

Speaking Notes

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and Aboriginal Affairs**

**Relations with the European Union
and Central Europe:
an Alberta Perspective**

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Introductions

- Good afternoon, distinguished guests, ladies and gentlemen.
- If any one term can be said to define international trends during the past decade, that term is *globalization*.
- Globalization suggests, first, that individually we are influenced by – and influence – global events.
- And, second, that internationally, through consensus and cooperation, we can solve many common problems and improve our daily lives.
- Hence, globalization’s important underlying notion ...
- ... In international interactions, all people and all levels of government have roles to play.
- So how do the international priorities of the Alberta government mesh with those of Europe?
- And what are our common issues?

Alberta’s international presence

- First off, let me stress that Alberta has very deliberately developed its presence in the international community.
- This “outward looking” approach is a pragmatic one. After all, exports do make up more than one third of our province’s gross domestic product.
- So, quite naturally, Alberta has set access to foreign markets as a priority.
- Those foreign market efforts have paid off quite handsomely.
- Alberta now leads Canada’s four western provinces in export earnings. Last year, these were valued at \$33 billion.

Alberta’s growth as a manufacturing province

- Of course, more than half of Alberta’s exports are energy based. (Our position as a leading oil and gas producer is doubtless well-known to many of you.)
- More surprising, perhaps, is Alberta’s significant growth in manufactured exports.

- Plastics. Machinery. Electronic equipment. Telecommunications equipment. Paper and paperboard. Beef and pork products.
- Each of these sectors is growing rapidly in Alberta.
- Why?
- Because of expanded trade, and other trade liberalization initiatives. These are the main drivers behind Alberta's growth as a manufacturing province, as well as our increased ability to access new markets.
- Alberta vigorously pursues the opportunities created by trade agreements.
- Our premier has taken part in Team Canada missions.
- Premier Klein and numerous Alberta Ministers have undertaken provincial missions.
- We are constantly on the lookout, for new ways to connect with potential partners.
- We have "twinning" relationships around the globe.
- We have more than 40 consulates in our province.
- Most recently, right here in Calgary, the new Consul General for the People's Republic of China opened. This will be of great benefit to Alberta companies dealing – or planning to deal – with this huge potential market.
- We welcome more consular openings, in the future.
- Alberta also attracts its share of international conferences. Most recently, the APEC finance ministers' meetings, held in Edmonton and the APEC energy ministers who met in Kananaskis.
- We can boast some fine international centres, too.
- The Canadian Centre for Austrian and Central European Studies just opened this year at the University of Alberta, in Edmonton.
- Austria's Minister of Science and Transport attended that opening.
- We are also proud to be able to develop programs in Alberta for numerous, protocol-level visits. Over the past couple of years, we have welcomed the presidents of Romania and Ukraine, as well as those of China, Mexico and Peru.

- All these occasions help us promote economic interaction with other parts of the world.
- A world in which, as I say, Alberta is *deliberately developing its international presence*.

Alberta and the reconstruction of Central Europe

- Against all this activity, Alberta's exports of manufactured goods to Central Europe are currently modest.
- Last year, these stood at \$18 million. But that figure is deceptively low, as does not take into account the value of Alberta's service sector.
- We see great expansion potential here.
- Based on discussion earlier in this conference, it is evident that Alberta's expertise closely matches with the potential opportunities for participation in Central European reconstruction.
- Alberta has extensive expertise, in environmental services and technology, based on decades of dealing with natural resource and energy development.
- Alberta's energy technology sector is world renowned. We have the capability to assist, in virtually every type of energy resource and associated environmental concerns.
- Our infrastructure development capabilities are also widely recognized.
- We have world class engineering, construction and design specialists who have taken part in major industrial projects, associated with our resources. These capabilities have now been transferred to offshore opportunities.
- An additional area of capability is our expanding telecommunications sector, in particular, remote and mobile telecommunications.
- Many years of development and experience in providing these types of service to our more isolated resource projects have made us leaders in this field.
- The development of a modern agricultural sector in Central Europe would also provide opportunities for collaboration with Alberta's expertise.
- We have broad capabilities in agro-technologies, herd improvement and management, biotechnology, genetics, as well as food processing and value-added expertise.

- Alberta has also had experience in development bank projects that deal with governance and government operations.
- We have worked with and provided information sessions for jurisdictions in Russia, Ukraine and in southern Africa.
- Alberta also exports manufactured goods to Central Europe.
- And these goods are vital to Central Europe's economic development.
- I would go so far as to suggest that Alberta companies are playing an important role in the reconstruction of Central Europe.
- Further, I see Alberta companies taking on a strong role, in the future development of Central Europe's natural resources and energy sectors.
- For example, Alberta businesses will be accessing Poland – a future EU member – during the upcoming Canadian federal government mission to Europe.

Europe's importance to Alberta

- With reference to earlier remarks made on the historical ties between many Albertans and many European countries ... I personally see Europe as being of increasing importance to Alberta in the future.
- Hence my Ministerial mission – this past summer – to France, England, Belgium, Germany and Switzerland.
- The focus of that mission was common issues between Alberta and the EU.
- Now, Alberta's trade policy and trade flows determine our relationship with the EU.
- In the late 1980s and early 1990s, Alberta – and the rest of Canada – went through an export reorientation.
- This reorientation was brought on by several factors.
- One factor was the formation of the Canada-U.S. Free Trade Agreement and the North American Free Trade Agreement.
- Another factor was the rise of the Asian markets.
- And a third factor were the trade policies of the EU itself.
- Policies that, overall, restricted market access for Alberta products.

- So, in the late 1980s, Alberta made a shift.
- It was a shift from seeking trade opportunities, to attracting investment and joint venture projects with the EU.
- Alberta's trade missions to the EU began to focus on co-operative activities and the new markets of Central Europe and the former socialist republics.
- By way of demonstration, look at Alberta's export flows to Europe over the past decade.
- These exports have traditionally been a modest percentage of our total global exports. From three to four per cent, on average.
- My Ministry's report, entitled *Alberta's Export Performance With Europe* will give you the analysis on this, complete with graphs. Copies of the report are available today at the conference.
- Now I am not for one moment discounting the significant dollars involved in this modest percentage of our total exports.
- But, from a policy perspective, one thing is quite clear. Since 1987, Alberta simply had to focus on its FTA partners.
- Until now, that is...

Importance of EU as a policy centre

- Now, the EU's importance as a policy centre has changed for Alberta.
- It has changed, partly because of the EU's expansion and deepening and the plans to bring in Poland, the Czech Republic and Hungary.
- This past summer in Brussels, I attended meetings that underscored the importance of the EU Commission's role, as a pre-eminent policy determination centre in Europe.
- In Alberta, we are particularly interested in how EU initiatives have a tendency to set the agenda for meetings in other policy centres, like the OECD or the World Trade Organization.
- A major issue for Alberta here, is agricultural policy. This is one key area where we noticed important policy overlap, between EU expansion issues and upcoming World Trade Organization negotiations.

- At the moment, more than half of the EU Commission's budget goes on agricultural spending.
- Hence, extending EU agricultural policies to new members would prove fiscally unsustainable.
- The Common Agricultural Policy – “CAP” – will need to be changed
- The EU Commission's response is “let's reform CAP.”
- Alberta, however, sees the upcoming round of WTO negotiations in agriculture as an opportunity for more significant change.
- An opportunity, in fact, to change international trade rules and EU domestic policy, simultaneously.
- That's why Alberta is urging the EU leadership to consider a more forward-looking approach.
- An approach, supportive of a process leading to global free trade in agriculture.
- This would allow Alberta agricultural exports access, to a region formerly barred by the EU's subsidy structure.
- It would also spell an end to unfair competition in third markets.
- And it would discourage the United States – a major Alberta market – from maintaining its subsidy programs.
- The EU has in the past been willing to reduce export subsidies.
- Modestly willing, that is.
- In the next round of WTO negotiations, however, we hope to see complete elimination – and permanent prohibition – of agricultural export subsidies.
- For us, domestic income support programs can prove just as disruptive as export subsidies.
- For instance, Alberta's traditional market for dehydrated alfalfa is Japan -- and Asia generally.
- But current domestic support subsidies to agricultural producers in the EU are equal to the dehydrated alfalfa price in Japan!

- What Alberta producer can compete, under these circumstances?
- That's why we say that domestic support programs must be income based and totally delinked from production.
- The government of Alberta will press the Canadian government, to work to achieve these goals, through the WTO.

Climate change

- One frequent topic during my Ministerial mission to Europe was climate change.
- Alberta is committed to taking sensible actions, in response to the risk of climate change.
- And we see the Kyoto Accord as having great potential for environmental cooperation, between our province, the EU and Central Europe.
- Our reasoning here is that Alberta has developed many new environmental technologies.
- Along with our technical expertise, we can offer these valuable technologies to the EU and Central Europe.
- I was, however, surprised at some of the suggested "solutions" to this important issue that I heard, while in Europe.
- Canada, said some Europeans, should simply adopt European levels of taxation, to deal with carbon-based emissions.
- Suggestions like this display a profound lack of familiarity with North American attitudes to taxation and government intervention.
- Alberta's response to the climate change challenge will be based on our province's needs and circumstances, in a national and global context.
- And we will, of course, continue to promote the wise use of energy resources.
- [Pause]
- We are, as I said, an outward looking province.
- We actively seek opportunities and partners, for cooperation.

- We are strongly supporting our federal government, for example, in its negotiations of a free trade agreement with the European Free Trade Association countries.
- And I can assure you, we have used every available opportunity, to put forward our viewpoints on these negotiations.
- Because we see the eventual agreement as a model for future agreements, with other European countries.

Conclusion

- In closing, let me repeat: Alberta is very definitely a global player.
- A player that seeks every opportunity to access new markets.
- We are well positioned, in key areas of service and technology, environment, energy, infrastructure and agriculture.
- Globalization does indeed offer consensus and cooperation opportunities, for solving common problems and improve our daily lives ...
- And Alberta and Europe do, indeed, share many common issues ...
- But Alberta sees its future economic well-being, predicated on a continued global commitment to trade liberalization.
- It is in this light that Alberta is now looking at Europe, as an increasingly important part of Alberta's global strategy.
- Thank you.