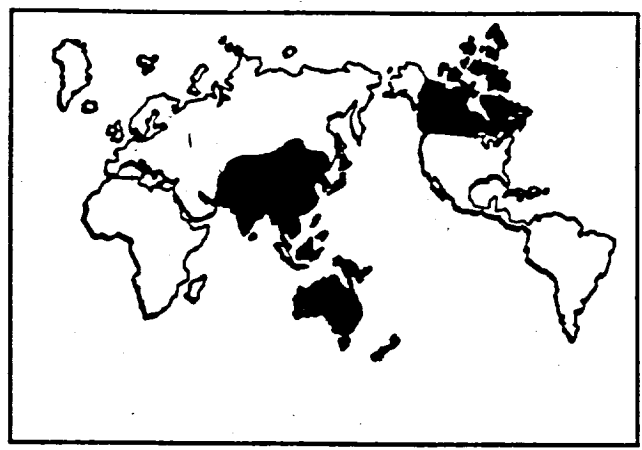


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CANADA AND THE CHALLENGE OF ASIA PACIFIC

A Joint Review undertaken by:

**Department of Foreign Affairs and International Trade (DFAIT)
Canadian International Development Agency (CIDA)
Asia Pacific Foundation of Canada (APFC)**

JUNE 30, 1994

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CANADA AND THE CHALLENGE OF ASIA PACIFIC

EXECUTIVE SUMMARY

THE BASIC PURPOSE OF PACIFIC 2000 AND THE ASIA PACIFIC FOUNDATION OF CANADA

"For Canada to be successful in the Asia Pacific region, we need to concentrate our efforts on two things. First, we must improve the competence and competitiveness of Canadian companies in these complex markets. Second, we must increase our share of exports of high technology and value-added products. It is also imperative that we encourage and assist small and medium-sized businesses to look beyond the United States when they consider exporting abroad." - Honourable Roy MacLaren, Minister for International Trade, from notes for an Address to the Canada China Trade Council, Vancouver, November 13, 1993.

"Our "red book" clearly links economic and trade policy with job creation in Canada. Specifically, it looks forward to opportunities beyond this continent, setting sights on the Asia Pacific region". - Honourable Roy MacLaren, Minister for International Trade, from Notes for an Address to the Vancouver Board of Trade, November 16, 1993.

Pacific 2000 is a strategy to position Canada to benefit from the rapid economic and technological growth that characterizes the Asia Pacific region. In the five year period (1989-1994) it represents an investment of \$58.3 million towards making Canadians more aware of and knowledgeable about the Asia Pacific area and its opportunities, mobilizing existing talents and increasing Canadian competence to do business and trade with Asia Pacific, and assisting Canadians to overcome the cultural, language, economic, political, and institutional barriers to making enduring contacts, forming effective networks, and entering new markets in Asia Pacific.

There have been immediate benefits in the first five years, but Pacific 2000 investments involve longer time horizons. Canada's major competitors are also investing heavily in programs targeted to the region. As with other long term investments, there is high risk and less precision ultimately as to the specific impacts. The strength of the economic expansion in Asia Pacific, however, offers Canada substantial pay-offs in terms of increased trade, investment and employment. Pacific 2000 shares the risk with other public and private institutions, by leveraging matching contributions from different sources. This measure - matching contributions from others - was agreed upon as a major test of the program.

A major element of the Pacific 2000 strategy is to use third party institutions where there is clearly an advantage to more independence, flexibility, and speed of response. The Asia Pacific Foundation of Canada, which predates Pacific 2000 by five years, was given a mandate by Parliament which is well suited to delivery of some of the Pacific 2000 programs. Also, like Pacific 2000, the APFC is designed to lever the resources and energies of other Canadians towards achievement of the common goals. For instance, aside from core or discretionary

funding from Pacific 2000 and CIDA, and program or non-discretionary funding from Pacific 2000, the APFC aims to receive a large proportion of its revenues from provincial governments and the private sector.

Over time, Pacific 2000 and the APFC should be judged on the extent to which Canadians adjust their perspectives to take greater account of Asia Pacific and to invest themselves in better preparing and equipping themselves to deal with the very different cultural and business environments in the region. Attitudinal changes are one of the fundamental elements and for many this is almost a generational change. Many factors other than just Pacific 2000 and the APFC will be influencing this however, often making measurement of their specific impact very difficult.

THE EVALUATION OF PACIFIC 2000/APFC

This paper presents the results of an evaluation of Pacific 2000 and the Asia Pacific Foundation of Canada. It has been jointly undertaken by the Department of Foreign Affairs and International Trade (DFAIT), the Asia Pacific Foundation of Canada (APFC), and the Canadian International Development Agency (CIDA). The results of this evaluation will be used as a basis for reporting to the Treasury Board about the relevance and performance of Pacific 2000 in the context of the Going Global initiative, and as a basis for reporting to Parliament on what has been achieved by the APFC in the last five year period.

The following results are based on background studies on three major components of Pacific 2000 (Pacific Business Strategy (PBS), Japan Science and Technology Fund (JSTF), and the Asian Language and Awareness Fund (ALAF), and a survey of managers, stakeholders, and clients of Pacific 2000 and the APFC:

The Asia Pacific area is more important than ever for Canada:

- it contains the over 50 per cent of the world's population;
- many Asia Pacific countries have very high economic growth rates which compare favourably with those of Canada, and other OECD countries, and there are enormous trade and investment possibilities:
 - the gross domestic product of the Asia Pacific region quadrupled between 1970 and 1980;
 - the Asia Pacific region has an aggregate national income twice that of the European community, and is the source of 28% of world trade;
 - eleven of the fastest growing economies in the world are located in Asia Pacific;
 - Canada exports more to the Asia Pacific area than to Europe. Japan is a larger

- export market for Canada than the United Kingdom, France and Germany combined;
- Canada's trade with Japan, Taiwan, Hong Kong, Singapore, and Korea is expected to reach \$50 billion by the year 2000;
- Canada has a stake in the area due to a long history of development cooperation both with Asia Pacific countries that are now taking off, and also with those whose economies are still undeveloped;
- Canada was a major participant in the Korean War. Also our presence in South-East Asia since 1954 as a key player in peacekeeping (e.g. Cambodia), and on various control commissions (e.g. Indochina), has generated goodwill towards Canada;
- there have been significant levels of immigration (nearly 50 per cent of all immigrants) from Asia Pacific to Canada, and there are large Asian communities in Canada (Chinese is the third most spoken language in Canadian families};

However Canada is only beginning to come to terms with the potential of Asia Pacific, and it has a long way to go:

- because of historic migration patterns, Canadians (with the exception of Asian/non-European minorities) are Eurocentric in their outlook, and because of the size of the US economy and shared language, find it much easier to trade with the US;
- Canada has potential levels in Asia Pacific due to the competitiveness of Canadian technology in the telecommunications, environment and transportation sectors and an aggressive service sector; a highly developed educational system; a growing small- and medium-size business sector offering world-class products; a superior record of development cooperation in the region; and a large cadre of Asian Canadians with contacts and networks in Asia.
- Canada's preparedness to engage Asia Pacific, in terms of government commitment and support, is considered to be at least equal to that of European countries and the USA, but inferior to that of Australia and New Zealand. This commitment and support by government, however, has not yet induced sufficient private sector competence or capability to succeed in Asia Pacific. Competitors in the EEC, USA, and Australia/New Zealand are better equipped in terms of alertness, readiness and ability to engage in trade and investment activities in Asia Pacific than the Canadian private sector. Canadian exporters are less aggressive than their European and U.S. competitors in the region. However, larger Canadian companies with experience in the region are able to hold their own.

Success in Asia means that both Asians and Canadians should gain from closer relations. On the Canadian side, this requires that Canadians have an increased awareness and understanding of Asian cultures, and an increased motivation to learn Asian languages. Canada must also be able to project its culture to newly arrived immigrants from Asia, and encourage the Canadian business community to use Canadian-Asian talents, contacts, and networks. In North America business deals are impersonal and sometimes anonymous. In Asia much depends upon establishing mutual trust and friendship, and this takes time. A long-term planning horizon is needed for any Canadian organization or firm

Canada has made progress in its level of preparedness and competence in the last five years, and some of this progress is due to Pacific 2000 and the APFC. However this progress is still short of what is needed. Progress has included the following:

- greater numbers of Canadians are being exposed to Asian cultures, business practices, and languages through the educational system, and through business seminars, exchanges, etc. For instance:
 - post-secondary enrolment in Asian language classes has risen from a low of 500 in 1988/89 school year to 6,928 in 1992/93;
 - the total number of Canadian (BC, Alberta, Manitoba, Saskatchewan, and Ontario) high school students studying Japanese and Chinese rose from 1463 and 1498 respectively in 1989/90 to 5081 and 4055 in 1992/93;
 - the David Lam Centre in Vancouver trained a total of 610 business and professional people in Asian language and cultural awareness between 1990/91 and March 31, 1993. In this case Pacific 2000 funding is credited with doubling the number of enrolments;
 - between 1989 and March 1994 there will have been over 250 business related events across Canada, attracting over 2500 business people, organized by, or contributed to, by the APFC;
 - over the last two years 20 senior business executives visited Japan, at their own cost, under the APFC-run Canada Japan Economic Management Forum;

This progress is being consolidated by coordination of Asian language and awareness curriculum development for the school system, and Japanese teacher training assignments in Canada;

- cooperative student placements in Asia are growing. For instance it is reported that for the Co-op Japan Program funded under the JSTF, there were 48 placements as of June 1993;
- there have been increased exchange visits of Canadians and Asians in the fields of business, potential leaders in Asia, and the media. Since 1989 the APFC has assisted 45

Canadian media people to visit Asia Pacific countries on extended fellowships, and since 1990 it has assisted 24 Asian media representatives to visit Canada, and report back on Canadian topics;

- innovative approaches to opening up new markets, and strengthening market position, in Asia, have been experimented with:
 - there have been some immediate successes in key sector market penetration through the collective efforts of the private sector supported by federal and provincial governments. For example. The Canada Beef Export Federation key sector initiative has increased Canada's market share from 1 to 1.5 per cent in Japan. Volumes of beef exported to Japan have increased from 3,992 tons valued at \$17.3 million in 1990, to a projected 6,000 tons valued at \$30 million in 1993;
 - enhanced business linkages were developed through bilateral business councils e.g. the ASEAN Canada Business Council, which was not as self sustainable as had been anticipated; and with collaborative efforts with the Japanese (JETRO) to promote exports to Japan by the use of Japanese import specialists working in conjunction with the Canadian Exporters Association, where results have to date been limited, but should improve as a result of better focus;
- there has been increased contacts and networking between Canadian and Japanese scientific and technological establishments due to the JSTF. Canadian knowledge of the strengths and weaknesses of the Japanese academic and science and technology establishment has increased dramatically, and there is a higher degree of mutual trust;
- the hidden advantage of Asian-Canadians to Canada has been brought to the attention of the Canadian private sector, and to the Canadian public by the APFC;
- the difficulties, opportunities, and challenges facing Asian immigrants to Canada have been brought to the attention of the Canadian public by the APFC;
- the Canadian educational system has been shown to be a significant resource to be marketed in Asia, and pilot approaches to sales coordination in Asia have been experimented with under the International Education Program of Pacific 2000. Attracting Asian students to study in Canada has significant short-term economic advantages, and even more significant long-term political and economic benefits based on alumni loyalty;
- the APFC has acted as catalyst in bringing public and private agencies together for joint action vis-a-vis the Asia Pacific. For instance, through the Canada/Asia Trade and Transport Forum, the APFC has been instrumental in bringing together Canada's transportation community to develop a Pacific gateway;

- partners have been motivated to share in the work. Pacific 2000 matching contribution targets have been achieved, and the APFC has been able to lever assistance from partners, and pay for some of its activities by means of user charges or cost recovery.

Lessons learned from the progress made are mainly qualitative in nature:

The study focussed on four major points :

- Pacific Business Strategy
- Japan S&T Fund
- Asian Language and Awareness Fund
- The functioning and impacts of APFC

The study does not demonstrate any economic impact. It does, however, dwell at length on approaches, processes, attitudinal changes, delineation of responsibilities and like qualitative assessments. Difficult as it may be in certain areas, there needs to be a rigorous attempt to measure economic impact and financial yield of program investments in the Business strategies, JSTF, Language and Awareness, and APFC programs. A report which was more conclusive on economic benefits would provide a more substantial basis on which to assess future program direction.

The study does contain a number of more qualitative statements representing valuable lessons on how to deliver the program, what to emphasize in the future and whether the overall program has other than economic measurable impacts. For example, we learn that it is important that:

- the private sector works together and plays a prominent role;
- there is a business plan and precise market penetration objectives;
- there is a strong Canadian presence and/or representation in Asia, deployed in relation to the demands of the market place;
- government support is timely and flexible.
- investments be made in language training for those business-persons who are likely to reside in Asia for extended periods of time. For those who are not, it is more cost-effective to invest in in-depth cross-cultural training covering business customs, negotiating strategies, and a limited exposure to language. Language and awareness programs targeted at business people have already been refocussed to take this into account;

In addition it is noted that:

- in the trade development area there are too many actors, operating in an uncoordinated way, and there are claims that both Canadian businessmen and Asians are confused by

an apparent lack of unified approach.

- there is a need for more linkage and interplay of the various parts of Pacific 2000. For instance the Industry Component of the JSTF has had low up-take, partly because of a slow transfer of delivery responsibilities to Industry Canada, due to the hindrance of traditional government financial management regulations. Disbursement could be enhanced by closer coordination of planning with the Pacific Business Strategy and other trade development planning (e.g. PEMD). Also while the JSTF provides for funding of Japanese language training, this has not been exploited extensively in the initial years for individual projects - only for the Coop Japan Program and the recently introduced Japan Manufacturing Engineers Program. There is a need to actively promote linkages with the Asian Language and Awareness Fund initiatives;
- in the past five years the APFC has expanded its activities dramatically, partly because it has been chosen to deliver government programs. This rapid growth has resulted in a continuous need to reassess priorities and activities, since the availability of funding can sometimes drive priorities;
- the APFC is needed more than ever in a more comprehensive role as an intellectual leader vis-a-vis Asia Pacific, and as a change agent in the areas of education, business practices, culture, visits management, and media. These long term activities are entirely compatible with the present mission statement. "Competitiveness" in both the short-run and the longer term must remain the prime focus, if the APFC is to relate effectively to the business community and Canada's economic and trade objectives;
- CIDA, DFAIT, and the APFC all have programs directed to serving Canadian interest vis-a-vis Asia Pacific. There are opportunities to ensure these are mutually reinforcing in order to serve Canada's interests in this very competitive region. Though CIDA has programs to support industrial cooperation, Canadian business people interviewed in the course of the evaluation questioned whether other competitor countries linked development cooperation efforts more closely to their trade and business interests. APFC's non-governmental status offers both CIDA and DFAIT advantages, if roles are clearly defined;
- both the Pacific 2000 program and the APFC are innovative and somewhat experimental, but both need to be able to explain better what is being attempted, and what is being done. Both are operating in a very restrictive fiscal climate, where cost-effectiveness must be clearly demonstrated:
 - in the case of Pacific 2000 it was implemented with no provision for necessary administrative resources. As a result it is still "rough around the edges" in terms of the detailed, consistent records which would be desirable. The program was implemented as speedily as possible, and those on the receiving end have expressed satisfaction with the non-bureaucratic delivery, i.e. empathy and speedy responses. However, until recently, the people necessary to ensure comprehensive record keeping and program analysis have been lacking. As a result planning, monitoring, performance measurement, and evaluation systems are still weak.

Now that managers have more flexibility and control due to operating budgets, these weaknesses can now be addressed as a matter of priority.

- the APFC is a unique institution both in Canada, and on a global basis. Due to the peculiarity of Canada, and its position vis-a-vis Asia Pacific, it is agreed that this institution is needed more than when it was first established. Yet although the APFC has made progress, and distinguished itself as a delivery agent for Pacific 2000 language and awareness programming, it has not yet been able to play the strategic role it was originally designed for. In order to fulfil this role there is a need for:
 - increased private sector buy-in and financial participation should lead to improved sustainability of the APFC' in the long run;
 - an analytical "strategic guidance" role for the APFC, which could be centred in-house or be oriented to accessing these resources elsewhere within Canada;
 - a strategic re-focus based on exhaustive information gathering and analysis;
 - a greater commitment on the part of government to longer-term (minimum five-years) discretionary funding;
 - an accountability system is necessary for APFC activities to be measured;
 - whereby an evaluation Framework against which activities could be measured in the future is prepared by the APFC, subject to the Department's concurrence; and,
 - where there would be a commitment for an outside evaluator to complete an independent study of efficiency, economy and effectiveness.

CANADA AND THE CHALLENGE OF ASIA PACIFIC

1.0 PURPOSE, MANDATE, AND METHODOLOGY

1.1 The Basic Purpose of Pacific 2000 and the Asia Pacific Foundation of Canada

Pacific 2000 is a strategy to position Canada to benefit from the rapid economic and technological growth that characterizes the Asia Pacific region. In the five year period (1989-1994) it represents an investment of \$58.3 million towards making Canadians more aware of and knowledgeable about the Asia Pacific area and its opportunities, mobilizing existing talents and increasing Canadian competence to do business and trade with Asia Pacific, and assisting Canadians to overcome the cultural, language, economic, political, and institutional barriers to making enduring contacts, forming effective networks, and entering new markets in Asia Pacific.

There have been immediate benefits in the first five years, but Pacific 2000 investments involve longer time horizons. Canada's major competitors are also investing heavily in programs targeted to the region. As with other long term investments, there is high risk and less precision ultimately as to the specific impacts. The strength of the economic expansion in Asia Pacific, however, offers Canada substantial pay-offs in terms of increased trade, investment and employment. Pacific 2000 shares the risk with other public and private institutions, by leveraging matching contributions from different sources. This measure - matching contributions from others - was agreed upon as a major test of the program.

A major element of the Pacific 2000 strategy is to use third party institutions where there is clearly an advantage to more independence, flexibility, and speed of response. The Asia Pacific Foundation of Canada, which predates Pacific 2000 by five years, was given a mandate by Parliament which is well suited to delivery of some of the Pacific 2000 programs. Also, like Pacific 2000, the APFC is designed to lever the resources and energies of other Canadians towards achievement of the common goals. For instance, aside from core or discretionary funding from Pacific 2000 and CIDA, and program or non-discretionary funding from Pacific 2000, the APFC aims to receive a large proportion of its revenues from provincial governments and the private sector.

Over time, Pacific 2000 and the APFC should be judged on the extent to which Canadians adjust their perspectives to take greater account of Asia Pacific and to invest themselves in better preparing and equipping themselves to deal with the very different cultural and business environments in the region. Attitudinal changes are one of the fundamental elements and for many this is almost a generational change. Many factors other than just Pacific 2000 and the APFC will be influencing this however, often making measurement of their specific impact very difficult

1.2 Purpose of this Report

The purpose of this report is to present the results of a strategic review of Pacific 2000 (a major component of the Going Global initiative) and the Asia Pacific Foundation of Canada (APFC). This review has been undertaken jointly between the Department of Foreign Affairs and International Trade Canada (DFAIT), the Canadian International Development Agency (CIDA), and the APFC. The Treasury Board Secretariat (TBS) has also been represented on the review team.

This paper will form the basis for a report on Pacific 2000, a part of the DFAIT evaluation report on Going Global, which was requested by the Treasury Board after fiscal year 1992/93. It will also provide material for inclusion in a joint 1994 report from DFAIT and the APFC to Parliament on the APFC and its activities in the 1989-1994 period. CIDA's core funding to the APFC is managed as a project within their Asia branch program, and CIDA is participating in this evaluation in order to fulfil its own project evaluation requirements.

The report is divided into three main sections. The first deals with Pacific 2000, the second with the APFC as an institution, and the third will discuss options for the future, and provide key elements of strategy.

1.3 Evaluation Mandate

In its decision letter of December 19, 1989 concerning "Going Global: Opportunities and Challenges", the Treasury Board requested that "the Department conduct an evaluation study of the Going Global initiatives following 1992-3. The study should report on, inter alia, the effectiveness of the trade promotion, investment development, trade communications, technology transfer and Asian language and awareness components". The timing of this evaluation is welcomed by Pacific 2000 management since it will contribute to the review of the largest, and one of the more innovative, parts of "Going Global".

The APFC receives core funding from DFAIT from Pacific 2000¹ funds, and also from CIDA (Official Development Assistance (ODA) funds) in addition to money received from other sources (provinces and the private sector). Under the terms and conditions of the core funding contribution from DFAIT the APFC and DFAIT are required to submit an evaluation report on the APFC to Parliament in 1994. In addition CIDA is taking this opportunity to meet its own requirement to evaluate its APFC core funding as a CIDA project.

1.4 Evaluation Methodology

The scope of the evaluation of Going Global is limited to those parts of Going Global

¹Prior to 1989/90 the core funding came from DFAIT's main estimates.

which are unique to it. No attempt is being made to evaluate those parts of Going Global which are add-ons to other trade and investment development programs. In the case of Pacific 2000 this means that the scope of the evaluation encompasses the key sectors and business linkage components of the Pacific Business Strategy, and all three other components of Pacific 2000 (i.e. the Japan Science and Technology Fund (JSTF), the Asian Language and Awareness Fund (ALAF), and the Projects Fund (PF)). These unique programs account for the majority of Pacific 2000 funding.

Given the broad scope of Pacific 2000 and its complexity, and the time and resources available, the following approach has been taken in evaluating individual components:

1. The evaluation of the Pacific Business Strategy key sector and business linkages was contracted out, and is based on three case studies. The first case study chosen was the Canada Beef Export Federation (CBEF) key sector initiative, the second was the ASEAN/Canada Business Council business linkage, and the third was the Canadian Exporters' Association Import Specialist business linkage project. The criterion for selection of these case studies was usefulness to PBS management. Also they assist in understanding the key sectors and business linkage initiatives and what they aim to do. The CBEF key sector initiative was chosen so as to pinpoint the reasons for apparent success. The other two case studies were selected because each had not lived up to potential, and managers wanted to find out why, and where improvements could be made.

The original intention was that the clients and stakeholders interviewed in the course of these three case studies would provide an unbiased sample of the clients of the APFC business program. However it was found that this sample had had little or no contact with the APFC business program, and it was impossible to draw any conclusions about the APFC business program on this basis.

2. The evaluation of the JSTF is based on the results obtained from a case study of the JSTF which was undertaken by the Audit and Evaluation Division, DFAIT (MIV) in the context of an interim evaluation of Going Global earlier this year. This evaluation is based largely on the results of a questionnaire survey of sixty JSTF clients (forty-two respondents) who completed projects in 1990/91 and 1991/92.
3. The evaluation of the language and awareness programs funded by Pacific 2000 and delivered by DFAIT and/or the APFC was undertaken by consultants, and the methodology is explained under the section on language and awareness below (section 4.3).
4. The evaluation of the APFC as an institution, and its business, culture, media, young leaders, and other programs (excluding education) was undertaken internally by APFC,

DFAIT, CIDA and TB personnel. This part consisted of:

- a description and inventory of the APFC' s program activities, and some program outputs (see chapter 6);
- an assessment of the effectiveness and impacts of APFC delivery of Pacific 2000 language and awareness components, which is to be found under Pacific 2000 evaluation findings in Chapter 4;
- pre-assessments of the APFC as an institution, and its other programs. These are based on limited file and documentary information and on interview surveys of APFC and ex-APFC personnel, clients and stakeholders selected on a non-random "as available" basis (approximately 100 people interviewed). Although based largely on perceptions and opinions there were certain patterns to what was found. On the basis of the limited evidence generated we tend to raise questions (see chapter 7) rather than reach conclusions.

2.0 CANADA'S RELATIONSHIP TO THE ASIA PACIFIC

2.1 Historical Background

Although Canada's ties to the Asia-Pacific region are long-standing and varied, it has only been in recent years that the region's economic importance to Canada has become a focus of domestic attention. In its early history, Chinese labour contributed to the building of Canada's railways. These labourers and their descendants formed substantial communities in Canada which have changed the country's cultural mosaic. Canadian churches established strong missionary ties in Asia, particularly China and Japan, and these ties served to strengthen feelings of closeness to the region. More recently Canada has been a major partner in international development programs in Asia. Since the Colombo Plan was initiated in 1950 Canada has contributed over \$9 billion to aid programs in Asia. There has been also a negative dimension to the relationship, Canadian nationalistic sentiments in the 20th century led to disturbing manifestations in Canada: the Chinese Exclusion Act of 1923, internment of Japanese Canadians in the Second World War, and exclusion of Asian-Canadians from voting lists until after the Second World War.

On the economic side, Canada's patterns of trade stressed exports of raw materials and food, balanced by imports of textiles, clothing and consumer products. In the last two decades, the emergence of Japan as a world manufacturing giant has modified this pattern to some extent, in that Canada developed strong trade relations based on exports of raw or semi-manufactured goods, and imports of manufactured and high value-added products. In more recent years, this pattern has spread to Korea and Taiwan as their manufacturing capabilities experienced strong development.

This pattern is consistent with Canada's performance on a global basis. Abundant resources and low extraction costs, combined with periods of high commodity prices, have enabled Canadians to enjoy a high standard of living through global trade. While recognizing the need to move into more value-added exports, Canada's previous patterns of trade did not force Canadians to develop the level of marketing expertise and manufacturing responsiveness needed to sustain a competitive presence in the global market for manufactured goods. Yet it is these skills which are essential for Canada to compete effectively in an increasingly globalized world economy.

Canada is now at a turning point. Globalization can either mean competing on an equal basis with the newly arisen Asian economies and sharing in the advantages of expanded trade, or facing lower standards of living and possibly less influence in world affairs.

2.2 Canada's Interests in the Asia Pacific Area

The Asia Pacific region is important to Canada and to the global economy. With a population nearing 2 billion, an aggregate gross national income twice that of the European Community and growing rapidly, and the source of nearly thirty percent of global trade, the economies on both sides of the Pacific which make up the Asia Pacific Economic Co-operation (APEC) forum have become an economic powerhouse of vital importance to the rest of the world. Conservative estimates suggest that Asian markets will represent at least half of global growth over the next decade, representing the equivalent of at least 5 new Canadian economies being added to global consumption. Asia has become Canada's second most important trading region after the United States (see Appendix 2-2(a) and (b)) - in 1992, five of Canada's top ten export markets and ten of the top twenty five markets were APEC economies. In comparison, EC members accounted for seven of our top twenty five export markets. Two way trade with APEC economies excluding the USA was nearly 45 per cent greater than trade with the entire EC (\$37.6 billion versus \$ 26.0 billion in 1992).

The Asia Pacific region is also becoming an increasingly important source of foreign direct investment and new technology for Canada. Over the past decade, Japan moved from being the 8th largest foreign investor in Canada to third largest, behind the USA and the UK. Japanese direct investment in Canada has doubled since 1985 to \$5.7 billion, while portfolio investment, mainly in federal and provincial government bonds, has reached \$49 billion. Other Asian economies, such as Hong Kong, Australia, Singapore and South Korea, have also become major foreign investors in Canada.

The outlook for the future is that the APEC region will become increasingly more important to Canada. Led by double digit or near double digit growth rates among what the OECD refers to as the Dynamic Asian Economies (DAEs) -- Korea, Taiwan, Hong Kong, Singapore, Thailand and Malaysia -- the rate of economic expansion in the APEC economies is exceeding the global average by a large margin. Indications are this growth pattern will continue. From now until the end of the century, the lowest projected growth rate among the DAES will double Canada's expected growth rate over the same period. Moreover, massive investment flows into and through the region are laying the foundation for a continued rapid expansion in the economies of the region. In 1989, for example, APEC economies attracted nearly \$100 billion in growth-creating foreign direct investment (FDI), some two-and-a-half times the total flow of FDI into the EC. Over the past five years, Japan's domestic investment alone equals twice Canada's GNP.

Canada also has interests in Asia Pacific in terms of its past and present contributions to international development programming. For example, China, India, Indonesia, and Bangladesh have been major recipients of Canadian aid. Some of these countries, and other recipients, have already become part of the Asia Pacific miracle. For example China and Indonesia have rapidly developing economies, and accelerated growth is expected in India as it moves to liberalize its

economy. Nevertheless, despite the emergence of Asian countries with fast economic growth, a number of countries face entrenched problems of poverty and economic underdevelopment, and there is a continued need for international aid. There is also a need for a different type of assistance to some of the more fortunate countries as they undergo democratization and a transition to open economic systems, and develop closer and more sophisticated trading relationships with Canada.

2.2.1 Canadian Trade with Asia

By the end of the century, the Asia-Pacific region is expected to represent 60 percent of the world's population, 50 percent of global production and 40 percent of total consumption. The Asia-Pacific region contains many of the fastest growing economies in the world. Annual growth has averaged 7 percent in recent years -- twice the rate for North America.

As indicated by preliminary trade data, the Asia-Pacific region was a market for over \$16.55 billion of Canadian exports in 1993, second only to the United States. Imports from the region were \$25.13 billion, leaving a deficit of some \$8.5 billion. The most promising markets in the Asia-Pacific region for Canadian exports are China, Korea, Hong Kong, India, Indonesia, Taiwan, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

Our trade with the Asia Pacific region is more important to some regions than to others. For example, British Columbia trades almost as much across the Pacific Ocean as it does across the U.S. border, exporting, in 1992, \$5.8 billion to the Asia-Pacific region and \$7.9 billion to the United States.

The following are sketches of trade activities in major Asian markets:

Japan is Canada's number two export market. Preliminary trade data for 1993 indicates that Japan purchased \$8.46 billion worth of Canadian exports in 1992, as much as the U.K., Germany and France combined. In this same year, Canada imported \$10.69 billion of goods and services from Japan in 1992.

In 1992, the most recent year for which more detailed trade data is available, exports benefited enterprises and industries from coast to coast as seen in the following examples

-
- over \$2.25 billion in forestry products;
- \$1 billion in B.C. metallurgical coal;
- lobster sales up 20 percent last year, crabs up 65 percent;
- \$500 million each in oilseeds and grain;
- a major market for Canadian technology; about \$70 million in Canadian telephone equipment in 1992; and
- Japanese companies now own 16 Canadair Challenger aircraft.

While Canada maintains its traditional strength in sales of resource products, Japan's imports of Canadian manufactured or value-added goods now make up more than 40 percent of Canada's sales to Japan. Canadian industry exports many processed goods, ranging from french fries to kitchen cabinets.

In May 1993, the Minister for International Trade launched the *Action Plan for Japan*, a joint undertaking with the private sector, to alert industry to the changing conditions, encourage product adaptation, and assist with product promotion. "Action Plans" have been developed in seven priority sectors: processed foods, tourism, information technology, auto parts, forest and building products, aerospace, and fisheries products.

The Korea - Canada trade relationship continues to expand and intensify. In 1992, South Korea ranked as Canada's seventh largest export market with exports totalling \$1.4 billion. In 1993, preliminary trade data indicates that South Korea has now become Canada's fifth largest export market with exports totalling \$2.20 billion. Major Canadian exports to Korea include coal and mineral fuels, pulp, organic chemicals, cereals, aluminum products, iron and steel, fertilizers, energy equipment, telecommunications equipment and aerospace products. The most significant commodity export increases have been in agricultural products and pulp and paper. Sectors offering the greatest export opportunities for Canadian companies are agricultural commodities and food products, resource products and oil, petrochemicals, defence, aerospace, computers, electronics, telecommunications, and automotive parts and components. Korea is Canada's third largest defence equipment market. Also Korea is aggressively developing its own technological capacity through joint ventures with foreign companies.

China according to preliminary trade data for 1993, was Canada's sixth largest export market in 1993, with exports to China totalling \$1.68 billion, while imports were at \$3.09 billion. Over the medium term, Canadian exports are expected to increase at a slower rate than imports.

Sales of capital goods to China increased from \$125.7 million in 1987 to \$430.5 million in 1992. Major Canadian exports to China in 1992 included wheat, wood pulp, fertilizer, and electrical and mechanical equipment. The Chinese government intends to focus on developing infrastructure (i.e. roads, bridges, telephone systems) over the medium term, which will increase opportunities for Canadian companies. Opportunities exist for exports of Canadian energy power, telecommunications, agriculture, transportation, mining equipment, minerals, metals, chemicals and petrochemicals. Recent Canadian company success stories based on outstanding export performance in China include Northern Telecom Ltd., Canadian Industrial Consortium Inc. (CIS), Newbridge Networks Corporation, Dessaw International, Chemetics International Company Ltd., SR Telecom Inc., Champion Road Machinery Ltd., Bioclear Technology Inc., and Sulzer Escher Wyss Hydro.

Hong Kong will become a part of China on July 1, 1997. It is expected that the importance of Hong Kong will increase as it may become the business centre for all of South China. As a result of the decision to improve and expand infrastructure in Hong Kong, sales and joint venture opportunities for Canadian companies have increased. In 1993, preliminary trade data indicates that Hong Kong was Canada's 16th largest export market with Canadian exports just under \$760 million. Major Canadian exports to Hong Kong in 1992 included precious metals, plastics and plastic articles, electrical equipment, paper and paperboard. Opportunities for Canadian companies exist in construction (primarily as part of the plan to develop a new port and airport), building materials, environmental protection, security products and processed foods.

Taiwan - Canada trade has grown consistently over the past two decades despite the absence of diplomatic relations. In 1992, Taiwan was Canada's 13th largest export market and the 4th largest in Asia, with exports to Taiwan at \$960 million and imports from Taiwan at \$2.47 billion.. Preliminary trade data for 1993 indicates that Taiwan has become Canada's ninth largest export market with Canadian exports to Taiwan now surpassing the \$1 billion mark. Major Canadian exports to Taiwan in 1992 included mineral fuels, wood pulp, paper, electrical equipment, paperboard, agricultural products, processed foods, pollution control and environmental engineering, transportation equipment, telecommunications, avionics, high-tech products and engineering.

The Association of Southeast Asian Nations (ASEAN) comprises Thailand, Malaysia, Singapore, Indonesia, Brunei and the Philippines. Preliminary trade data for 1993 indicates that Canadian exports to ASEAN countries totalled \$1.5 billion, with imports to Canada from the region totalling \$3.26 billion.

Major Canadian exports to the ASEAN region in 1992 included cereals (mainly wheat); boilers, machinery and mechanical appliances and parts; paper and paperboard; electrical machinery and equipment parts; salt, sulphur, earth and stone, plastering material, lime and cement; wood pulp; plastic products; fertilizers; aircraft and spacecraft and parts; and organic chemicals.

In 1992, Canadian investment in the ASEAN region exceeded \$2 billion. This investment is largely in resource development and the financial sector. Opportunity sectors for Canadian exports include advanced technology (telecommunications, aerospace, defence equipment), energy and power (oil and gas), agri-food, and the environment. Canadian company success stories based on outstanding export performance in the ASEAN include SR Telecom Inc., MacDonald Dettwiler & Associates Ltd., Bell Canada International, Intera Information Technologies Ltd., Babcock & Wilcox Ltd., CAE Electronics Ltd., ABB Canada, Ganong Bros. Limited, and Novacorp Corporation.

2.2.2 Investment

Foreign direct investment (FDI) is becoming an increasingly important force behind the growth of trade ties, and is a key element in the development of infrastructure as well as in technology transfer. Firms from both Canada and Asia-Pacific have used FDI to spread their influence and activities throughout the region. During the 1980s, FDI from USA and Japan dominated the flows in the region. However, newly industrializing economies have become an important source of FDI, particularly Hong Kong and Chinese Taipei. In the early 1990s, Taiwan was the top source of FDI in Malaysia and Indonesia, and the second most important source in China.

The surge in FDI is, in part, a direct result of the rapid growth of the service sector relative to other sectors in the past decade. Prior to 1985, in the face of strong competition from other countries, Canada's market share of FDI in the region was falling. However, between 1985 and 1990, Canada began to reestablish itself as a foreign investor in the region. Although prudent macroeconomic policies of Asian economies and structural factors in those economies will continue to attract FDI to the region, it seems unrealistic that the economies currently attracting FDI will continue to sustain such high growth rates as they did in the 1980s. Instead, FDI is likely to be channelled to other economies, such as Vietnam, China and India, where the investment climate is improving.

Many Asian economies are now both FDI sources and FDI recipients. The growth in bilateral FDI affects the regulatory environment and governments must be aware of the impact of domestic policies (as well as foreign policy) on neighbouring economies. This increased interdependence requires stability and security in the region, which Canada can help promote.

2.2.3 Development Cooperation

As indicated above under 2.1, Canada has played a sizeable and influential role in international development programming in Asia since the 1950s. The Canadian International Development Agency's (CIDA) mission in Asia is "to involve Canadians in cooperation for sustainable development in Asia, in a manner that builds relationships and promotes Canada's long-term interests". It has five broad program priorities². CIDA has core programs in Bangladesh, China, India, Indonesia, Malaysia, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, and Vietnam. In addition CIDA supports ASEAN and Regional Institutions Programs and the South Pacific Island States. In 1991/92 CIDA's total disbursements to Asian countries

²These are to:

- strengthen the institutional capacity in Canada and in Asia to develop and implement policies conducive to sustainable development;
- cooperate in resolving national, regional, and global environmental problems;
- promote collaboration between the Asian and Canadian private sectors in support of Asian development priorities;
- foster institutional linkages and networks between Canada and Asia;
- encourage respect for human rights and promote good governance.

were \$390 million.

Of major interest is the Canada-ASEAN Centre in Singapore (which is in some ways a mirror image of the APFC within South-East Asia), CIDA INC activities in support of building Canadian private sector linkages with Asian counterparts, and CIDA programs and projects which assist in good governance and effective economic management in emerging economies such as Malaysia and Thailand. There is also an increasing interest in using CIDA programming within regional and sub-regional, rather than country by country, contexts.

2.2.4 Security and Stability

Security Environment

The end of the Cold War fundamentally reshaped the East-West paradigm that had dominated approaches to security issues in the region, and regional states were forced to re-assess their security perspectives. Some states desired multilateral forums, other states preferred to move much more slowly and focus on dealing with sub-regional issues, and still other states preferred to address security concerns through bilateral channels. In many cases of potential conflict, in particular the Korean Peninsula and South Asia, the problems seemed intractable with governments reluctant about engaging in direct multilateral dialogues.

Attention has focused instead on informal, non-official and largely academic-run dialogues, in a nominally private track of discussions. Governments remain active, through United Nations efforts to foster regional security dialogues, and under the aegis of ASEAN. The latter forum permits Foreign Ministers from ASEAN states and their "dialogue partners", including Canada and the USA, to raise on-going security concerns. By 1992, Ministers agreed to establish a special forum for senior officials to consult on security issues, and the first ASEAN Senior Officials Meeting was held in 1993. The meeting was a success, and with more reserved states sufficiently comfortable with the process, Ministers subsequently decided to establish an ASEAN Regional Forum on regional security issues, which will have its first meeting in Bangkok in July 1994.

The process of systematically addressing regional security issues is still very preliminary. Most players are content to let ASEAN institutions develop as the principal government-to-government forum, even though these institutions lack some regional participants and South Asian states. The level of multilateral consultation is still very rudimentary, and several ASEAN and other states are reluctant to discuss critical issues openly and directly.

Canada is actively engaged in the dialogue on regional security in the region. In 1990, Canada proposed the North Pacific Co-operative Security Dialogue to examine how the global post-Cold War security environment could most effectively contribute to improved relations in the North Pacific. Notwithstanding initial reservations of a number of states, particularly the

USA, the initiative garnered increasing support and attention, and a series of colloquiums and workshops were convened in Victoria B.C., Honolulu, Ottawa, Beijing, and Yokohama, culminating in a final conference in Vancouver in March, 1993.

Canada is an active participant in the ASEAN process. We presented two working papers on non-proliferation and conflict management last May and they are being further developed for 1994 meetings of officials. Canada has also contributed to the development and work of the ASEAN Regional Forum. CIDA also supports various private discussions, such as academic work related to an Indonesian-organized Round Table on the Spratly Islands dispute; ASEAN/ISIS-organized workshops and round tables on various aspects of regional security; follow-up to our North Pacific Security initiative and continued active participation in a number of regional security events. The Government has partly funded the establishment of the Canadian Consortium on Asia-Pacific Security, a non-governmental organization that held its inaugural meeting in Toronto on December 3, 1993.

Stability

Canada participates in a number of institutions at work in the Asia Pacific region, including the private sector Pacific Basin Economic Council (PBEC) and the tri-partite Pacific Economic Cooperation Conference (PECC). However, Canada's greatest opportunity for promoting stability in the region and multilateral discussions is through our membership in Asia Pacific Economic Cooperation (APEC).

The Asia Pacific Economic Cooperation (APEC) forum, founded in 1989, has become the principal inter-governmental vehicle for economic cooperation in the Asia Pacific region. Its emergence in 1989 built on the careful community-building efforts of governments, business and academics over the previous two decades, and represents a significant change from past deep-seated intra-regional differences. It is evolving into a key agenda setting body for the region, helping to define priorities for member countries and providing a window for directly advancing Canada's interests in the region.

In addition to Canada, APEC's 17 members include Australia, Brunei, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Taiwan, Thailand, Singapore, and the USA. It is the first (and only existing) international organization in which China, Hong Kong and Taiwan are all represented at the ministerial level. In light of APEC's growing prominence on the international stage, eight other countries and one territory (Macau) are seeking membership in APEC.

APEC is essentially a ministerial process, with annual meetings of foreign and trade ministers and periodic meetings of senior officials in the interim. The United States hosted the recent Ministerial Meeting in Seattle (November 17-19, 1993), which focussed on trade liberalization. Canada is scheduled to host the Ninth Ministerial Meeting in 1997. Canada will

be hosting an APEC Environment Ministers' Meeting in Vancouver in the spring of 1994 to coincide with GLOBE 94.

The agreement at the 1992 Ministerial to create a centrally-funded secretariat for APEC, which opened in Singapore in February, 1993, heralded the transition of APEC from a relatively unstructured dialogue to a formal, regional institution. The establishment of a Trade and Investment Committee by Ministers at Seattle in November 1993 and the subsequent leaders summit has further pushed APEC to become the premier regional forum for inter-governmental cooperation.

At the most basic level, Canada's membership in these regional institutions reinforces the objective of enhanced participation in Pacific issues in order that Canadians can play an increasingly active role in the developments of the region and benefit from its extraordinary economic opportunities. Membership and constructive participation in these fora are among the most tangible and visible signs of Canada's presence in, and commitment to, the Asia Pacific region, a region where membership, or "credentials", are not always taken as given. An equally important objective is to increase knowledge of the region, so that Canadians are more knowledgeable about opportunities in the Pacific, and citizens of other regional economies are more likely to consider Canada when contemplating decisions regarding everything from strategic partnerships to tourist destinations.

In concrete terms, APEC enables Canada to pursue a range of more specific objectives, such as expanding trade opportunities, promoting investment, facilitating economic adjustment and trade liberalization, protecting the marine environment, matching the region's human resource development needs to Canadian capabilities, strengthening the stability of the region through enhanced economic cooperation and institution-building, improving cooperation in sectors of key interest to Canada including energy, fisheries, telecommunications, and so forth. The trans-Pacific APEC forum serves as an important counterweight to competing proposals from within the Pacific Rim for more restrictive regional groupings which would exclude Canada. The consolidation of APEC not only makes the case for such exclusive groupings less compelling, but also preserves and strengthens trans-Pacific bridges developed over the years.

In view of its economic dynamism, the Asia Pacific region will increasingly set the pace of change for the global economy. Participation in APEC complements work in other regional and international bodies such as the OECD, GATT, G-7, etc., but will become increasingly important as the Asia Pacific region itself coalesces as a community and takes on greater weight in global affairs. Canada intends to be in on the ground floor within Pacific regional institutions to ensure that our priorities and concerns are taken into account as the region, which will continue to progress with or without Canada's presence, begins to formulate its own approach to global issues.

2.3 Canada's Level of Preparedness and Competence and How This Compares to the Competition

Throughout the mid and late seventies, the Asia Pacific area was showing great promise. Concern for Canada's economic future, along with an awareness that we were, unlike some of our competitors, missing opportunities to capitalize on the potential fuelled the creation of the Asia Pacific Foundation of Canada by Act of Parliament in 1984 with a broad mandate to raise awareness in Canada of the Asia Pacific and to promote our identity as a Pacific trading nation country.

In the mid to late eighties the promise turned into phenomenal growth rates and new market opportunities. When Pacific 2000 was introduced late in 1989, it was an acknowledgement that Canada needed to "radically upgrade our commercial presence." in order to even maintain our share of the market. It was also recognized that promotion of export sales was not enough to ensure our position. In '89 we were already behind American and European research and development firms (vis-a-vis science and technology) and behind Australia and America in the study of Asian languages.

Throughout our interviews and research the expectation has been for continued fast-breaking developments and opportunities over the next five to ten years in the Asia Pacific. The opportunities generated by this growth are difficult to pinpoint given the dynamic nature of interactions between countries in the region and outside (North America, Europe, etc), but the prevailing opinion expressed is that the mandates of Pacific 2000 and the APFC are even more crucial now in order to ensure Canada's continued participation in the global marketplace.

2.3.1 Assessments of Present Canadian Preparedness and Competence

For purposes of this evaluation, "potential" means having the capacity (finances, resources and talents) to deal with Asia Pacific, "preparedness" means the degree to which efforts are being made by Canadian governments to mobilize the use of these resources to increase competence vis-a-vis Asia Pacific, while "competence" refers to the ability of the Canadian private sector to have active and effective in relations with Asia Pacific. This ability is related to levels of business knowledge, cultural awareness, and language ability.

Most of our interviews reflected the view that Canadians by and large have high potential to participate in the Asian markets (we have the products, services and people), but that preparedness was average (ahead of some, e.g. US, and behind others, e.g. Australia), and average competence of the Canadian private sector was low.

There are a variety of perceptions on the part of those interviewed: that Australia and the United States are more aggressive than Canada in the Asia Pacific Region; that we are competing against each other rather than with other countries; that some countries support their

industries efforts better; that size for size, Canadian firms can hold their own in competing with US counterparts . This implies that monopoly power/muscle can be a factor (i.e., multinational corporations would have an edge over smaller companies). The majority view put forward is that, although Canadians are improving their competence at the individual level, there is a need for more synergy. In particular, although there are already some successful examples of a "Team Canada" approach there is a need for more of the same unified approach to Asia Pacific markets. More specifically, there is a need for an even more integrated approach to representation by Canada in each of the countries in the region, along the lines of a 'Canada House' (similar to the present arrangement in Tokyo). This would incorporate all (or at least the main players) services under one roof - APF, provincial representatives, trade offices, missions, CIDA, etc - as appropriate/feasible (the International Business Development Branch has been studying this issue).

Concerns were expressed by some of those already active in the region about Canada's ability to respond quickly enough to new ventures. It has been pointed out that some of our competitors have strategies we would do well to emulate. For example, there is a need for a Canadian infrastructure designed for flexibility and speed in responding to fast breaking developments on the ground.

2.3.2 What Other Countries are Doing

In an attempt to determine how Canada's efforts compare to those of our competitors, we solicited readily available information (due to time and monetary constraints) from key missions and reviewed annual reports and other publications of programs/institutions with activities similar to Pacific 2000 and the APFC. The objectives and types of activities of Pacific 2000 and the APFC are similar to initiatives of several other countries.

Government Policies and Programs

Government involvement in furthering economic and cultural ties with the Asia Pacific area varies from country to country, and likely responds to several factors including private sector abilities and Government inclinations vis-a-vis desired levels of involvement. One thing is certain, most economically advanced countries recognize a critical importance in close economic links with the Asia Pacific area, regardless of whether this conviction is reflected in general policy statements or translates into more active Government involvement.

The focus on the selected countries reflects the linguistic and cultural barriers vis-a-vis the Asia Pacific area that these countries share with Canada. The following discussion does not provide an exhaustive listing of the countries' efforts in furthering economic and cultural ties with the Asia Pacific area. It is intended to provide a general understanding of both the areas of focus and the level of commitment for the particular countries.

Australia

Australia's level of activity is in accordance with the popular view that its future economic health depends on its relations with Asia. More than sixty percent of Australia's merchandise exports, valued at nearly A\$60 billion annually, are sold to Asian economies.

The Government recognizes the challenge of succeeding in Asia as primarily one for Australian business, but also that government has nonetheless an important facilitating role. Promoting Australia to the Asia Pacific area, as well as increasing Australian business preparedness and penetration, is clearly a top government priority.

A whole range of government initiatives and programs continue to be undertaken to link Australia more closely with the Asia Pacific area. In 1993, the Government introduced its A\$60 million package of initiatives (*Australia in Asia*) designed to boost integration of the Australian economy with Asia and to broaden Australia's image in the region. Taking into account programs already in existence, the eighteen separate initiatives focus on four main areas identified as needing increased efforts to take full advantage of existing opportunities:

- more business oriented information on and analysis of the Asian economies;
- more extensive business networks with Asia;
- more momentum to updating Australia's image in Asia; and
- improved knowledge and awareness of Asia in Australia.

An outline of the funding implications for each of the eighteen *Australia in Asia* initiatives is presented in Appendix 1.

Australia in Asia was introduced to compliment existing government programs. In 1991, Austrade had undergone a major reallocation of its resources to the Asia Pacific area that resulted in a substantially increased presence in Asia. Austrade is the agency chiefly responsible for collecting and disseminating information on trade, investment and tender opportunities to the Australian business community.

Austrade also administers several trade promotion programs that focus exclusively on Asian-Pacific markets, including a range of measures which seek to encourage a stronger export performance from Australian industry in Asian markets. The most substantial of which is the *Export Market Development Grants Scheme*. The program provides cash grants towards the cost of export promotion and development. In 1991-92, 2401 companies received assistance of A\$127.4 million with export sales achieved by these companies totalling A\$2.8 billion.

Austrade's *Asia Pacific Fellowships Program* continues to provide financial assistance to help companies place selected staff -at executive and graduate level- in an Asian market. Through the *Asian Business Circle*, Austrade is also taking steps to tap into the skills of Asian

Australians in networking with Asian entrepreneurs.

The Australian Government also seeks to provide the business community with international business skills necessary in the Asian market. In 1992, the Department of Employment, Education and Training launched the *Asia in Australia Council* to provide advice on employment, education and training priorities and strategies for fostering more effective links between Australia and Asia.

With regard to the S&T sector, the *International Industrial Collaboration* program, administered by the Department of Industry, Technology and Commerce, assists consortiums of Australian firms and research agencies to acquire overseas industrial know-how, including management, technology and marketing skills. The program focuses particularly on Asia.

The *East Asia Analytical Unit* of the Australian Department of Foreign Affairs and Trade undertakes and sponsors studies primarily into economic trends to support strategic development of policies in anticipation of changes in East Asia. It has its own separate annual budget of A\$1.3 million.

The *Australia Abroad Council* was established in 1990 to give greater drive and direction to projecting Australia overseas with its primary focus on Asia. The Council is made up of high level representatives from the public and private sectors. It works to help coordinate and focus the activities of those government departments and agencies and other organizations which help shape the way Australia -its society, culture, education and economy- is perceived overseas.

Under the *Australian Language and Literacy Policy*, the government is implementing programs aimed at expanding Australia's Asian language skills, knowledge and expertise of the region. The measures include:

- support for the substantial expansion of Asian Language and Asian studies courses;
- programs to increase the number and quality of teachers skilled in Asian languages and studies;
- programs to develop teaching materials on Asia; and
- academic and student exchange programs.

From 1988 to 1990, the number of higher education students enrolled in Asian languages courses increased by 90 percent (to 3147 equivalent full-time student units, see Appendix 4-1).

New Zealand

The Asia Pacific area is also a priority to New Zealand. In 1992, the *Asia 2000* program was established with the following three key objectives:

- to develop a strategic framework for relations with the Asian region;
- to excite business firms about the opportunities that exist for them in East Asia; and
- to develop an understanding within the community of New Zealand as a country of the greater Asian region.

Through *Asia 2000*, the government provides information and delivers seminars to the New Zealand business community on particular Asian economies. The *Asia 2000 Fellowship Program* further provides business people with first hand experience of the business practices and languages of Asia. The main focus of the *Asia 2000* program to date has been on stimulating interest in business opportunities in the economies of Asia.

The *Asia 2000 Foundation* was established in January 1994. While serving to further develop the *Asia 2000* program, its main role will centre on the key objectives of the *Asia 2000* program. The Ministry of Foreign Affairs and Trade will continue to coordinate the program, however, the Foundation will now manage the business and media fellowships programs as well as *Asia 2000* activities held in New Zealand.

Education will likely realize a stronger role in meeting the Asian challenge. The Government has recognized a need for changes in school curricula to build a stronger emphasis on Asia. The *Asia 2000 Foundation* is also to be involved in actively enhancing the role of education in promoting greater understanding and increased language skills.

Germany

The level of government involvement in facilitating private sector growth dispels the common notion that the strong performance of German industry is coupled with government inactivity. Recently, the German Government turned its attention to Asia and released a policy paper stressing the need for a more active political and economic strategy for the Asian market. The objective is that the German economy be supported by coordinated and cohesive policies in order to strengthen Germany's market share in this fast growing region.

The policy paper calls for an Asian strategy to develop business cooperation in S&T, telecommunications, environment, job training and further education as well as furthering culture and media ties. Key elements will include promoting cooperative business ventures between German and Asian enterprises and intensifying technological cooperation between Germany and Japan. The emphasis is to be placed on enhanced economic cooperation with the entire Asia Pacific area.

Existing instruments, supply of information and concrete assistance for German entrepreneurs who want to do business in the Asia Pacific area will continue to be improved and increased. In particular, small and medium sized companies will be encouraged to become involved to a greater extent. The Government will also intensify its trade promotion efforts in

the Asia Pacific area.

Government will further promote cooperation based on private sector initiatives that focus on product fields of advanced and high technology. Germany recognizes that a number of Asia Pacific countries have established research and development facilities that present new prospects for German direct investment and technological joint ventures.

Lastly, the German Government also emphasizes the critical role of cultural exchange in enhanced future relations with the Asia Pacific area. For instance, improving academic and business exchanges with the Asia Pacific area will be prioritized and the Goethe Institute may soon establish an office in Hanoi to develop better ties with influential German speaking Vietnamese.

It is noted that while the German Government has clearly emphasized the importance of increased ties with Asia and instructed government departments and Chambers of Commerce to forcefully stress Asia, no formal budget has as yet been established. Indications are that in the absence of budgeted programs, this Asia initiative may be fuelled by monies from other areas and from current operational funding for Asia. It is too soon to say with any certainty whether this will in fact be the case.

Britain:

Although the British Government has introduced the "Priority Japan Initiative", there remains no government programs focusing on increased relations with either Japan or the Asia Pacific area as a whole. However, there are some indications the British Government is nonetheless actively seeking enhanced linkages with Japan. For instance, Britain and Japan have entered a Memorandum of Understanding on exchange of university researchers and more recently signed a formal S&T Cooperation Agreement. Partially government funded researcher exchanges with Japan have been on the rise and research facilities in British universities have also welcomed substantial investments from several Japanese private sector firms (Hitachi, Fujitsu and Toshiba).

Institutions Similar to the APFC

Several countries have institutions that share the APFC's objective of promoting mutual awareness and linkages with the Asia Pacific area. The APFC seems to be on a common track vis-a-vis the types of activities and program undertaken to reach this objective. Worthy of note, however, are the considerable differences among these institutions in terms of financial resources and the resulting breadth of activities.

The following institutions have been identified as comparable to the APFC in terms of objectives and types of activities (the Japan Foundation and the Australia-Japan Foundation are

most in line with the APFC's objectives and programs):

- **the Japan Foundation (Japan)** is by far the largest institution with links to the Asia Pacific area that promotes international cultural exchange. Although the bulk of its budget (over 200 millions Cdn in 1991) goes to promoting Japan abroad, some activities aim to promote knowledge and understanding of other countries in Japan. The Foundation reflects the Government's priorities by allocating close to 40 percent of its budget to programs in the Asia Pacific area.
- **the Australia-Japan Foundation (Australia)** has a one-country focus, albeit its most important trading partner. Similarly to Pacific 2000/APFC language and awareness programs, the Australia-Japan Foundation emphasizes heightened awareness and language skills of Australians. Establishing cultural and business linkages and promoting Australia to Japan is also a thrust of the Foundation's activities. The Foundation's expenditures in 1991-92 amounted to approximately \$1.35 million Cdn.

Although more modest in size than the Australia-Japan Foundation, Australia pursues similar objectives through other government supported foundations targeting other countries in the Asia-Pacific area (Australia-China; Australia-Indonesia; Australia-Korea and Australia-India).

- **the Korea Foundation (Korea)**, established in 1992, also promotes mutual awareness and understanding. The information in Appendix 1 with regard to the Korea Foundation does not include financial information.
- **the Asia Society (United States)** aims to further mutual awareness and understanding between Asians and Americans while promoting US-Asian cooperation on Asia's social, political and economic development. The Society supports a wide range of events ranging from arts exhibits to political/economic discussions among prominent people from Asia and the U.S. For instance, the Society's prestigious Annual Williamsburg Conference (last held in China in 1993) brings together prominent statesmen, business leaders and scholars. The Society's expenses for 1991-92 totalled \$13 million Cdn.
- **the Asia Foundation (United States)** had sizable revenue in fiscal year 1992 of over \$45 million Cdn, a substantial portion of which came from U.S. government grants. The foundation emphasizes or develops U.S.-Asian cooperation and linkages aimed at facilitating Asia's social, political and economic development. Its thirteen field offices throughout Asia effectively serve this objective.
- **the East-west Centre (United States)** is geared more toward research, dialogue and education. The centre seeks to provide a neutral meeting ground to exchange views on topics of regional concern. The centre's underlying objective, however, should still be

understood as actively promoting the development of Asia and the Pacific. In 1992, the Centre received approximately \$38 million Cdn in revenues, the main funding source being the annual appropriation from Congress (\$32.4 million Cdn in 1992).

Appendix 1 provides more detailed information on these institutions (mandate, funding levels and sources, and activities).

3.0 THE PACIFIC 2000 PROGRAM

3.1. Interventions Prior to Pacific 2000

Canada's involvement with the Asia Pacific area since the Second World involved the following major milestones prior to the establishment of the APFC and Pacific 2000:

- 1950. The initiation of international development via the Colombo Plan. Since 1951 Canada has contributed over \$9 billion in development assistance to Asian countries;
- 1967. Business leaders in the Asia Pacific region formed the Pacific Basin Economic Council (PBEC);
- 1970. Canada established diplomatic relations with China, and subsequently China was the target of greatly stepped up trade development initiatives by Canada;

Largely because of the size and growth of the Japanese economy, and emergence of some "tigers" such as South Korea, Singapore, Hong Kong, and Taiwan, by the late seventies and early eighties it was becoming apparent that the twenty-first century was to become the "Pacific Century". The Pacific Rim Opportunities Conference (1980) was organized and pointed toward the need for "a more balanced and substantive totality of relationships intended to broaden significantly the base of mutual knowledge and appreciation between Canada and countries of the region - a two-way street". It was recognized that "any policy review or program of new departures" should not "turn simply into a new trade offensive" using the traditional trade promotion methods such as trade fairs and missions. Something extra was needed to overcome Canada's Asia Pacific "blind-spot" in areas of Asian language and cultural awareness.

A series of symposia and workshops were held focussing on the region and a Task Force, headed by John Bruk³, was struck in 1982. This culminated in the creation of the Asia Pacific Foundation of Canada by Act of Parliament in 1984. This was the first (and only) regionally focussed non-governmental body established by Parliament.

In 1987 the Asia-Pacific Task Force tabled its report⁴ suggesting major adjustments in approaches which would improve relationships with Asia.

By this time a consensus had emerged that there was a need for a rapid shift in Canadian

³John Bruk is presently Chairman of the China Investment and Development (Canada) Co Ltd, Vancouver, BC., and is past Chairman of the APFC Board of Directors. In 1981 he was commissioned by the Secretary of State for External Affairs to undertake a feasibility study for a "Canada Foundation for Asia and Pacific".

⁴Asia-Pacific Task Force. Main Policy Paper - "Canada and the Asia-Pacific World: Potential and Prospects" Department of External Affairs. 1987.

focus toward Asia Pacific and for programs tailored to this increasingly important region. It was accepted that the programs had to recognize the need for longer term investment, aid Canadians in dealing effectively with difficult and different Asian languages and cultures, and address the higher costs of operating in the region. It was against this background that Pacific 2000 was initiated in 1989 to provide funding support for such longer-term activities.

3.2 Pacific 2000

Pacific 2000 is the fundamental component of the Going Global (\$82.6 million over the first five years⁵) initiative that was started in 1989. Going Global's purpose has been to assist Canadians to use the Canada/US Free Trade Agreement (FTA) as a springboard to take advantage of the rapidly expanding economies and opportunities in the Asia Pacific area, and of European integration following 1992.

The Pacific 2000 portion consists of funding of \$58.3 million over five years (see Appendix 3) to assist Canadians to overcome cultural, linguistic and economic barriers to forming contacts and developing networks and doing business with Asians. The objective has been to enhance Canada's competitiveness, not just through trade initiatives, but in science, technology, and investment.

It should be noted that Pacific 2000 budgets have been cut significantly in the 1989-1994 period. The original budget was \$65.2 million.

Pacific 2000 consists of four main sub-components:

- the **Pacific Business Strategy (PBS)** which consists of new and unique initiatives such as Key Sectors and Business Linkages, as well as funding additions to existing programs such as the National Trade Strategy (NTS) and the Investment Development Program (IDP);
- the **Japan Science and Technology Fund (JSTF)** which is aimed at encouraging Canadian scientists and engineers to establish contacts and collaboration with their Japanese counterparts. This program is unique to Pacific 2000;
- The **Asian Language and Awareness Fund (ALAF)** is unique to Pacific 2000 in that it provides funding to encourage Asian cultural awareness and language training for Canadians;
- the **Projects Fund (PF)** is also unique to Pacific 2000. It provides funding for a variety of initiatives in support of activities and institutions which are pursuing Pacific 2000

⁵The original (1989) budget for Going Global was \$94.6 million.

objectives, e.g. contribution to the core funding of the APFC. Also it includes the International Education Fund which assists Canadian educational institutions in selling their services and products in Asia Pacific and promotes Canada as a place to study; and the Asia Pacific Research Fund which supports research that furthers Canada's economic and policy objectives in the region.

It should be noted that the objectives for Pacific 2000 are interwoven with, and complementary to, those of CIDA's Asia programs (see section 2.2), especially in the area of fostering institutional linkages and networks between Canada and Asia. Perhaps the most practical and concrete example of this is DFAIT's contribution to core funding of the APFC via the Projects Fund component of Pacific 2000, and CIDA's contribution to core funding of the same institution as a project within its Asia program.

4.0 PACIFIC 2000: RESULTS SO FAR

The character of Pacific 2000 programs is fundamentally different from previous ones undertaken by the Department. In undertaking the evaluation, certain aspects of some of the programs were targeted for attention and treatment in greater depth in order to best utilize the finite time and resources available.

4.1 Pacific Business Strategy

The Pacific Business Strategy (PBS) (\$13 million over five years) is designed to address the particular needs and special characteristics of a distinct and challenging marketplace. It supports the pursuit of significant Asian commercial opportunities arising from ongoing import liberalization measures. It focusses on the development of longer-term Canadian export capabilities in specific high-growth value-added sectors and develops broad awareness throughout Asia Pacific of Canada as an attractive place in which to do business. The strategy also serves to expand Canada's presence on the ground by way of additional satellite offices. Finally, it works to involve Canadian business groups for the purposes of exporter education and the expansion of private sector relations with overseas partner organizations. The PBS has five main sub-programs:

- Trade promotion (an extension of the National Trade Strategy (NTS))
- Key sectors market penetration
- Expanded trade representation (an extension of the trade commissioner system to new locations in Asia Pacific, e.g. Taipei, Fukuoka, Nagoya)
- Business linkages
- Investment development (an extension of the Investment Development Program)

Key sectors (\$2.3 million over five years) and business linkages (\$0.5 million over five years) are unique to Pacific 2000 and Going Global, and are the focus of this review. Due to time constraints it was decided to carry out case studies of three projects in order to better understand the key sectors and business linkages initiatives, and assist PBS managers identify reasons for apparent success and failure. The Canada Beef key sector project was selected as an apparent success. Other sectors which were addressed under this key sector component in 1992-93 included seafood (lobster, salmon, herring roe), primary agriculture (alfalfa), automotive and livestock genetics. In the case of business linkages, the ASEAN Canada Business Council and Canadian Exporters' Association import specialist projects were selected for review because there were apparent problems that required resolution. Other projects carried out in 1993-94 under business linkages included the provision of support to the Canada China Business Council to help that organization expand its membership and furnish high-quality advice to exporters, a similar funding arrangement with the ASEAN-Canada Council, and assistance to the Canadian airlines to encourage maximum development of the rapidly expanding Taiwanese and Korean tourism sectors.

4.1.1 Canada Beef

The Canada Beef Export Federation (CBEF) was established in 1989 as a non-profit association committed to promoting the sale of Canadian beef in export markets in Japan and Asia. The CBEF has 56 members which include beef packers, processors, exporters, cattle producers, non-profit associations and societies, associate members (e.g. Canadian Airlines), and provincial and federal governments. CBEF's operations include offices in Calgary and Tokyo. The organization employs six staff, with a volunteer executive of ten.

The CBEF has a goal of capturing 10 per cent of the Japanese market for beef by the year 2000. The 1989 market share was less than 1 per cent.

In order to achieve this goal the organization focuses on linking Canadian exporters with importers and end-users in Asian (mainly Japanese) markets, plus providing for a local presence in the market, and generic promotion of Canadian beef⁶. In addition it provides market intelligence to its members, and runs a Partner's Program on a cost-sharing basis with its members to allow members to develop business and personal relationships in Asia.

CBEF has made significant progress in meeting its own objectives and those of the PBS in general. It has contributed to increasing Canada's share of Japan's beef imports to 1.5 per cent. Volumes of beef exported to Japan have increased from 3,992 tons, valued at \$17.3 million, in 1990 to a projected 6,000 tons, valued at \$30 million, for 1993. In addition it has expanded Canada's exports of processed meats to precisely targeted end-users in Japan, in comparison with the previous practice of exporting whole carcasses. There is thus a trend to increased value-added.

Pacific 2000 key sector funding contributed to approximately 10 percent of CBEF's 1992/93 total revenues of \$1.85 million. Other federal government sources contributed 27.4 per cent and provincial governments 34.3 percent (Alberta 32.5 per cent, and Saskatchewan 1.8 per cent). About 25 per cent came from membership and other private sources. Although the Pacific 2000 key sectors sub-program did not initiate the CBEF idea, Alberta government and other sources indicate that the key sector's money acted as a catalyst in releasing Alberta government funding for the CBEF, and in getting the project going. Governments' share of funding is gradually declining from year to year.

CBEF members are pleased by the fast feedback and service provided by DFAIT officers both in Tokyo and in Ottawa HQ.

⁶Including seminars on cooking, cutting, and advertising.

The reasons for this success would appear to be as follows:

- the CBEF is industry led, there are precisely defined and measurable targets, and there is a very focussed approach to a niche market;
- CBEF has adopted a mini-Team Canada approach where every member of the team (including producers, packers, and exporters) knows what the objectives are, and there is a defined strategy with clear definition of roles and responsibilities. Although there had been some lack of cooperation between packers and producers in the past, the CBEF initiative has resulted in goodwill, and a significant lack of squabbling about territory, etc, between the various actors;
- the CBEF marketing strategy has a long-term perspective, which has been encouraged by the PBS and other partners' funding;
- CBEF has a physical presence (i.e. an office) in Japan;
- consistent with the above, DFAIT made sure that the CBEF plan made sense first, and has only intervened where there is a chance of adding value to the initiative;
- key sector administrators have helped to ensure that there is a capacity for speed and flexibility, as well as stamina and patience to establish long-term trusting relationships with Asian partners.

4.1.2 The ASEAN-Canada Business Council (ACBC) Business Linkage

The ACBC was created in December 1986 by the Canadian Chamber of Commerce in collaboration with ASEAN Chamber of Commerce and Industry. Its objective is to promote increased business ties between Canada and the countries of Southeast Asia. The Canadian section of the ACBC, based in Ottawa, has a membership of 19. Its ASEAN counterpart is based in Bangkok.

Since 1990/91 DFAIT has contributed \$152,046 from its Business Linkage budget to the ACBC. The private sector has contributed another \$295,138. DFAIT share of the total budget is gradually declining (from \$55,898 in 1990/91 to \$25,000 in 1993/94). The basic reason for DFAIT funding for the ACBC is that it is in the ASEAN culture to establish relationships between firms and associations through business councils, and DFAIT wishes to promote Canadian contacts and networks with ASEAN counterparts. Funding was to allow ACBC to establish a formal structure and increase its Canadian private sector membership. It was anticipated that the ACBC would be self-sustaining after 3 years.

ACBC has offered and provided the following services to its membership:

- response to questions and provision of market intelligence;
- organization of and participation at meetings and seminars;
- publication and/or dissemination of reports and documents;
- representation of industry's views on trade policy issues to government;
- establishment of joint membership arrangements with business associations in ASEAN.

Despite these offerings, and the theoretical potential for contacts and networks, the ACBC has attracted only 19 members (not many of which are small and medium size firms which would benefit the most from membership), instead of the anticipated 62 (in the original ACBC project proposal delivered to DFAIT) which would have guaranteed financial self-sufficiency for the organization. The fact that the ACBC has not been able to attract many members has meant that its contributions to attainment of PBS objectives have been marginal, and its impacts in making the Canadian private sector "Asia competent" have been minimal. There is also a danger that public funds are creating permanent dependency rather than a self-sufficient organization.

Possible reasons for the lack of ACBC success in attracting a larger membership are thought to be as follows:

- the initiative has been government rather than industry driven;
- the Canadian business community is more attracted to individual country rather than regional (e.g. ASEAN) markets;
- large companies do not need to be made aware of the opportunities in ASEAN. They are more interested in the networking possibilities of an organization such as ACBC;
- small and medium sized firms may be discouraged by the high membership fees of the ACBC (\$700/year until now, \$350/year beginning in January 1994).
- the recession has made companies very cost conscious, and wary about joining new organizations;
- lack of awareness in the business community which is confused by the number of actors promoting the Asia Pacific area and providing services to business. This is linked to a perceived duplication by the ACBC of the work of other organizations, and DFAIT trade officers and missions;
- the second hand (from other competing sources) quality of much of the market intelligence provided by the ACBC;

Options for Solving this problem are as follows:

- discontinuing support to the ACBC, and relying instead on the existing individual bilateral organizations at the individual country level. This option is simple, but DFAIT should consider whether it might lose a valuable source of policy advice at the ASEAN regional level;
- having the ACBC play a more specialized role on a country or sector basis, without duplicating existing bilateral organizations, and develop a local base for the ACBC within Canada.

Whichever option is followed, it is more appropriate for the initiative to come from the micro/grass roots level, and then apply the same common sense principles as in the CBEF key sector approach. Private sector drive is the most important factor missing in the ACBC, and is at the root of the lack of business participation on the Council.

Apart from the above, there is a need to review the roles of different business groups that the federal government might fund in the ASEAN countries, and determine how best to coordinate efforts. Core funding should be granted to trade promotion organizations only on the basis that they are likely to become self-sustaining in an agreed upon time-frame.

4.1.3 The Canadian Exporters' Association (CEA)/Japan External Trade Organization (JETRO) Import Specialist Business Linkage Project

This project had its origins in Japan's efforts to expand imports to achieve trade balances more agreeable to its trading partners. The import specialist program is administered by JETRO, a quasi-government organization, which operates under the auspices of the Japanese Ministry of International Trade and Industry (MITI). In early 1990 DFAIT welcomed this initiative and reached an agreement with the CEA to provide the home base for the import specialist. In September 1990 the first import specialist began work in the CEA's office in Ottawa for the initial two year term ending March 31, 1992. In April 1992 it was agreed to extend the project for a further two years, ending March 31, 1994. The second import specialist took up his assignment in the fall of 1992.

Funding for this import specialist is as follows:

- salary, living, and operational expenses are paid by JETRO;
- from PBS business linkage funds DFAIT provides the CEA with financial assistance to cover the costs of administration, salary and benefits of one full-time secretary for the import specialist, postage, stationary and office supplies, phone, telex, facsimile, and miscellaneous materials. Since its inception yearly contributions from the PBS have been

\$62,500 to \$65,000.

The import specialists are seconded from Japanese trading companies.

The task of the import specialist is to provide Canadian exporters with guidance and advice on how to access the Japanese market, and to facilitate contacts with Japanese importers. Activities include providing advice to Canadian exporters who are new to the Japanese market, or who are having difficulties in moving ahead (e.g. how to access the Japanese market). Subsidiary and unofficial activities include assisting Canadian exporters to make contacts, and market intelligence.

The first import specialist consulted with over 240 Canadian companies in the first two years of the project. The second import specialist placed less emphasis on numbers of companies consulted and more on quality candidates and in-depth advice.

JETRO reports that by the end of September 1993, 11 companies were selling in Japan as a result of consultations with the import specialist, for a total value of \$2.4 million. It is anticipated that this will have a ripple effect as these and other companies which have received advice, put their knowledge to use. Of the 46 companies consulted by the first import specialist, which had provided a status report for 1991/92, 47% were exporting, and 53% had shown little or no progress. A list of on-going projects prepared for the July 1993 stakeholders' meeting shows that of the 14 companies involved in on-going consultations with the second import specialist, 29% had received sample orders, 29% were negotiating or discussing with potential partners, and 42% were in earlier stages (e.g. looking for a partner).

Some of the reasons for slow progress identified by the status report of 1991/92 included difficulties in finding a partner, and strong price/quality competition.

The majority of the eight companies interviewed in the case study reported that the services provided by the import specialist had been beneficial to their company. In particular the import specialist:

- had provided them with guidance through difficult negotiations, or by helping them become more confident;
- had contributed to making them more aware of the opportunities in Japan;
- had generated contacts, but at the time of interview few of these had developed into business contacts.

The most useful service was the guidance with respect to how to approach the Japanese market. Less success was experienced in the establishment of contacts and in provision of market intelligence (where provided, it tended to be a duplication of other sources). The second import specialist's emphasis on quality rather than quantity of those serviced is alleged to have produced

more positive results.

This project has made some progress in meeting its objectives, and those of the PBS, however it is not a dramatic success story as yet. Problems/concerns include the following:

- each of the three partners (i.e. JETRO, DFAIT, and the CEA) has different expectations, and slightly different objectives for the project. JETRO perceives the role as that of matchmaking, DFAIT perceives the role to be that of providing guidance on how to access the Japanese market, while the CEA perception of the appropriate role straddles that of DFAIT and JETRO);
- insufficient preparation for consultations. There is a concern that the import specialists, and to some extent DFAIT officers, have not prepared themselves sufficiently (with respect to information about clients and their needs and expectations) ahead of time, and that this had led to poor quality consultations. To ameliorate this it was decided that a DFAIT officer would accompany the second import specialist on his visits to DFAIT clients. This, however, has not happened to the extent that was originally hoped;
- the second import specialist has referred DFAIT clients to his home trading company. DFAIT is sensitive to the potential problems this might cause, and alerted this import specialist;
- there is not yet enough reporting of results by the second import specialist;
- the fact that there is only one import specialist was cited as limiting the impact of the import specialist's work by most of those interviewed;
- the first import specialist was not as proficient in English as the second import specialist. Language proficiency is important to ensure effective communication between the import specialist and clients.

Lessons learnt from this project are as follows:

1. Quality of consultations is more important than quantity.
2. Companies serious about penetrating the Japanese market but not already present in this market, or those experiencing roadblocks should be targeted.
3. More teamwork between DFAIT officers and the import specialist, and more preparation for consultations is required.
4. Responsibilities and expectations must be clarified to avoid misunderstandings.

5. It would be worth investing in an assistant to the import specialist, who might specialize in follow-up work⁷.
6. It is essential that the import specialist be very competent in English, in order to avoid communication problems.

4.1.4 Some General Conclusions About the Pacific Business Strategy

Based upon the above case study findings, and on a focus group involving some business people experienced in the Asia Pacific market, the following general conclusions have been reached about the PBS:

- **the PBS is needed** because of the economic importance of the Asia Pacific, and because:
 - Canadian exporters naturally look to US markets as opposed to Asia Pacific;
 - success in the market requires a long term investment;
 - initial export development work in this market is costly;
 - government support for industry in the Asia Pacific markets is more important than in more traditional Canadian export markets;
 - others are pursuing the Asia Pacific market very aggressively.
- **the objectives of the PBS⁸ make sense.** Strengthening corporate ties is considered to be particularly relevant as "relationships are everything" in the Asia Pacific region. It is felt that the PBS objectives should reflect the fact that Canada is in the business of selling "services" as well as "goods". It is also felt that the objectives should reflect the fact that it is the private sector that will fulfil the PBS objectives rather than government. According to some of those interviewed, the government's role is to act as broker or facilitator.
- **the limited evidence from the three case studies, and the focus group suggests that the implementation strategy for the PBS could be more effective:**
 - there is an overall need for better coordination or a "Team Canada" approach to trade development in the region. In particular there is a need to clarify the roles played by various business associations (e.g. ASEAN Canada Business Council

⁷It should be noted that this is the conclusion of the consultant that undertook this study. The manager (PNJ) disagrees, but recognizes that it is the view of some.

⁸The objectives of the PBS are to:

1. Maintain Canada's existing market share in the region in the face of increased international competition.
2. Develop new markets for processed and end products in response to market liberalization measures.
3. Strengthen corporate ties between Canadian and Asia Pacific companies.
4. Attract Asia Pacific investment and tourists in Canada.

and the APFC), and how these relate to trade officers in Canadian missions. Attention should be given to ensuring well-defined roles for groups which are being funded, and to creating cooperative interaction rather than competition. private sector leadership is a vital ingredient, as is its validation through well-timed support from government;

- some DFAIT divisions have been more successful than others in adopting a strategic approach to selection of priority sectors and niches. The availability of private sector groups with both the interest and capability to undertake a major effort is of course a major variable. Efforts should be made nonetheless to work toward focussed and consistent use of this program.
- there are some more generic observations that apply to DFAIT's trade delivery in general, and not just to the PBS:
 - there could be greater use of locally-engaged staff due to their particular effectiveness and normally lower costs of deployment;
 - some trade development functions might be contracted out, and this might be done in conjunction with cost recovery or use of user fees;
 - trade commissioner effectiveness might be increased with longer postings, since an in-depth knowledge of a particular sector or market is often needed, and this takes time to acquire, particularly in Asia Pacific.

significant contributions are being made to achieving PBS objectives:

- the three case studies indicate that the funded organizations have used PBS funds to gather market intelligence and increase contacts in the Asia Pacific market, the CBEF has been the most successful example of this, the ACBC's success has been limited by its low membership, the Japanese import specialists have provided limited new market intelligence to Canadian clients, and there has been a mixed performance in terms of increasing contacts and establishing linkages;
- the CBEF case study demonstrates the value of focussing Canada's export development efforts on a well-defined niche, particularly if it can be timed to take advantage of changes in markets, rather than spending funds across a wide number of sectors. Also it is important not only to focus on key sectors, but on key niches within those sectors, as identified by business;

PBS funded initiatives have had some positive impacts and effects, however the degree of success varies from project to project, and because of the number of players there is a danger of duplication and overlap in the absence of cooperation and consultation:

- bearing in mind the problems of attributing results directly to any one program, the evaluation does identify specific successes. The case studies indicate that

CBEF has been successful in strengthening Canadian presence in the Asia Pacific markets, as well as increasing Canadian awareness of trade opportunities there, and improving Canadian competence in these markets. This has already translated into a situation where Canada's sales of beef and market share in Japan have increased. The ACBC is unlikely to have increased Canadian presence or improved Canadian competence, however it has contributed to Canadian awareness of trade opportunities. The Japanese import specialists have contributed to a greater Canadian presence and trading competence in the Asia Pacific markets (JETRO reports sales so far by 11 companies of \$2.4 million), but have had little or no effect on increasing Canadian awareness of trade opportunities;

- the CBEF has been a successful collaborative effort by a large number of players who have worked well as a team, with the main impetus coming from the private sector. The largely Pacific 2000 funded ACBC has a role which is perceived to duplicate or overlap with other organizations, some of which are at least partially funded by DFAIT and/or CIDA and provincial governments. The Japanese import specialist role is unique, and there is little or no possibility of duplication so long as the role remains restricted to "tailored" guidance of Canadian firms.

the delivery of the PBS has been found to be effective in some areas, but there is room for improvement:

- the turn around time for funding submissions is very good (4 to 5 weeks);
- officers are pragmatic and take a flexible approach;
- opportunities for greater coordination with other government departments exist;
- DFAIT needs to continue to work with the private sector to identify priorities jointly;
- the identification process for priority sectors should be further refined to the level of specific market niches;
- organizations funded by the PBS have not taken full advantage of the APFC business programs;
- formal project monitoring is inconsistent, and limited to financial reporting. Information sharing about what works, and what does not, is critical to the success of the program.

In summary it is observed that strategic, focussed approaches within niche markets, where the private sector has played a leadership role, are where the PBS has achieved its greatest success. Ultimate success in the Asia Pacific market requires patience, money, and persistence. To ignore this market and not have in place an effective program that provides assistance to Canadian exporters would put at risk Canada's present position in the market, and ultimately reduce Canada's chances of success in the world's fastest growing economic region.

4.2 Japan Science and Technology Fund

The JSTF is a \$21.6 million fund to encourage science and technology relations with Japan over the 1989/90 to 1993/94 period, by assisting Canadian scientists and engineers to travel to Japan on visits and exchanges, and to make contacts and form networks with Japanese counterparts to carry out joint projects. Although all the funding comes from DFAIT, it is an interdepartmental initiative, and its administration involves DFAIT (government component), Industry Canada (IC) for the industry component, and the Natural Sciences and Engineering Research Council (NSERC) for the academic component. Funding to recipients in each of these three sectors is on a matching contribution basis.

The program was initiated to shift Canadian attention toward building S&T linkages specifically with Japan, Canada's second largest economic partner and a newly emerged leader in technology. Expanded technology cooperation with Japan is important to the international competitiveness of Canadian industry. The program is designed to overcome the key barriers to cooperation, such as high costs, language and cultural differences, and the lack of information and understanding of Japanese R&D efforts. The JSTF responds to the recommendation of the Complementarity Study submitted to the Canadian and Japanese Prime Ministers, on the potential for enhanced bilateral research and development. The establishment of the JSTF also delivered a clear statement of Canada's commitment as a means to engage Japanese' interest in Canada.

In support of the bilateral S&T relationship, the JSTF funds fact-finding missions, workshops and panels which define areas and identify partners for new cooperative projects. In fact, officials indicate, the JSTF has been a vital factor in invigorating the bilateral relationship, one which the Japanese have said other countries should emulate. In terms of joint research and development, the JSTF provides incremental funding to encourage researchers to seriously consider working with Japanese rather than with traditional partners. In addition, the JSTF has been the principal source of federal government support for the CO-OP Japan Program (which places science and engineering co-op students in Japanese industry) and more recently the Japan Manufacturing Engineers Exchange, both of which provide Canadians access to Japanese facilities for extended periods.

The evaluation of the JSTF has focussed on a case study of the contributions and awards given to academics, government, and industry. It did not include an evaluation of the contribution of the JSTF to the bilateral science and technology relationship with Japan, in part as this would reach beyond the JSTF itself. Also it did not examine the cooperative student placement program since there was a separate requirement to evaluate this project. This case study has involved interviews with managers; file search; analysis of the JSTF data-base; construction of suggested performance indicators; design of a questionnaire to assess performance, which was tested with JSTF clients, who had received funding and who had completed their projects in the 1990/91 and 1991/92 fiscal years; and the undertaking of three

"success story" case studies.

The results of this preliminary evaluation of the JSTF are as follows:

1. There is a consensus that the basic rationale for the JSTF is strong;
2. There is no explicit strategy for the JSTF. Strategic planning for the JSTF should include an analysis of the present S and T relationship with Japan, a precise definition of the potential client population in Canada, an analysis of client needs and procedures for identifying them, an analysis of options available for improving science and technology relations with Japan, implementation strategies, monitoring of activities, outputs, and evaluation of intended and unintended impacts. Some of these strategic planning activities are reported to be already undertaken within the context of the Canada-Japan S and T consultative framework, and the JSTF working groups, but the program has never had sufficient administrative resources to formalize these processes, and make them evident to outside observers. The immediate unintended impact of this lack of explicit planning, and the related problem of a slow start (under-disbursement), both partly due to under-resourcing for administration, is a less positive image for the program than otherwise would be the case;
3. The JSTF is complementary to existing science and technology programs in that it attempts to provide an incentive for Canadian scientists and engineers, including those from business, to overcome the barriers of cultural and language and higher costs that are hindrances to greater communication and cooperation with Japanese counterparts.
4. The survey of 60 JSTF clients, who had completed their projects in 1990/91 and 1991/92, resulted in 42 completed returns. At that time most JSTF clients were from academic and government sectors, rather than business, and the results reflect this bias. The results may be summarized as follows:
 - the majority of respondents stated that their JSTF project would lead to more future collaboration with Japan than would otherwise have been the case;
 - most respondents stated that collaboration in research was their number one objective. Training was a priority for only a minority;
 - most importance was attached to acquiring new contacts, collaborators, and knowledge, and respondents reported a high level of achievement in each of these areas. Therefore clients report success in meeting their objectives;
 - JSTF clients are developing and maintaining their contacts and networks, and there is a high level of collaboration with Japanese partners, after project

completion;

- 9 out of 42 respondents stated that their JSTF project had already led to further funding from other (i.e. non-JSTF) sources;
 - most clients indicated that their projects had led to increased visits to Canada from Japanese scientists/engineers;
 - the JSTF has had only a marginal impact so far in terms of encouraging Japanese language capability, most claimed they could use English while in Japan. It should be noted that JSTF participants had made little use of the JSTF for language training in the first two years of the program;
 - one of the most significant benefits of the JSTF is that it has led to increased knowledge and understanding of the Japanese S and T system;
 - Japanese partners received high ratings with respect to cooperation and helpfulness;
 - Canadians expected that the major impact of their project would be their increased scientific/technological knowledge, the mutual respect generated, and increased cultural awareness. There were lower expectations so far regarding commercial opportunities;
 - respondents agreed that there were significant benefits for the Japanese side from the JSTF instigated "marriage broking" and cooperation. Establishment of mutual understanding and trust was perhaps the most important outcome.
5. Matching contributions were an important original criterion for success. JSTF matching contribution targets were exceeded in the first two years of operation (i.e. for the period where complete data is available). There remain some uncertainties about a consistent definition of matching contributions, and this is being addressed.
6. It is reported by DFAIT managers that the JSTF institutional activities have contributed significantly to Canada's bilateral relations with Japan, particularly in the S and T area. This aspect of broader strategy was not covered in this evaluation case study, and in view of its potential importance, it should be assessed in future evaluation studies of the JSTF.

7. Three case studies of "success stories" were undertaken in order to pinpoint the ingredients for JSTF project success. These indicate that JSTF success is linked to:

- the level of excellence of the scientist/engineer;
- having a monopoly of knowledge and/or ownership of technology in an area which the Japanese wish to access, and vice versa. There have to be the conditions for real exchange;
- a sophisticated knowledge of their own strengths and weaknesses in relation to those of the Japanese; and
- a willingness to develop long-term relationships, and a readiness to follow-up the establishment of contacts/networks;
- in the case of the private sector, an imaginative approach to R and D organization, and use of scarce R and D resources. For instance one success story represented a consortium approach to R and D.

This justifies the present administrative approach to project selection which relies on peer review, and interdepartmental working groups using explicit project selection criteria which reflect the above ingredients for success. However the industry sector may require a somewhat different approach involving project selection processes and criteria which also include evidence of imaginative use of R and D resources within and between firms, and "innovation readiness". In the selection of industry sector projects there is potential for more linkage to other trade development programs, and to explore ways in which the JSTF can be drawn to the attention of Canadian companies seeking to develop business strategies for Japan.

8. As already indicated above, the JSTF has been significantly under-resourced for delivery within DFAIT. At its initiation in 1989, no new person years were authorized by Treasury Board (TB) for the program, although these were requested in the original TB submission. DFAIT managers have had to borrow resources from other programs, and use JSTF funds for short-term contractual help. Despite these difficulties, clients who were surveyed acclaimed the non-bureaucratic administrative approach. However, lacking administrative resources, program managers were not able to establish a data-base, or develop extensive record keeping.

As part of this evaluation new data-base systems, including performance measurement and monitoring, are being suggested. This includes standardized end-of-project reporting, and use of a questionnaire survey of clients to assess results and impacts/effects of JSTF projects. Such common-sense and standard management measures will be impossible to

implement unless more permanent staff resources are allocated to JSTF administration.

9. Since 1992 the administration of the JSTF has been assisted by delegation of industry and academic sector delivery to Industry Canada (IC) and The Natural Sciences and Engineering Council (NSERC) respectively. This has alleviated some of the stress on DFAIT and has added to the expertise brought to bear in the administration of the JSTF. Lack of industry sector take-up has been a problem, partly due to the slow start of the program, and also due to the recession, which has inhibited companies from engaging in high risk activities. IC reports that industry sector take-up is now increasing, partly due to enhanced publicity for the JSTF. Overall interdepartmental coordination has also improved through the establishment of the Pacific 2000 Oversight Committee in 1992.

The National Research Council (NRC) as major science-based agency, although represented at the technical JSTF Working Group level, is left out of strategic level decision-making for the JSTF on the Pacific 2000 Oversight Committee. Although the NRC is not directly responsible for delivery, it has the experience, knowledge, contacts, and networks to provide valuable input into strategic planning. This is an unresolved issue.

It is concluded that the rationale for increasing S and T cooperation with Japan is sound, and initial results are positive and promising. For instance JSTF clients are positive about the outcomes of their projects, mutual trust has been established, there is evidence of spontaneous follow-up activity, and new contacts and networks have been created.

Matching contributions targets, an indicator of effectiveness, have been exceeded according to the aggregate statistics available. Future evaluations should carry out project by project analyses of matching contributions to ascertain their strengths and weaknesses as indicators of effectiveness, and the impact which varying levels of contributions are likely to have on different categories of clients, and on the costs of managing the program.

There is insufficient evidence at this early stage to conclude whether the JSTF as presently structured represents the optimum allocation of resources to attain the objectives. This is partly because science and technology activities take a long time to come to fruition, and the largest pay-offs tend to be those that are unpredictable. Also, in retrospect, it is often difficult or impossible to trace causes and effects of technological change. The problem of measurement of effectiveness of the JSTF is compounded by the fact that the program contributes to the important but "soft" area of bilateral relations between Japan and Canada. For these reasons, for a large, complex, and innovative program of this nature, it is more important than ever to have an explicit conceptual framework and strategy, a set of quantitative and qualitative performance indicators, and provision for monitoring, analysis, and feed-back as suggested in the report. For this to happen JSTF delivery must be adequately resourced with permanent staff, with the necessary managerial and analytical

qualifications and capabilities.

4.3 Language and Awareness Components of the Asian Language and Awareness Fund (ALAF) and the Projects Fund (PF)

4.3.1 The Language and Awareness Component, and Evaluation Methodology

As part of the evaluation of Pacific 2000, an assessment of those funded activities and institutions that were targeted to language and awareness was undertaken. The term "language and awareness" here is defined as the initiatives designed to raise Asian "skill" levels in Canada so that we might compete more effectively and build the relationships which are so vital to long-term success. These cover a range of activities from:

- (1) raising awareness in the business community of cultural diversity, business customs, negotiating strategies, and opportunities for regions; to
- (2) program for universities, colleges, and secondary schools addressing language instruction, curricula development, research support, joint ventures, and exchanges.

The objective was to provide the evaluation team with insights to include in their overall programme evaluation. The language and awareness sector was divided into 9 discrete components comprised of 8 separate categories of awardees and an additional component that focused on two institutional case studies.

For all of the 9 components a distinct interview protocol was developed that addressed questions directly to the specifics of their awards as well as a general assessment of Pacific 2000 and an appreciation of the role of the Asia Pacific Foundation of Canada (APFC). Except for the 2 case studies, all the information collected was from the interviewees. For the case studies, testimonial information was augmented with site visits and a thorough documentation review.

4.3.2 Language and Awareness Components: Summary of Findings

The Asian Language and Cultural Awareness Fund is designed to improve Canadians awareness of Asian culture and encourage the study of Asian languages.

The Language and Awareness Program is delivered mainly by the APFC, and also via two major centres (The David Lam Centre, and the Asian Business Studies Program), and directly DFAIT:

The Asia Pacific Foundation of Canada (APFC) administers the majority of the monies (\$2.758 million and \$2.504 million respectively in 1992/93 and 1993/94) under the Language

and Awareness Fund. The following is a summary of the activities supported:

Secondary Schools Participants/Recipients: Funding of secondary school program development has resulted in a major breakthrough in the introduction of new programs with a specific focus on the AP as a part of a general shift in the education sector toward increasing global awareness. The seed funding provided through the APFC has been critical to this endeavour and additional grants from a variety of sources have complemented this initial effort. Responses from participating students, teachers and parents have been unanimously positive. It is hoped that funding sources would better coordinate their efforts to support the further development of secondary school programs. The APFC has begun to address the issue.

Post-Secondary Institutions Recipients: The funding of post-secondary programs has resulted in an increase in the number of programs offered and an enhancement of existing Asia Pacific programs to meet a pent up demand for this area of study. Seed money administered by APFC was instrumental, and the majority of funding recipients have received very positive feedback from students. There has been an increase in commitment by Canadian universities to the Asia Pacific as a result. More resources, however, are necessary to broaden these programs and to meet the ever-increasing demand for Asia Pacific related language, knowledge and experience.

Teacher Study Tours Recipients/Participants: Teachers and other educators participating in the study tours believe that the tours have provided them with an invaluable experience which has led to the enhancement of their knowledge and appreciation of the host countries visited in the Asia Pacific. The majority of participants reported that the tours exceeded their expectations in providing the opportunity for a "lived experience", and helped enormously in their efforts to effect changes in curriculum development.

Japanese Teacher Training Recipient: While these language training programs have been successful in meeting the needs of the participants, particularly in the area of employment or employability, the development of the programs has not yet made a significant dent in satisfying the enormous demand for Japanese language teachers.

The Japan Language in Canada (JLINC) project is entering its second year. This activity is designed to supplement Canada's Japanese language teaching with teacher's aides from Japan. The first year we had three placements in two provinces - Manitoba and Ontario. The APFC is confident of expanding the project with the cooperation and financial assistance of the Japan Foundation.

The David Lam Centre for International Communication (The David Lam Centre) has achieved and in some instances surpassed all of its original objectives. Since opening its doors, the David Lam Centre has increased the training to the public by over 900%. The program has

reached a very wide audience and has received consistently positive feedback. The Support of Pacific 2000 has been critical in lowering the fees charged and thus increasing the number of participants. In addition to language and cultural training, over 110 seminars and public lectures have been given on Asian topics since 1990. The David Lam Centre could easily absorb additional funding to expand and broaden its penetration of the market. In 1992/93 and 1993/94 respectively, the level of funding from the Asian Language and Awareness Fund (ALAF) was \$170,000 and \$165,000.

The Asian Business Studies Program (ABSP) had been designed and approved with ambitious objectives: most of which were never attempted, few were achieved. Within a much more restricted set of objectives, the management of the ABSP has made some modest contributions to potentially increase the language and awareness within the Toronto area. Among other contributions 37 lectures and seminars have been organized in conjunction with APFC, a computer based Japanese language course has been initiated, and 2 tenured faculty positions focused on Asian business issues have been provided. Levels of funding from the ALAF were \$210,000 and \$177,000 respectively in 1992/93 and 1993/94. Whereas the realization of measurable gains necessarily requires a much longer time frame than 4 years, the ABSP as presently organized is severely constrained in achieving any of its own and the Pacific 2000's objectives within any time frame.

The Department of Foreign Affairs and International Trade (DFAIT) delivers the following components of the program (parts of the Language and Awareness Fund and the Projects Fund):

Asia Pacific Conferences Funds (\$50,000 and \$90,000 respectively in 1992/93 and 1993/94). Support of Asia Pacific Conferences has been effective from the participants' perspectives in achieving their objectives to focus on the relations between the Asia Pacific (AP) and Canada within the academic community and to increase their universities' interest and involvement in this area. Unfortunately, participation from business, government and the public was minimal and it is hoped that in the future interest in the region will change this⁹. Not all conferences were academic in nature however. Activities such as the XIII Confederation of Asian and Pacific Accountants (Fall 93), the City of Calgary's PACOM 92, and Transport and Urban Development in the Pacific have been supported as well.

Research Fund Recipients (\$588,000 and \$823,000 respectively in 1992/93 and 1993/94): The majority of research fund awards resulted in a focus on the economics of Canada-Asia relations such as "Aspects of India's Economic Liberalization", "Yen Block", and "Japanese Trade and Investment". A significant number, however, focused on non-economic matters, principally regional security issues - initiatives such as North Pacific

⁹It should be noted that business conferences can get alternative sources of funding. However this does negate the need for academic conferences to reach out to the business and other communities.

Cooperative Security Dialogue and various roundtables. Outputs were targeted principally to the academic and government communities, and early feedback has been positive.

International Education Fund Recipients (\$316,000 and \$523,000 respectively in 1992/93 and 1993/94). Efforts to increase awareness of Canadian educational institutions within the AP region have been successful although modest. Projects supported cover a wide spectrum from "Technical Education for Remote Areas Workshop"; supporting the sole Canadian entry in the Sunstang Solar Race Car Rally in Australia, to the printing of brochures describing Canada's education system and culture, joint marketing ventures, and designing of joint programmes and curricula. All recipients identified marketing as an essential component to international education programmes and predicted a major increase in enrolment from the AP in the next 5 years. From participants, advantages and challenges related to this significant increase in foreign students were observed.

In addition to grants to educational institutions, DFAIT has supported major education fairs and conferences, as well as the Taipei Education office at the Canadian Trade Office in Taipei. In 1993, a prototype education office opened in Seoul to market Canadian educational services on a cost-share basis with universities and colleges across Canada. Although this activity is new (1993 was the first year of operation), results to date have been encouraging and discussions about outsourcing its delivery and expanding it to include a 'national cooperative placement program' are under way.

Measurable Impacts. Much of the increase in enrollment in Asian languages courses may be directly attributed to the Language and Awareness Program. Available statistics (see Appendix 3) indicate that enrollments in Asian language courses have risen significantly:

- post-secondary enrollment in Asian language classes has risen from a low of 500 in 1988/89 school year to 6,928 in 1992/93;
- the total number of Canadian (BC, Alberta, Manitoba, Saskatchewan, and Ontario) high school students studying Japanese and Chinese rose from 1463 and 1498 respectively in 1989/90 to 5081 and 4055 in 1992/93;
- enrollment in heritage language classes has also risen.

4.3.3 Language and Awareness: Lessons learned

- ▶ While some Canadian universities have increased their interest in the Asia Pacific region as a result of conferences, the involvement of outside communities has not been achieved through this avenue. Academics have a tendency to design conferences for peers that do not reach important partners in non-academic sectors.

- ▶ The process of application and approval in the administration of both the conference and the research funding was rapid, and was seen as an approach that helps awardees to avoid excessive bureaucracy. However, follow-up reporting may help communicate valuable experiences to assist in future planning.
- ▶ With regard to international education, competition from Australia, New Zealand, the United States, and Britain is significant, and Canadian institutions must significantly increase their marketing efforts if they are to attract Asian students. A lack of funding, however, is not seen as the only constraint to recruitment efforts.
- ▶ Asia Pacific students need to be made aware of the options available in Quebec's francophone institutions.
- ▶ Matching fund requirements are considered as an essential sign of partner commitment. However some claim that there is a need for a more flexible formula, given that rigid matching fund requirements for secondary schools will not take into account the varying institutional limitations and differences in capability.
- ▶ The rich and varied experience gained from the secondary school programs should be reviewed systematically, and adjustments made to subsequent programs in the light of the lessons learned.
- ▶ Whereas seed funding might play an important role in the secondary and post-secondary education programs, recipients believe that longterm funding commitments are also necessary. The same lesson has been learned by researchers funded by DFAIT¹⁰.
- ▶ Longer Teacher Study Tours were deemed to be more effective and less stressful than those that limited the teachers' stay to two weeks.
- ▶ In conjunction with Study Tours, networking among international educators during the tours provides a sustainable benefit and a vital avenue for the continual upgrading of curriculum.
- ▶ In the area of Japanese Language Training, it is evident that significantly larger amounts of funding and institutional support are necessary to meet the growing demand for Japanese language ability.
- ▶ It is claimed by some that for the APFC's development of appropriate strategy vis-à-vis the language and awareness aspects of Pacific 2000, it may be more effective to move

¹⁰It should be noted that APFC policy and practice is to provide assistance for start-up programs only. This approach is based on the conviction that long-term funding support indicates a lack of commitment by the partner, and may create dependency.

away from dependence upon the participants in the provincial ministries of education and more toward those parties and organizations which have a direct interest and commitment in working in the Asia Pacific region.

- ▶ Strategic planning in expanding Canada's awareness of the Asia Pacific should be a balanced approach of culturally-driven activities to complement business-focused endeavours.

4.4 Asians' Awareness and Knowledge of Canada

4.4.1 APFC Delivery of the Future Leaders Program (FLP)

One of the most important components of succeeding in Asia is to establish personal relationships. This applies to relationships established by countries as well as between individuals. The growing economic power of many countries in Asia reinforces the need for Canada to identify potential leaders and establish good relations with them early in their careers. By having these Future Leaders visit as guests in Canada to learn more about the country and its people and to have them return to their home countries much more aware of opportunities to cooperate in the future, is the main aim of the Future Leaders Program.

To this end the FLP focuses on short term study and intensive orientation visits to Canada by rising politicians, bureaucrats, business and media people. The targets are individuals who have demonstrated that they will be future opinion makers in their country.

In order to get the program off to a quick start, it was decided to focus at the beginning on Asian media people. As indicated in the separate section under the media program, since 1990, twenty-four Asian media people have visited Canada and reported back to their home countries on Canadian topics.

It was decided also that it would be more efficient to bring small national groups of three or four participants to Canada rather than single individuals. In addition to the media groups, two commercial Future Leaders programmes were arranged which brought four agricultural specialists from Taiwan and four software producers and researchers from Japan. It was not expected that the 1993 Japanese Software FLP would have immediate commercial returns but, the APFC reports that the response from the four participants was enthusiastic and their referrals have resulted already in commercial dealings with Japan in Canadian software purchases.

Partners working with the Foundation on the FLP program have been established in Asia and across Canada. The program could not run without the co-operation of governmental officials, research institutes, private sector companies, and business associations. Contact is maintained with all participants in past Future Leaders' Program.

With democratic systems being established in an increasing number of Asian countries, the Foundation has plans to increase the number of participants from political and government fields.

Although it was not possible to survey past FLP participants directly, the Foundation does have letters of appreciation from them commenting favourably on the program and its results.

With this FLP experience, its contacts in Canada, its linkages with Asia Pacific, and its non-governmental status, the APFC is well positioned to assist CIDA in bringing Asia Pacific decision-makers to Canada to learn more about Canadian approaches to economic policy development, public administration, and governance.

4.5 Conclusions About Pacific 2000

1. **Rationale.** The basic rationale for Canada to prepare itself, and to become more a more competent player in the Asia Pacific is stronger than ever¹¹. This is because the Asia Pacific region is a highly populated area to which Canada already exports more than it does to Europe (see Appendix 2-2). It has the world's fastest economic growth. Immigration of Asians is transforming Canadian demographics, and the Canadian Asian communities are a valuable resource for Canada vis-a-vis its relations with Asia Pacific (see Appendix 2-7). Finally the Asia Pacific area poses challenges because of the high costs of initial entry, partly because of differences in culture and language, and also because personal contacts and networks based on mutual trust are essential for long-term success.
2. **Objectives Achievement.** Pacific 2000 has brought about improvements in relation to its objectives in the last five years.

In the areas of developing greater awareness and building Canadians' "skill" levels there has been significant progress, especially in the APFC administered secondary and post-secondary schools program, and in the David Lam Centre program targeted at businesses. The Canada Beef Export Federation key sector component of the Pacific Business Strategy - is an obvious success, and has produced tangible results already. The two business linkage components of the PBS which were examined (the ASEAN Canada Business Council, and the CEA-JETRO Japanese Import Specialist project) have not been as successful, but important lessons have been learned. The results of the JSTF client survey indicate progress in relation to JSTF objectives.

The APFC administered Future Leaders Program has been instrumental in heightening

¹¹Interviewees in all four surveys (i.e. Pacific Business Strategy, JSTF client survey, Language and Awareness client surveys, and the survey of managers, stakeholders, and clients of Pacific 2000/APFC), where specifically questioned, were unanimous on this point.

the awareness of prominent Asians, including media persons, about Canada. Meanwhile steps have been taken under the International Education Program to make Asians more aware of Canada as a place to study, and early results are sufficiently encouraging to suggest an expanded and more comprehensive approach.

3. **Client Satisfaction.** Users of Pacific 2000 programs and services that have been sampled, are for the most part satisfied and positive about the promptness and helpfulness of the services provided. In the case of program components directly administered by DFAIT, DFAIT officers are reported to have administered the programs with fast turn-around times and with empathy for clients' needs, despite severe under-resourcing for delivery of much of the program (e.g. JSTF). Where surveyed, e.g. JSTF clients (from 1990/91 and 1991/92), and language and awareness, clients have expressed satisfaction with the immediate outcomes of their Pacific 2000 projects. Clients and some stakeholders tend to be aware of the general aims of Pacific 2000, but very little knowledge of the specifics, but this may not be important.

4. **Impacts.** In view of its innovative programming, and the long-term nature of the results, changes in preparedness and competence, attributable to Pacific 2000, will naturally take sometime to become evident. However:
 - there are signs of fundamental change in Canadian attitudes to learning difficult Asian languages, and in learning about Asian cultures. For instance over 10,000 Canadians were studying Japanese last year. Also, there have been significant numbers of coop placements in Asia;
 - there is greater S and T collaboration with Japan; and
 - increasing interest of Canadian businesses in Asia Pacific. Indeed some of this has already translated into increased market share for Canadian beef products in Japan, and increased sales of other goods and services in Japan.

As the foregoing demonstrates, some of this change is already directly attributable to Pacific 2000.

5. **Partner Commitment (Matching Contributions), and Client Willingness to Pay (Cost Recovery).** The degree to which partners are willing to contribute resources in support of Pacific 2000 through counterpart funding (matching contributions or cost recovery) is a basic measure of effectiveness and value for money. Matching contribution targets have been met. A small minority of clients indicated that matching contributions requirements are too onerous, and minor adjustments to program design may be necessary in certain areas to allow for more flexibility in the rules. However such adjustments should be preceded by careful analysis of matching contribution definitions,

and of client capacity to contribute. Cost recovery targets were inappropriate due to the pre-commercial and/or long-term nature of the PBS and JSTF programs and were justifiably dropped.

6. **Duplication and Overlap.** There are no glaring examples of duplication and overlap, however there is a desire for a more coordinated approach both at home and abroad. The need for a "Team Canada" approach has been expressed.

Federal and provincial departments and agencies, the APFC business program, chambers of commerce and business councils are perceived to be tripping over each other in providing services in some areas, e.g. business. This has been a lesson learned in the case of the ACBC.

The CBEF key sector initiative demonstrates how a Team Canada approach can be attained in a very common-sense and pragmatic way. The latter initiative shows that funding mechanisms such as Pacific 2000 are a valuable tool to bring about "concertation" of action between the different players.

Within Pacific 2000 there appear to be opportunities for further integration of the four major components to realize potential complementarities. For instance the possibility of providing for greater linkage between the Pacific Business Strategy and the presently under-utilized Industry Component of the JSTF might be explored.

7. **Program delivery.** Pacific 2000 is in many ways an experimental program, and managers are constantly exploring more cost-effective approaches to delivery in somewhat unknown territory. Before the advent of single operating budgets, the scope for innovation had been restricted. For example the JSTF was ham-strung in its early years by under-resourcing for delivery of the program. The necessary person-years for delivering the program that were requested were never granted.

Much of Pacific 2000 has been delivered by intermediary organizations such as the APFC. Results of the background studies indicate that the APFC has played a very effective role in delivering the language and awareness components it is responsible for. It has been advantageous to use an organization of this type, since it is capable of taking initiatives in areas that are difficult for DFAIT to operate, and it has its own networks at home and abroad, which have amplified the effectiveness of Pacific 2000.

8. **Program Alternatives.** No program alternatives have been suggested.
9. **Evaluation Needs.** Although matching contributions are a measure of effectiveness, (and targets have been met), Pacific 2000 does not have an evaluation framework, including performance indicators, particularly at the effectiveness and impacts levels. These are no

less than tools to establish what the "bottom-line" is, and are essential in any accountability regime aspiring to transparency and unambiguous results. This has been partly due to under-resourcing of delivery of the program. Now that there is a system of operating budgets, and with the experience gained so far, it is timely to draw up an evaluation framework for the next five year period, and to prepare for future program evaluations in line with Treasury Board evaluation policy and working standards.

5.0 THE APFC

5.1 Some Background Information About the APFC and its Mandate

The Asia Pacific Foundation of Canada (APFC) was established under an Act of Parliament in 1984. It is non-profit organization, having the tax status of a charity, and receiving some of its core funding from DFAIT and CIDA. Also it delivers part of the Pacific 2000 program for DFAIT.

The purpose of the Foundation is to develop closer ties between the peoples and institutions of Canada and the peoples and institutions of the Asia-Pacific Region by:

- (a) promoting mutual awareness and understanding of the cultures, histories, religions, philosophies, languages, life styles and aspirations in the Asia-Pacific region and Canada and their effects on each other's societies;
- (b) supporting development cooperation between organizations, institutions and associations in Canada and in the Asia-Pacific region;
- (c) promoting collaboration among organizations, institutions and associations in private and public sectors in Canada and the Asia-Pacific region;
- (d) promoting closer economic and commercial ties between Canada and the Asia-Pacific region;
- (e) promoting, in Canada, scholarship in and expertise on economic, cultural, social and other subjects relating to the Asia-Pacific region, and in the Asia-Pacific, scholarship in and expertise on economic, cultural, social and other subjects relating to Canada; and
- (f) collecting information and ideas relating to Canada and the Asia-Pacific region and disseminating such information and ideas within Canada and the Asia-Pacific region.

The APFC is managed by a Board of Directors, consisting of a Chairman and not more than thirty other directors. The first members of the Board are to consist of the Chairman and nine other directors appointed by the Governor in Council (after consultation by the Minister of Foreign Affairs with the Board) for terms of three years. Up to twenty other directors may be appointed by the Board, for terms of three years, after consultations with provincial governments, and any interested individuals, corporations and organizations. One seat on the Board is reserved for the President of the APF. All directors may be re-appointed, but no person may be appointed to the Board more than three times.

The Board is empowered to appoint a President, whose term of office is three years, but

is renewable. At present the APFC has forty-three employees reporting via two senior Vice-Presidents to the President. These APFC employees are located in head office in Vancouver and in regional offices located in Victoria, Calgary/Edmonton, Regina/Saskatoon, Toronto, and Montreal. The APFC also has offices in Taipei and Tokyo.

The APFC has three main activities:

1. Six core programs targeted at clients external to the APFC:
 - business;
 - education;
 - culture;
 - media;
 - visits, including the future leaders program
 - information/data-bases.
2. Executing agency services. The APFC manages the Globe Foundation as a subsidiary, and delivers the language and awareness component of Pacific 2000.
3. Institutional support services. The APFC provides the secretariat for the Canadian committees of PECC and PBEC.

The total budget for the APFC in 1992/93 was \$9.15 million. Of this, \$4.4 million was in the form of core or discretionary funding, and \$4.74 million was in the form of program or dedicated funding.

The APFC receives approximately half (\$2.23 million in 1992/93) of its total core funding from the federal government (DFAIT and CIDA each provide about 50 per cent of the federal core funding). The DFAIT portion of this core funding comes from the Pacific 2000 Projects Fund¹². CIDA's contribution comes from the ODA, and it is managed as a CIDA project within the Asia Branch program. Core funding is received in the form of annual contributions. The APFC has no endowment fund.

The APFC also delivers Pacific 2000 funding (\$2.7 million in 1992/93) for parts of the Pacific 2000 Language and Awareness program (\$2.055 million) and the Projects Fund (\$0.653 million).

5.2 The APFC as an Institution

5.2.1 How it Began

The original submission of September 23, 1982 to the Secretary of State for External

¹²It should be noted that before 1990/91 this core funding came from a source separate from Pacific 2000.

Affairs presented an introduction to the results of a feasibility study for establishing "a Canada Foundation for Asia and Pacific". It stated that:

"Such a foundation would have as its ultimate objective: the advancement of our cultural and economic development through the deepening of understanding of Canada abroad, as well as the promotion of mutual learning between Canada and the peoples of the Asia Pacific region."

The early inspiration for the foundation was based on an admiration of what the Japanese people had accomplished with respect to their economic development. As this submission explained "They had both the courage and wisdom and confidence to take a long term point of view, as well as the ability and discipline to achieve it". It went on to explain that their energy and determination in pursuing knowledge of the West, including its cultures, customs, languages, and technology was impressive, and that we had, in turn, to learn from Asia and Pacific, just as they learned from the West. "Unless we begin to understand the psychological and philosophical underpinnings of Asian and Pacific societies" the submission concluded "we will not be able to adapt successfully to the challenge that they represent".

5.2.2 Its Evolution So Far

In its first five years (1984-89) the APFC concentrated on setting the stage in Canada. According to the 1989 Report to Parliament this consisted of:

1. Strengthening infrastructures as the basis for future progress.
2. Build awareness in Canada about Asia Pacific.
3. Five programs:- business liaison, education, culture, information, and public affairs.

Its total budget for functioning as an institution and delivering these programs was just over \$2 million for each of these five years. This was almost totally core or discretionary funding. The 1989 Report to Parliament pointed to the unsatisfactory situation which resulted from no long term endowment funding, and the high transaction costs of a year to year funding approach. At this time the APFC had a staff of 23, almost all located in Vancouver HQ.

For the second period (1990-1993) the APFC made the decision to reach out into Asia. In addition the mission statement of the APFC was revised (1990) to emphasize that the APFC's mission was "to enhance Canadian competitiveness in the Asia Pacific region, by creating networks and building skills". This reflected a view that the APFC must more obviously satisfy the practical needs of the private sector if it was to be relevant.

During this second period there has been a dramatic increase in APFC revenues from

\$2.118 million in 1989/90 to \$9.149 million in 1992/93. Most of this has come about because of a significant increase in program activity requiring additional funding. As a result, non-discretionary funding grew from \$0 in 1988/89, to \$4.741 million in 1992/93. This is because the APFC became the executing agent for part of Pacific 2000 (\$2.055 million in 1992/93), and it took over the management of GLOBE series and initiated the Canada/Asia Trade and Transport Forum. In addition its core funding from the federal government more than doubled (\$1.0 million in 1989/90 to \$2.231 million in 1992/93). The number of APFC staff increased to 43. Regional offices were established in BC (Victoria), Alberta, Saskatchewan, Ontario, and Quebec, and overseas offices were established in Taipei, Tokyo, and Singapore¹³.

¹³The Singapore office has since been closed.

6.0 THE APFC: FUNDING, ACTIVITIES AND OUTPUTS

6.1 Funding

As indicated above, the APFC has more than quadrupled its revenues in the last four years from \$2.1 million in 1989/90 to \$9.1 million in 1992/93. Core funding has risen from \$1.5 million to \$4.2 million in the same period. Provincial revenues have remained stable at less than \$0.85 million for most years. Private sector revenues have increased from \$0.062 million to \$0.412 million in the same period. In addition the APFC received \$0.937 million in interest and other income in 1992/93. Contributions remain on a yearly basis, rather than in the form of long term endowments.

6.1.1. The Question of Private Sector Funding

It was always thought to be desirable to have substantial private funding of the APFC as a measure of commitment to the cause by the private sector, and of the degree of relevance of the APFC. Private contributions can come in the form of core or discretionary funding, or non-discretionary co-funding of projects, or fees for services provided.

As indicated above, the Asia Pacific Foundation of Canada has increased its private sector funding rising from \$22,862 in 1985 to \$412,533 in 1993. The majority of the funds received from the private sector are in the form of project contributions in which specific activities of the Foundation are financed by interested or affected corporations. Corporate donations of unrestricted (core or discretionary) revenues have plateaued at approximately \$120,000 per annum and there would appear at this time to be little opportunity to increase this substantially due to a number of factors. In particular, in times of economic malaise, corporations are cutting back on their charitable contributions and the Foundation is not in a position to compete for funds with traditional social charities such as hospitals, social agencies or traditional education institutions. Current tax laws also prohibit corporations from getting both tax deductions and benefits from the Foundation thereby forcing the Foundation to seek funds for defined projects thereby imposing explicit or implicit priorities on the Foundation.

These projects are generally of a short to medium term nature and therefore while extremely beneficial to both the Foundation and the companies funding them do not by themselves allow the Foundation to develop the strategic capacity required to be the centre of expertise for Asia Pacific affairs in Canada.

The Foundation has developed a variety of products and services that in a limited way allow for cost recovery. These products and services are constantly being refined and revised to attempt to meet the requirements of the marketplace and to avoid duplication with commercial enterprises. Consequently these sources of revenue from the private sector are both uncertain and of varying quantity. Examples of this include, cross cultural business seminars in Canada;

senior executive briefing tours in Asia; publication and information services; visits management; and conference services etc.

These various service activities have resulted in a steady growth of private sector payments contribution to the Asia Pacific Foundation for services received. However it is unrealistic to assume that private corporations will donate substantial financial resources to the Foundation based on a charitable, altruistic or good corporate citizenship rationale.

Indeed the experience has been that corporations are supportive for projects or activities that are of benefit directly or indirectly to them and for which the Foundation has a deemed expertise. It is this expertise and residual knowledge within the Foundation that must be broadened and deepened if the Foundation is to adequately engage the private sector. Like any new undertaking this requires front end investment that is not tied to specific short term outputs but to longer term capacity development. This investment which is in its most basic form is aimed at the common good of all Canadians, is by its nature not a clear priority for private sector investment in Canada. (It should be noted here that the majority of the Foundation's financial contributions from governments is also tied up in short term delivery i.e. as an executing agency or delivery vehicle).

The development of a strategic capacity within the Foundation, based at least partly on increased analytical capability, and focused on the long term relationship with the Asia Pacific region would allow the Foundation to provide a focus for non-governmental leadership and coordination that is needed in this area. In addition, it would enable the APFC to produce a core set of products and services that could be offered to the private sector on a fee for service basis that would meet the tests of the marketplace, and non duplication.

6.2 APFC Activities and Outputs

6.2.1 Education Program

The APFC Education program has a 1993/94 budget of \$1,428,000 of which \$30,000 comes from core funding. It is delivered under various components of Pacific 2000 Language and Awareness. The main purpose of the program is to educate Canadians in Asian languages, business and culture to provide a professional workforce equipped to perform effectively in dealing in and with the dynamic economies of the Asia Pacific. This process begins with the development of curricula for use in Canadian universities, colleges and schools. From this base, Asian studies programs are established to provide the training, awareness and learning experience for the students to become knowledgeable about the Asia Pacific area.

The evaluation of APFC delivery of the Pacific 2000 language and awareness components, described in a previous section on Pacific 2000, indicates that the APFC has been very successful in delivering the components for which it is responsible.

A review of all sectors of the Education Programs was undertaken in the current fiscal year. On time reporting of program performance by funded institutions is stressed and criteria

for funding has been itemized for clarity and is available to interested parties. Under current funding constraints, confirmed funding beyond one year is not presently possible.

The Director, Education Programs, works actively with other directors in the APFC including the regional offices in Canada and Asia. The Education Program uses its connections in Canada with the Japan Foundation, ministries of education, DFAIT, universities, colleges, school boards and schools to test the current market and discuss new initiatives.

Although the visibility of the APFC in the delivery of its language and awareness program is understandably low, due to the fact that it generally provides funds to other organizations, the evaluation of Pacific 2000 language and awareness (see section 4.3 above) provides evidence to suggest that it has nevertheless built effective networks, and played an important leadership and coordinating role in the area of Asia Pacific language and awareness in Canada.

6.2.2 Business Programming

The Business Program in General

To fulfil its mandate to help Canadians become more competitive in Asia, the Foundation offers a wide range of business programs across Canada to raise awareness, build skills and develop networks for the Canadian private sector. This programming is carried out through a number of business training workshops, the Corporate Language Training Program, Canadian Success Stories, Cross-cultural Business Skills Database, Canasian Businesswomen's Network, and the Business Associates Program of which the Canada Japan Executive Management Forum is a part. The 1993/94 budget for the foregoing activities amounts to \$552,150 of which \$66,500 comes from core funding. As well there are other business related activities such as the Canada Asia Transport and Trade Forum (TRANSPFO) with a 1993/94 budget of \$150,000 (no core funding), and The Globe Series which is managed as a separate subsidiary of the APFC..

Partners for the APFC Business Programs have included Canadian Chambers of Commerce across Canada, bilateral associations both in Canada and in Asia such as the Hong Kong - Canada Business Association, the Kankeiren, the Keidanren and Fukushima Chamber of Commerce in Japan, Investment Canada, the Canada-Asean Centre in Singapore, among others. Post evaluation of the Business Programs as well as unsolicited comments indicate that generally, the presentations, content and arrangements are well received.

APFC business programming takes place both nationally and through regional offices across Canada where stand alone events are organized to suit local conditions and requirements. In Vancouver there is a core group responsible for planning a number of national programs such as seminars, Future Leaders programs, and the Canada Japan Executive Management Forum. This group consists of a Senior Vice-President, Director, manager, and one full-time assistant. Other senior APFC officers are regularly involved in other business-related programming activity, both in Canada and Asia, reflecting APFC's focus on the business aspect of its

mandate.

Business Training Workshops

Seminar and workshop activities include regular **Asia Pacific Updates** which provide information and insight on individual Asia Pacific countries, bringing together companies doing business in Asia to keep them up to date on recent economic, political and business developments in the region. **Business Opportunities Seminars** are held periodically across Canada to provide information to Canadian companies on strategic growth areas and new market opportunities. **Asian Business Practices** are interactive workshops aimed at companies already active in Asia who seek more in depth knowledge of business practices and negotiating techniques of a particular country.

Seminar activity has doubled over the last year even though this section is working with fewer resources. Asian Business Practice Workshops have been reconfigured on a targeted, invitation only basis in close cooperation with bilateral trade associations and other suitable organizations across Canada. Small and medium size businesses remain the main participants for most of the APFC seminars/workshops as large corporations can often afford to run their own training programs. Greater emphasis has been put on the post-evaluation component of each event.

From 1989 to March, 1994, there will have been more than 250 business related events across Canada, organized or contributed to by the APFC, attracting over 2,500 business people. Activities increased in the regions as APFC offices opened in Quebec, Ontario, Saskatchewan and Alberta and in 1993 alone, 42 business related events were held at various locations across Canada with the number attending reaching about 1,500 nationally.

The Corporate Language Training Program

This program is intended to raise the Asian language capability of Canadian business people dealing with Asia. It provides assistance to employees from small and medium sized firms to participate in Asian language training and applied Asian studies programs. Funding is provided directly to private sector companies.

The program has had little success in enrolling business participants. In the last three years the APFC has funded only 124 students in Asian language and cross cultural management programs. In studies conducted in Vancouver and Calgary, responses showed that ability in Asian languages for employees of small and medium sized companies in most cases is not a priority of management. There has been the suggestion that this program should be restructured after a wider sampling of the needs of small and medium sized companies is obtained.

Canadian Success Stories

The APFC has collected one hundred examples of Canadian companies reported to be successful in doing business in and with Asia. These reports will be checked for accuracy, and

selected companies will then be included in a publication to be used to promote interest in the Asian region among small and medium sized firms. The project is still in its initial stage of development.

Cross Cultural Business Skills Data-Base

The Cross Cultural Business Skills Database, still in the preparation phase and designed for use by the Canadian business community, will facilitate access to over 500 key resources on how to better understand and conduct business in the Asia Pacific environment. It will contain descriptive evaluations of recommended source materials including videotapes, audiotapes and key print resources. The subjects to be covered in the database range from negotiating strategies in the cultural context, business practices and customs, language training, cross-cultural communication and business culture.

Canasian Businesswomen's Network

The Canasian Businesswomen's Network, a joint initiative of the APFC and the Canada-ASEAN Centre, was launched in Jakarta in November 1993. Its goal is to help Canadian and ASEAN businesswomen expand their network of contacts, gain access to wider markets, and meet potential business partners in both regions. For Southeast Asia businesswomen, the network offers access to Canadian commercial opportunities, technology transfers, educational services and proximity to the huge US market. For Canadian businesswomen, it acts as a gateway to the rapidly expanding consumer and capital markets of ASEAN and other countries in the region. The Network offers a range of activities and services including personal referrals to business contacts and opportunities, a planned database of participants and their products and services, and information exchange through APFNET (the APFC's electronic mail system), newsletters, periodic speakers events, and access to trade missions.

The Business Associates Program: Canada Japan Economic Management Forum (CJEMF)

The CJEMF has been held in Japan for the last two years. It is directed at senior managers of Canadian companies who need to be brought up to date on Japan's current economic, business and social conditions because of their companies' business involvement with Japan. The forum is held for an eight day period in Tokyo, Osaka and Kyoto and is a combination of lectures, roundtable discussions and visits organized so the participants can be exposed to all aspects of present day Japan. The talks on such subjects as working in a Japanese company, political changes taking place in Japan to-day and education in Japan are presented by both Japanese and foreign speakers to give the forum participants as broad a view as possible.

Outside visits are directed at giving the maximum exposure to different aspects of life in Japan and this year included a trip to the media lab of a major Japanese corporation, a private school outside Tokyo and to selected cultural and historical sites in the three cities.

CJEMF is designed to operate as close to cost recovery as possible which because of

price levels in Japan, makes it an expensive program for participants. Even so, it has been very well received by the 20 business people who have signed up in the last two years. Participants have commented on the excellent array of speakers, the good mix of culture and business and the efficient way the program was run. Most recommended that their company send an executive on the next forum.

Canada Asia Transport and Trade Forum (TRANSPO)

The purpose of the *Asia Transport and Trade Forum* is to enhance the Canadian transportation industries awareness of the Asia Pacific market place by organizing high level interactions between Asian and Canadian Chief Executive Officers in the transportation and trading communities. The activities of the Forum were managed by the Asia Pacific Foundation, with the financial support of key government departments (both federal and provincial), and by several major private sector organizations such as Canadian Airlines, Air Canada, CN Rail, CP Rail, Vancouver International Airport Authority, Fraserport and the Vancouver Port Corporation. A great deal of additional support in kind was provided by such prominent Forum members as Swire Group in Hong Kong.

The project was initiated in 1991 with the first meeting held in Vancouver. This led to a number of smaller interactions (Focus Groups) designed to deal with specific problem issues and wide range of consultative research. This led to the development of the "Gateway Concept", i.e. the development of a Pacific Gateway to North America located on Canada's West Coast.

The Forum had conducted an extensive communications program involving public speeches by key Forum members, the publication of a comprehensive report and issues papers, and the preparation of the materials to be used for various meetings on key Gateway-related matters.

The APFC states that because of the active support of senior ministers of both levels of government, the Forum has been able to influence policy development in this important area and to help the industry coalesce its efforts to achieve the goal of improved access between Asia and North America through the Vancouver Gateway.

The Globe Series

The Globe series of international conferences and trade fairs are aimed at enhancing Canadian competitiveness in the business of the environment. With the market for environmental services and technologies expected to boom in the Asia Pacific region over the next decade, the Globe series is aimed at positioning the Canadian environmental industry to access this burgeoning market. The APFC is managing the Globe series through the establishment of a subsidiary Foundation, the Globe Foundation of Canada. Financial support for this initiative is provided by the Government of Canada, the Province of BC, and the corporate sector. The Globe series is managed by a Senior Vice President of the APFC and a contracted staff.

6.2.3 Media Program

The Media and Public Affairs program of the Asia Pacific Foundation has a 1993/94 budget of \$430,000 (of which \$230,000 is from core funding). It operates in four areas -- **Canadian Media Awareness, Asian Media Awareness, Public Affairs and Publications** -- each of which serve to fulfil the Foundation's overall objective of promoting mutual understanding between the Asia Pacific region and Canada.

The Foundation's **Canadian Media Awareness Programs** are aimed at enhancing Canadian business understanding of Asia by broadening and deepening Canadian media coverage of Asia. Each year, **The Asia Pacific Fellowship Program** sends up to 6 journalists chosen by a jury of their peers on a two-month sabbatical programme to Asia. **The Japan Assignment** sends two business writers chosen by an outside jury, to Japan for a two-week reporting trip, hosted and paid for by the Foreign Press Centre of Tokyo. Responding to demand, the program will be increased to three journalists in 1993, to include a political writer. New programs added this year are the **Taiwan Assignment** and **Korea Assignment** which send one business writer, chosen by an outside jury, to each country on a two-week reporting trip.

Since 1989, the Foundation has assisted 45 Canadian writers and broadcasters to visit 12 Asia Pacific countries for periods from two weeks to two months. When added to the 17 journalists who had benefitted from APFC travel grants before 1989, it has created within major news organizations a pool of journalists with knowledge and experience in Asia. For example, at the recent APEC ministerial and leaders' summit meeting in Seattle -- the most important Asia Pacific event to be held in North America in the past five years -- among the journalists sent by their media employers to cover the event were six APFC Media Fellows and one Japan assignment winner. Together, they represented about half of the Canadian journalists sent to the event.

In a reciprocal manner, the **Asian Media Awareness Programs** are designed to promoting greater awareness and understanding of Canada and Canadian issues amongst the Asian media. To this end, the **Canada-ASEAN Fellowship** brings five ASEAN journalists chosen by the confederation of ASEAN journalists, to Canada for a six-week escorted group visit every year and a half, offering them an indepth opportunity to learn about our country, people and institutions. Similarly, **The Japan Media Fellowship** brings four Japanese journalists to Canada for a three-week escorted tour. This year, **Taiwan and Korea fellowship programs** have been introduced which bring one journalist each from Taiwan and South Korea, travelling together. In 1994, this program will be extended to three weeks and hopefully, the number from each country will be increased to two. Since 1990, 24 Asian Media representatives have visited Canada and reported back to their home countries on Canadian topics.

Associated with these Media programs is the APFC's **Public Affairs** activities, which seek to build and maintain the Foundation's contacts with business and Asia-focus media, positioning the APFC as a "resource" for media. The objective is to encourage regular and informed coverage of Asian affairs and of the Foundation's activities. It also entails a community relations function: overseeing the APFC's presence at cultural events, conferences,

seminars and other events where the Foundation is involved, and seeking to maximize awareness of the Foundation and its objectives.

Finally, the Asia Pacific Foundation publications are aimed at helping to shape government and corporate response to the challenges of Asia and assisting Canadian businesses to better understand Asia. As part of the Foundation's Public Affairs initiatives, APFC publications also provide vehicles through which the Foundation can be "seen." *Dialogue*, the Foundation's newsletter is published 5 times a year and is distributed in both French and English to a readership of over 4,000 Canadian opinion leaders, including business people, educators and politicians. *Issues*, published four times a year, focuses upon specific single issues affecting Asia and Canada's relations with the region. Close to 3,000 copies of this publication are circulated - both within Canada and around the Asia Pacific region. In total, the mailing lists for the APFC's publications contain 5,357 names -- representing an increase of 16% since March 1992 and an increase of over 70% since October 1990.

A third APFC publication, *The Exporters Handbook* series, is developed for a more specific target audience: namely, Canadian business people seeking to market products and services in Asia Pacific markets. So far, the series has covered Taiwan and Southern China. Future Handbooks on Japan and ASEAN will be released in 1994.

The APFC's Media Program team consists of a Director, a Deputy Director of Publications and Public Affairs, a Director of Special Projects (Exporters Handbook series) a Coordinator of Publications (*Dialogue*, *Issues*, Annual Review) and a Program Secretary. Together they seek to fulfil the Foundation's mandate by building greater understanding and awareness through the Canadian and Asian media, promoting organizational cooperation amongst these groups, working to provide Canadian businesses with the information they need to operate effectively in the Asia Pacific region.

6.2.4 Information Services

The Information Services unit of the APFC provides critical underpinning to the Foundation's own programs -- as well as offering information services on Asia Pacific matters to a broad range of Canadian interests across the country. It has a 1993/94 budget of \$182,000, of which \$22,000 is core funding.

Staffed by a Manager, one full-time Information Assistant, and two part-time database assistants, the Information Services unit provides research support for all program areas and all regional offices of the Asia Pacific Foundation of Canada. It receives anywhere up to 200 inquiries per month from staff, ranging from quick statistics, to verifying information, to more indepth research and issue-monitoring, allowing the APFC's staff to remain well-briefed on Asia Pacific matters.

In addition to in-house inquiries, the APFC's information unit receives approximately 200 outside inquiries per month from across the country: from businesses, educational institutions, media organizations, and other research groups. Nearly half of these requests are from

Canadian business people, seeking practical information about Asian markets, about exporting their products and about networking opportunities. Education institutions and non-profit, non-governmental organizations are also active users of the APFC's information services, each making up approximately 20% of information requests. Federal and provincial governments and media representatives make up the majority of the Information unit's other calls.

The geographical breakdown of the APFC's information requests underscores the national -- and international -- scope of the Foundation's services. In 1993, inquiries from British Columbia comprised about 59% of Information Services requests, while 16% originated from Ontario, 8% from the Prairie Provinces, 5% from Quebec, and 2% from Atlantic Canada. In addition to handling requests from across Canada, Information Services received close to 100 requests for information from companies and institutions in the Asia Pacific region and around the world.

The Information Services unit maintains its resources from sources all around the world, although the majority of its holdings focus specifically on the Asia Pacific region. Books, periodicals and files contain a wealth of information and statistics, and are arranged so that they are easily accessible to users. In addition to these outside sources, the Information unit has developed its own series of information products, including the Country Backgrounders series, quarterly-updated bilateral trade statistics and a Canadian Trade Summary. New information products in development include immigration data and statistics, investment data and statistics, and the "Success Stories" project, describing Canadian companies which have successfully marketed their products and services in the Asia Pacific region.

Besides print materials, APFC's information services include extensive electronic information products, featuring a series of Asia Pacific related databases. The Corporations database, containing over 550 listings, assists in tracking Canadian corporate activity in Asia. The Human Resources database profiles over 1,880 Canadians from business, government, academia and media with expertise on the Asia Pacific. The Cross Cultural Business Skills database is in the design phase, and will detail over 500 key resources on how to better understand and conduct business in the region.

Finally, the Curriculum Resources database -- containing source material, course outlines and a directory of Canadian educators -- brings together a comprehensive package of suggested educational resources on the Asia Pacific. The Curriculum Resources database has attracted over 600 subscribers from British Columbia, Ontario and Saskatchewan. Clients include primary and secondary schools, school boards, publishing companies, education consultants and ministries of education. The Information Services unit provides ongoing user support and conducts training workshops across Canada on the use of its databases which are consistently well attended.

The APFC's Manager of Information Services is currently working with several research groups and Canadian publishing companies who are seeking to develop Asia Pacific curriculum-related CD ROM and multi-media products (K-12). The Information Services unit is assisting in identifying key resources, information products, and resource people.

6.2.5 Cultural Awareness Program

The Cultural Awareness Program is composed of the Culture Program and the Cultural and Racial Diversity Program. The rationale of Culture Program activities is that by focusing on contemporary Asian culture, Canadians will better understand and appreciate Asian peoples and their societies. This will help to produce an environment where business relations between the two areas can develop more freely. The Cultural and Racial Diversity Program seeks to promote awareness, understanding and active utilization in Canada of the tremendous human resource potential that exists amongst Asian Canadians within Canada. Presently, the program is managed on a part-time basis (3 days a week) by a special advisor assigned to this area. With a total program budget of \$90,000 (all from core funding).

In recent years, cultural programming has changed substantially, moving from just funding existing initiatives to identifying, initiating, and administering, new programs as well. The latter emphasize culture as "active and doing" to stimulate contacts, interaction, and networking, rather than as something to be "passively enjoyed and/or consumed". For example while awareness can be heightened by sponsoring film festivals, one can go a step further by arranging for the exchange of film producers and artists between Canada and Asian countries. This fulfils not only an artistic objective, but can result in increased business for both parties in the area of film. Similarly, a program to introduce Asian Canadian business people to their main stream Canadian counterparts could result in increased business for Canada in Asia, and benefit both cooperating partners.

Two outstanding examples of Cultural Awareness programs are: "Canadian Stories" and "Canada's Hidden Advantage." "Canadian Stories" is a review produced by the Vancouver Youth Theatre based on stories written by English as a Second Language students when they first came to Canada. "Canadian Stories" gives a vivid insight into the new experiences of young immigrants on their arrival in Canada. The review toured Canada under the partial sponsorship of the APFC. Although aimed at young audiences, the impact was broadened by evening performances for adults and wide media coverage. The APFC reports that the responses to "Canadian Stories" across Canada have been unfailingly enthusiastic.

By the end of this year, "Canadian Stories" will have been seen by a total audience in Canada of 38,000 people in schools and at evening performances. In addition to funding from the APFC's budget, the program has obtained significant money sponsorships from outside corporate sources.

"Canada's Hidden Advantage" is a series of roundtables in four Canadian cities aimed at bringing together Asian Canadian business people and Canadian mainstream businesses to discuss ways they can work together, complement and assist in increasing Canada's business with Asia. The majority of funding for this APFC initiative comes from the Ministry of Multiculturalism and Citizenship. "Canada's Hidden Advantage" still has to prove that it will be a continuing program but the initial reaction has been supportive and positive.

Since 1989, ninety-one projects or applications have been considered by the Foundation

of which thirty six have been initiated or accepted. These fell under the following subject headings:

Cultural Exchanges & Seminars: Business & Government	4
Performing Arts/Visual Arts/Printed Words/Festivals	7
Aimed at Young Audiences	11
Audio Visual Productions	9
Formal Education	1
Miscellaneous	4
TOTAL	36

It is difficult to gage the number of people who may have attended some of these events or benefitted from such activities as the film festivals or Dragon boat events in Canada. Nevertheless, even with this program's few resources, augmented by outside funding, the Cultural Awareness Programs match in many cases the broad objectives outlined for the Foundation under the Act.

6.2.6 Canadian Secretariats for PECC and PBEC

In many ways, the operation of the Canadian Secretariats for PECC (1993/94 budget \$180,000, no core funding) and PBEC (1993/94 budget \$40,000, no core funding) contributes to the very essence of the APFC's mandate. Not only do these institutional support mechanisms serve to enhance Canadian competitiveness in the Asia Pacific by creating networks, they also actively serve to promote collaboration between private and public sector institutions in Canada and the Asia Pacific, promote closer economic ties with the region, and act as vehicles for the collection and dissemination of information and ideas relating to Canada and the Asia-Pacific region.

The Pacific Economic Cooperation Council (PECC)

The Pacific Economic Cooperation Council (PECC) is a unique, tripartite association, bringing together an extensive network of business, government and research experts from twenty-one countries around the Pacific Rim. By combining the practical experience of the private sector with the analytical capabilities of the academic community, PECC's niche is in tackling a broad range of economic and trade challenges facing the region. As an official observer to APEC, PECC's analysis and policy recommendations can, in turn, be forwarded to government officials for their consideration.

Canadians are able to participate in the work of PECC through the Canadian National Committee for Pacific Economic Cooperation (CANCPEC). Since January 1991, the CANCPEC Secretariat has operated from the APFC's Vancouver office, staffed by one

Executive Officer. Funding to support CANCPEC's Secretariat operations and the participation of the academic community in international PECC activities is provided for in Pacific 2000. The CANCPEC Secretariat acts as an information hub, publicizing the ongoing work program of PECC in Canada and seeking to identify appropriate Canadians from business, academia, government and the NGO community to participate in these activities. Over the past two years, over 120 Canadians have participated in 33 PECC conferences, workshops and roundtables throughout the Asia Pacific region, providing Canadian perspectives on issues of economic cooperation facing the Asia Pacific region, building important networks of contacts and gathering critical information, market and policy intelligence useful in the furtherance of their own interests and activities in the region.

As PECC continues to coordinate its activities with APEC, the role of the CANCPEC Secretariat has expanded to include the provision of services to Canadian representatives involved in the APEC work program. During the past two years, the CANCPEC Secretariat has collaborated with five of APEC's Working Groups, offering services ranging from APFC database searches to attendance and presentations at APEC meetings to assistance in coordinating APEC workshops in Canada. The CANCPEC Secretariat also actively works with the Canadian Committee for the Pacific Basin Economic Council (PBEC-CC) to ensure that Canadian PBEC members are informed and involved in PECC's industry-led consultations, such as the Pacific Food and Agriculture Forum and the Minerals and Energy Forum.

By situating the CANCPEC Secretariat at the APFC, the many research reports and publications produced by PECC are part of the information services which the APFC can offer to Canadians. Each year, for example, the CANCPEC Secretariat coordinates the distribution of over 300 copies of the PECC's widely-recognized economic forecast for the region, the *Pacific Economic Outlook* (PEO) to business and government leaders across the country.

The Pacific Basin Economic Council (PBEC)

In a similar manner, the Pacific Basin Economic Council (PBEC) offers Canadian business people access to an association of industry leaders from throughout the Asia Pacific dedicated to the expansion of trade and investment through open markets in the region. Canadian businesses participate in PBEC through the Canadian Committee (PBEC-CC) which is currently comprised of 45 corporate members and 6 individual members. Since October 1990, the Canadian Committee for PBEC has contracted with the APFC to provide the Secretariat for the Committee. This initiative has been managed by the APFC's Ontario office, under the direction of the APFC's Ontario Director, who also acts as PBEC-CC's Director General.

The Canadian PBEC Committee seeks to actively promote Canadian business interests through a number of initiatives. The PBEC-CC Secretariat coordinates an annual Asia Pacific Roundtable with the Minister of International Trade, offering business leaders an opportunity to present their views to the Canadian government on appropriate policies that will advance Canadian trade and economic interests in the Pacific Rim. PBEC-CC also offers Canadian businesses an opportunity to develop important personal contacts, both in Canada and throughout the APR, particularly through the Pacific Rim Opportunities Conference (PROC) series. PROC

VII was held in Calgary in March 1991, attracting over 300 participants representing 200 companies from around the Pacific Rim. PROC VIII will take place from April 17th to 19th in Toronto in 1994.

PBEC also holds an annual International General Meeting (IGM). In May 1992, PBEC-CC undertook the planning for the 25th PBEC IGM in Vancouver, which attracted 601 business leaders from around the Pacific Rim. Ninety-four Canadians from across the country participated at this, PBEC's Silver Anniversary IGM. Approximately 20 PBEC-CC members attend off-shore IGMs every year, including the 26th IGM in Seoul, Korea in May 1993.

Summary: PECC and PBEC

In summary, both PECC and PBEC represent access to valuable networks of contacts and intelligence from around the Asia Pacific region. By situating the Canadian Secretariats for both of these organizations at the APFC, complementarity of efforts and information-sharing amongst all three institutions is maximized. In light of this productive synergy, further integration of the PBEC, PECC, and APFC roles may occur in the near future.

6.2.7 APFNET

APFNET (1993/94 budget - \$215,000 in the form of core funding) is the Foundation's response to the need to establish improved and efficient communications with as many of the players in the Canada-Asia relationship as possible. APFNET provides inexpensive electronic mail and file transfer capabilities and linkages with senior government, business and academic users in over twenty countries in the Asia Pacific region. The prime technical objective of APFNET is to allow people with common interests to communicate more effectively , and more often.

From its start in 1991, the system has grown from 47 subscribers to over two hundred. The network now includes not only all APFC staff and board members but is used by such organizations as B.C. Trade, DFAIT, CAC, CIDA, PBEC and PECC, to connect individual users in Canada with their offices, members, and other institutions throughout the Asia Pacific region.

Several key concepts have helped APFNET grow and develop. These strategies have proved to be effective in the formative phases of implementation. They included:

- Promoting APFNET as an easy to use, low cost, flexible, reliable communication tool.
- Positioning the network as a focused business communication facility and source of useful information.
- Providing user defined products.
- Providing seamless connectivity to other electronic network platforms.

- Developing a reputation as a preferable alternative to other internationally accessible systems.

There are several priorities critical to the immediate and long term future of the network. These priorities must be successfully addressed to achieve the full potential of the network. They included:

- Adding up to 200 new users per year.
- Modifying pricing to provide for full cost recovery.
- Implementing the integrated Bulletin Board System (BBS).
- Enhancing "Internet" accessibility.
- Developing a "support agent" network.
- Implementing "mail-enabled" database services.
- Improving APFNET accounting facilities.

APFNET marketing efforts historically have generally raised the profile of the APFC. Adequate support to users of the system is critical to positive feedback from the user community. User inputs have drawn attention to the clear linkages between marketing and ongoing support required to make the network live up to its potential.

Better marketing materials , which adhere to the standards of the APFC and the "value added network industry" in general, are required. The budget proposed for the coming fiscal year provides for improved APFNET marketing materials, and for the marketing and support staff to help achieve the objective of improved new user support. The technical capabilities of the system must also be allowed to grow along with the user base. Present APFNET staff include the Director, Network Services (half-time), and one full-time Administrative Assistant.

In short, APFNET serves two valuable functions for the Asia Pacific Foundation of Canada. First, it aims to become the preeminent information and communication network in Canada, and possibly in the world, which focuses on the Asia Pacific region. Second, it is a tangible product of the APFC, and thereby has marketing potential for other organizations in general.

6.2.8 Regional Offices in Canada and in Asia Pacific

APFC's five regional offices in Canada (1993/94 budget \$362,000, of which \$240,000 is core funding) act as the Foundation's footprint in their areas. The directors are sources of information on Foundation activities as well as general intelligence on Asia. They maintain regular contact with provincial government sponsors, education institutions and business associations. In the Business Program, emphasis is placed on outreach to commercial enterprises of all sizes. However local seminars on business practices and other aspects of doing business in Asia are focussed mainly on small and medium sized businesses. Culture Programs are

generated both locally and nationally in cooperation with the special advisor in Vancouver.

The APFC offices in Tokyo and Taipei (1993/94 budget \$295,000, of which \$185,000 is core funding) are located with other Canadian representation in these two cities (with the Alberta Government in Place Canada in Tokyo, and in CTOT in Taipei). These offices play a role in building relations to support the APFC's activities locally in the business, education, culture, and government areas. In addition to intelligence gathering and assisting incoming groups and individuals from Canada, such as media fellows and members of the CJEMF, the APFC representatives have been instrumental in organizing participants for events and programs in Canada such as Future Leaders, J Linc, and the Globe series. This is more than an intermediary role since in some cases, the structure of the program and the direction it takes could depend on the representative's choice of candidates and participants. This is particularly true of Globe 94, since it is critical to obtain broad representation from both Japan and Taiwan.

7.0 APFC ISSUES

No formal evaluation has been undertaken of the APFC as an institution, or of the effectiveness and impacts of its individual programs, except for the language and awareness components of Pacific 2000 delivered by the APFC. Such a formal evaluation would require, amongst other things, a very large and systematic survey of clients, and an in-depth analysis of all APFC programs, and of the institution itself. We have undertaken a non-random interview survey of APFC staff and Board members; DFAIT and CIDA managers; as well as selected stakeholders and clients from Victoria to Quebec City, which included questions about the APFC and its programs. The survey methodology was limited due to the time and resources available and the results are therefore not conclusive. This evaluation has however, provided a background about Canada and the Asia Pacific region which provides a useful context in which to situate the APFC's role. As well, this survey in addition to the information provided in Chapter 6 indicates that there are a number of key issues facing the APFC that need to be addressed. These are as follows:

7.1 Strategic Focus

The Foundation currently receives the majority of its resources to deliver short and medium-term, product-related projects, either as an executing agency for government or on behalf of its private sector clients. Working within this framework, the APFC has developed a broad range of successful products and services in fulfilment of its mandate and in response to the needs and requirements of its funders.

At the same time, a sole reliance on project-driven funding arrangements presents the APFC with considerable challenges. While providing the means to mount specific initiatives, it does not allow the Foundation the flexibility to develop a longer-range, strategic focus. Yet it is precisely through this combination of strategic focus and innovative programming where the APFC can provide the greatest value-added to Canada's overall objectives in the Asia Pacific region.

It is widely recognized by Canadian businesses and other institutions operating in the Asia Pacific that the key to success in the Asia Pacific lies in establishing a long-term commitment to the region. (see the foregoing analysis of Pacific 2000, and in particular, the Pacific Business Strategy, in Chapter 4) This involves adopting a strategic perspective to Canada's role as an Asia Pacific nation. Therefore, agencies such as the APFC, that are designed to provide leadership and assistance to Canadian activities in the region, should be provided with the necessary resources to be able to play a leading role in the development and adoption this same strategy.

7.2 Analytical Capacity

In order for the APFC to be able to provide the strategic, intellectual leadership that Canadian business leaders, educators, governments, and others require in formulating their response to the Asia Pacific region, there must be a commitment made to strengthening the Foundation's analytical capability. This will enable the APFC to better fulfil its stated mandate to "promote scholarship and expertise" and to "collect and disseminate information and ideas" about the Asia Pacific region.

Indeed, the APFC is well-positioned to enhance this role. It possesses extensive "raw" information resources and continues to develop new and innovative information products -- both in print and electronically -- that package information and data on Asia Pacific in a useful format for its clients. Furthermore, the APFC possesses a national network to distribute these products, both through its regional offices and electronically through APFNet.

In order for the APFC to be able speak authoritatively on issues affecting Canada's economic, political, social, and cultural relations with the Asia Pacific region, however, existing resources need to be complemented by the development of a modest in-house analytical capacity.

It should be noted that there is currently a great deal of research being undertaken across Canada by universities, private and public research institutes, governments, and some major corporations. The development of the APFC's analytical capacity would not be aimed at duplicating existing efforts, but rather to develop the capacity to provide much needed coordination, distillation and dissemination of the current research efforts to Canadians. In this manner, the APFC's analytical function would act as a catalyst encouraging other organizations to apply their energies and resources in a complementary manner to the cause of research aimed at improving Canada's relations with the Asia Pacific.

The development of an in-house capacity to analyze trends and issues affecting Canada's relations with the Asia Pacific region - to distil and disseminate research and analysis in a clear, concise and timely manner - would enable the APFC to offer critical "value-added" information, and policy advice to a broad range of clients -- both directly and indirectly. For example, by presenting timely analysis and policy options through the vehicle of provincial governments, business associations and others, the Foundation will also be able to assist in addressing the needs of small and medium-sized enterprises. In addition, such an in-house capacity will enable the APFC to partner with other institutions which already have analytical capabilities in economic analysis, or to stimulate research activities in the social sciences where relevant to the APFC's mandate. In this manner, the APFC can act as both a catalyst to encourage research into Asia Pacific issues and a clearinghouse for research currently being undertaken across Canada.

This analytical capacity -- an ability to identify and suggest responses to the issues that

Canada will face next year and in the next generation in the Asia Pacific -- will be critical in framing the Foundation's future program initiatives, in developing its strategic focus, and in coordinating and developing a network of research partners to support the furtherance of Asia Pacific research in Canada.

7.3 Coordination

Many private and public sector players on "Team Canada" have identified the need for better coordination amongst governments and private sector activities in the Asia Pacific. To this end, the Foundation is expected by many stakeholder groups to play a coordinating role -- whether in assisting provincial governments, coordinating the activities of Asia Pacific business associations, or playing an advocacy role concerning Asia Pacific matters.

This is a role which the Foundation seeks to undertake wherever possible. For example, in responding to the perceived "alphabet soup" of Asia Pacific organizations (e.g. PECC, PBEC, APEC, etc.), the Foundation has sought to facilitate greater integration between the Canadian involvement in PECC and PBEC, beginning with closer collaboration at the Secretariat level and with a view to further integration at the Committee level. The APFC states that this initiative has been viewed positively by both public and private sector stakeholders.

Other examples of this coordination role in action is the APFC's Canada/Asia Transport and Trade Forum (TRANSPO) initiative, which developed out of the perceived need for a greater sharing of views and coordination of action with regard to Canada's transportation infrastructure and its implications for global competitiveness. Partnerships and alliances are also key components of the APFC's business training workshops, which are almost always developed in association with local and/or national partners. Similarly, the APFC's national education conferences have been effective at bridging provincial boundaries to work toward coordinated national strategies with regard to Asia Pacific education issues.

Ultimately, however, the APFC's ability to provide this coordination function is contingent upon the extent to which the various stakeholder groups are committed to this course of action, and are willing to support and work in partnership with the APFC in accomplishing this important coordinating function.

7.4 Clients

The evaluation of APFC's delivery of the language and awareness components, and the interviews with a very small number of clients of APFC's other programs indicates a high level of satisfaction with the services provided by the APFC. Client demand is certainly one measure of success. Indeed the Foundation finds itself in a position where it is called upon by a wide range of "interest communities" to assist, support, and advise on a myriad of divergent initiatives. These range from coordinating itineraries, to giving speeches, to providing support

for various Asia Pacific-related events, to responding to a tremendous volume of individual inquiries at every level of the Foundation. This evidence suggests that the APFC can play a pivotal role in raising awareness of the importance of the Asia Pacific region.

Although seeking to respond to this myriad of requests is necessarily part of the APFC's mandate and activities, it has created a situation where the organization's ability to respond to these demands -- due to its limited human resources -- has been significantly tested. Clearly, a case where the APFC is expected to be "everything to everybody" is not sustainable over the longer term.

The APFC's ability to identify and serve its primary or priority clients is directly tied to the development of its strategic and analytical capacity. With adequate resources, the Foundation will be able to adopt a more strategic approach in identifying where Canadian priorities lie and in turn, how best it can respond to its client groups in order to maximize the impact of its programming.

Related to this issue of building a capacity to identify and serve "priority clients" is the issue of publicity. Although the APFC is not a household name in Canada, and there is some question as to the necessity of this public recognition factor, the APFC does have a critical role to play in raising awareness about the serious issues facing Canada as it prepares for the Asia Pacific Century. Taking on a greater publicity role will require the commitment of longer-term public funding to achieve this public-awareness raising goal. It should be remembered that even if the APFC is not a household name in Canada, Pacific 2000 is even more of a mystery to the public. The APFC as a non-governmental body may be in a better position to publicize the Asia Pacific challenge and what Canada is doing about it.

7.5 Funding

Recognizing that government deficits create funding pressures and uncertainties, the critical importance of equipping Canadians for the Asia Pacific century underscores the continuing need for a non-governmental, national institution like the Asia Pacific Foundation of Canada. While the APFC will continue to develop its products and services with a view to attracting private sector support, it is clear that if the APFC's mission is long-term and in the general public interest, its core support must continue to come from governments. While the APFC has been entrusted by governments with a long-term mandate, it needs to be assured of the accompanying long-term support to undertake and fulfil this role in a concerted manner.

The nature and scope of the APFC's funding arrangements is a significant issue in determining how effective it can be in meeting the challenges facing Canada in the Asia Pacific region. Indeed, this issue will, in large measure, define the future orientation of the Foundation's efforts in this regard. Without the necessary resources, the Foundation's impact is largely restricted to the increasingly crowded "program delivery" field. Alternately, the

APFC can be given adequate funding to become more strategic in its planning, more long-range in its focus, more in-depth in its analysis, and more sophisticated in the types of services it can offer to Canadians.

7.6 Accountability and Governance

As indicated above, as a unique institution with a very large mandate, it is essential that the APFC is resourced adequately to fulfil this mandate. If such resourcing materializes, it is also necessary to have an effective accountability framework.

At present the APFC complies with the evaluation reporting system required for Pacific 2000 executing agencies. This involves the fulfilment of quarterly reporting requirements to the APFC Board and to DFAIT, more detailed and extensive annual work-plans and program reviews. These reports are mainly at the activities and outputs level. Accountability arrangements for the overall policies and programs of the APFC, including the core-funding provided by DFAIT and CIDA, include oversight by the APFC Board Of Directors, and periodic APFC Reports to Parliament (so far, every five years).

According to what we have heard in interviews, there are strengths and weaknesses in this present system of accountability, and there may be a need to review this system, especially if more government resources are channelled to the APFC for more discretionary and strategic activities.

One idea that might be investigated further is to provide the APFC with guaranteed federal core-funding for periods of five years or more, subject to evaluation at the end of the chosen period in compliance with federal government evaluation working standards. What is inherent in such a suggestion is provision of a flexible evaluation framework at the beginning of the chosen period, which would make it clear what performance measures were going to be used.

It should be noted in this context, however, that such an evaluation framework, while ensuring evaluations up to professionally recognized standards, should be designed to maintain the flexibility and responsiveness of the organization to the rapidly changing Asia Pacific environment. In fact, this flexibility and an ability to respond quickly to developing issues and events is one of the key benefits of having a "non-governmental organization" like the APFC deliver federally-funded programs.

Interviews also emphasized the critical role of the APFC Board in decision-making and strategic guidance. To enable the Board to perform this role effectively, it is important that its members have a level of experience and expertise in the Asia Pacific region, in addition to possessing strong links with the Canadian corporate community.

8.0 APFC CONCLUSIONS

This evaluation has generated evidence to suggest that:

1. **Rationale.** The rationale for the APFC is stronger than ever due to the rapid economic growth and rising influence of the Asia Pacific region, and the need to respond to the challenges facing Canada in the Asia Pacific. The APFC is uniquely positioned as a national non-governmental organization, supported by the provinces, to play a strong leadership role in providing knowledge, skills and awareness that Canadians will need to operate effectively in the region. Equipped with a broad mandate and the necessary resources, the Foundation is more likely to be able to respond with speed, economy and flexibility in areas where it is difficult for governments to operate effectively, due to their recognized constitutional and political restraints.

2. **Objectives Achievement and Client Satisfaction.** Over the past five years, the APFC has made significant progress in achieving its objectives, as set out in the APFC Act. This evaluation has demonstrated that the APFC's education program has been an outstanding success in achieving the objective of promoting mutual awareness and understanding of Asia Pacific languages and cultures. The level of client satisfaction with education program services is high. Other APFC programs have not been evaluated, however an interview survey of managers, stakeholders, and clients provides limited evidence to suggest that clients of APFC's other programs are satisfied with the services they received. This is supported by the fact that clients have a proven record of being willing to pay "cost recovery" for many of the services provided by the Foundation.

Based on the testimony of several media exchange jurors, we are led to believe that the Foundation's media programs, by consistently attracting high quality candidates, have contributed to the objective of promoting mutual awareness and understanding, along with the goal of disseminating information and ideas about the Asia Pacific region to a broad range of Canadians -- and about Canada to a broad range of Asians.

The Foundation continues to work toward its objective of collecting and disseminating more information, ideas and analysis about the Asia Pacific region through the efforts of its information resources unit and through the APFC's widely-distributed publications. Promoting scholarship and expertise in economic issues relating to the Asia Pacific in Canada is encouraged through the academic and analytical component of the Canadian PECC program.

3. **Impacts.** The APFC's programs have demonstrated measurable impacts in terms of promoting awareness and disseminating information about the Asia Pacific region, as exhibited in the increasing demand for its services from Canadians.

One program which has been examined in some depth, i.e. the education program, has already had measurable and high impacts in terms of numbers of Canadians studying

Asian languages.

When judged in terms of the numbers of business people attending and the variety of APFC business programs in demand, initiatives such as training workshops have had an impact in a number of centres across Canada. In most instances, The APFC's regional offices have been able to tailor these programs specifically in response to local demands.

The APFC's Information Services continues to handle ever-increasing numbers of requests for information about the Asia Pacific region, reflecting an increasing awareness of the APFC as an information resource and, more generally, an increased recognition of the importance of the Asia Pacific region.

The APFC's media program has helped to develop a major pool of over 60 Canadian print and broadcast journalists with knowledge and expertise in Asia. In turn, these journalists are able to report more intelligently and thoroughly to Canadians on Asia Pacific issues and how they impact on Canada. Over half the Canadian journalists sent to cover the recent APEC Summit in Seattle, for example, were former APFC media fellows.

The growth in APFNET subscribers -- both in Canada and in Asia -- has had an impact in facilitating efficient communication and networking services across the Pacific. In the past two years, the system has grown from 47 subscribers to over two hundred, each contributing to the system's value added through the enhancement of cross-networking possibilities.

4. **Partner Commitment.** The APFC has been able to build a high degree of partner commitment in terms of shared initiatives and/or matching contributions. In fact, the APFC's business, culture and media programs are almost always developed in partnership with another organization here in Canada or with a counterpart in Asia. The APFC has been frequently approached by other institutions with requests to consider joint partnership arrangements. Finally, as indicated above, APFC clients have paid for many services by means of cost-recovery.

5. **Duplication/Overlap.** The APFC is a unique institution whose key value added on "Team Canada" is its role in building Asia Pacific networks -- both within Canada and across the Pacific, through its regional offices. To this end, there is sometimes a perception that the Foundation is duplicating or competing with other institutions in the delivery of services to Canadians when, in fact, its programs have served to build partnerships, develop new alliances and promote collaboration amongst various stakeholder groups:
 - the APFC's education program has been successful in bringing together educational jurisdictions across Canada to discuss issues such as curriculum development, language training and collaboration in promoting Asia Pacific studies programs;

- the APFC has sought to facilitate greater integration between the Canadian involvement in PECC and PBEC beginning with closer collaboration at the Secretariat level and with a view to further integration at the Committee level;
- the APFC's business programs have been developed in response to the market demand for an increasing number and variety of programs on the Asia Pacific, and in cooperation with business organizations and trade associations across the country.

By developing and delivering its programs in partnership with other service providers, the APFC has been able to minimize duplication and overlap and promote greater collaboration amongst the various "Team Canada" players.

6. **The Future, and Alternatives.** Although this review is more in the nature of an evaluation assessment, there is sufficient evidence to conclude that:

- if the APFC is to realize its potential in carrying out its Mandate, it must find the necessary resources to develop its analytical capacity. This will allow it to focus its efforts on the provision of strategic, intellectual leadership on issues affecting Canada's relations with the Asia Pacific region.
- The Asia Pacific Foundation has a pivotal role to play in the coordination and support of "Team Canada" activities in the Asia Pacific, with the assistance of both public and private sector players.
- The Asia Pacific Foundation's ability to establish its priority client base is contingent upon receiving the necessary support to allow it to develop a long-range, strategic focus in responses to the challenges facing Canadians in the Asia Pacific region.
- As the Canadian non-governmental organization of "first call" on Asia Pacific matters, equipped with a national scope and perspective, the APFC will be presented with many future opportunities to develop new and challenging programming initiatives, reinforcing its role as an important member of "Team Canada". At this stage, it is essential that the momentum that has already been generated by the Foundation's program experience, corporate profile and human networks be reaffirmed and reinforced, as Canada prepares to face stiff global competition in developing its economic relations with the Asia Pacific region.

The APFC is a unique institution with a broad mandate. The basic choice for Canadian federal and provincial governments is whether they choose to resource the APFC adequately so that it can play a strategic role in transforming Canada's relations with the Asia Pacific area. Less than adequate resourcing forces the APFC to dissipate its energies to the loss of all, and it becomes merely another subsidized non-governmental organization operating in a crowded field. In a time of government deficits and cut-backs this conclusion appears at first glance run

counter to current economic realities. In fact, it is in response to the economic challenges facing Canada in competing successfully in the Asia Pacific region that necessitates a bold response. As one Asia Pacific expert said in an interview - "if the APFC did not exist, it would be invented".

9.0 OVERALL CONCLUSIONS

This paper provides evidence to support the following propositions:

1. The Asia Pacific area is more important than ever for Canada.
2. Although Canada has historic ties with the region in terms of aid, trade, immigration, investment, participation in peace-keeping, etc, many parts of Canada are still Eurocentric in culture, and North America focussed in trading habits, and is only beginning to be aware of the potential of Asia Pacific.
3. Canada's potential (see definition in section 2.3.1) vis-a-vis Asia Pacific is high due to its competitiveness in sophisticated new technologies in telecommunications, environment, transportation and an aggressive service sector, a highly developed education system, a growing small and medium size business sector with world class products, a superior record of development cooperation in Asia Pacific, and a large cadre of Asian Canadians with contacts and networks in Asia.
4. due to government commitment and support, Canada's preparedness (see definition in section 2.3.1) vis-a-vis Asia Pacific is perceived to be at least equal to that of European countries, and the US, but inferior to that of countries such as Australia and New Zealand.
5. Canada's competence (see definition in section 2.3.1) vis-a-vis Asia Pacific is perceived to be generally inferior to that of most competitor countries (e.g. EEC members, US, and Australasia), although there is a small minority of Canadian individuals and firms who can match the abilities of anyone.
6. Success in Asia means that both Asians and Canadians should gain from closer contacts and improved relations. On the Canadian side, this requires that Canadians have an increased awareness and understanding of Asian cultures, and an increased motivation to learn Asian languages and business practices. Canada must also be able to project its culture to Asia, and to its new immigrants of Asian origin. In North America business deals are impersonal and often anonymous. In Asia much depends upon establishing mutual trust and friendship, and this takes time. A long-term planning horizon is needed for any Canadian organization or firm.
7. Both the Pacific 2000 program and the APFC are innovative and somewhat experimental, but both need to be able to explain better, to their actual and potential constituencies, what is being attempted, and what is being done. In both cases planning, monitoring, performance measurement, and evaluation systems need to be strengthened in order to improve accountability.

8. Canada has made progress in its level of preparedness and competence in the last five years, and some of this progress is due to Pacific 2000 and the APFC. Progress has included the following:

- greater numbers of Canadians are being exposed to Asian cultures, business practices, and languages through the educational system, and through business seminars, exchanges, etc.
- there have been increased exchange visits of Canadians and Asians in the fields of business, potential leaders in Asia, and the media.
- innovative approaches to opening up new markets, and strengthening market position, in Asia, have been experimented with, and there has been significant tangible success in terms of increased exports;
- Canada's science and technology relations with Japan have benefitted from JSTF funding. Canadian scientists and engineers from business, academia, and government have visited Japan, and engaged in collaborative research projects. As a result new contacts and networks have been established, and there is increased mutual trust and knowledge;
- the hidden advantage of Asian-Canadians to Canada has been brought to the attention of the Canadian private sector, and to the Canadian public by the APFC;
- the difficulties, opportunities, and challenges facing Asian immigrants to Canada have been brought to the attention of the Canadian public by the APFC;
- the Canadian educational system has been shown to be a significant resource to be marketed in Asia, and pilot approaches to sales coordination in Asia have been experimented with under the International Education Program of Pacific 2000. Attracting Asian students to study in Canada has significant short-term economic advantages, and even more significant long-term political and economic benefits based on alumni loyalty;
- the APFC has acted as catalyst in bringing public and private agencies together for joint action vis-a-vis Asia Pacific. For instance, through the Canada/Asia Trade and Transport Forum (TRANSPO), the APFC has been instrumental in bringing together Canada's transportation community to develop a Pacific gateway;
- partners have been motivated to share in the work. Pacific 2000 matching contribution targets have been achieved, and the APFC has been able to leverage assistance from partners, and pay for some of its activities by means of user charges or cost recovery.

9. Improvements can be made in the following areas:

- Pacific 2000 has been under-resourced for delivery of the program. Now that there are single operating budgets this problem can be addressed. In particular there is a need for a group of permanent non-rotational staff to plan, implement, monitor, and evaluate the program;
- in the trade development area there is a perception that there are too many actors, operating in an uncoordinated way, Trade development initiatives are more likely

to be successful if:

- the private sector works together and plays a prominent role;
 - there is a business plan and precise market penetration objectives;
 - there is a strong Canadian presence and/or representation in Asia, deployed in relation to the demands of the market place;
 - government support is timely and flexible.
- it may be best to give higher priority to language training for those businesspersons who are likely to resident in Asia for extended periods of time. For those who are not, it is more cost-effective to invest in in-depth cross-cultural training covering business customs, negotiating strategies, and a limited exposure to language;
 - there is a need for more linkage and interplay of the various parts of Pacific 2000;
 - in the past five years the APFC has expanded its activities, becoming an executing agency for Pacific 2000, in addition to taking on the management of the Globe series and the TRANSPO initiative. The further development of a strategic focus will allow the APFC to continue to build its priority client base in response to the challenge facing Canadians in the Asia Pacific region.
 - CIDA, DFAIT, and the APFC all have programs directed to serving Canadian interest vis-a-vis Asia Pacific. There are opportunities to ensure these are mutually reinforcing in order to serve Canada's interests in this very competitive region.
10. **The rationale for Pacific 2000 is sound, and the program is needed further to sustain a long-term approach to Asia Pacific. Public intervention is needed to make Canadians more aware of the opportunities available, and to enable them to take advantage of these opportunities. Traditional trade and investment development initiatives and incentives are insufficient to overcome language and culture handicaps, and the high costs of entering the Asia Pacific and developing contacts, networks, and long-term relationships.**
 11. **The rationale for the APFC is sound. There continues to be a need for a non-governmental Canadian institution such as the APFC to provide a unique and strategic focus to Canada's efforts vis-a-vis the Asia Pacific, and to deliver programs where governments and/or the private sector are less effective as delivery agents. Since its services are mainly in the public interest, it requires resources that bear a closer relation to the size of its mandate, and on a basis that matches the long-term planning horizon needed for Asia Pacific relations.**
 12. **Difficult as it may be in certain areas, future evaluations should include a rigorous**

attempt to measure economic impact and financial yield of program investments in the Business strategies, JSTF, Language and Awareness, and APFC programs. A report which was more conclusive on economic benefits would provide a more substantial basis on which to assess future program direction. There should be provision for this in evaluation frameworks which should be prepared for the next period of Pacific 2000 and the APFC activities.

APPENDIX 1: OTHER COUNTRY ACTIVITIES

APPENDIX 1A: AUSTRALIA IN ASIA

APPENDIX 1B: INSTITUTIONS SIMILAR TO THE APFC

**APPENDIX 1A: AUSTRALIA IN ASIA:
SUMMARY OF INITIATIVES AND FUNDING IMPLICATIONS**

Initiatives	Funding Implications (A\$millions)					
	92-3	93-4	94-5	95-6	96-7	<u>Total</u>
i) Increasing Business Information about Asia:						
Asian Economic Centre	nil	4.00	4.00	4.00	4.00	6.00
Asian Trade and Investment Outlook Conference	nil	.220	.220	.220	.220	.880
ii) Expanding Business Frameworks and Networks:						
Special Business Visits Program for Asia	nil	.826	.826	.826	.826	3.304
Australian Alumni Network for Asia	.038	.037	nil	nil	nil	.075
Asian Entrepreneurs Scheme	.088	nil	nil	nil	nil	.088
Expansion of Australian Science and Technology Counsellor Network In Asia	.356	2.664	1.751	2.406	2.406	9.583
Australia International Management Exchange Plan	.126	1.564	2.040	2.490	2.490	8.710
Research and Development Internships for Asia	nil	.425	.407	.406	.406	1.644
Environmental Cooperation with Asia	nil	.604	.604	.604	.604	2.416
Legal Cooperation with Indo-China	.110	.200	.220	.070	.070	.670
iii) Broadening Australia's Image in Asia:						
Projecting Australia in Asia	.070	1.000	2.000	nil	nil	3.070
Expanding Australia's Sporting Links with Asia	.123	.123	nil	nil	nil	.2460
Australia and Asia Institutional Linkages	nil	.500	.500	.500	.500	2.000
University Mobility in Asia-Pacific	.500	1.000	1.500	1.500	1.500	6.000
Australia-Asia Officials Exchange Program	.061	.892	.892	.892	.892	3.629
iv) Fostering Better Understanding of Asia in Australia:						
Prime Minister's Asian Lecture Series	nil	.030	.030	.030	.030	.120
Asia Fellowships	nil	.336	.318	.317	.317	1.288
Asian Language Teachers In-Country Scholarship	nil	.336	.318	.317	.317	1.288
<u>Total</u>	1.472	1.472	15.626	14.578	14.578	61.011

Appendix 1b: Institutions Similar to the Asia Pacific Foundation of Canada

Name (Country): The Japan Foundation (Japan)	Established: October, 1972
<p>Head Office: Tokyo, Japan Branch offices: Australia, Brazil, Canada (Toronto), France, Germany, Hungary, Indonesia, Italy, Malaysia, Mexico, Thailand, U.K., U.S.A. (Los Angeles & New York)</p>	
<p>Mandate/Objectives: "... to efficiently carry on activities for international cultural exchange and thereby to contribute to the enhancement of world culture and the welfare of mankind, with a view of deepening other nations' understanding of Japan, promoting better mutual understanding among nations, and encouraging friendship and goodwill among the peoples of the world." (Annual Report, 1990)</p>	
<p>Funding level and source(s): The activities of the Foundation are principally financed with the operating income derived from endowments from the government and private organizations, and by government subsidies and private contributions. The accumulated public endowment for fiscal 1991 was \$1,180,854,560 and the budget for 1991 was \$230,426,120 derived from Government subsidies of \$112,955,200, capital gains of \$84,318,320 and private contributions of \$33,077,960. The main program expenditures included:</p> <p>Japanese studies \$63,058,360; Cultural exchange activities \$31,833,960; Personnel exchanges: \$24,768,040; Arts \$12,999,800; Publications \$12,141,440; and Centre for Global Partnership activities \$39,472,120.</p> <p>Conversion into Canadian dollars based on exchange rate of September 22, 1993 (1Yen = \$0.01244 Cdn)</p>	
<p>Programs/Activities: The Foundation funds and administers a wide range of programs in the following categories:</p> <p><u>Educational programs:</u> Primarily at the university level, promotes Japanese studies abroad by providing grants to organizations, sending specialists overseas, distributing reference materials, and offering financial assistance to researchers. Encourages Japanese language studies overseas through the training and assignment of teachers, the study of appropriate teaching methods and their development, and the promotion and distribution of teaching materials.</p> <p><u>Cultural programs:</u> Sponsors and supports performances, exhibitions, lectures and seminars that contribute to the promotion of international cultural exchange (introduction of Japanese culture overseas and introduction of foreign cultures to Japan). Produces, collects and distributes materials that introduce Japanese culture abroad and promote international exchange.</p> <p><u>Exchange programs:</u> Sends and invites qualified persons who will contribute to the promotion of international cultural and educational exchange.</p> <p><u>Centre for Global Partnership:</u> Opened in 1991 in Tokyo to deepen the relationship between Japan and the United States.</p> <p><u>ASEAN Culture Centre:</u> Opened in 1990 in Tokyo to introduce the cultures of the ASEAN nations to Japan.</p>	
<p>Other Information: Of interest is the Foundation's emphasis on programs aimed at China and Indonesia.</p>	

Name (Country): The Australia-Japan Foundation (Australia)

Established: May, 1976

Head Offices: Canberra, Australia and Australian embassy in Tokyo, Japan

Mandate/Objectives: "The broad objectives of the Australia-Japan Foundation are to deepen and strengthen relations between Australia and Japan by fostering greater mutual awareness and understanding through people to people contact and by promoting study and other activities to elucidate to each other the society, culture, language and outlook of the two peoples." (Annual Report, 1991-92)

Funding level and source(s): In 1991-92 the Foundation received a total revenue of \$1,307,188 from Government that includes the Australia-Japan annual trust fund of \$837,707. The Foundation gets no private funding. The main program expenditures included:

Education \$446,974; Special projects and symposia \$116,773; Library \$115,133; Arts and community \$70,405; and Research/science \$17,308.

Conversion into Canadian dollars based on exchange rate of September 22, 1993 (\$1 A = \$0.8654 Cdn)

Programs/Activities:

Education: A range of professional development activities for Japanese teachers with an emphasis on in-country language training, undergraduate scholarships for Japanese language training in Japan and graduate scholarships for Japanese translating and interpreting programs.

Japan Skills Program: Aimed at equipping young Australian professionals with Japanese language ability and experience in working in a Japanese environment.

Library: Operations of the Foundation's public access Australian library in Tokyo.

General Grants: Offered in Japan to assist projects involving exchange between Japanese and Australians with emphasis placed on projects that further Australian interests in some way or promote new contacts between the two countries.

Other Activities: Promotion and assistance with display of major art exhibition in Tokyo on Australian paintings; recent media visits to Japan by two Australian journalists; symposiums and other events that promote mutual awareness.

Name (Country): The Korea Foundation (Korea)	Established: January, 1992
Head Office: Seoul, Korea	
Mandate: "The Foundation is dedicated to advancing international exchanges in all manner of creative or intellectual endeavours and is aimed at promoting mutual understanding and friendship between the peoples of Korea and the rest of the world, thereby contributing to the enhancement of world culture and the welfare of all mankind." (The Korean Foundation Program Outline, 1992)	
Funding level and source(s): Financial information unavailable.	
<p>Programs/Activities: The Foundation's activities can be summed up as follows:</p> <ol style="list-style-type: none"> 1. to organize, sponsor and participate in diverse international cultural exchange programs; 2. to invite foreigners to Korea and to dispatch Koreans abroad for international conferences, seminars and research activities; 3. to support Korean studies overseas and to distribute Korean studies reference materials; 4. to conduct other programs and activities designed to help broaden understanding of Korea in the international community; and 5. to promote cooperation with major foreign cultural and academic organizations. 	

Name (Country): East-West Centre (U.S.)	Established: 1960
Head Office: Honolulu, U.S.	
Mandate/Objectives: "The Centre promotes responsible development, long-term stability and human dignity for all people in the region and helps prepare the United States for constructive involvement in Asia and the Pacific through research, education and dialogue." (Annual Report, 1992, p.1) "Through research, education and international dialogue, the centre helps solve major problems facing Asia and the Pacific and elucidates America's opportunities and responsibilities in this vital region." (Annual Report, 1992, p.3)	
Funding level and source(s): In 1992 the Centre received its annual congressional appropriation of \$32,403,700 (\$24.5 M U.S.), additional funding of approximately \$13,000,000 was received from public and private sources that included other country governments.	
Conversion into Canadian dollars based on exchange rate of September 22, 1993 (\$1US = \$1.3226Cdn.)	
Programs/Activities: The Centre primarily funds research, provides educational programs (e.g. sponsors foreign students to pursue university studies in the U.S. and promotes Asian studies programs in American colleges and universities), and encourages dialogue by providing a neutral meeting ground and organizing conferences, seminars and workshops at the Centre. In 1992-93 the Centre is focusing its energies on examining four major trends that affect the entire region: the development of post-Cold War interstate relations; rapid economic growth and its implications; the cultural and social changes brought on by the telecommunications revolution, and general political succession.	
Other Information: The East-West Centre Foundation was established in 1982 to expand support from individuals, corporations and foundations.	
Sources/Contacts: Honolulu office tel.: 808-944-7111	

Name (Country): The Asia Foundation (U.S.)	Established: 1954
Head Office: San Francisco Field offices: Washington, Afghanistan, Bangladesh, Indonesia, Japan, Korea, Malaysia, Nepal, Fiji, Pakistan, Philippines, Sri Lanka, Taiwan, Thailand	
Mandate: "...promotes U.S.-Asian understanding and cooperation and encourages Asian-Pacific efforts to strengthen representative government, build effective legal systems, foster market economies, increase accountability in the public and private sectors, develop independent and responsible media, and encourage broad participation in public life. As part of its commitment to institutional development, the Foundation also arranges project-related professional training and study tours to the United States and within Asia for hundreds of Asians each year." (Annual Report, 1992)	
Funding level and source(s): For the fiscal year 1992, the Foundation had a total revenue of \$45,429,150 of which \$41,219,290 were U.S. government grants and \$2,442,978 were private contributions..	
Programs/Activities: Books for Asia distributes over one million books and journals each year to Asian schools, universities, libraries and research centres; Centre for Asian Pacific Affairs provides seminars and conferences featuring American policy makers and their Asian counterparts; Asian-American Exchange offers in-country opportunities to Asians and Pacific Islanders to share professional training and academic study with Americans; and Partners for International Education and Training works to ensure quality educational programs and facilities for USAID sponsored degree and nondegree training programs in the U.S.	

Name (Country): The Asia Society (U.S.)

Established: 1956

Head Office: New York

Field offices: Washington, Houston, Los Angeles and Hong Kong

Mandate: To further mutual understanding between Americans and Asians. The vision that animates the Society is the creation of a peaceful Asia Pacific community built on mutual respect, deepened cooperation and enduring education (Annual Report, 1991-92).

Funding level and source(s): In 1992, revenues totalled \$13,182,846, expenses totalled \$13,071,699 and the society's endowment reached \$19,250,730. Expenses for program services in 1992 were the following:

Galleries: \$1,983,635.50

Education and Contemporary Affairs: \$1,569,585.00

Asian Activities: \$1,459,597.60

U.S. Regional Centres: \$1,176,488.40

Performances, Films and Lectures: \$882,133.20

Membership Services: \$762,943.13

Auxiliary: \$1,653,172.00

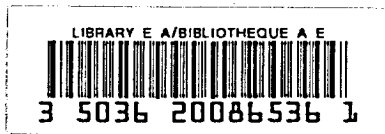
Conversion into Canadian dollars based on exchange rate of September 22, 1993 (\$1US = \$1.3226Cdn.)

Programs/Activities: The Society organizes and sponsors conferences, symposiums, lectures, seminars, education workshops, exhibitions and other events that promote mutual understanding and respect between Americans and the Asia Pacific community. For 1992, these activities were grouped into five main categories (Galleries; Contemporary Affairs; Corporate Program; Education; and Performances, Films and Lectures).

**APPENDIX 2: TRADE STATISTICS AND TRADE RELATED
INQUIRIES TO CANADIAN MISSIONS**

APPENDIX 3: PACIFIC 2000 AND APFC BUDGETS

APPENDIX 4: ENROLLMENT IN ASIAN LANGUAGE COURSES



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