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**NOTES FOR AN ADDRESS BY
THE HONOURABLE ROY MACLAREN,
MINISTER FOR INTERNATIONAL TRADE,
TO THE ANNUAL GENERAL MEETING
OF THE
CANADA-CHINA BUSINESS COUNCIL**

**BEIJING, China
November 8, 1994**



Government
of Canada

Gouvernement
du Canada

Canada

Ladies and gentlemen:

I wish to thank Vice Chairman Yang for his review of recent developments in the Chinese economy and the challenges facing it. China has been making remarkable progress in taking its place as a major economic power in Asia and in the world. The record is impressive. I wish you well as you pursue your objective of opening up and modernizing an economy which has the potential of soon becoming one the largest in the world. The road ahead is not without obstacles, but I want you to know that Canada is prepared to play a constructive role in support of your economic objectives.

Members of the Canada-China Business Council may recall that I made my first public address as Minister for International Trade at your Annual General Meeting in Vancouver last year. I am pleased to be back with you for the inauguration of your 1994 meeting. Our gathering in Beijing today represents a major milestone in the history of Canada-China relations. Indeed, the Team Canada mission headed by the Prime Minister, comprising premiers, territorial leaders and senior executives of many of our most successful companies is unprecedented not only in Canadian terms but globally.

We have one common basic purpose: to strengthen our growing links with the Asia-Pacific region and with China in particular. We want to see our commercial relations flourish.

We are here today to renew and extend our contacts at the highest levels. In so doing, we demonstrate Canada's commitment to a long-term and multi-faceted relationship with China — a partnership that will last for many, many generations.

Canada is an "old friend" to China. We opened our door to the People's Republic of China when we were among the first to establish diplomatic relations a quarter of a century ago. We have accorded China unconditional most-favoured-nation status for over two decades.

Today, we are among the most enthusiastic supporters of China's re-entry to the GATT [General Agreement on Tariffs and Trade] and to membership in the new World Trade Organization. China itself and all its economic partners can only benefit from China's early resumption of membership in the rules-based global trading organization.

To that end, Canada has provided a helping hand, but GATT accession depends on further opening of the Chinese economy and a commitment to a schedule of reform of its trade and economic regimes. Indeed, improved access to the Chinese market depends on the predictability, openness and transparency of its underlying trading system. Such reform is not only necessary to meet GATT requirements but also to provide the level of

confidence sought by international investors and business partners.

Next week I shall be in Jakarta at the APEC [Asia-Pacific Economic Co-operation forum] meetings, along with the trade ministers of the Asia-Pacific region. Canada's membership in APEC is further evidence of our engagement with the Asia-Pacific region. There is no doubt that China will play a critical role in shaping the future course of APEC and of the region.

The future prosperity of Canada depends on our success in building our ties to this the most dynamic and rapidly growing markets in the world. We can achieve this objective multilaterally, through our participation in APEC, and bilaterally through our Team Canada effort here in China this week.

The Prime Minister's visit constitutes an unequivocal testimony of the importance Canada attaches to the development of strong and durable trade and economic ties with China.

At this juncture in the development of the Chinese economy, Canada has much to offer in goods, services, technology and investment. Canadian trade and investment in China contribute to the creation of high quality jobs that benefit people in both our countries.

This year, our two-way trade should exceed \$5 billion. The Prime Minister is challenging us to expand that to \$20 billion by the year 2000. This is an ambitious target but one I believe is achievable. Moreover, I am confident that our trade growth will continue to come in high value added and high technology products and services.

The signing, yesterday, of the Nuclear Co-operation Agreement is a clear illustration of the growing sophistication of our commercial ties. This agreement opens the way for both our countries to co-operate in the building of CANDU reactors in China for the peaceful production of nuclear energy. We are proud to be able to offer China the safest and most advanced nuclear technology in the world. This will provide substantial benefits to Canadian companies, both large and small, as well as providing a much-needed source of energy to China.

At the same time, we shall continue to support and develop our traditional commodity exports. In the 1960s it was wheat that first brought Canada and China together. Since then, we have traded more than one hundred million tons of wheat, worth billions of dollars. We have been one of China's most reliable and consistent suppliers of high quality grains.

Canada's commitment to maintaining this record is demonstrated by the recent opening of the Canadian Wheat Board office here in Beijing. This new office will make it easier for Canada and China to continue doing their long-standing business in grains, and to exploit new opportunities and new markets. Related opportunities exist in grain handling equipment and in potash. But, regardless of the product, whether in commodity or in high technology, whether in telecommunications and energy or in transport, doing business in China can be as challenging as it is rewarding. Thousands of Canadian companies including small and medium-sized enterprises have been active in various Chinese regional markets. Many Canadian companies have established offices in the provinces of China to pursue new opportunities and to service their clients. Presence and positioning are keys to success in this huge country.

We have welcomed the increasing number of joint ventures between Canadian and Chinese companies to produce quality goods for China, and for the rest of the world. Such ventures, frequently involving small and medium-sized enterprises, also provide good market distribution channels for increased Canadian exports to China.

China is undergoing a remarkable transformation. Industrialization and modernization are evidenced by the thousands of factories, skyscrapers, roads, telephone networks, harbours and dams, that are being built at an almost frenetic pace. China is now beginning to reap the benefits of trade and investment liberalization which is fuelling one of the world's highest and most sustained rates of economic growth.

The Canadian response increasingly requires an approach which goes beyond traditional trade and involves direct investment, joint ventures, transfer of technology and the establishment of a permanent presence in the Chinese market.

Many Canadian companies have responded to this challenge. We are proud of their achievements.

The signing of dozens of commercial deals this afternoon will further illustrate the wealth, variety, complexity and maturity of our growing business relationship. New challenges exist also in the area of export financing, challenges which I am sure the combined efforts of our commercial banks and the Export Development Corporation will meet.

We must sustain our momentum. One of the key ways to achieve this is through high level visits. The Team Canada mission is the culmination of the many significant exchanges that have taken place in the last year. It also gives an impetus to many high level exchanges that will follow in the years to come.

Our approach to China must become more closely tailored to the demands of this increasingly sophisticated market. The China of tomorrow will be more open, entrepreneurial, consumer oriented — and regional. Business will have to respond, as will governments.

It was for that reason that this autumn we opened a new Canadian trade office in Guangzhou and strengthened our trade presence in Shanghai. We have also placed one of our trade commissioners in the Canada-China Business Council office here in Beijing. In the future, we shall look for innovative ways to form partnerships with the private sector to establish a Canadian business presence elsewhere in China, from Chongqing to Harbin.

The Canada-China Business Council has contributed in a major way to making this week's events an outstanding success. The presence here today of delegations from the Canadian Chamber of Commerce, the Business Council on National Issues and the Canadian Chamber in Hong Kong also attest to the fact that Canada-China trade and investment relations will be on the top of Canada's economic agenda. I congratulate you all. No one can afford to approach a market like China on his or her own. We speak today of global networks, integrated communications, and interdependent economies. Similarly, to succeed as individuals, we must continue to rely on teamwork as well as work.

I want to congratulate the Canada-China Business Council, all its members, both Canadian and Chinese, who have worked so effectively to bring together this annual meeting and to make a great success of the visit of Team Trade Canada. Together we share a vision of the special relationship between Canada and China. This meeting serves as a reaffirmation of our joint commitment and determination to make this vision a reality.

Thank you.