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## VICTORIA OUTREACH

*October 18, 2004*

1. WE ARE HERE TO DISCUSS TODAY'S CHINA, AND CHINA CANADA RELATIONS. I WANT TO TALK ABOUT CHINA'S STRENGTHS AND WEAKNESSES AND ABOUT BENEFITING FROM CHINA'S EMERGENCE, AS AN IMPORTANT ECONOMY AND PLAYER IN THE WORLD.
2. LET ME STATE UP FRONT THAT I HAVE A SINGLE OBJECTIVE IN ADDRESSING YOU. I BELIEVE THAT CHINA'S SIGNIFICANCE - ECONOMIC, GEOPOLITICAL, EVEN CULTURAL - WILL RISE INEXORABLY. THEREFORE, MY BASIC PURPOSE TODAY IS TO ENCOURAGE YOU TO THINK ABOUT CHINA, AND TO DEVELOP YOUR INDIVIDUAL CHINA STRATEGIES SO THAT YOU AND ALL CANADIANS CAN BENEFIT FROM CHINA'S RISE. MAKE NO MISTAKE, CHINA WILL BECOME A VERY IMPORTANT FACTOR IN OUR LIVES, AND IN OUR 21<sup>ST</sup> CENTURY WORLD.
3. INDEED, CHINA HAS ALWAYS BEEN A VERY LARGE CANVAS ON WHICH THE HAN PEOPLE AND OTHER ETHNIC GROUPINGS, LARGE AND SMALL, HAVE PLAYED OUT THEIR RESPECTIVE DESTINIES. 2,300 YEARS AGO, DURING THE FIRST EMPIRE, THE QIN, CHINESE CIVILIZATION OCCUPIED 5 MILLION OR MORE QUARE KILOMETERS, HALF OF TODAY'S CANADA. THE HAN DYNASTY, 2,000 YEARS AGO, OCCUPIED A GREATER AREA THAN AUGUSTAN ROME.
4. CHANGAN, THE CAPITAL OF THE TANG DYNASTY, WAS THE LARGEST CITY IN THE WORLD 1,200 YEARS AGO. THE CHINESE POPULATION RULED BY

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THE SUNG DYNASTY IN THE 11<sup>TH</sup> CENTURY WAS OVER 100 MILLION PEOPLE.

5. THE HAN PEOPLE'S INTERACTION WITH THE TURKISH, MONGOL AND MANCHURIAN PEOPLES OF THE NORTHERN STEPS HAVE BEEN RECORDED FOR WELL OVER 2,500 YEARS, AND WITH THE KOREANS AND JAPANESE ALMOST 2,000 YEARS.
6. THE POPULATION OF THE CHINA AT THE TIME OF THE ESTABLISHMENT OF THE PEOPLE'S REPUBLIC OF CHINA IN 1949 WAS ALMOST 600 MILLION.
7. SO CHINA, AS MEASURED BY TERRITORY AND POPULATION HAS ALWAYS BEEN A VERY LARGE COUNTRY INDEED.
8. THE ATTENTION WE ARE GIVING TO CHINA TODAY DOES NOT ARISE FROM RAW SIZE BUT FROM OTHER FACTORS.
9. TWO SETS OF FACTORS, IN FACT, JUSTIFY OUR ATTENTION: ECONOMIC ACHIEVEMENT AND DIPLOMATIC REACH.
10. IT IS NOT ONLY THAT THE NUMBERS ARE IMPRESSIVE, IT IS THAT THEY HAVE BEEN RISING FOR A GENERATION. SINCE 1979, OVER THE LAST 25 YEARS, OVERALL GDP GROWTH HAS AVERAGED 9.4%. LAST YEAR IT WAS 9.1%. IN MARCH, INDUSTRIAL PRODUCTION WAS 19% OVER MARCH 2003. AT \$1.4T, CHINA IS NOW THE WORLD'S 6<sup>TH</sup> LARGEST ECONOMY. IT IS THE LARGEST RECIPIENT OF FOREIGN INVESTMENT, BAR NONE. IT HAS THE SECOND LARGEST FOREIGN EXCHANGE RESERVES IN THE WORLD. IT IS A MAJOR BUYER OF US TREASURIES.
11. THIS IS NOT JUST MACROECONOMIC GOBELDY GOOK, MEANT TO CONFOUND.

12. IN MATTERS OF REAL WORLD ECONOMICS, CHINA LAST YEAR ABSORBED 31% OF THE WORLD'S IRON ORE, 21% OF ITS PLATINUM, 15% OF ALUMINUM; IT HAS BECOME THE WORLD'S SECOND BIGGEST OIL IMPORTER. IT IS THE LARGEST IMPORTER OF FERTILIZER, NICKEL AND COPPER. MORGAN STANLEY ESTIMATES THAT CHINA CURRENTLY CONSUMES ABOUT 20% OF MOST OF THE WORLD'S COMMODITIES.
13. ON THE PRODUCTION SIDE, CHINA PRODUCED MORE STEEL IN 2003 THAN THE UNITED STATES AND JAPAN COMBINED. CHINA PRODUCES 75% OF THE WORLD'S CLOCKS AND WATCHES, 55% OF THE WORLD'S DVD PLAYERS, 50% OF THE WORLD'S CAMERAS, ELECTRIC FANS, AND TELEPHONE SETS, 30% OF AIRCONDITIONERS AND TELEVISIONS. ET CETERA.
14. YOU MAY THINK THAT ALL OF THIS SOUNDS LIKE MICRO ECONOMIC NUMEROLOGY.
15. SO LET'S BRING IT FURTHER DOWN TO THE LEVEL OF PEOPLE.
16. CHINA'S POPULATION IS 1.3 BILLION. OF THAT VAST GROUP, THE MIDDLE CLASS NOW EASILY EXCEEDS 10% OF THE TOTAL POPULATION, 130 MILLION PEOPLE. THESE CHINESE, LARGELY URBANIZED AND LIVING IN THE EASTERN PROVINCES, ENJOY LIVES VERY SIMILAR TO OUR OWN. 90% OF URBAN HOUSEHOLDS HAVE WASHING MACHINES AND REFRIGERATORS; HALF HAVE AIRCONDITIONERS. 60% HAVE MOBILE PHONES.
17. 16 MILLION TRAVELLED ABROAD IN 2003. 80% OF BEIJING HOUSEHOLDS OWN THEIR OWN APARTMENT, 10 MILLION CHINESE OWN THEIR OWN CARS. 100 MILLION HAVE INTERNET CONNECTIONS IN THEIR HOMES.

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18. THE GROWTH OF THE MIDDLE CLASS IN CHINA WILL CONTINUE. CHINESE PER CAPITA GDP DOUBLED IN THE FIRST TEN YEARS OF REFORM ('78 TO '87), AND THEN TOOK ONLY 9 YEARS TO DOUBLE AGAIN, SO GROWTH BY A MULTIPLE OF FOUR IN LESS THAN 20 YEARS. THE CURRENT GOVERNMENT OBJECTIVE IS TO QUADRUPLE PER CAPITA INCOME AGAIN, THIS BY 2020. SUCH GROWTH WOULD PRODUCE A PER CAPITA INCOME OF ABOUT \$4,000 PER YEAR, PUTTING CHINA WELL INTO THE RANKS OF MIDDLE INCOME COUNTRIES.
  
  19. AND SO FORTH.
  
  20. ONE MIGHT CHOOSE TO THINK THAT THESE DEVELOPMENTS ARE NOT RELEVANT FOR MOST CANADIANS.
  
  21. IN FACT, CHINA'S DEVELOPMENT MODEL IS BASED ON REFORMING ITS INTERNAL ECONOMIC STRUCTURES, BUT ALSO ON OPENING ITSELF TO THE WORLD. THIS POLICY IS IMPLEMENTED IN MANY AND DIVERSE WAYS. TAKE INTERNATIONAL TRADE AND FOREIGN INVESTMENT. IN 1980, CHINA WAS INVISIBLE IN TERMS OF TRADE IN GOODS IN SERVICES, ACCOUNTING FOR LESS THAN 1% OF WORLD TRADE. TODAY, CHINA IS THE WORLD'S 4<sup>TH</sup> TRADING NATION. IN JUNE OF THIS YEAR, CHINA'S TOTAL TWO WAY TRADE EXCEEDED US\$100 BILLION. THAT'S IN ONE MONTH. IT COULD EXCEED A TRILLION US DOLLARS THIS YEAR, 60% OF ITS GDP.
  
  22. THE US TRADE DEPENDENCE ON CHINA ROSE FROM 3% A DECADE AGO, TO 11% LAST YEAR; JAPAN HAS GONE FROM 2% TO 8%.
  
  23. CANADA'S TRADE WITH CHINA HAS GONE FROM A GRAIN BASED, ONE WAY RELATIONSHIP TO THE POSSIBILITY THAT BILATERAL TRADE BETWEEN OUR COUNTRIES THIS YEAR WILL SURPASS THAT WITH JAPAN.

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24. SO, CHINA MATTERS ECONOMICALLY, AND THAT IS WHY WE PAY ATTENTION.
  
  25. WE ARE ALSO DRAWN TO PAY ATTENTION BECAUSE OF CHINA'S GROWING GEOPOLITICAL CLOUT. THE SIZE OF ITS ECONOMY IS NOW A CLOSER REFLECTION OF THE COUNTRY'S HUGE POPULATION AND BREADTH. ITS GROWTH HAS BECOME INCREASINGLY INTERTWINED WITH THAT OF THE UNITED STATES, THE EU AND JAPAN. THE LEVEL OF INTERACTION APPEARS TO BE HEADED INEXORABLY UPWARD.
  
  26. SIZE MATTERS IN DIPLOMACY WHEN YOU HAVE SOMETHING TO PUT ON THE TABLE. CHINA NOW HAS SOMETHING TO PUT ON THE TABLE.
  
  27. FURTHERMORE, CHINA HAS CHOSEN TO EXERCISE A VERY ACTIVIST DIPLOMATIC AGENDA. IT CAN DEMONSTRATE GREAT SKILL IN SETTING ITS PRIORITIES AND STICKING TO THEM. IT REGULARLY REDEFINES ITS CORE FOREIGN POLICY OBJECTIVES, BUILDING ON THE FIVE PRINCIPLES OF PEACEFUL COEXISTENCE OF 1954 TOWARDS A COMPREHENSIVE FRAMEWORK FOR PROMOTING ENGAGEMENT AND PROSPERITY, THEMES ECHOED BY PREMIER WEN JIABAO IN OTTAWA IN DECEMBER OF LAST YEAR.
  
  28. NO QUESTION THAT THE ECONOMIC IMPERATIVE COMMANDS A GREAT DEAL OF DIPLOMATIC ATTENTION. ECONOMIC RELATIONS IN THEIR SPECIFICS, THAT IS TO SAY ACCESS TO MARKETS AND RESOURCES, MOUs ON TECHNICAL STANDARDS, R&D COLLABORATION, EVEN FTAS NOW MATTER A GREAT DEAL.
  
  29. BUT CHINA'S GEOPOLITICAL OBJECTIVES GO BEYOND TRADE AND ECONOMICS. SOVEREIGNTY, TERRITORIAL INTEGRITY, SECURITY AND

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VISIBILITY IN THE GLOBAL COMMONS ARE EQUALLY IMPORTANT.

30. TO ILLUSTRATE: CONSISTENT WITH ITS PRAGMATIC AND FOCUSED APPROACH TO PRIORITIES, CHINA IS SYSTEMATICALLY CONSTRUCTING PARTNER RELATIONSHIPS ON ITS PERIPHERY, THE HISTORICAL LOCUS PRIMUS OF ITS FOREIGN POLICY. CHINA'S NEIGHBOURS NEED TO BE REASSURED THAT OPPORTUNITIES OUTWEIGH THE CHALLENGES POSED BY CHINA'S GROWTH, BE THEY REGARDING ECONOMIC OR IN MATTERS OF SECURITY.
31. IN THESE RESPECTS, CHINA CAN LEGITIMATELY CLAIM CONSIDERABLE SUCCESS. FOR EXAMPLE:

**KOREAS** CHINA LEADS THE USA, JAPAN, ROK AND RUSSIA IN THE MANAGEMENT OF NEGOTIATIONS WITH DPRK IN THE PROCESS OF DENUCLEARIZATION OF THE KOREAN PENINSULA, A ROLE THAT IS THRUST UPON IT BY THE NEED TO STABILIZE IT'S NORTHEAST FRONTIER.

**RUSSIA** CHINA AND RUSSIA SIGNED A GOOD-NEIGHBOURLY TREATY OF FRIENDSHIP AND COOPERATION IN 2001, AND FOLLOWED UP WITH JIANG-PUTIN JOINT STATEMENT IN 2002 THAT HAS RESTRUCTURED THE MAJOR ASPECTS OF THEIR POLITICAL, ECONOMIC AND SECURITY RELATIONS.

**CENTRAL ASIA** THE SHANGHAI COOPERATION ORGANIZATION HAS GROWN FROM ITS 1996 ORIGINS TO BECOME, SINCE 2001, THE MAJOR CHINESE VEHICLE FOR PROMOTING COOPERATION WITH CENTRAL ASIA. WHAT HAD INITIALLY BEEN A MEANS FOR ADDRESSING BORDER DISPUTES AND SECURITY IN THE POST-SOVIET ERA HAS GROWN TO INCLUDE BROAD ECONOMIC OBJECTIVES, NOT THE LEAST BEING ENERGY SUPPLIES.

**ASEAN** SINCE 1997, CHINA HAS SIGNED AGREEMENTS WITH EACH OF THE ASEAN

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COUNTRIES AIMED AT DEVELOPING SOUND BILATERAL RELATIONS. IN 2000, CHINA PROPOSED AN ASEAN/CHINA FTA. A FRAMEWORK AGREEMENT WAS SIGNED IN PHNOM PENH IN 2002. CHINA AND ASEAN HAVE ALSO SIGNED AN AGREEMENT AGAINST THE USE OF FORCE IN THE SETTLEMENT OF DISPUTE IN THE SOUTH CHINA SEA, AS WELL AS AN AGREEMENT ON NON-TRADITIONAL SECURITY THREATS. IN 2003, CHINA ACCEDED TO THE ASEAN TREATY OF AMITY AND COOPERATION. MOST OF THE ASEAN COUNTRIES ARE IN SURPLUS IN THEIR TRADE WITH CHINA.

32. AND SO FORTH.

33. THE WEIGHT AND SIGNIFICANCE OF ECONOMIC SIZE AND DIPLOMATIC SKILL CANNOT BE UNDERESTIMATED IN EXPLAINING CHINA'S RISE TO PRE-EMINENCE. THEY ALSO CREATE A VIRTUOUS CIRCLE WHICH PROVIDE THE WHEREWITHAL TO DEVELOP OTHER STRENGTHS, AND INCREASE THE BENEFITS OF GLOBAL INTERACTION.

34. BUT IT IS IMPORTANT NOT TO OVERSTATE THE CASE. ECONOMIC SIZE AND GEOPOLITICAL ACTIVISM ALONE DO NOT A GREAT POWER MAKE. THEY DO NOT PROVIDE CHINA WITH THE KIND OF POWER THAT UNDERPINS GLOBAL SECURITY OR SHAPES INTERNATIONAL INSTITUTIONS. IMAGINE THE DISTANCE WE ARE FROM A WORLD WHERE THE CHINESE NAVY PROVIDES SECURITY IN, SAY, THE STRAITS OF MALACCA; WHERE THE SHANGHAI STOCK EXCHANGE SETS THE TRENDS IN GLOBAL SECURITIES MARKETS EVERY MORNING; WHERE THE GLOBAL AUDIENCE FOR THE GOLDEN ROOSTER AWARDS IS GREATER THAN THAT FOR THE OSCARS; WHERE THE YUAN BECOMES ONE OF THE WORLD'S THREE RESERVE CURRENCIES; OR THE PUBLIC DECLARATIONS OF NGOS AND HUMAN RIGHTS GROUPS HAIL CHINA AS A MODEL FOR DEMOCRATIC DEVELOPMENT AND HUMAN RIGHTS, AND WE CAN SEE WHAT A DISTANCE CHINA HAS TO TRAVERSE BEFORE BECOMING A REAL COMPETITOR TO THE

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US OR EU.

35. I HAVE ANOTHER LONG SPEECH ON THE CHALLENGES THAT CHINA MUST OVERCOME TO BECOME A TRUE GREAT POWER. I'LL SPARE YOU THAT TODAY, BUT FLAG THE WEAKNESSES TO OVERCOME AS: INSUFFICIENT MILITARY POWER; DOMESTIC SOCIAL AND ECONOMIC INEQUALITIES; SERIOUS PROBLEMS IN MICROECONOMIC MANAGEMENT AND IN THE FINANCIAL SYSTEM, ABSENCE OF REPRESENTATIVE POLITICAL INSTITUTIONS ETC.
36. CHINA'S LEADERS ARE CLEAR IN RECOGNIZING MANY OF THESE CHALLENGES. JUST READ ANY OF THEIR OFFICIAL STATEMENTS, AND WATCH WHAT THEY DO.
37. IN MY OPINION, WE HAVE TO BET ON CHINA'S CAPACITY TO MANAGE THEIR PROBLEMS AND CONTINUE TO GROW IN IMPORTANCE, RATHER THAN BANK ON SOME SORT OF DRAMATIC TURN-AROUND THAT WOULD RELEGATE CHINA TO THE BACK PAGES FROM WHICH IT HAS EMERGED.
38. THERE ARE NO STRAIGHT LINES IN POLITICS OR IN NATURE. CHINA'S ROAD AHEAD MAY BE ROCKY AND ITS CHALLENGES MANY, BUT IT IS NOT LIKELY THAT WAYS WON'T BE FOUND TO OVERCOME THEM. WATCH THIS SPACE.
39. SO WHERE DOES CANADA FIT IN ALL OF THIS?
40. HISTORY IS INSTRUCTIVE. UNTIL THE REGULARIZATION OF RELATIONS AMONG CANADIANS AND CHINESE, THROUGH THE ESTABLISHMENT OF FORMAL RELATIONS BETWEEN CANADA AND THE REPUBLIC OF CHINA IN 1942, AND SUBSEQUENTLY, THE PEOPLE'S REPUBLIC OF CHINA IN 1970, OUR RELATIONS WERE A CROSS-MIX OF HARD TO MANAGE, GLOBAL



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TRENDS IN MIGRATION, INDUSTRIAL AND REGIONAL DEVELOPMENT, INTER STATE AND CIVIL WAR, AND SERIOUS CLASHES IN CULTURES AND VALUES.

41. WE HAVE A MUCH BETTER HANDLE ON THE CONDUCT OF OUR RELATIONS TODAY, BECAUSE OF THE MATURITY OF PEOPLE TO PEOPLE AND STATE TO STATE RELATIONSHIPS.
42. WE RELY ON A WEB OF OVER 40 BILATERAL TREATIES AND 70 OR SO GOVERNMENT TO GOVERNMENT MOUs WHICH PROVIDE THE FRAMEWORK FOR THE DAY TO DAY MANAGEMENT AND PROMOTION OF SHARED INTERESTS. AND THIS DOESN'T INCLUDE OUR RELIANCE ON INTERNATIONAL LAW AND TREATIES.
43. BUT THE FORWARD MOMENTUM IS PROVIDED BY PEOPLE AND BY OUR INTERESTS.
44. CHINA GIVES GREAT IMPORTANCE TO THE ROLE OF KEY INDIVIDUAL ACTORS IN ITS RELATIONS. WE HAVE IMPORTANT PERSONALITIES WHO HAVE SHAPED THE RELATIONSHIP. NORMAN BETHUNE, 64 YEARS AFTER HIS DEATH, REMAINS THE TOTEMIC FIGURE IN THE MINDS OF THE CHINESE; ALSO WELL KNOWN IMPORTANT CIRCLES ARE SUCH PEOPLE AS : ALVIN HAMILTON WHO ESTABLISHED OUR GRAINS TRADE, AT A TIME WHEN CHINA FACED THE STARVATION PRECIPITATED BY THE GREAT LEAP FORWARD; PIERRE TRUDEAU, WHO HELPED CHINA RE-ENGAGE WITH THE WORLD BY ESTABLISHING RELATIONS WITH THE PRC AFTER A FIVE YEAR HIATUS CAUSED BY THE CULTURAL REVOLUTION; PAUL DESMARAIS, WHO FOUNDED THE CANADA CHINA BUSINESS COUNCIL, ONE OF THE FIRST BUSINESS GROUP TO EMERGE AT THE TIME OF THE LAUNCH OF THE REFORM AND OPENING MOVEMENT BY DONG XIAOPING; JEAN CHRÉTIEN,

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WHO UNDERTOOK SIX OFFICIAL VISITS TO CHINA DURING HIS PRIME  
MINISTERSHIP, INCLUDING TWO TEAM CANADA MISSIONS.

45. BEYOND THESE AND MANY OTHER PEOPLE, THERE IS THE DRIVING POWER OF NATIONAL INTEREST.
46. WE MATTER TO THE CHINESE, AS CHINA MATTERS TO US, LARGELY TO THE EXTENT THAT WE ADVANCE OUR RESPECTIVE NATIONAL INTERESTS.
47. I CAN STATE THIS WITH CONFIDENCE BECAUSE I BELIEVE THAT OUR ROLE, IN THEIR EYES, IS AS A PARTNER IN DEVELOPMENT. RELATIONS WITH CANADA CONTRIBUTE TO CHINA'S GROWTH.
48. CANADIAN COMPANIES, IN MANUFACTURING AND SERVICES, ARE IMPORTANT PARTNERS FOR ECONOMIC TRANSFORMATION IN SECTORS IMPORTANT TO CHINA, FOR EXAMPLE IN AEROSPACE, GROUND TRANSPORTATION, TELECOMMUNICATIONS, ENVIRONMENT, NUCLEAR ENERGY, INSURANCE AND FINANCIAL SERVICES.
49. WE OFFER MODELS FOR GOVERNANCE, THROUGH OUR DEVELOPMENT COOPERATION PROGRAMS: THESE HAVE INCLUDED ADMINISTRATION OF GOVERNMENT, FINANCIAL MARKETS, AGRICULTURAL DEVELOPMENT, ENVIRONMENT, HUMAN RIGHTS AND RULE OF LAW, WITH CLIENTS AMONG PROCUROTERATE, SUPREME COURT, MOA, PROVINCIAL ADMINISTRATIONS, ETC; CIDA HAS SPENT OVER \$32 MILLION ON GOVERNANCE PROGRAMS JUST IN THE LAST 5 YEARS.
50. WE CONTINUE TO BE IMPORTANT PROVIDERS OF EDUCATION - THERE ARE OVER 25,000 CHINESE STUDENTS STUDYING IN CANADA TODAY. OUR EDUCATION INSTITUTIONS PARTNER WITH MANY OF CHINA'S KEY INSTITUTIONS OF HIGHER LEARNING;

51. WE ARE A HIGHLY DESIRED DESTINATION FOR IMMIGRATION, AND A PROSPEROUS DIASPORA IS DEEMED TO BE GOOD FOR CHINA. IT IS CERTAINLY GOOD FOR CANADA.
52. EVEN IN THE WORLD OF CULTURE AND THE ARTS, CANADIANS CAN CONTRIBUTE TO CHINA'S DEVELOPMENT. THAT IS WHY THEY WANT TO BUILD LINKS WITH OUR ARTS INSTITUTIONS, MUSEUMS, MUSICAL ACADEMIES.
53. WHAT'S IN IT FOR US? WHAT DOES CHINA HAVE TO OFFER FOR CANADA'S ECONOMIC DEVELOPMENT AND PROSPERITY, OR OUR DEVELOPMENT AS A SOCIETY, OUR PEACE AND STABILITY? HOW DO WE GET ON THE UPTOWN BUS THAT IS CHINESE DEVELOPMENT AND MAXIMIZE THE BENEFITS FOR CANADA?
54. I CONSIDER THESE, QUITE NATURALLY, THE MOST IMPORTANT QUESTIONS, THE ONES WE SHOULD ALL BE ASKING OURSELVES. WE SHOULD NOT WALK AWAY FROM LUNCH TODAY WITHOUT PONDERING THE ANSWERS.
55. OBVIOUSLY, WE WANT TO CONNECT CHINA'S ECONOMIC PROSPERITY WITH OUR OWN. THE CHINESE WANT TRADE AND INVESTMENT; WE WANT MARKETS FOR OUR GOODS AND SERVICES, INVESTMENT OPPORTUNITIES ABROAD, AND INVESTMENT IN CANADA. WE HAVE COMPLEMENTARY ECONOMIES IN MANY RESPECTS, AND WE HAVE THE WTO AND BILATERAL PLUMBING NECESSARY TO DO BUSINESS.
56. THE CHINESE WANT TO RAISE THE LEVEL OF THEIR TECHNOLOGICAL SKILLS. WE WANT TO KEEP OUR PLACE AMONG THE MOST

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TECHNOLOGICALLY ADVANCED NATIONS ON EARTH. WE CAN HELP DO THAT BY PROMOTING R&D COLLABORATION, IN WAYS THAT PROTECT OUR INTELLECTUAL PROPERTY, AT THE SAME TIME AS POSITION OUR COMPANIES AND OUR RESEARCH FACILITIES AS PARTNERS WITH CHINA'S COMMUNITY OF R&D CENTERS AND UNIVERSITIES.

57. THE CHINESE WANT TO INCREASE THE NUMBERS OF THE HIGHLY EDUCATED AND THE HIGHLY SKILLED. WE WANT TO CONTINUE TO DEVELOP WHAT ARE SOME OF THE BEST UNIVERSITIES IN THE WORLD, INCLUDING HERE IN VICTORIA. WE SHOULD ATTRACT THE BEST AND THE BRIGHTEST FROM CHINA'S UNIVERSITIES SO THAT WE BENEFIT FROM THE MOST CREATIVE AND ENERGETIC PERIOD IN THEIR LIVES.
58. THE CHINESE BELIEVE THAT THE DIASPORA OF HAN PEOPLE AROUND THE WORLD IS OF BENEFIT TO THEM. WE WANT TO ENSURE THAT WE WILL CONTINUE TO ATTRACT THE HIGHEST QUALITY IMMIGRANTS TO OUR SHORES, FOR OUR OWN ECONOMIC DEVELOPMENT AND PROSPERITY.
59. THE CHINESE WANT REFORM AND OPENING TO BE A PERSONAL EXPERIENCE. 16 MILLION TRAVELLED ABROAD LAST YEAR. WE WANT TO REMAIN ONE OF THE WORLD'S PREMIER TOURIST DESTINATIONS. WE NEED TO FACILITATE THE MOVEMENT OF OUR CITIZENS IN BOTH DIRECTIONS.
60. GETTING WHAT WE WANT OUT OF THE RELATIONSHIP WON'T ALWAYS BE EASY. FOR EXAMPLE, BETWEEN THE YEAR 2000 AND 2003, CANADIANS ARE ON PAR WITH THE MOST OF THE REST OF THE WORLD AS PURCHASERS OF CHINESE GOODS. CANADA'S IMPORTS FROM CHINA HAVE INCREASED BY 78% DURING THIS PERIOD. GLOBALLY, THE RISE HAS BEEN IN THE ORDER OF 76%. INEXPENSIVE CHINESE GOODS KEEP INFLATION IN CHECK AND PROVIDE BENEFITS TO CANADIAN CONSUMERS.

61. ON THE OTHER HAND, WE ARE NOT DOING AS WELL AS A SUPPLIER OF GOODS TO THE CHINESE MARKET. BETWEEN 2000 AND 2003, OUR SALES OF GOODS TO CHINA HAD ONLY INCREASED BY 17%, COMPARED TO 84% FOR THE REST OF THE WORLD OVERALL. THE REASONS BEHIND THIS ARE VARIED, BUT PRINCIPALLY THEY RELATE TO THE STRUCTURE OF OUR ECONOMY, THE VARIABILITY OF AGRICULTURAL EXPORTS, AS WELL AS THE LOW LEVELS OF CANADIAN INVESTMENT IN CHINA.
62. SO, OBVIOUSLY, IF WE ARE GOING TO BENEFIT FROM CHINA'S GROWTH, WE HAVE TO TRADE AND INVEST MORE THAN WE ARE DOING. OUR CORPORATE SECTOR MUST LOOK AT CHINA'S STRATEGIC NEEDS, AND DECIDE WHAT IS THE BEST FIT FOR THEM, AS BUYERS, AS SUPPLIERS, AS PARTNERS IN INVESTMENT.
63. CHINESE FOREIGN POLICY HAS DEMONSTRATED A STRONG SENSE OF PRIORITIES, USUALLY BEGINNING WITH ITS PERIPHERY, THE PEOPLES AND COUNTRIES ON ITS IMMEDIATE BORDERS. THE MAJOR POWERS ARE IMPORTANT - THE USA, THE EU, RUSSIA, INDIA, AS ARE THE MAJOR DEVELOPING COUNTRIES. BUT THE PERIPHERY HAS IMMEDIATE RELEVANCE TO CHINA'S LEADERS AND ITS FOREIGN POLICY MANAGERS.
64. TODAY'S GLOBALIZED WORLD MEANS HOWEVER THAT THE PERIPHERY IS NO LONGER A GEOGRAPHIC CONCEPT, BUT ONE OF MUTUAL AND BENEFICIAL DEPENDENCE AND PARTNERSHIP. AND PARTNERS CAN BE ANYWHERE IN THE WORLD.
65. CANADA MUST CONTINUE TO BE PART OF THAT SET OF PARTNERS, THAT RELATIVELY SMALL SELECTION OF KEY COUNTRIES WHO HAVE FOUND THE KEY OF MUTUAL BENEFIT AND PERSUADED THE CHINESE TO OPEN

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THE DOOR. THE CHINESE HAVE TO THINK THAT 'MY WORLD INCLUDES CANADA'.

66. I THINK THAT THIS IS PREMIER WEN JIABAO OBJECTIVE AS WELL. HE TOLD CANADA ON HIS OFFICIAL VISIT LAST YEAR THAT HE SOUGHT A STRATEGIC PARTNERSHIP WITH CANADA.
67. THIS STRATEGIC PARTNERSHIP MUST BE OF BENEFIT TO CANADA AND CHINA. IT CANNOT BE SOMETHING LIMITED TO GOVERNMENT. IT HAS TO INVOLVE AND BENEFIT AS MANY CANADIANS AS POSSIBLE. THIS BRINGS ME TO THE POINT I MADE AT THE OUTSET OF THESE REMARKS.
68. THE WAY TO MAXIMIZE OUR BENEFITS OF RELATIONS WITH CHINA IS FOR AS MANY CANADIANS AS POSSIBLE, FOR CANADIAN BUSINESSES, FOR CANADIAN INSTITUTIONS OF HIGHER LEARNING, CANADIAN ARTISTIC GROUPS, AS WELL AS GOVERNMENTS, TO DEVELOP THEIR INDIVIDUAL STRATEGIES TO ALLOW THEM TO BENEFIT FROM CHINA'S RISE.
69. GOVERNMENTS CAN HELP THIS PROCESS - MY COLLEAGUES AND I IN BEIJING, SHANGHAI, GUANGZHOU, CHONGQING, HONG KONG AND TAIWAN ARE EACH ENGAGED IN ASSISTING CANADIANS TO ACHIEVE THEIR CHINA OBJECTIVES.
70. BUT SUCCESS LES AS MUCH, INDEED MORE, IN OUR INDIVIDUAL DECISIONS AND ACTIONS.
71. IF THE RESULT OF MY TALK TODAY IS TO INCREASE YOUR APPRECIATION OF THE NEED FOR SUCH MINI- AND MAJOR CHINA STRATEGIES, I WILL HAVE ACCOMPLISHED MY TASK.
72. THANK YOU FOR YOUR ATTENTION.

