

Thirty-six years ago, we became one of the first Western countries to establish diplomatic relations with the PRC.

More recently, we have been a strong and active supporter of China's accession to the WTO, and we are good partners in APEC.

Canadian companies—companies like Bombardier, SNC-Lavalin, SunLife, and the Bank of Montreal—are now well established here.

Canadians have clearly been a part of China's ascent from "dormant colossus" to "global dynamo."

Reflecting this history, the Canada-China relationship has emerged strong and secure.

But are we realizing the true potential benefits for both countries?

My answer, Canada's answer, is that we are not. And we have not been realizing the potential for a number of years.

In the area of trade, China is Canada's fourth largest export market and our second largest trading partner, behind only the United States.

But it's not a very balanced trade picture. Merchandise imports to Canada are more than four times our exports to China.

While Chinese imports from Canada grew 2.3 percent in 2005, the United States saw 9.14 percent growth, while Australia reached 40 percent. For Canada, I suspect 2006 was even worse than 2005.

Foreign direct investment is also weak, with China receiving only 0.2 percent of Canada's outward investment in 2005, while China's share of FDI in Canada was 0.3 percent.

Meanwhile, the Asia-Pacific Foundation of Canada recently found that very few major Canadian companies have a "China Strategy" at all.

Bottom line: we have work to do.

Our government is responding.

The Minister of Finance's fall economic statement presented a roadmap of policy directions called "Advantage Canada."

Tax policies, fiscal priorities and regulations will all be aligned to form a strategy for securing Canada's competitiveness and prosperity.