

For Canada-China trade, opportunities abound

By SCOTT BRISON

This September, I will return to Dalian, China, for the World Economic Forum's third annual "Summer Davos" conference. You may wonder why the WEF holds its "Summer Davos" not in Davos, but in China. The WEF and its members recognize the need to deepen relationships with the fastest-growing economies in the world.

Despite the global economic downturn, China's real GDP is still expected to grow at over seven per cent in both 2009 and 2010. To help maintain growth, the Chinese government has launched a stimulus package worth about \$635 billion Cdn. A significant portion of these funds will go towards new transportation and environmental infrastructure.

This represents a tremendous opportunity for Canadian businesses. New Chinese infrastructure will lead to greater demand for energy and new technologies.

As the Chinese government moves forward in its commitments to improve air, soil and water quality, China will increasingly demand more clean energy and green technologies.

Canada can become China's infrastructure, clean energy and green technologies partner. Doing so could help position Canada as a world leader in the research, development, sale and export of clean-tech solutions.

But governments have an important role to play in facilitating partnerships with countries like China, where the state has a strong influence on economic activity. Canadian businesses cannot fully realize these opportunities on their own.

The unfortunate, yet widely recognized, reality is that Canada's traditionally positive and productive relationship with China has been damaged in recent years by this Conservative government's short-sighted, ideological approach.

While the Harper government neglected the Canada-China relationship, our competitors continued to move forward.

Regardless of political stripe, governments in countries such as the U.S. and Australia made China a priority. Meanwhile, Canadian businesses pay the price for their government's record of inaction.

Our tourism industry is paying the price. Canada was left out of China's Approved Destination Status program despite the fact that more than 135 countries are members, including the United States.

Canadian exporters are paying the price. During the first three years of the Conservative government (2006 to 2008), Canada failed to keep up with its competitors in China's import market.

In comparison, the United States increased its exports to China in that same period by over 70 per cent. Australia, with an economy similar to Canada's in composition though slightly smaller in size, exports over three times as much to China.

Furthermore, Canada's ability to have open, frank and mutually respectful conversations with China has eroded. This has left Canada isolated, without the capacity to engage China in productive dialogue on situations such as the recent deadly riots in China's Xinjiang Uyghur Autonomous Region.

Former prime minister Pierre Trudeau, who first established diplomatic ties with post-revolution China, was never ambivalent on human rights issues. Whereas he and former prime ministers Joe Clark, Brian Mulroney, Jean Chrétien and Paul Martin were careful to ensure that Canada was a respected voice in Beijing, the Harper government has robbed Canada of that influence.

There have been some signs that the Conservative government is belatedly starting to recognize the importance of China. Recent visits by Canada's trade and finance ministers are a start, but the Conservatives are still playing catch-up as they work to reopen Canadian trade offices in China that they themselves closed in 2006.

In early July, the Chinese government took the lead in renewing the Canada-China relationship with a visit by China's foreign minister, Yang Jiechi, to Ottawa. Canada must follow up on this significant act of outreach.

After meeting with Foreign Minister Yang when he was in Ottawa, Liberal Leader Michael Ignatieff announced he will be visiting China in September. But after three and a half years as prime minister, Stephen Harper has yet to visit China, and has only recently scheduled a trip for November.

The government of Canada can and should do more.

We should build on the "strategic partnership" with China that was established under the previous Liberal government.

Canada should conclude a Foreign Investment Promotion and Protection Agreement with China to encourage greater foreign investment and trade.

We should aim to achieve Approved Destination Status in advance of the 2010 Vancouver Olympics.

And we should build on existing agreements between Canada and China in the areas of energy, science and technology in order to build a robust clean-tech partnership.

Finally, in areas of legitimate disagreement, Canada must engage China, not insult it.

China represents the greatest growth opportunity in the world. Canada should direct its diplomatic resources accordingly. As a trade-dependent nation facing a weakened global economy and its first trade deficit in over 30 years, Canada must focus on the Canada-China relationship with renewed vigour.

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