



CANADA 2020.CA

Progressive policy for a modern Canada



The Canada We Want in 2020

Asia's cities, Canada's opportunity?

ASIA'S CITIES, CANADA'S OPPORTUNITY?

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About Canada 2020

- Canada 2020 is a leading, independent, progressive think-tank
- Canada 2020's objective is to inform and influence debate, to identify progressive policy solutions and to help redefine federal government for a modern Canada
- 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
- Forward-looking project focused on five key 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
- Oriented towards policy influence
 - Opening book launch: November 2011
 - First series of panels: January-May 2012
 - Second series of panels: January-May 2013



Canada and Asia

- Canada has been 'slow off the mark' in Asia
 - Only in 2012 did we really appear to wake up to the Asian challenge
- Flurry of bilateral trade negotiations now underway
 - FIPA signed with China in September 2012 but not yet ratified
 - Seventh round of comprehensive economic agreement negotiations with India in February 2013
 - Aiming to conclude agreement by the end of 2013
- Entry into the Trans Pacific Partnership negotiations in October 2012



Canada and Asia

- Asia accounted for around 6% of Canada's trade in 2011
 - More than tripled since 2002
 - Though fluctuates a good deal year on year
- Major trade destinations for Canada in 2011
 - China (C\$17bn: Canada's third largest trading partner)
 - Japan (C\$11bn: 4th)
 - South Korea (C\$5bn: 6th)
 - Hong Kong and India (C\$3bn) (Hon Kong 10th)
- Major exports
 - Wood pulp/wood products
 - Food and grains
 - Minerals, mineral oils and ores
 - Aerospace (especially to South Korea)



Canada and Asia

- However, other countries exporting more and exports growing faster
 - Australia exported C\$81bn of goods and services to China in 2011
 - Brazil's exports to China grew from nothing in 2000 to about C \$9bn in 2011
- Canadian companies slow to expand into Asia
 - Asia Pacific Foundation reports that profitability of Canadian business in China is good (75% of responding firms in a recent survey were profitable in China) but it remains difficult to do business there (70% agreed)
- Canadian reputation in Asia is weak
 - Low brand visibility
 - Canada seen only as a link to the US



Why cities?

- Massive urbanization as engine of growth in Asia
 - 2010 - 2025: 33% of global GDP growth will be generated by large Asian cities
 - By 2030:
 - 13 Indian cities will equal Toronto in size
 - Mumbai's population will be as large as Canada's
- 75% of the world's resources are consumed in cities



Why cities?

- Many urban clusters in Asia have larger GDPs than entire countries

Asian city region	2010 GDP (\$bn)	Country	2010 GDP (\$bn)
Shanghai	527	Switzerland	527
Jingjinji	475	Belgium	469
Shandong	417	Austria	378
Guangzhong	357	Denmark	310

Source: McKinsey and Company



Why cities?

- Both companies and supporting governments need to focus
 - Avoid resources being spread too thin
- Cities as powerful nexus of productive capital
 - Rising incomes and new consuming class
- City development and needs align with Canada's strengths



Why cities?

- Growing urban centres have massive unmet needs
 - Transportation
 - Water and sewers
 - Power generation
 - Physical infrastructure, housing and buildings
 - Machinery and equipment for manufacturing
 - Air quality solutions
 - Information and communications technology
- Canada has urban challenges too: scope for co-development of solutions
 - Especially around sustainable cities



Urban opportunities: planning / transportation / infrastructure

- Canada's cities have strong global reputation
- Canadian companies – e.g. Bombardier – lead in urban transportation
- China planning massive expansion in infrastructure investment
 - 70 new airports in the next 5 years, massive highway, power and rail expansion
 - Length of Chinese expressways surpassed the US in 2011
- China and India housing the equivalent of entire Canadian population every 18 months
- Indonesia calling for \$180bn in additional infrastructure spending between now and 2025
- Thailand targeting \$135bn for infrastructure over next seven years

Urban opportunities: food

- Changing consumer tastes and higher disposable incomes
 - E.g .projected 14% increase in global meat consumption by 2020
 - China expected to be world's largest food importer by 2020
- Opportunities in the development of handling facilities, processing and food infrastructure
- Climate change likely to hit food production in Asian countries harder than in Canada: possible new opportunities
- Canadian farmers have demonstrated their readiness to diversify
 - Canadian pork exports to Asia grew to \$1.4bn in 2012
 - Pulse exports growing by a compound rate of nearly 10% since 2000
 - Mostly exported to Asia
 - Canola exports also growing strongly
 - Eight-fold increase in canola seed exports to China since 2003



Urban opportunities: Other consumer goods

- Strong demand for other consumer goods
 - Consumer demand in China growing at 18% per annum
 - China expected to account for about 20% of world's luxury goods market by 2015
- International travel growing enormously
 - 100 million outbound trips from China projected by 2020



Urban opportunities: financial services

- Millions of unbanked individuals throughout Asia
 - Consumption of savings and investment services will increase by 11% between 2010-2030 in Indonesia alone
 - To reach an estimated \$565 billion in 2030
- Increasing demand for other financial services
 - Insurance
 - High net worth banking/investment services
- Canadian banking system has unsurpassed global reputation
 - Some Canadian financial services companies – e.g. Manulife – are already firmly established in Asia



Urban opportunities: International education

- Massive unmet demand for education in Asian countries
 - Canada's English language advantage
 - Secondary as well as post-secondary opportunities
- Although international students contribute \$8bn to the Canadian economy each year, we are underperforming in this area
 - International students represent 5% of students in Canada
 - US (18%)
 - Australia (13%)
- Opportunities for the development of long term human ties

Questions for the panel

- What role should governments – and the federal government in particular – play in supporting Canadian companies' entry into Asia?
 - Importance to companies of access to good information
 - Developing long term relationships
 - Mitigating risk
 - Providing financing
 - Projecting Canada brand
 - Ensuring the right workforce and skills are available
 - Ensuring we have the right domestic infrastructure to support export growth



Questions for the panel

- Is our government being entrepreneurial and competitive enough?
 - Are there new forms of support that we should be considering?
 - Modern state capitalism?
- Does our domestic business environment support the development of larger, internationally competitive companies?
 - Are we doing enough to nurture our strengths at home, for eventual export
 - Canada as a showcase for our capabilities



Questions for the panel

- How can we make better use of our people-to-people ties with Asia?
- How do we prioritize effort?
 - Are we recognizing the diversity of Asia's regions, their respective needs and chances of success?
 - What can we learn from other countries?
 - How do we manage the risks of focusing on new markets?



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
 - Contact us directly info@canada2020.ca
- Use our materials to host your own events and discussions



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THANK YOU FOR YOUR INTEREST

