

Canadian Foreign Policy on China: A Four-Pillar Partnership

China is one of the most dynamic nations in the world. Since China adopted its program of economic reform in 1978, its output has grown by an average of 9 per cent a year. China now attracts almost one-third of foreign direct investment flows to developing countries and is the world's 11th largest trading nation. China is also home to one fifth of the world's population.

As a permanent member of the United Nations Security Council, a nuclear weapons state and an active participant in other regional groups such as the Asia-Pacific Economic Co-operation forum and the Association of South East Asian Nations Regional Forum, China's influence continues to grow.

Canada's foreign policy objectives reflect these realities. Canada's interests lie in China's stability, reform and sustainable economic growth. Canada's overarching objective has been to encourage China to maintain its open door policy and to become fully integrated in global and regional political and economic institutions.

Engagement is the cornerstone of Canada's policy on China. Our long-term relations are based on four equally important and mutually reinforcing pillars: economic partnership; sustainable development; human rights, good governance and the rule of law; and peace and security. Canada believes that only through systematic and wide-ranging contact will it be able to encourage greater openness and freedom in China and advance Canadian interests there.

Economic Partnership

- Canada is positioning itself to build an economic partnership with China that will both benefit the people of China and create jobs and prosperity in Canada. Events such as the highly successful Team Canada mission to China in November 1994 and the return visit of Chinese Premier Li Peng in October 1995 are helping to achieve that.
- Since China launched its economic reform program, bilateral trade and investment relations have evolved considerably. Today, China is Canada's second most important market in Asia-Pacific and our fifth largest export market in the world. More than 100 Canadian companies have offices in China.
- Two-way trade reached \$8 billion in 1995. Canadian exports to China increased 47 per cent in 1995 to \$3.38 billion. Exports of manufactured goods to China have more than doubled over the past two years. They now account for close to 44 per cent of total exports, up from only 4 per cent of our exports in 1988.