

UNIVERSITY OF CALGARY SCHOOL OF PUBLIC POLICY

KEYNOTE SPEECH

VANCOUVER, NOVEMBER 26, 2013

1. INTRODUCTION

- I AM HONORED TO HAVE BEEN INVITED BY THE SCHOOL OF PUBLIC POLICY OF THE UNIVERSITY OF CALGARY AND THE ASIA PACIFIC FOUNDATION TO ADDRESS YOU TODAY, AMONG SO MANY MORE EMINENT FRIENDS AND COLLEAGUES.

- SOME OF YOU MAY BE AWARE THAT THE ORIGINAL TITLE OF THIS CONFERENCE, A TITLE THAT INTRIGUED ME AND SHAPED MY THINKING ABOUT WHAT I WOULD SAY TO YOU TODAY, WAS: 'DID

CANADA MISS THE BOAT? THE FUTURE OF TRADE WITH ASIA'.

- I CAN UNDERSTAND WHY SOME PEOPLE WOULD
THINK THIS TOO PROVOCATIVE A TITLE: YOU DON'T
ASK THE QUESTION ABOUT WHETHER CANADA IS
MISSING BOATS IF AT LEAST PART OF THE ANSWER IS
YES. THIS MAY BE TOO TENDENTIOUS A NOTION FOR
SOME PEOPLE.

- ON THE OTHER HAND, THE CURRENT TITLE: 'THE
ASIAN SHIP IS SAILING: WHAT CANADA NEEDS TO DO
TO GET ON BOARD' SUGGESTS THAT THERE IS STILL
PLENTY OF TIME MAKE THE TRIP.

- MY OWN PREFERENCE REMAINS THE 'MISSING THE
BOAT' METAPHOR, BECAUSE: IT TOO IS RIGHTFULLY
POSED AS A QUESTION; BECAUSE IT RECOGNIZES

THAT ALL PUBLIC POLICY ISSUES POSSESS INHERENT
'ON THE ONE HAND THIS; ON THE OTHER HAND THAT'
DIMENSIONS; AND FINALLY BECAUSE THE FACT OF
THE MATTER IS THAT CANADA HAS BEEN SAILING THE
PACIFIC FOR MUCH OF ITS HISTORY, EVEN AS, IT WILL
BE ADMITTED, WE HAVE NOT BEEN ON BOARD ALL OF
THE SHIPS.

- AS A FORMER DIPLOMAT, I ALSO HAVE TO ADMIT TO
A BUILT-IN BIAS: ONE OF THE JOBS OF DIPLOMATS
OUT ON POSTINGS IS TO GET VERY CLOSE TO THEIR
COUNTRY HOSTS AND TRY TO FIGURE OUT HOW TO
EXPLOIT OPPORTUNITIES FOR THEIR HOME
GOVERNMENTS. I AND MY COLLEAGUES TEND TO SEE
MORE OPPORTUNITIES, MORE 'BOATS', THAN THE
GOVERNMENT AT HOME HAS THE TIME AND
RESOURCES TO BOARD, SO IN THE VIEW OF MANY OF
US, DIPLOMACY BRINGS TO LIGHT A LOT OF MISSED

BOATS. PROBABLY, THIS VIEW IS NOT LIMITED TO DIPLOMATS, BUT ALSO INCLUDE EX-DIPLOMATS.

- SO IT IS EASY TO ASSERT, CASUALLY, THAT CANADA HAS MISSED OPPORTUNITIES VIS-À-VIS ASIA. BUT IT IS ALSO TOO FACILE AN ANALOGY, AND IN SOME RESPECTS UNTRUE.

2. HISTORY

- THIS SHOULD BE CLEAR FROM A BRIEF REFLECTION OF OUR TRANS-PACIFIC HISTORY.

- AFTER ALL, FROM THE START, THE PURPOSE OF CROSSING THE ATLANTIC WAS TO GET TO THE OTHER SIDE OF THE PACIFIC. REGRETTABLY, THE AMERICAS WERE IN THE WAY.

- AFTER FIGURING THAT OUT, OUR EXPLORERS SPENT A LOT OF TIME TRYING TO FIND THE BEST ROUTE TO GET TO THE OTHER SIDE OF THE CONTINENT, IN PART SO THAT ASIA WOULD BECOME ACCESSIBLE. THAT WAS ONE OF THE REASONS THAT CANADIANS BUILT, WHAT AFTER ALL, WAS CALLED THE CANADIAN PACIFIC RAILWAY, REACHING NEARBY PORT MOODY, IN 1885.

- AND SPEAKING OF BOATS, THE CANADIAN PACIFIC STEAMSHIP COMPANY ESTABLISHED REGULARLY SCHEDULED TRANSIT TO THE FAR EAST IN 1891, DEPARTING FROM VANCOUVER. THESE AND OTHER STEAM SHIPS CARRIED PASSENGERS, MAIL AND CARGO BETWEEN CANADA AND THE ORIENT, AND BROUGHT A LOT OF GOODS BACK.

- THE MOVEMENT OF PEOPLE ACCOMPANIED MUCH OF THIS MODERNIZATION OF TRANSPORTATION, PROMOTING IMMIGRATION FROM ASIA TO CANADA,

ALBEIT IN A TOTALLY DIFFERENT HISTORICAL
CONTEXT THAN THAT WHICH PREVAILS TODAY.

- THE TRANSPACIFIC TELEGRAPH CABLE WAS LAID IN
1902.

- CANADIANS FOUGHT IN TWO WARS IN THE PACIFIC
IN THE 20TH CENTURY, BOARDING BOATS PERHAPS
RELUCTANTLY, BUT OF GEOPOLITICAL NECESSITY.

GEOPOLITICS AND GEO-ECONOMICS

- WE SHOULD DWELL ON THAT POINT.

- WE MADE POLITICAL DECISIONS TO JOIN THE
PACIFIC WAR AGAINST JAPAN AND IN THE KOREAN
CONFLICT FOR MANY REASONS, BUT THEY INCLUDED
THE FACT THAT STABILITY IN ASIA HAD BECOME A
VITAL NECESSITY FOR CANADA, TO THE POINT
WHERE WE PUT A SUBSTANTIAL NUMBER OF YOUNG

CANADIANS IN HARMS WAY. IT WAS NOT JUST A MATTER OF TRADE AND ECONOMICS: WE FELT THAT OUR SECURITY AND THAT OF OUR ALLIES WAS AT STAKE, AND THAT OUR COUNTRY AND ITS VALUES WERE UNDER ATTACK.

- IN 1959, PRIME MINISTER JOHN DIEFENBAKER AND HIS CABINET RESPONDED TO FEELERS FROM CHINA – THEN IN THE MIDST OF THE UNFORTUNATELY- NAMED 'GREAT LEAP FORWARD' AND SOLD WHEAT TO CHINA, NOT JUST CHINA BUT RED CHINA, COMMUNIST CHINA, THE CHINA OF THE NIGHTMARES OF RIGHT THINKING PEOPLE. NOT ONLY THAT, THE FOLLOWING YEAR, ALVIN HAMILTON GOT THE CABINET TO AGREE TO EXTENDING TRADE CREDITS. THIS WAS A DECADE BEFORE WE RECOGNIZED THE PRC GOVERNMENT. THE FACT THAT A WESTERN CANADIAN PRIME MINISTER HAD AN INTEREST IN HELPING WESTERN

WHEAT FARMERS FIND MARKETS FOR THEIR GRAIN WAS ONLY PART OF THE STORY. OUR LEADERS KNEW THAT THE WHEAT DEAL PROVIDED A STRATEGIC OPENING TO CHINA, ONE THAT CANADA HAD BEEN CONSIDERING SINCE THE EARLY 50s. WHEAT SALES PROVIDED NOT ONLY IMMEDIATE COMMERCIAL BENEFITS; COMING AT A TIME OF STARVATION IN GREAT SWATHES OF RURAL CHINA, THEY ULTIMATELY GAVE CANADA A DE FACTO 'RIGHT OF FIRST REFUSAL' ON WHEAT DEALS, STILL IN PRACTICE AND ACKNOWLEDGED AT THE TIME WHEN I SERVED AS AMBASSADOR TO THE PRC LESS THAN A DECADE AGO.

- CANADA MADE SIMILAR STRATEGIC DECISIONS IN PARTICIPATING ACTIVELY IN GATT NEGOTIATIONS THROUGH WHICH WE WERE ABLE TO IMPROVE OUR ACCESS AND TRADE RELATIONS, AMONG OTHER

OBJECTIVES, WITH JAPAN AND KOREA, WHICH HAD
JUST JOINED GATT IN 1955 AND 1967.

- AND SO ON.

- IT WASN'T CALLED GLOBALIZATION THEN, BUT
CANADA KNEW ENOUGH ABOUT CHANGES IN THE
WORLD AND IN ASIA TO MAKE A SERIES OF DEFINING
MOVES TO RIDE THE BOATS THAT WOULD RISE, OVER
THE LONG TERM, WITH THE TIDE.

- WHAT IS ALSO CLEAR IS THAT IN THESE VARIOUS
DECISIONS AND MANY MORE, BY GOVERNMENT AND
CIVIL SOCIETY AND ITS MANY INSTITUTIONS, PLAYED
A ROLE DEFINING THE ASIAN CHALLENGES AND
MEETING THEM. BUT IT IS ALSO CLEAR THAT
GOVERNMENT HAD, IN MANY OCCASIONS, TO
PROVIDE LEADERSHIP.

- THE CURRENT UNEASINESS THAT MANY FEEL ABOUT CANADA AND ASIA IS NOT THAT CANADA HAS MISSED A BOAT OR HAS FAILED TO GET ON BOARD; ONE CAN'T SAY THAT WHEN CHINA AND JAPAN ARE OUR SECOND AND THIRD TRADING PARTNERS; WHEN OUR BIGGEST IMMIGRATION SOURCE COUNTRIES ARE IN ASIA; WHEN OUR ENERGY FUTURE IS, IN PART, TIED TO ASIA, AND WHEN WE HAVE SO MANY CONFERENCES SUCH AS THIS ONE WHICH ASSESSES WHERE WE ARE AND WHERE WE SHOULD BE GOING.

- THE REAL ISSUE, TO MY MIND, IS THAT WE SEEM TO BE LACKING ENOUGH CAPTAINS THAT FULLY UNDERSTAND THE SEAS WE ARE NAVIGATING AND THE SEA ROUTES WE SHOULD TAKE. AND WITH THAT, I PROMISE TO DROP ANY FURTHER NAUTICAL METAPHORS, EXCEPT MAYBE AT THE END OF MY SPEECH!

- PUT IN MORE PROSAIC FORM, WHAT WE THINK WE ARE LACKING IN THE PUBLIC SPHERE IS AN AGREED UNDERSTANDING ON THE NATURE AND CONSEQUENCES TO CANADA, OF THE RETURN OF ASIA TO GEOPOLITICAL AND ECONOMIC SIGNIFICANCE – A PROCESS THAT BEGAN WITH JAPAN'S RISE IN THE 1960s AND IS DRAMATICALLY BROUGHT FORTH WITH THE SPECTACULAR GROWTH OF CHINA, AT FIRST ECONOMIC AND NOW POLITICAL AND MILITARY.

- NOT HAVING THAT UNDERSTANDING, WE ALSO LACK AN AGREED SET OF ASPIRATIONS AND AMBITIONS THAT LOOK A LITTLE BEYOND THE HORIZON – BOTH GEOGRAPHIC AND TEMPORAL. THUS, AND MOST IMPORTANTLY, WE DON'T APPEAR TO HAVE A COMPREHENSIVE FRAMEWORK OF GENERALLY INTEGRATED POLICIES AND INITIATIVES THAT ENSURE THAT WE, CANADA, WILL PARTICIPATE

FULLY, INDEED ACTIVELY IN SHAPING OUR
ENGAGEMENT WITH ASIA TO THE BENEFIT OF OUR
ECONOMY, OUR SOCIETY, AND OUR SECURITY.

SOME, ESPECIALLY IN GOVERNMENT, DISMISS ANY
CONCERTED EXERCISE TO PROVIDE AN OBJECTIVE
UNDERSTANDING OF THE FACTS ON THE GROUND, AT
PRESENT AND IN THE MEDIUM TERM; TO SET
STRATEGIC DIRECTIONS; AND TO PROVIDE A
FRAMEWORK OF CLEAR AND STATED POLICIES FOR
THE NEXT DECADE OR SO. THESE EXERCISES ARE
DISMISSED AS 'THE VISION THING', A SORT OF
ACADEMIC, COCKTAIL PARTY EXERCISE UNRELATED
TO THE REAL WORLD, THE WORLD WHERE HARD-
NOSED, 'IMMEDIATE RESULTS OR ELSE' OBJECTIVES
ALONE ARE SOUGHT, USING 'OUR WAY OR THE
HIGHWAY' APPROACH TO INTERNATIONAL RELATIONS
MANAGEMENT.

AS A MATTER OF FACT, IN THE REAL WORLD,
INSTITUTIONS HAVE TO HAVE LONG TERM
OBJECTIVES AND ASPIRATIONS, OR THEY LOSE THEIR
WAY. NO SUCCESSFUL BUSINESS SUSTAINS ITS
PERFORMANCE ABSENT THE FRAMEWORK PROVIDED
BY A LONG TERM PLAN, INFORMED BY AN
UNDERSTANDING OF ITS STRATEGIC ENVIRONMENT,
AND DESIGNED TO PROVIDE DIRECTION, OBJECTIVES,
AND OUTCOMES. I DOUBT THAT MANY OF YOU IN THIS
AUDIENCE TODAY WORK FOR FIRMS OR
INSTITUTIONS THAT DON'T HAVE THAT KIND OF
FORWARD THINKING, AND IN MOST CASES, IN
WRITING, AND APPROVED BY THE BOARD AND
SENIOR MANAGEMENT.

NOR DO ANY OF YOUR BUSINESSES AND
INSTITUTIONS CONSIDER LONG-TERM STRATEGIES
TO BE A STRAIGHT-JACKET PREVENTING YOU AND

YOUR COLLEAGUES FROM ADAPTING TO CHANGED
CIRCUMSTANCES AND NEW CHALLENGES.

- THERE IS NOTHING MORE PRACTICAL THAN A GOOD
THEORY, AS THEY SAY, AND OUR UNEASE VIS-À-VIS
ASIA IS THAT WE DON'T, AS A COUNTRY, HAVE ONE.
AT THE END OF THE DAY, IN MY VIEW, THE GREATEST
RESPONSIBILITY FOR DEFINING OUR FUTURE IN ASIA
RESTS WITH GOVERNMENTS. NOT ALL
RESPONSIBILITY, BUT THE GREATEST
RESPONSIBILITY.

ROLE OF GOVERNMENT

- IN ORDER FOR GOVERNMENT TO HELP SHAPE
CANADA'S RESPONSE TO ASIA AND TO ENSURE THAT
CANADA AND CANADIANS PARTICIPATE IN ITS
DYNAMIC, IT HAS TO DO TWO SETS OF THINGS: AS

I'VE HINTED, IT HAS TO ARTICULATE FOR CANADIANS
A SENSE OF LONG-TERM STRATEGIC DIRECTION FOR
CANADA IN ASIA, SO THAT CANADA'S OBJECTIVES
AND INTERESTS, AND THOSE OF CANADIANS, CAN BE
GENERALLY ALIGNED AND, ALSO IMPORTANT,
EXPLAINED TO OUR ASIAN NEIGHBORS AS
LEGITIMATE ENGAGEMENT WITH THE REGION.

- AND, WITHIN THAT GENERAL FRAMEWORK, IT HAS
TO BUILD AND RENEW RELATIONS WITH THE
COUNTRIES OF THE REGION FROM THE GROUND UP,
USING A VARIETY OF TOOLS AND INITIATIVES,
BUILDING BLOCKS THAT ADVANCE OUR INTERESTS.

- SO FAR IN ITS MANDATE, THE GOVERNMENT HAS
LAUNCHED A NUMBER OF INITIATIVES, OR BUILDING
BLOCKS, ON THE TRADE FRONT, INCLUDING FTAs,
WHICH I WILL GET TO IN A MINUTE OR TWO. IT HAS
CERTAINLY NOT ARTICULATED A COMPREHENSIVE

VIEW ON HOW OUR TRADE AND POLITICAL AND SECURITY AND CIVIL SOCIETY OBJECTIVES VIS-À-VIS ASIA ARE INTERCONNECTED. I THINK THAT, TO EXPAND TO THE GREATEST EXTENT POSSIBLE THE BENEFITS OF ASIA TO CANADA AND CANADIANS, YOU CAN'T SUCCEED WITH THE BUILDING BLOCKS IF YOU ARE NOT SURE WHAT YOU ARE BUILDING.

- WE KNOW, TODAY, THAT CHINA WILL BE, IN LESS THAN A DECADE, THE LARGEST ECONOMY IN THE WORLD. WE KNOW THAT INDIA'S POPULATION WILL BE GREATER THAN THAT OF CHINA, WITH AN ECONOMY THAT WILL BE INCREASINGLY INTEGRATED IN THE GLOBAL SYSTEM. WE KNOW THAT JAPAN, KOREA, TAIWAN AND THE COUNTRIES OF SOUTH EAST ASIA, WHATEVER THEIR CYCLICAL ECONOMIC PERFORMANCE, WILL CONTINUE TO GENERATE SOME

OF THE MOST DYNAMIC TECHNOLOGIES AND
DESIRABLE CONSUMER PRODUCTS IN THE WORLD.

- WE KNOW THAT ECONOMIC GROWTH LEADS TO
INCREASES IN MILITARY AND POLITICAL POWER AND
THIS ALWAYS LEADS TO TENSIONS.

- AND WE KNOW THAT THE 30 OR SO EXISTING
BILATERAL AND PLURI-LATERAL TRADE AGREEMENTS
BETWEEN AND AMONG THE COUNTRIES OF ASIA WILL
RESHAPE THE GLOBAL ECONOMIC SYSTEM.

- AS FORMER US AMBASSADOR CHARLES FREEMAN
HAS STATED, 'ASIANS ARE DRAWING TOGETHER AS
THEY RISE IN WEALTH AND POWER...ASIANIZATION IS
LIKELY TO JOIN GLOBALIZATION AS A DEFINING
PHENOMENON OF THIS CENTURY'. CANADA SHOULD
BE PART OF THAT 'ASIANIZATION', NOT AS AN
INCIDENTAL BENEFICIARY, BUT AS A FULL
PARTICIPANT.

- THE CANADIAN GOVERNMENT IS NOT OBVIOUSLY AVERSE TO COMPREHENSIVE REGIONAL POLICY FRAMEWORKS. IT ANNOUNCED ITS AMERICAS STRATEGY IN 2007, WITH HUMAN RIGHTS, ECONOMIC AND SECURITY DIMENSIONS. AMONG OTHER THINGS, THIS HAS ALREADY PRODUCED THREE FTAs.
- IT'S EUROPEAN STRATEGY HAS RESULTED IN THE SUCCESSFUL CONCLUSION OF THE COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT. WHY NOT ASIA?
- INSTEAD, WHAT WE HAVE IN ASIA IS STOP-AND-GO BILATERAL RELATIONS AND SEEMINGLY LITTLE PROGRESS, SO FAR, ON THE ALL-IMPORTANT MODERNIZATION OF OUR 'ECONOMIC ARCHITECTURE' WITH THE REGION, AS WE ARE HEARING AT TODAY'S CONFERENCE. CERTAINLY, IT IS NOT A MATTER OF

LACKING AN AGENDA ON THE TRADE FRONT:

CANADA HAS BEEN IN NEGOTIATIONS WITH SINGAPORE SINCE 2001, AND WITH KOREA SINCE 2007. NEGOTIATIONS ARE ONGOING WITH INDIA AND JAPAN, AND WE ARE HAVING DISCUSSIONS WITH THE CHINESE AND WITH THAILAND, AMONG OTHERS. AND OF COURSE, THERE IS THE TPP PROCESS. BUT THE SUCCESSFUL CONCLUSION OF ANY OF THESE IS NOT ASSURED. WE KNOW THAT NEGOTIATING COUNTRY BY COUNTRY EXPOSES TRADE-OFFS THAT CAN MAKE BROKERING POLITICALLY ACCEPTABLE DEALS DIFFICULT, ABSENT A LARGER FRAMEWORK FOR BALANCING COSTS AND BENEFITS.

- AND THERE ARE OTHER CANADIAN OBJECTIVES, NOTABLY REGIONAL SECURITY, STABILITY IN OUR RELATIONS WITH CHINA, AND REGAINING MOMENTUM

ON FOREIGN DIRECT INVESTMENT THAT ALSO
DESERVE ATTENTION.

- FOR THE MOMENT HOWEVER, IT APPEARS THAT ALL
OF THE EGGS ARE IN THE FTA BASKETS. CANADA'S
RECENT PERFORMANCE ON THAT FRONT IS, AT BEST,
MIXED.

CANADA'S RECENT FTA EXPERIENCE

- FTAs CAN PLAY A BIG ROLE IN SETTING STRATEGIC
DIRECTIONS, SUCH AS NAFTA DID FOR CANADA, THE
US AND MEXICO.

- THEY PROVIDE A GOOD MIX OF MACRO AND MICRO
ADVANTAGES, ESPECIALLY WHEN THEY BRING LARGE
ECONOMIES ON BOARD.

- THEY PROVIDE BILATERAL ACCESS TO THE
ECONOMIC GROWTH OF THE FTA PARTNER. ALL OF
OUR CURRENT FTA-ASPIRANT PARTNER COUNTRIES

IN ASIA HAVE HIGHER GROWTH RATES THAN DOES CANADA; AND ASIA AS A REGION CONTRIBUTES 40% TO GLOBAL GROWTH.

- THEY CAN CREATE STRUCTURAL REFORM PRESSURE ON THE DOMESTIC ECONOMY, AS WE EXPERIENCED WITH NAFTA AND MAY DO WITH THE EU CETA.

- FOR HIGH LABOR COST ECONOMIES AS CANADA, FTAs WITH SOME OF THE COUNTRIES OF ASIA CAN FORCE CANADIAN INDUSTRY SECTORS TO MOVE UP THE TECHNOLOGY LADDER.

- BUT FIRST, WE HAVE TO CONCLUDE THEM. AND OUR EXPERIENCE SO FAR IS MIXED.

- IN NEGOTIATING FTAs, WE ARE PUTTING ON THE TABLE A \$1.8 TRILLION DOLLAR ECONOMY, 11TH PLACE

IN GDP RANKINGS; OUR COMBINED IMPORTS AND EXPORTS OF GOODS AND SERVICES IN EXCESS OF \$1.3 TRILLION. THAT'S QUITE A PACKAGE.

- OUR TOP 20 EXPORT MARKETS BY VALUE INCLUDE 2 WITH FTAs: US AND MEXICO, AGREEMENTS WHICH GO BACK TWO DECADES;

- WE HAVE CONCLUDED NEGOTIATIONS WITH THE EU WHICH, ASSUMING RATIFICATION, CAPTURES 6 AMONG OUR TOP 20 EXPORT MARKETS. THE TPP, SHOULD IT BE AGREED, INCLUDES 2 MORE OF THE TOP 20 – JAPAN AND AUSTRALIA;

- SO, 10 OUT OF 20, POTENTIALLY.

- IN ADDITION, WE HAVE STAND-ALONE AND ONGOING BILATERAL DISCUSSIONS WITH JAPAN (OUR FORTH TRADING PARTNER AND TPP PARTICIPANT), SOUTH

KOREA (OUR 7TH) AND INDIA, WHICH IS FURTHER
DOWN THE LIST.

- IF WE SUCCEED IN ALL OF THESE NEGOTIATIONS,
WE WILL HAVE 14 FTA AND EPA PARTNERS AMONG
OUR TOP 20, WHICH CAPTURE ABOUT 87.7% OF OUR
CURRENT EXPORT MARKETS FOR MERCHANDISE
TRADE, AND ABOUT 75% OF OUR CURRENT SERVICES
TRADE EXPORT MARKET;

- SHOULD THEY BE REALIZED, IT WILL BE A HUGE
IMPROVEMENT ON OUR CURRENT SITUATION:

- AS A MATTER OF RECORD, AND NOT LIMITING
OURSELVES TO OUR TOP MARKETS, CANADA HAS SO
FAR IMPLEMENTED SIX FREE TRADE AGREEMENTS
INVOLVING 10 COUNTRIES, INCLUDING THOSE WITH
NAFTA AND MORE RECENTLY WITH EFTA PARTNERS.

COMPARED TO OTHER ADVANCED ECONOMIES,
CANADA IS MIDDLE-OF-THE-PACK IN TERMS OF THE
NUMBER OF FTAS;

- HOWEVER, CANADA HAS EXPERIENCED AMONG THE
LARGEST DECLINES IN SHARE OF TRADE UNDER
BILATERAL AGREEMENTS, WITH THE PERCENTAGE OF
TRADE WITH FTA PARTNERS GOING FROM
79.6 PERCENT TO 70.6 PERCENT BETWEEN 2000 AND
2008. THIS IS DUE TO THE DECLINE IN THE SHARE OF
THE U.S. IN OUR MERCHANDISE TRADE.

- FURTHERMORE, WHILE CANADA COMPARES
REASONABLY WELL WITH OTHER ADVANCED
COUNTRIES IN TERMS OF FTA COVERAGE FOR OUR
TOTAL TRADE, CANADA RANKS NEAR THE BOTTOM OF
THE ADVANCED ECONOMIES IN TERMS OF FTA
COVERAGE OF ITS TRADE WITH DEVELOPING

ECONOMIES (INCLUDING EMERGING ECONOMIES).

ONLY 18.8 PERCENT OF OUR TRADE WITH THESE COUNTRIES IS COVERED BY FTAS, VERSUS 27.9 PERCENT FOR THE U.S., AND 35.0 PERCENT FOR THE EU.

- UNDER MR. HARPER'S GOVERNMENT, WE HAVE CONCLUDED AND IMPLEMENTED AGREEMENTS WITH 5 COUNTRIES: PANAMA, HONDURAS, COLUMBIA, JORDAN AND PERU;
- MERCHANDISE EXPORTS TO THESE COUNTRIES IN 2012 TOTALLED \$863MM, TO \$1B INCLUDING SERVICE EXPORTS; CANADA, MATHEMATICALLY, EXPORTS \$1.2B PER DAY, SO THE NEW FTA COUNTRY TOTAL IS LESS THAN A DAY'S WORTH OF TRADE WITH THE USA. NEEDLESS TO ADD PERHAPS IS THE FACT THAT NONE OF THESE COUNTRIES IS ANYWHERE NEAR OUR TOP 20 MARKETS; BY THE WAY, NONE OF THESE

COUNTRIES IS LISTED AMONG THE GOVERNMENT'S 13
'PRIORITY MARKETS', SO IT'S HARD TO SEE WHERE
THEY FIT IN OUR TRADE STRATEGY.

- I BELIEVE THAT THE REASON THAT THEY WERE
CONCLUDED IS BECAUSE THE COSTS TO CANADA OF
SIGNING ANY ONE OF THESE WERE MINIMAL, AND
FOR THE COMPANIES INVOLVED, ANY INCREASE IN
TRADE, HOWEVER MARGINAL, IS A GOOD THING;

- BUT TO REPEAT THE OBVIOUS, FTAs ONLY REALLY
PAY OFF WHEN THEY ARE CONCLUDED, AND WITH
ECONOMIES OF SIGNIFICANCE. THE FACT OF THE
MATTER IS THAT THE GOVERNMENT HAS HAD
DIFFICULTY IN CLOSING NEGOTIATIONS WITH ASIAN
PARTNERS. BY DEFINITION, DEALS NEED THE TWO
SIDES TO AGREE, SO NO ONE SIDE ALONE SHOULD
NOT BE BLAMED;

- WHY HAVE NEGOTIATIONS GONE ON SO LONG, AND SO FRUITLESSLY? THERE ARE OTHERS IN THIS ROOM BETTER PLACED THAN ME TO ANSWER, BUT I THINK THAT ONE PROBLEM IS THAT THE GOVERNMENT HAS NOT PURSUED ITS NEGOTIATIONS WITH AS CLEAR AND COMPREHENSIVE STRATEGY FOR, COME HELL OR HIGH WATER, ACHIEVING ITS GOALS;

- TRUE, IT INHERITED BOTH SINGAPORE AND KOREAN NEGOTIATIONS, AND AS A NEW GOVERNMENT, IT HAD TO ASSESS ANEW WHETHER TO PROCEED WITH THEM. THE CHOICE TO PURSUE THEM SHOULD HAVE RECOGNIZED THE PRICE THAT CANADA WOULD HAVE TO PAY, AND THE BREADTH OF DIPLOMATIC TOOLS NECESSARY TO GET THE SINGAPOREANS AND KOREANS TO AGREE. WE ARE NOT THERE YET, SIX YEARS ON.

- SECONDLY, THE IMPEDIMENTS TO AGREEMENT – REPORTEDLY FINANCIAL SERVICES WITH SINGAPORE AND AUTOS WITH KOREA, ARE INDISPUTABLY REAL IN THE SHORT TERM. BUT WHAT HAS TO BE PART OF THE CALCULUS IS THE WILLINGNESS TO PAY IT FOR LONG-TERM BENEFITS, INCLUDING FROM STRATEGIC PERSPECTIVES.

- SINGAPORE AND KOREA ARE TWO OF THE MOST DYNAMIC ECONOMIES ON THE PLANET, AND BOTH ARE IMPORTANT TRADE PARTNERS: BILATERAL ROK/CANADA TRADE IS OVER \$11B AND KOREA HAS \$6B IN INVESTMENTS IN CANADA; SINGAPORE IS A CUTTING EDGE ENTREPÔT ECONOMY, SERVING AND A FINANCIAL AND SERVICES CENTER, PLUS IT'S FAR FROM CANADA, BUT IT STILL GENERATES ABOUT \$5B A YEAR IN BILATERAL TRADE, ABOUT THE SAME AS ALL OF OUR INDIA BILATERAL TRADE.

SO, QUESTIONS FOR THE GOVERNMENT OF CANADA
INCLUDE: WHAT IS THE BALANCE IN CANADIAN
POLICY BETWEEN SHORT-TERM COST VS. LONG-
TERM GAIN? ON WHAT BASIS SHOULD THE CALCULUS
BE MADE? WHERE WILL THESE AND OTHER
POTENTIAL FTA PARTNERS BE IN 10 YEARS AND HOW
WILL RELATIONS WITH THEM BENEFIT CANADA? ARE
THEY THE RIGHT CHOICES AMONG POTENTIAL
PARTNERS AND IF SO, HOW DO WE CONTRIBUTE TO
THEIR SECURITY AND THAT OF THEIR REGION, SO
THAT THESE BENEFITS ARE NOT LOST?

- I DON'T THINK THAT THE GOVERNMENT CAN
ANSWER THESE QUESTIONS TO THE MAXIMUM
BENEFIT TO CANADA AND CANADIANS ABSENT THE
KIND OF LONG TERM STRATEGIC THINKING THAT I
DESCRIBED AT THE OUTSET OF MY REMARKS. WILL
THIS WEAKNESS ALSO MAKE OUR NEGOTIATIONS

WITH JAPAN AND INDIA AND PERHAPS ONE DAY
CHINA, AND THE TPP ULTIMATELY UNSUCCESSFUL?

CONCLUSION

- THERE ARE A LOT OF BOATS OUT THERE. WE NOT
ONLY WANT TO BE ON THEM, WE SHOULD WANT TO
BE THEIR CAPTAINS AS WELL, AND THEIR CREWS. WE
WANT THEM TO BE OUR BOATS.

THANK YOU.

JOSEPH CARON

VANCOUVER, NOVEMBER 26, 2012