

# Prime Minister Stephen Harper's Speech at CIF's First Annual Gala Nite

Contributed by Rt. Hon. Stephen Harper, PM of Canada  
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Prime Minister urges stronger trade relations with India

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Canada India Foundation Gala Nite

Thank you for that kind introduction. Your Excellency, Dr. Abdul Kalam , honouree for the evening, Mr. Sam Pitroda, your Excellency Narayan, honourable members of federal and provincial parliament, directors, officers, and members of the Canada-India foundation, ladies and gentlemen. It's a great pleasure for me to address the inaugural gala dinner of the Canada-India Foundation.

PM Harpers PPT Presentation

I have to say, I especially want to thank Dr. Kalam. It's actually wonderful to have the former President among us today, a great honour, and to hear his presentation. And I thought that hymn, particularly at the end, was a very insightful hymn, although I do have to say, my father taught me a somewhat different version. He told me when I was young that the greater the harmony in the country, the greater the disorder and chaos in our Parliament. Any case, last year I met some of you, members of this foundation, prior to the founding of this organization. As I told the delegation I received in my Ottawa office at that time, our government is very supportive of the goals of this foundation. Like you, we believe in stronger relations between Canada and India. We also believe Canadians should know more about one of the world's emerging economic superpowers, and we believe Canadians of Indian heritage need to be more fully represented in Ottawa. I would like to congratulate the CIF for really joining and being a premier organization among those whose expressed purpose is to strengthen relations between our countries.

I believe the case for stronger relations between Canada and India is firmly rooted in both our histories. Our Parliamentary democracies, our federalist systems, our legal codes, even our use of the English language are derived from our shared heritage. But there is something else, something less tangible but more profound that unites us at an

even deeper level, something that India started working on centuries before Canada was even conceived, and that of course is pluralism, the rich pattern of regional, ethnic, religious and cultural diversity. Canadians are rightly proud of the fact that we are a nation of immigrants, people who have come from all corners of the earth and who have worked together to build one of the most peaceful and prosperous nations in human history. Now, I'm not suggesting we've achieved Nirvana. Pluralism is by its very nature always a work in progress, but India has been working on it for 5000 years, and as its own national anthem notes, India is today one of the world's most regionally, ethnically, linguistically and spiritually diverse nations. Prime Minister Singh, who I've had the pleasure to meet on several occasions, has suggested that the world can learn from India, and I quote what he says. "If India succeeds, we will have lessons for the rest of the world. After all, we are one sixth of humanity, and if one sixth of humanity makes up its mind, our influence is going to be felt more and more in the comity of nations."

India is succeeding, and I suggest to you that it is succeeding for one reason above all others: its embrace of pluralism. And this embrace of pluralism is at the heart of India's embrace of the concept of a free and democratic society. India of course increasingly accepts not only a democratic system of government, but also the benefits and imperatives of a free market economy, because free people and free markets are ultimately inseparable. That's why I believe India, as it's showing already in Afghanistan, but why I believe India will not only continue to be strong among the emerging economies, but will also, over the long run, be a major force for stability, a positive force in the world, which is why Canada should be moving now to build stronger, better political and economic relations with the subcontinent. That's why I'm here tonight.

The people in this room and the Canada-India business ties that you represent are the bridge builders of a stronger, better relationship between our two great countries, as I'm sure you know you are building on a solid foundation. The first immigrants from India to Canada arrived here over a century ago and they have been coming in increasing numbers ever since. Today there are nearly one million Canadians with roots in the subcontinent. From coast to coast to coast, Indo-Canadians have become part of the mainstream of Canadian society. They're working hard, raising families, giving back to their communities. Indeed, the fabric of Canadian life has been and continues to be immeasurably enriched by the contributions of Indo-Canadians. Many have achieved prominence in the arts, sports, science, medicine, technology, and academia; in fact, in every field of endeavour. I'm proud to count people like Deepak Obrhai, Rahim Jaffer and Nina Grewal among my colleagues and friends in Parliament, a field where Indo-Canadians have particularly excelled.

But if there is one area of Canadian life where Indo-Canadians have really punched above their weight, it must surely be in business. So let me talk for a minute about the other economy, the Canadian economy. As I said, free people flourish in free markets. This is not just a slogan for me and our party, it has guided everything we've done since taking office over two years ago. Just as we promised Canadians during the 2006 election campaign, our government has charged a consistently conservative course on economic and fiscal policy.

We said we would lower taxes, reduce public debt and keep spending under control and focused on results, and that is precisely what we have done. Because it is our clear conviction that this approach is essential for the long-run success of our economy, and that is our goal. The growth and prosperity of the Canadian economy, for the benefit of working Canadian families now and into the future. This approach also happens to be, if you think about it, exactly how hardworking families themselves plan for success: spending on priorities, keeping their debt levels down and making investments in the future for themselves and their children. By following this approach, roughly speaking, our budget allocations for the five years between 2006 and 2010 break down like this: about half of all our discretionary fiscal actions, half, has gone to tax reduction, and the remainder has been evenly split between debt reduction and new spending. It's a real consistent and balanced plan and it is working. Canada's economic fundamentals are strong. Inflation and interest rates remain low and stable. Personal disposable income has been rising steadily. Net employment has increased by over three quarters of a million jobs since our government took office and the national unemployment rate is still at six percent, very near its lowest in three decades.

We have our challenges, but I know many of you travel around the world on business, and I want you to spread the good news. We have our challenges, but at a time of growing uncertainty in the global economy, Canada is in the best fiscal and economic position of any G7 country, and we need to talk about it. In fact, a new study by the global accounting firm, KPMG, has found that Canada has the lowest business costs in the G7, even with the higher dollar. We have an edge over our neighbours to the south. We're ahead of the US in 12 out of 17 sectors studied, and our biggest cost advantages are in areas like research and development and software design, keys to future growth and prosperity. Our competitive advantage will be strengthened by the long-term business tax reductions we've begun to implement. On January first, as you know, we lowered the rate of corporate taxation from 22.5 percent to 19 percent, and by 2012 it will fall to 15 percent. In fact, by 2012 Canada as a whole will have the lowest corporate tax rate in the G7 group of nations. The natural and necessary complement to this kind of sound domestic fiscal and economic policy is of course a confident and forward-looking approach to international trade.

After NAFTA was concluded in 1993, Canada was oddly inactive among major trading nations in the business of concluding free trade agreements. In fact, in the last five years of our predecessors' term of office, while bilateral trade agreements proliferated worldwide, Canada did not sign a single new free trade agreement with another country. Over the last two years we've got back in the game. We've signed a new free trade agreement with the four members of the European Free Trade Association and also concluded negotiations with Peru and we're initiating or pursuing discussions with Colombia, the Dominican Republic, Jordan, Singapore, South Korea, the Central American four and the 15 members of the Caribbean community. Let us be frank. Canada has been too dependent on our customer to the south for too long. Regardless of the outcome of the next round of American elections, diversifying our trade is in the long-term interests of this country. In fact, that is starting to happen. Since 2000, the US share of Canada's total trade, total exports has fallen nearly ten percent, and last year exports to other countries grew by close to 20 percent. But if there is one part of the world where we can and should be doing better it is India. India ranks as only the 14th largest export market

for Canada, while Canada is India's 24th largest export market. That leaves lots of room for improvement. We simply as a country cannot afford to miss out on the Indian economic phenomenon. That is why our government is putting such emphasis on improving trade, investment and other linkages between our countries. Last summer, for instance, thanks to the leadership of our Minister of International Trade, David Emerson, Canada and India concluded a foreign investment protection and promotion agreement. Once ratified, this agreement will improve access to India's rapidly growing market for Canadian companies, and through enhanced access to global supply chains, we believe it should do a lot to stimulate mutually beneficial economic relations over the longer haul.

And tonight, ladies and gentlemen, it gives me great pleasure to announce another step forward on Canada-India trade. Our government is preparing to open trade offices in two emerging commercial centres of India. In the state of Andhra Pradesh, we'll be opening an office in Hyderabad, which as you know better than I is the gateway to Southern India's information communications technology hub, and on the east bank of the River Hooghly the doors to a new trade office will soon swing open in Calcutta, the main business commercial, financial and transportation hub of the east.

Our government will also be posting additional trade commissioners at Canada's established trade offices in Delhi and Mumbai. What we're doing, ladies and gentlemen, is expanding Canada's reach beyond our traditional focus in the northern region, because India's boom is not just happening in the North, it's happening everywhere, and Canada needs to be where all the action is.

Ladies and gentlemen, I have been talking about the free flow of goods and investment, but now I'd like to conclude tonight by switching to one other issue, and that is the free flow of people. And like the former President, I brought a few slides along with me, if you'll bear with me. As we all know, Canada needs immigrants. We also know that our immigration process has been working less and less well. Frankly, this is becoming a crisis, and if we do not fix this soon, the long-term performance of our economy will be affected.

That is why our government is proceeding with some essential reforms to our immigration system, to deal in particular with a burgeoning processing backlog. If I can draw your attention to the screens, I'd like to share some of the facts of this story with you. First, on immigration generally, I want to be clear that this government favours an aggressive immigration policy. We are bringing in more immigrants than any previous government. You can see that this has been an upward trend in the country for the past four decades. The Mulroney government, 1984 to '93 had higher immigration levels on average than the Trudeau government. The Chretien-Martin government had higher immigration levels still, and since we were elected, actual immigration across categories has risen yet again, including, I might add, 56 000 new immigrants from India alone. This masks, however, the growing crisis in application processing. In 1993, there were fewer than 100 000 applications in the backlog. As you can see in the next overhead, by the year 2000 that had grown to half a million, over 500 000. Our government took administrative measures to decrease processing times for the family class from between 20 and 40 percent upon taking office. Nevertheless, as you can see, the backlog level continues to rise and is now past 900 000. In the process, wait times for application processing have risen. The average wait is now six years. Canada already has the dubious distinction of having the largest immigration backlog in the world.

On the next overhead, you can see how much worse this is going to get if we do not act. The upper line shows that without the government's changes, the backlog will explode to a million and a half people in the next five years. Wait times will rise to an average of ten years. On the other hand, with the modest changes introduced in our budget, the lower line shows the backlog will actually start to shrink. Now, as you can see on the next overhead, this will have very positive impacts across groups, but particularly in the skilled worker category, where we currently find 600 000 of the backlogged applications. But here is why this is so critical.

The next overhead shows labour force growth in Canada. In the next five years, Canada's labour force growth, without enhanced immigration, will simply cease. The baby boomers will be retiring in massive numbers and the echo generation will have already finished entering the labour force. In fact, the least understood economic challenge in Canada and in many other western countries, the least understood challenge in the next generation will be potential widespread labour shortages. We are beginning to see this now, particularly in some trades and in western Canada, but it will only be the tip of the iceberg if we do not get our act together. The bar graph illustrates the same issue another way. In the last 50 years, the labour force grew in this country by 200 percent. But in the next half century, it is predicted to grow by only 11 percent, 11 percent over 50 years. So once again, my point: Not only is the backlog a source of great irritation for those patiently waiting their term. It will hold back Canada's economic growth. Many skilled immigrants are already giving Canada a pass and moving instead to countries like Australia and New Zealand where the wait is measured in months, not years. Many of those waiting have the skills, education and work experience needed by the Canadian economy this very moment. Now, ladies and gentlemen, we know there are political risks in tackling this. We know these will be misrepresented, but our government is determined to take action and get people flowing through the system and into the Canadian workforce where we need them right now.

Last month we tabled amendments to the Immigration and Refugee Protection Act, aimed at reducing the application backlog and shortening wait times for newcomers. If passed, this legislation will make Canada's immigration system much more responsive and flexible. Simply put, these reforms will get skilled workers into the country earlier, help families get reunited sooner, provide the Canadian economy with the human capital it needs to maximize its enormous potential, and continue to enrich our great country with cultural influence of newcomers from the four corners of the earth. I thought about this, ladies and gentlemen, when I attended the opening of the BAPS Swami Narayan Complex here in Toronto last summer. It is a truly extraordinary building, one of the architectural wonders of the world. It simply would not exist here with out the influence and the support of tens of thousands of Canadians of Indian heritage, I know many in this room who made it happen. That's what I mean when I say that immigration enriches Canada. Certainly it enriches our country in a material sense, by providing the skills and the creativity our economy needs to keep growing. But it also enriches us, enriches us by broadening our cultural diversity. By making us all more appreciative of the vast panorama of human experience. In short, by strengthening our pluralistic society that we share so deeply with the Republic of India.

I'd like to close by thanking the Foundation once again for the work you do, for the invitation to address you tonight. I hope I've been able to provide you with a fuller understanding of some of our government's economic policies, and I hope I've also conveyed how important the success of your mission is to the future of our great country. Thank you.