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## STATEMENT

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### NOTES FOR AN ADDRESS

BY THE HONOURABLE ROY MACLAREN,

MINISTER FOR INTERNATIONAL TRADE,

TO THE

CANADIAN BUSINESS COMMUNITY

IN BEIJING

BEIJING, China  
March 29, 1994

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Canada

I am deeply honoured to be here in Beijing today, to join in the effort to develop closer economic ties between Canada and the People's Republic of China [PRC].

For those Canadian business people in the audience who have invested time, energy and money in seeking opportunities in this great country, let me assure you that the Canadian government is right behind you.

Improving economic and trade relations between Canada and China is one of the central goals of the Government's trade strategy.

We recognize the tremendous growth that is taking place here. We recognize that Canada has a great deal to offer to help foster that growth, in terms of goods, services and investment. And we recognize that as a government, it is our duty to strengthen the bilateral relationship so that you can operate in a more secure and positive environment.

In our approach to China, we bear in mind that we are dealing with the oldest continuous civilization in the world. It is a country whose history has made it suspicious of foreign intervention. It is a country that has experienced the chaos of unbridled centrifugal forces and that is trying to fashion modern national institutions for its economy. Those are facts we must accept and deal with.

In short, we must recognize our differences, and in an atmosphere of mutual respect, see where and how we can co-operate to our mutual advantage. We must recognize both the obstacles and the opportunities that shape the dynamics of Canadian-Chinese relations.

At first blush, Canada's exports to China have shown only marginal growth over the past 10 years. In 1984, Canadian exports to China were C\$1.2 billion. Last year, exports were at \$1.5 billion, down from 1992 by about 30 percent, primarily due to a dramatic drop in our deliveries of wheat, which is still the single most important commodity Canada sells to China.

Taking a closer look at the statistics, however, one will see that over the same 10-year period, non-cereal exports to China doubled, in 1993 reaching C\$1.1 billion.

While China's requirement for Canadian grain may continue to fluctuate based on crop outcomes in both Canada and China, the stable and gradual development of Canada's value-added, knowledge-based and high-technology exports to China holds much promise for growth.

The delegation I have brought with me includes representatives from 30 companies determined to succeed in China. They illustrate the broad spectrum of Canadian capabilities in a number of sectors that are high priorities for China, including

energy, transportation, telecommunications and the environment. These Canadian businesses sell to, buy from and invest in China. I believe these companies, and the industries they represent, have a fighting chance to expand the scope of Canadian-Chinese economic relations.

The Canada-China Business Council, represented here by my friend and colleague Senator Jack Austin, is another avenue for Canadian business to team up with others who have already invented the wheel.

When I say "team," I mean it in a very literal sense as the challenges and opportunities in China can best be met by combining our resources in a focussed effort. One of my mission members is CAPSEP, which represents the Canadian power sector. This sector has been particularly successful in China because of its willingness to work together to literally move the mountains of earth required to build some of the greatest hydro developments in the world. This includes the Geheyan project, which was completed with Canadian expertise.

For Canada, there are a number of obstacles to the Chinese market that we have encountered and have yet to resolve.

Canada is an "old friend" in China. We have afforded China MFN [most-favoured nation] status for two decades, no strings attached other than the obligations that are inherent with MFN: to give Canadian business treatment at least equal to the best treatment China affords her other trading partners. This is why Canada's insurance industry is waiting in line to operate in China, resuming a century-old relationship with this country.

Last year, China's exports to Canada grew by 25 percent, reaching a record \$3 billion. This is due to the fact that the Canadian market is one of the most open in the world. Tariff rates are low, particularly for China which benefits more from our general preferred tariffs (GPT) than any other country. Our business practices are open and transparent, and Canadians are more than willing to buy quality products at the reasonable prices that China offers.

Canada is among the most enthusiastic supporters of China's re-entry to GATT [General Agreement on Tariffs and Trade]. This is why we are working with China as it brings down its import duties, opens its bidding practices and makes its licensing and approval regimes more transparent.

These are big challenges, as I think many of you know. However, I would like to make the point that the Government of Canada, a government that opened the door to the People's Republic of China a quarter century ago, will forcefully pursue Canadian business interests and in the frank and open manner becoming an old

friend, will raise such issues in a co-operative spirit at every opportunity.

I am very impressed with what I have seen here in Beijing and look forward to my visit to Shanghai. Perhaps more than anywhere else in the world today, the Chinese people are known the world over for hard work, perseverance and a strong sense of dignity that will always prevail over adversity in any realm of endeavour.

The success of China's economic growth, the increasing prosperity of the Chinese people, and the tremendous market opportunities that this presents for Canadians, are worth paying close attention to.

I can see from the activities of many of the Canadian firms with me on my mission that these opportunities are producing some tangible results.

For example, General Electric Canada has signed a major contract for hydro power generating equipment for the Ertan power station. Kvaerner Hymac will conclude a contract for the Jincheng pulp and paper project and establish a joint-venture manufacturing and service facility in China. And to assist even closer ties between our two countries, Canadian Airlines International will resume scheduled service to China next month, with direct Vancouver-Beijing service.

These are but three examples of the many real opportunities that have resulted in tangible benefits for Canadian companies who have made a sustained commitment to the China market. There are many other success stories here today, and I congratulate Canada's business community for its persistence and well-earned rewards here in China.

Canadians have tried hard to position ourselves in the China market, but admittedly we may not have tried hard enough. My government is prepared to commit increased resources to support the Canadian business community in China.

I would like to advise you that my government has decided to raise the ceiling of funds available to the Export Development Corporation (EDC) to provide competitive financing for Canadian export transactions.

Canada is committed to guidelines established with our OECD [Organization for Economic Co-operation and Development] partners for the allocation of concessional financing. Within this framework, I would also like to advise you today of a recent decision by my government to provide additional concessional financing for China. Criteria for this line of credit will be worked out over the coming weeks, and I believe that this will

provide a useful tool to many Canadian companies seeking to develop specific market sectors in China.

Finally, due to the rapid growth in demand for the services of Canadian trade commissioners in China by the Canadian business community, I have decided to increase the level of our staff at the Canadian Consulate General in Shanghai. As well, we will establish a commercial office in Guangzhou.

My trip here this week is just the beginning of an intensive year in the Canada-China relationship. Next month our governor general and our minister of agriculture will be here. Our foreign minister will come in July. And our prime minister will come to crown the year on a major mission in November, at the time of the Canada-China Business Council's annual meeting. One of China's vice-premiers, Zou Jiahua, will be in Canada next month, and we expect to have received 10 or more Chinese ministers by the end of the year. It will be a great year in which we will achieve much, restoring the Canada-China relationship to its proper high-priority place in our foreign and trade policies.

I would like to raise my glass and propose a toast to President Jiang Zemin, the people of China and Canada, and the health and prosperity of all my friends here today.