



CANADA 2020

# The Canada We Want in 2020

Rising to Meet the  
Asia Challenge

# RISING TO MEET THE ASIA CHALLENGE



# About Canada 2020

- Canada 2020 is a non-partisan, progressive centre working to create an environment of social and economic prosperity for Canada and all Canadians
- Our primary focus is on the role of the federal government



# The Canada We Want in 2020

- Launches a debate about the role of the federal government in Canada
- Intended to engage a wide range of interested parties
- Oriented towards policy influence



# What are we doing?

- Five inter-related challenges
  - Increasing innovation and productivity
  - Rising to meet the Asia challenge
  - Squaring the carbon circle
  - Reducing income disparities and polarization
  - Securing our health system for the future
- Three stages to the project
  - Initial publication (15 authors): November 2011
  - Panels and discussion: January – May 2012
  - Synthesis process and document: Fall 2012



# Canada and Asia

- Canada has been slow to establish links in Asia
  - Well behind countries such as Australia and even emerging economies such as Brazil
- Asia accounts for only about 15% of Canadian trade
  - Over 60% of current exports are resource-based
    - Growth in Asian markets was a lifeline during recession
- Recent flurry of activity
  - Emphasis on bilateral trade agreements and the potential of new energy markets (Gateway Pipeline)
  - Exploring entry into the Trans Pacific Partnership (TPP)



# Trade agreements

- Various trade negotiations ongoing, including:
  - Dialogue with **China** about deepening trade relations (possible free trade talks), following the conclusion of a Foreign Investment Protection and Promotion agreement
  - Comprehensive Economic Partnership discussions with **India** (aiming to conclude by 2013)
    - Aim to triple bilateral trade by 2015
  - Agreement to enter free trade talks with **Japan**
  - Commencing exploratory discussions with Thailand
  - Preliminary discussions around joining the Trans Pacific Partnership (TPP)



# Key questions

- What are the “must-have” elements of an Asia strategy?
  - Key institutions and axes
- Is Asia more of a threat than opportunity, or vice versa?
  - Concerns over Chinese investment in Canadian resource sector
- Does our relationship with the US complicate things?
  - Potential negative fall-out from moving away from the US?
  - Will the US try to hold us back in its own quest to increase its presence in Asia?





# Key Questions (cont.)

- How to get the best out of our natural resources in Asia?
  - Use resources strategically to open up markets
    - Appropriate physical and regulatory infrastructure
    - Clarity on inward investment
  - Establish a Canadian sovereign wealth fund?
  - Add more value to resources in Canada?
- How to bring Canadians together behind an Asia strategy?
  - Federal government leadership but Canadian public, businesses, educational institutions, regulators, provinces all have a role
  - Likely conflicts with specific sectors
    - supply management may thwart TPP entry
    - auto sector fears about Korean free trade
  - Wider concerns about human rights & environmental standards



# Section authors

- Dominic Barton
  - Global Managing Director, McKinsey & Co.
- Rana Sarkar
  - President and CEO, Canada-India Business Council
- Yuen Pau Woo
  - President and CEO, Asia Pacific Foundation of Canada



# Authors: Dominic Barton

- Chinese economy will rival that of the US within the next 10-20 years
- Canada has almost no brand visibility in Asia
- Need to develop a web of connective tissue with Asia, similar to that with the US
  - Move on several fronts at once: educational, cultural, economic, etc.



# Dominic Barton proposes

- Look strategically at Asia's needs and identify key ways in which Canada can meet them
  - Canadian strengths fit well with Asian needs
- Establish an Asian Advisory Council at the highest level and appoint a Minister for Asia
- Establish a Canadian sovereign wealth fund
- Prioritize 5-7 sectors that can act as the bulkhead for entry into Asia



# Authors: Rana Sarkar

- Asia's cultural, economic and political influence continues to grow
  - Canada can advance by finding ways to help Asia address its 'wicked problems'
- New networks, hubs and constellations of actors are appearing
  - Canada must be strategic and strive to act as a connector nation
- Visibility is key
  - Initiatives to be led from the top



# Rana Sarkar proposes

- Identify ways that we can become indispensable
  - Share expertise in key areas, such as energy
- Embark on a program of `frugal commercial diplomacy`
  - Move well beyond traditional bilateral trade
  - Be creative and dynamic, target hubs
  - Federal government as a `curator` of wider links
- Find ways to build Canada's brand
  - Extend media reach and educational ties
  - Seek leadership of global institutions
  - Promote external investment by Canadian companies



# Authors: Yuen Pau Woo

- Canada must become an integral part of the Asia Pacific region
  - Change in mindset and strategy
- Canadians need the knowledge and skills to be effective in Asia
  - Scope for broad human capital cooperation
- Asia Pacific Gateway and Corridors Initiative ripe to move beyond throughput and into greater value-added activities



# Yuen Pau Wood proposes

- Find ways to leapfrog the competition
  - Move beyond conventional diplomacy
  - Target a few key sectors
- Build upon a broad energy partnership
  - Need a domestic energy strategy first, plus appropriate infrastructure
  - Clarify rules on foreign investment
- Develop a regional, as well as bilateral, strategies
- Vigorously promote Vancouver as the Asian capital of north America





# What you can do

- Our goal in this project is to increase debate
- We actively encourage feedback on our work
  - Submit comments or opinion pieces through our website [www.canada2020.ca](http://www.canada2020.ca)
  - Contact us directly [info@canada2020.ca](mailto:info@canada2020.ca)
- Use our materials to host your own events and discussions

Thank you for your interest

