

## WORKSHOP NUMBER 13

# JOINT VENTURING IN THE PACIFIC RIM

### PHIL BARTER, Chairman

It is my pleasure to be chairing the session on the opportunities and challenges of joint venturing in the Pacific Rim. I believe that Minister Clark's speech at the luncheon today certainly took the FTA right into our topic by emphasizing that you cannot look upon the FTA in isolation from other areas of possibility, particularly the Pacific. These are available to Canada if Canada either has the knowhow or is prepared to develop the knowhow, and also take the time and make the effort to develop these markets properly.

To relate what Mr. Clark discussed on a national basis a little more directly to B.C., it is useful to know that last year 46 percent of B.C.'s exports went to the United States, 26 percent to Japan, 11-1/2 percent to other parts of Asia, leaving 16.5 percent to the rest of the world including Europe, Africa and South America. Asia contains the fastest growing markets and the most quickly developing economies in the world.

We know that at this time there are other discussions on trade issues that are taking place. We are aware of the Mansfield talks which are the discussions between the U.S. and Japan on closer economic ties. We are aware of the U.S.-Mexico Agreement, which was referred to earlier this morning, which means that right now you are able to set up manufacturing facilities in Mexico and deal into the United States without any duty problems. We know that the New Zealand/Australia Closer Economic Relationship Agreement is now operating very fully and completely. We also know from Sir Francis Holmes' study, entitled "Pacific Partners", that Australia and New Zealand are now looking at the feasibility of forming closer economic ties with Canada and the Pacific islands. At the same time under the Hawke initiative, Australia is attempting to start talks with Japan. We have stated through Mr. Crosby that if such talks are going to take place, Canada would also like to sit in on them. A number of us were already invited to sit in as observers in the Mansfield talks that occurred in Seattle last year.

Since 1985 Canada has traded more across the Pacific than across the Atlantic. It was the first year that we did that and we have been doing it ever since. It is also not any coincidence that the United States also commenced trading more across the Pacific in 1985 than across the Atlantic and continues to do so. Those very fast growing economies, particularly Japan and the four dragons, and the developing fifth dragon of Thailand, have a tremendous interest in what has happened under the FTA.

Those of us who attended the Canada-Taiwan meetings in Edmonton last week know that the principal question being asked by the Taiwanese was what do you see as the future role of Canada and Taiwan trade (which is an exceptionally favourable trade balance for Taiwan) - where do you see the opportunities for us through working with Canada to participate in the FTA. All four dragons have problems with the United States at the present time because they have such favourable trade balances. They are certainly looking at ways in which to alleviate those difficulties to some degree.

A possibility which addresses the issue may be investing in Canada and dealing with the U.S. from Canada. There are many reasons why they like Canada and particularly B.C. First of all, we operate under the same British commercial law they have been using for most of their commercial lives. Secondly, Canada does not threaten each of them the same way that a relationship with either Japan or the United States does directly. They know that if we get mad at them and send our navy, there will be a couple of rowboats coming down the channel, not a whole fleet. Thirdly, there is not the cultural shock for them coming here because a lot of them have been doing business here for many years.

We also know that by the year 2000, the Pacific region will hold around 64 to 70 percent of the world's population. It is also forecast that 50 percent of the world's consumption of goods will take place in the Pacific by then. We are also told that by the year 2000 Japan will have a GDP per capita exceeding that of the United States by over 10,000 American dollars and that all of the four