

**Notes for an address**

**Honourable Dave Hancock, Q.C.  
Minister of Intergovernmental and Aboriginal Affairs**

**Going Global:  
An Agri-Food Industry Trade Conference**

**Capri Conference Centre  
Red Deer, Alberta**

**Friday, November 13, 1998  
2:15 p.m. – 2:30 p.m.**

Please check against delivery

## **Introduction**

Thank you, and good afternoon ladies and gentlemen.

Before I begin, I want to thank my colleague, the Honourable Ed Stelmach, Minister of Agriculture and the conference organizers for inviting me to participate in this very timely and useful conference.

Understanding the implications of the upcoming WTO agriculture negotiations is vitally important.

So too is having an opportunity to consolidate your industry's views on this issue. Canada's negotiators must know exactly where Alberta and the western provinces stand as they go into this important round of negotiations.

I firmly believe that the outcomes of your discussions here will prove valuable. I commend all of you for taking part in this worthwhile process.

## **Role of IAA in international trade issues**

What is my ministry's connection with international trade issues?

Simply put, Intergovernmental and Aboriginal Affairs is responsible for coordinating the Alberta government's involvement in international trade negotiations of all types.

One key ministry role involves working with other government departments. We can help ensure they are kept abreast of international negotiations. We can also help ensure that their concerns are addressed in the negotiating process.

For instance, we are in regular contact with Alberta Agriculture.

This isn't surprising, given the importance of agriculture to Alberta's economy (and Canada's for that matter). And the expertise on international trade issues found in our Agriculture department.

We coordinate information with Agriculture to build the strongest possible position in advance of agricultural trade negotiations that affect Alberta.

Why does Alberta have such a strong interest in international trade negotiations? And why does the province devote significant resources to discussions on international trade regulations?

When we consider agriculture, the answer is simple.

Agriculture and its related industries make a significant contribution to the Alberta economy. And exports of our agricultural goods are key to the continued vitality of this sector.

Practically speaking, it is in our economic best interest to ensure that international rules governing agricultural trade are beneficial to Alberta.

But our interest in international trade rules extends far beyond agriculture.

The Alberta Advantage has helped us to diversify our economy and increase our foreign trade, to the point where exports are now a significant aspect of Alberta's economy – nearly 38% of our GDP.

For this reason, we want to make certain that Canada is both pursuing the *right* markets, seeking specific commitments and general rules that are beneficial to Alberta industries conducting business abroad.

**Changing nature of international negotiations -- provincial jurisdiction**

The second reason for Alberta's strong interest in international trade negotiations is less selfish, but no less important.

We want to ensure that Alberta's constitutional role in the Canadian federation, and our ability to regulate in the best interests of Alberta, is not diminished through international agreements that the federal government might negotiate.

Constitutional issues might not appear as a compelling reason for our interest in international trade negotiations. It is, however,

a continuing theme central to our interests, whenever and wherever international negotiations take place.

Under Canada's division of constitutional powers, provinces have their own jurisdiction over certain matters, such as agriculture, labour, environment, health and education.

We believe that it is the responsibility of the province to develop regulations in these areas. The federal government should not interfere with these responsibilities, where the matter is a subject of international negotiations.

There was a time when trade negotiations were concerned mainly with border measures such as tariffs and duties. These are primarily the responsibility of the federal government.

But, international negotiations are increasingly extending into domestic regulations.

For example, trade negotiations are now extending into areas such as regulations, subsidies and standards for everything from

trapping and electrical safety, to investment and professional services including engineering and architecture.

At this point, the question is not so much, how these issues are dealt with at the border, but what kind of regulatory framework exists within our country?

Most trade issues are not solely within the federal government's responsibility today. Most of these issues are a provincial concern, or perhaps a matter of shared federal and provincial responsibility.

For Canada to engage in international negotiations on topics like agriculture and investment services, it is crucial for the provinces to be fully involved, from the very beginning of the negotiations.

That way, the provinces can identify specific issues of concern to them. And the resulting international agreements will have a better chance of implementation, if the provinces were involved from the outset.

You might expect this to be an obvious conclusion. A conclusion readily accepted by the federal government. But this is not the case.

The Canada-U.S. Free Trade Agreement is one of the first instances in which these so-called "domestic" regulatory issues were part of the trade negotiations.

That was in 1985. Federal and provincial first ministers agreed, that year, to the principle of "*full provincial participation*" in international trade negotiations. And since then, Alberta has made every effort to make sure that principle is an ongoing reality in Canada.

Having full provincial participation will be critical in the upcoming WTO negotiations.

It is primarily provincial governments that regulate services. And these services will be the subject of new negotiations next year in the WTO, along with agriculture.

Alberta expects that when Canada takes part in negotiations that deal with topics regulated by the provinces, the federal government *will not* make any commitments, without full provincial involvement in the process.

We want the federal government to involve us early. Any obligations that might emerge from negotiations must be acceptable to us.

Moreover, the specific economic impacts of a particular negotiation can be better identified at the provincial rather than the federal level.

The principle of "full provincial participation" is not merely a catch phrase.

Canada's provinces have already been directly involved in a number of international negotiations.

There's the long-standing U.S. softwood lumber dispute. The central issue here being the differing forest management practices north and south of the border.

Canada's forests, along with most other Canadian natural resources tend to be owned and managed by provincial governments. When the U.S. was attempting to negotiate, it negotiated with the provinces, not the federal government.

In the current cattle trade action with the U.S., Alberta has its own counsel in Washington. Our province accounts for most Canadian cattle production and we must be there to protect and advance our interests.

There's also NAFTA.

At the end of the NAFTA negotiations, U.S., Mexico and Canada began negotiating Environment and Labour side-agreements.

Canada's provinces were closely involved in the negotiation of these agreements. There were also clauses that specifically recognized – and accommodated – Canada's unique constitutional position.

There is a clearly a need for provincial participation if the federal government wants to present a unified Canadian voice at international trade negotiations.

Granted, not all provinces are interested in the same level of involvement in international negotiations. Nor am I suggesting that every province get involved in every issue.

On the other hand, provinces should have the *opportunity* to participate fully, when the issue is of importance to them.

Too many chefs stirring the soup can have its downside, however.

There is always the possibility of a conflict of interests between two or more provinces.

One way round this problem, – and it worked effectively during NAFTA negotiations – were Environment and Labour “sidebar” agreements between the provinces and federal government.

The NAFTA sidebar agreement specified three important things:

1. How the international agreements would be implemented in Canada;
2. What role the provincial governments would have in managing the international agreement, and;
3. Under which conditions the international agreements would apply to a specific province.

These are effective agreements. They also help ensure implementation of the principle of "full provincial participation." This is very important to us.

At the same time, they give our international trading partners greater security that Canadian provinces will uphold their obligations in international agreements.

In Alberta, we pay careful attention to international trade negotiations. They can have a profound affect on our province's economic well being. Thus, we want our say particularly in areas of provincial jurisdiction.

And like every other province, our goal is the creation of a favourable environment for discussing trade issues.

Alberta government ministers and officials regularly meet with representatives from other countries. When they do, they work hard to advance Alberta's trade interests – interests that include fewer barriers and freer trade.

Trade missions such as Team Canada, and visits to Alberta by world leaders (China, Romania and Peru) provide us with great opportunities to promote our message – that Alberta is open for business!

We also want to build support for trade liberalization, around the world. (Mention recent trip to Washington D.C., meeting with Congress reps., also trip to Europe, WTO and OECD.)

## **Conclusion**

It's obvious that Alberta has an important role to play when it comes to international trade negotiations.

Access to markets, clear rules and effective dispute settlement mechanisms are important for the health of many sectors of our economy that depend on exports for their success.

We have placed strong emphasis on making sure Alberta interests and issues are clearly and forcefully conveyed to the federal negotiators whenever provincial interests are at stake.

We believe that full provincial participation in international trade negotiations is part and parcel of efficiently running the federation.

We have participated effectively in the past. We expect that the new WTO negotiations will provide further opportunities to do so, in the future.

Rest assured, Alberta will continue to be active in the trade policy field. We will continue to advance our participation in trade negotiations.

Thank you, once again, for inviting me to participate in these discussions.