

**NOTES FOR AN ADDRESS BY
THE HONOURABLE SERGIO MARCHI
MINISTER FOR INTERNATIONAL TRADE
AT THE BRASILIA BUSINESS LUNCHEON**

BRASILIA, Brazil

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It is great to be back in Brazil and to see so many old friends. When I was here in September, it was my privilege to participate in the *Canada nas Gerais in Belo Horizonte*, which was a wonderful opportunity to highlight the richness and diversity of Canadian culture.

Today, I return, along with hundreds of reinforcements, to showcase Canadian products and services. If Canadians keep coming to Brazil at the current pace, hockey will soon replace soccer as the national sport!

But it is understandable that Canadians would be interested in Brazil. This is a dynamic country of 160 million people -- a country that is growing in wealth and influence on the world stage. And it is a nation in which Canadian business people feel confident that they can put down roots and establish long-term relationships.

Brazil is a nation of particular opportunities for Canada. Many of the areas of greatest growth here -- infrastructure, telecommunications, energy and mining -- are all areas in which Canada excels. In fact, some of the world's leading companies in these sectors are represented in this very room.

So there is a wonderful match between what Brazil is looking for and what Canada has to offer.

Today, I would like to speak very briefly about two matters: first, the exciting possibilities for our trade relationship, and second, to encourage Brazilian business leaders to look to Canada as a world-class place for investment.

First, our trade relationship.

The importance of Brazil to Canada is evident in the numbers: this is our largest export market in South America, and one of only 10 markets in the world where our exports exceed \$1 billion a year. And our relationship is growing: Canadian exports to Brazil have nearly doubled since 1993.

Of course, impediments still exist. Tariffs remain high in a number of areas, on both sides of the ledger. Customs procedures must be streamlined. But we are determined to work with business leaders to identify and remove roadblocks and red tape, to let you get on with what you do best: creating jobs.

When Brazilians think of Canadian products, many think of natural resources -- which is appropriate. But one of the most significant developments in the Canadian economy in recent years has been the shift from resources to manufactured goods.

To be sure, we are still a major exporter of raw materials, but today, more Canadians are employed in the high-tech sector than in mining, agriculture and forestry combined. So the foundation of our economy is changing, and so, too, is the nature of our exports.

Here in Brazil, that same trend is evident in the products we are selling. While wheat, newsprint and potash have traditionally dominated our exports, Brazil's deregulation of many key industries has opened new doors to Canadian investors and exporters alike. I am thinking particularly of the opportunities in telecommunications, informatics, energy and mining.

And Canadians have seized these opportunities. A quick look at some of the leading investors in Brazil demonstrates this growing trend:

Northern Telecom has become a prime supplier of cellular and other telecommunications equipment in the central Brazilian states.

Newbridge Networks has been awarded contracts to expand Embratel's high-speed digital network, and will be a key player in Brazil's telecom expansion.

Alcan, which is now Canada's largest investor in Brazil, has made a major commitment to expanding its rolled aluminum facilities in the state of São Paulo. Alcan's revenues in Brazil are now over \$750 million.

All of these companies, and dozens more, are finding a ready market for their products. They are creating jobs for Brazilians and Canadians alike. And they are putting down roots in communities across Brazil.

A complementary part of any sound trade policy is investment. Indeed, investment creates more jobs and generates more economic activity than merchandise trade alone, and it establishes the long-term relationships that are so vital to our future together.

Canada is the seventh-largest foreign investor in Brazil, with total investments of nearly \$4 billion. But investments must flow both ways, and I want to spend just a moment telling you why Canada should be Brazil's first choice for investment abroad.

For starters, Canada offers a sound economic environment. The \$42 billion deficit that our government inherited in 1993 is expected to be eliminated by next year. Our economy is growing at the highest rate of all G-7 countries, and both inflation and interest rates in Canada are at their lowest levels in decades.

So we have both prepared for, and benefited from, a more open trade policy. Over 40 percent of our GDP [gross domestic product] is driven by trade, and one of three jobs depends upon exports.

Second, Canada is strategically located, bordering and highly accessible to, the largest market in the world -- the United States. And with one shore touching the Atlantic and the other the Pacific, we are a natural "jumping off" point for companies wanting access to Europe and the Pacific Rim.

All of this has contributed to making Canada an extremely attractive investment location. Just how attractive was confirmed by a recent study conducted by KPMG. This was an exhaustive study of the specific, micro costs involved in establishing a new business in the United Kingdom, Germany, France, Sweden, Italy, the United States and Canada.

The study looked at everything from the cost of land and electricity to labour and telecommunications. Its conclusion was that Canada offers the very best climate for new investment. In fact, Canada emerged as number one in all of the eight industry sectors studied.

To take a stark example from the KPMG study, a European business setting up a typical 100-worker plant in Canada will save, on average, nearly US\$1 million annually over a similar site in the United States.

It may surprise you to learn that Canada was also found to have the lowest corporate tax burden.

The bottom line is that Canada is a high-quality, low-cost place in which to invest. It is also a great place in which to live, and should be the first choice among investors looking to gain a foothold in -- and a gateway to -- North America.

So when Brazilians think about international investing, a large red maple leaf should come to their mind - that's the message I bring today and that's the message that I invite every Canadian business person to take to your contacts around the globe.

Many of you have already begun the task of exploring a new relationship between Canada and Brazil. Someone has said that things would be better all around if we had your winters and you had our summers. Perhaps we can't combine our climates, but we can combine our energies and our efforts. We can build on the foundation that so many of you have laboured to create. And we can realize the full potential of our partnership.

It was more than 150 years ago when Simon Bolivar spoke of his desire to see the Americas fashioned into the greatest region in the world. "Greatest," he said, "not so much by virtue of her area and her wealth, as by her freedom and her glory."

Today, we have the opportunity to bring Bolivar's dream closer to reality. We can unite the Americas as never before, and create a region that is great in both wealth and freedom.

Let us pursue that dream together, and let us resolve not to pause until it is realized.

Thank you.