have the United States as our neighbours and friends and they are even luckier to have us at their northern border.

Thank you very much.