

## 5. Opening Doors to Asia

### Asia-Pacific Economic Cooperation

APEC is an intergovernmental forum dedicated to the promotion of free trade and investment, economic growth and development, and cooperation in the Asia-Pacific region. Since its inception in 1989, trade in goods and services between its 21 member economies—which account for close to 50% of the world's population, trade and GDP—has more than tripled. APEC's work has also expanded to address other issues that are key to the living standards of its members, including security, health and agriculture.

Canada participates in APEC in support of its regional trade and investment promotion objectives. The forum's work on trade facilitation, transparency, anti-corruption and intellectual property rights (IPR) helps make the Asia-Pacific region more accessible to Canadian businesses. For more information, please visit [www.apec.gc.ca](http://www.apec.gc.ca).

APEC's year-round activities culminate in the annual APEC Economic Leaders' Meeting, the largest of its kind in the region. At the November 2006 meeting in Hanoi, Vietnam, world leaders reiterated APEC's commitment to greater economic integration in the Asia-Pacific region and instructed officials to undertake further studies in 2007 on how to achieve this, including looking at the possibility of a Free Trade Area of the Asia Pacific as a long-term prospect.

### China

China (excluding the Hong Kong Special Administrative Region) continues to be one of the most important players in the world economy and a growing market for the world's goods and services. China also continues to be Canada's second-largest trading partner and its fourth-largest export market.

According to the United Nations Conference on Trade and Development's *World Investment Report*, in 2005, China was the third most important destination in the world for foreign investment, after the United States and the United Kingdom.

Highlights of the trade and investment relationship with China are summarized below:

- Canada's total merchandise exports to China amounted to \$7.7 billion in 2006, an increase of 7.9% over 2005.
- Total merchandise imports from China increased to \$34.5 billion, up 16.8% over the previous year.
- Current two-way investment, though modest, is growing rapidly and holds substantial potential.

While Canadians continue to invest in Chinese financial services ICT, information technologies and transportation markets, Chinese direct investment in Canada is predominantly in the energy and mining sectors.

Canada and China are collaborating to enhance two-way flows of investment for the mutual benefit of both economies. To this end, China and Canada are in ongoing negotiations on a Foreign Investment Promotion Agreement (FIPA). A FIPA will help to promote a deeper, more prosperous trade and investment relationship by protecting international investors while preserving the rights of governments to regulate in the public interest.

On September 9, 2006, Canada and China signed an MOU on cooperation in two-way investment promotion. This MOU recognizes the desire of both countries to strengthen their bilateral investment relationship. Also, on January 16, 2007, Canada and China signed a Science and