
INTRODUCTORY REMARKS ON CHINA

THANK YOU FOR RECEIVING ME TODAY.

I HAVE THE PRIVILEGE OF REPRESENTING CANADA IN THE PEOPLE'S REPUBLIC OF CHINA. I WANT TO SPEAK TO YOU ABOUT TODAY'S CHINA, AND WHAT IT MEANS FOR CANADA. I WOULD LIKE YOU KEEP IN MIND THAT, HOWEVER INTERESTING CHINA HAS BEEN IN THE PAST, AND REMAINS SO TODAY, MY BASIC MESSAGE IS WITH REGARD TO CANADA'S INTERESTS IN CHINA, AND HOW WE AS CANADIANS, AS BUSINESSES LARGE AND SMALL AND EDUCATIONAL INSTITUTIONS AND ARTS GROUPS AND AS GOVERNMENTS AND EVEN AS INDIVIDUALS CAN SEEK TO BENEFIT FROM THE GREAT TRANSFORMATION THAT IS TAKING PLACE IN THE CHINA OF THE 21ST CENTURY.

BECAUSE FOREIGN POLICY IS NOT FIRST AND FOREMOST ABOUT OTHER COUNTRIES: IT IS ABOUT OUR OWN COUNTRY; IT IS ABOUT

ACHIEVING OUR NATIONAL, CORPORATE AND PERSONAL OBJECTIVES BEYOND OUR BORDERS.

MY COLLEAGUES AND I IN BEIJING AND IN FOUR OTHER POSTS IN THE MAINLAND ARE REPRESENTING CANADA IN A COUNTRY THAT, AT \$US 1.1 BILLION IS THE SIXTH LARGEST ECONOMY IN THE WORLD; WE ARE EIGHTH; IT IS THE WORLD'S 5TH LARGEST TRADING NATION, SURPASSING CANADA, IN TOTAL VALUE OF ITS IMPORTS AND EXPORTS, EARLIER THIS YEAR; CHINA ATTRACTS MORE FOREIGN DIRECT INVESTMENT THAN ANY DEVELOPING COUNTRY IN THE WORLD, INDEED, WITH US\$47 BILLION IN FDI IN 2001, IT RECEIVES ABOUT A THIRD OF ALL PRIVATE FLOWS THAT GO TO LDCs; THIS COMPARES TO THE \$13 BILLION THAT WE ATTRACTED LAST YEAR;

IT'S PURCHASING POWER PARITY ON A PER CAPITA BASIS MAY BE ONLY ONE 8TH THAT OF THE AVERAGE CANADIAN - AND ONE THIRTYITH IN US DOLLAR TERMS - BUT CHINA HAS, TODAY, AN

“ASIAN LEVEL” MIDDLE CLASS OF PERHAPS 100 MILLION PEOPLE, PROJECTED TO RISE TO 200 MILLION BY MID-DECADE; ACCORDING TO SOME SURVEYS, IT HAS 8 MILLION HOUSEHOLDS WITH INCOMES GREATER THAN C\$40,000 PER YEAR; OVER 30 MILLION HOUSEHOLDS HAVE ASSETS IN EXCESS OF C\$100,000.

EUROMONITOR STATES THAT 600 MILLION CHINESE NOW HAVE SUFFICIENT SPENDING POWER TO BECOME THE TARGET OF MOST BRAND MANUFACTURERS; AND URBAN INCOMES ARE ON THE RISE;

BEYOND THE MACRO-ECONOMIC NUMBERS IS THE SPEED WITH WHICH CHINESE SOCIETY, AS WELL AS ITS ECONOMY, ARE GLOBALIZING; THE CHINESE ARE CONNECTED AND CONNECTING, AND DOING IT THROUGH STATE OF THE ART TECHNOLOGIES; 92% OF CHINESE HAVE ACCESS TO TELEVISION; 90 MILLION HOUSEHOLDS HAVE CABLE, AND ILLEGAL SATELLITE TELEVISION PROBABLY ADDS ANOTHER 15 MILLION; MANY OF THESE HAVE UNSANCTIONED ACCESS TO THE 22 FOREIGN CHANNELS NOW OPERATING IN CHINA;

THERE ARE 136 MILLION CELLPHONE SUBSCRIBERS IN CHINA; 34 MILLION INTERNET USERS ACCESS 277,000 CHINESE WEB SITES;

THE WORLD TOURISM ORGANIZATION SAYS THAT 10 MILLION CHINESE TRAVELLED BEYOND CHINA'S BORDERS LAST YEAR; ALREADY, CHINESE TOURISTS ARE AMONG THE MOST NUMEROUS IN SOUTH EAST ASIA; 75,000 TOURISTS AND BUSINESS PEOPLE CAME TO CANADA LAST YEAR; 130,000 STUDENTS ARE NOW STUDYING ABROAD AND THE DEMAND FOR STUDENT VISAS IS INCREASING EXPONENTIALLY;

ANOTHER FACTOR TO KEEP AN EYE ON: THE RISE OF CHINESE CORPORATIONS; FORTUNE MAGAZINE HAS DEVELOPED ITS LIST OF THE 100 LARGEST CHINESE FIRMS; IT MAKES INTERESTING READING; THEY ARE ALL STATE OWNED ENTERPRISES, BUT YOU CAN FIND THEM ON THE CHINESE AND THE NY, LONDON AND HONG

KONG STOCK EXCHANGES; THEY HAVE A TOTAL MARKET CAPITALIZATION OF OVER US\$580 BILLION, ABOUT 13% LESS THAN TODAY'S TSE; CANADIAN CONSUMERS CAN'T PURCHASE TOO MANY OF THEIR BRAND NAMES YET: QINGTAO BEER PERHAPS, OR HAIER REFRIGERATORS, BUT AS THE EFFICIENCIES FORCED BY WTO MEMBERSHIP WORK THEIR WAY THROUGH THE SYSTEM, WE WILL INCREASINGLY SEE THESE COMPANIES FOR WHAT THEY ARE: PRECURSORS OF THE OUTWARD INTERNATIONALIZATION OF CHINESE BUSINESS, BUYERS OF OUR PRODUCTS AND SERVICES, AND SUPPLIERS OF GLOBALLY COMPETITIVE PRODUCTS. ANOTHER SPACE TO WATCH.

THESE FACTS AND FIGURES AND MANY OTHERS SPEAK NOT ONLY OF CHINA AS THE EMERGING POWER OF THE 21ST CENTURY, THEY ILLUSTRATE THAT, ECONOMICALLY, FOR ALL INTENTS AND PURPOSES, CHINA HAS ARRIVED; IT IS A COUNTRY IN FULL AND DYNAMIC FLIGHT.

WORLD TRADING ORGANIZATION

AND THIS IS ONLY PART OF THE STORY. ON DECEMBER 11 LAST YEAR, CHINA FORMALLY JOINED THE WTO. IT IS IMPORTANT TO APPRECIATE THAT THE WTO IS NOT A CLUB: IT IS A SYSTEM OF INTERNATIONAL ECONOMIC AND TRADE RELATIONS THAT REQUIRES OF ITS MEMBERS COMMITMENTS THAT PROFOUNDLY AFFECT THE NATURE OF THEIR ECONOMIES, THE STRUCTURE OF THEIR INDUSTRIES, AND THE FUNCTIONING OF THEIR SOCIETIES.

THE WTO IS ABOUT OPENNESS AND TRANSPARENCY. IT'S ABOUT LAW AND RULES. IT'S ABOUT PREDICTABILITY AND RECOURSE. IT'S ABOUT NATIONAL AND INTERNATIONAL DISCIPLINES WHOSE SPIRIT AND MECHANICS THAT CAN WORK INEXORABLY - EVEN SUBVERSIVELY - AGAINST THE AUTHORITARIANISM OF SINGLE PARTY STATES. CHINA HAS EMBRACED THESE DISCIPLINES.

FURTHERMORE, CHINESE ECONOMIC POLICY AND ITS ATTENDANT

DEVELOPMENT HAD HERETOFORE HAD BEEN BASED LARGELY ON EXPERIMENTATION: SPECIAL ECONOMIC ZONES; PRIVATIZATION OF, SAY, HOUSING, AT LOCAL LEVELS BEFORE ATTEMPTING SUCH INITIATIVES AT PROVINCIAL AND ULTIMATELY NATIONAL LEVELS. NOW, POLICY WILL BE BASED ON SOMETHING ENTIRELY DIFFERENT;

THROUGH ACCESSION TO THE WTO, REFORMERS IN CHINA HAVE LOCKED IN A PROGRAM OF TRADE AND INVESTMENT LIBERALIZATION AND LEGAL REFORM THAT EXTEND FIVE TO TEN YEARS INTO THE FUTURE. THEY HAVE ENLISTED FOREIGN PRESSURE TO ENSURE THAT IT HAPPENS.

THEY ARE GAMBLING THAT THE MECHANISMS FOR MEETING AND EMBRACING THE CHALLENGES OF GLOBALIZATION ARE FOUND THROUGH THE WORKINGS OF THE WTO.

THEY ARE GAMBLING THAT TRADE AND INVESTMENT LIBERALIZATION WILL INCREASE PRODUCTIVITY AND CHINA'S

CAPACITY FOR LONG-TERM GROWTH AND, HENCE,
INTERNATIONAL INFLUENCE. THEY ALSO EXPECT THAT THE
PRESSURES CAUSED BY NEWFOUND COMPETITION WILL MAKE
FURTHER STRUCTURAL REFORMS IN RELATED AREAS
UNAVOIDABLE.