

The Asia Pacific Foundation of Canada, conceived at the first Pacific Rim Opportunities Conference in Vancouver in 1980, will soon be born. Underwritten by private industry and the federal and provincial governments, the institute will work to promote economic, social and cultural relations between Canada and Asia.

Provincial governments have also joined the act. In Hong Kong, for instance, Ontario, Alberta and Saskatchewan have opened offices, and Quebec has said it will follow suit soon.

But successful penetration of markets in the vast and culturally diverse region will turn more on efforts of private industry than those of trade commissions or provincial offices. Companies must establish beach-heads, whether by opening sales offices or locating energetic agents.

"The (Asian) market is relatively distant from Canada, but the rewards are here for consistent, conscientious and competitive companies," said John Treleaven, Canada's Senior Trade Commissioner in Hong Kong. The Commission plays a particularly important role in assisting small and medium-sized firms which lack the financial muscle to invest much in marketing.

Some of the pioneers, such as Inco, Alcan, Bata, MacMillan Bloedel and the big banks are already reaping rewards. Alcan, for example, which set up a trading office in Hong Kong 27 years ago, registered sales of US\$423 million in Asia in 1983. "Alcan has very definitely seen itself as part of Asia," commented Caryl Birkett, Managing Director of Alcan Aluminium (Asia). The multinational opened a smelter in British Columbia in 1967 partly to supply Asia.

The overall trade statistics portray a startling trend: from 1970 to 1983, exports to the Pacific Rim rocketed seven-fold to more than C\$9 billion, treble the growth rate of Europe-bound shipments. Indeed, exports to Europe have actually declined in recent years, including a 15% drop in 1982 alone.

Momentum

Trade with Japan, which overtook Britain as the second largest partner during the 1970s, is now more than double that with Britain. Building on this momentum, Canada would like to diversify the mix of its exports to the region: manufactured end-products account for just 14% of shipments and Japan takes half of all exports to Asia.

Penetration of the rapidly expanding Pacific Rim markets is of vital importance to the Canadian economy. Exports generate 30% of the country's gross national product (GNP), up from 20% in 1965, and some two million jobs. Traditionally, Canadian exporters have looked south to the colossal US market, which still takes 65 to 70% of shipments, and to Europe, where most Canadians trace their roots.

But in the 1970s and early 1980s trade with these two markets slowed due to their lower economic growth. At the same time, the focus of world economic vitality shifted to the Pacific Basin, with a number of countries there chalking up average annual real GNP growth rates of 8 to 10% and most hurdling recessions with scarcely a hiccup.

The current vigorous US economic recovery notwithstanding, many economists are gloomy about prospects for North Atlantic economies for the rest of the decade, while almost to a man they are confident that most of the Pacific Rim economies will retain their vitality and buoyancy.

Canada's western provinces, especially British Columbia and Alberta, were the earliest to take note of these trends and they account for a disproportionate amount of Canadian investment and exports to the region.

Canadian businesses are increasingly setting their sights on Asia, but it will be difficult to wean themselves away from the American outlet. Exporters have been spoiled by the "easy" market to the south, with which Canadians enjoy a common language, culture and business environment.

Aggressions

Penetrating the Pacific Rim markets involves higher costs, more work and, crucially, more patience. Canadian companies must be more aggressive; they have already spotted a lead to the Americans and to the Japanese, who have seemingly converted former colonial aggressions in the region into energy in commerce.

Canada has already made its mark in the area with its wealth of commodities — timber, pulp and paper, grains, copper, nickel, aluminium, potash, sulphur, asbestos, coal and uranium — but marketing of non-commodities is a tougher nut to crack. Its technology in telecommunications, electronics, aviation, transportation, mining and energy equipment, and consulting engineering is first-rate, but not enough of an effort has been made to sell in Asia.

Asians are not fully aware of what Canada has to offer. "China perceives Canada as a big mine and farm," said Edward Lipman, Canada's Hong Kong-based Trade Commissioner for South China. "They don't perceive it as a producer of technology."

Lacking the global intelligence network of Japan's *sogo shosha*, or the long-time presence of American multinationals, Canadian firms must quickly learn more about the region's markets and establish a presence. Some observers say exporters should be willing to absorb losses at first to penetrate the markets.

Already some 50 Canadian firms have opened branches or subsidiaries in Hong

Kong and 250 more have found agents or distributors there. "If you're big enough, you should open an office, or before that find an agent to feel out the market," suggested McGregor. The chamber of commerce head also recommends that Canada dispatch hard-selling, chamber of commerce-oriented trade missions to supplement the official trade delegations which have come to Asia so far.

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If it is goodwill the trade missions are after, then the trips to the other side of the globe are probably unnecessary — Canadians are already popular and well-liked in the region. This is in part for personal reasons — they are regarded as warm and friendly and scrupulous in doing business — and partly for political factors.

The Canadian government, unlike its American neighbour, has maintained a non-interventionist foreign policy and, like the US, relatively liberal immigration and trade stances. Canada happily lacks the colonialist history in Asia of Japan, Britain, France, the Netherlands and the US.

Nowhere in Asia is Canada's profile higher than in Hong Kong. The North American nation has long been a favourite destination for students and emigrants from the British territory. Most of the 300,000 Canadian citizens of Chinese descent hail from Hong Kong; in 1982 to 83, 16,000 more left for greener grass across the Pacific. As of December 1983, 17,386 Hong Kong students were in Canada, or about 36% of all students abroad. The territory plays host to 13 alumni associations of Canadian universities.

The "people connection" has helped boost tourism. In 1983, 46,371 Hong Kong Chinese tourists traveled to Canada, up 17% on 1982 and making the city-state Canada's second leading tourist market in the region after Japan. Arthur Fraser, Canada's Trade Commissioner for Tourism in Hong Kong, forecasts 10% growth this year. While most tourists go there for the "great outdoors", Chinese tend to visit urban areas with large Chinese populations such as Vancouver, Calgary and Toronto to see relatives and friends. CP Air and Cathay Pacific Airlines will each add a third weekly flight between the two countries this June.

The long connection, stable politics and an open economy have made Canada a preferred investment outlet for Hong Kong Chinese. This point has been driven home during the current period of political