

## **NEW WEST PARTNERSHIP – ENGAGEMENT WITH ASIA**

### **Introduction**

Over the past two decades, Asian economies have experienced phenomenal growth. In 1990, Asia's GDP accounted for a fifth of the world's total. By 2010, this figure had risen to roughly a quarter and is expected to reach a full third by the end of this decade.

The long-term outlook for Asia's largest developing economies is even more promising. While the number of middle class people in Europe and North America is projected to shrink from 54% of the global total in 2009 to 21% in 2030, Asia's share is anticipated to increase from 28% to 66% over the same period. High economic growth is expected to continue, which should result in significant opportunities for governments across the world.

The New West Partnership (NWP) is well positioned to build new cultural and business linkages to capitalize on the many opportunities an expanding Asian market presents to the world. Our provinces have shared goals of opening new markets, expanding exports, creating high-paying jobs and strengthening our regional economy.

Asia's importance to the NWP continues to grow. Since 2003, exports from our provinces to the region have more than tripled, and now comprise the majority of all Canadian exports to Asia. People-to-people ties between our three provinces and Asia have also grown in recent years, and are a foundation upon which strengthened ties in business, trade, and education can be created. In order to build on our successes and capitalize on future opportunities, the NWP commits to focus and advance on four areas of shared interest in Asia, including:

- Trade and Investment Negotiations and Agreements;
- Foreign Direct Investment;
- Trade and Investment Promotion; and
- International Education and Talent Development.

### **Trade and Investment Agreements**

The NWP welcomes the Canada-South Korean Free Trade Agreement. When ratified, this will be the first major bilateral free trade agreement with a country in Asia. Increased efforts to open trade in the region are needed to ensure that our products and services can effectively compete in these markets. Many products and services face significant tariff and non-tariff barriers in the region. The NWP supports efforts expand market access in Asia and looks forward to ambitious outcomes in current Canadian trade negotiations, including:

- the Trans-Pacific Partnership (TPP);
- the Canada-Japan Economic Partnership Agreement;
- the Canada-India Comprehensive Economic Partnership Agreement; and,
- potential trade negotiations with China and Thailand.

Foreign Investment Protection Agreements (FIPAs) are also important in Asia; they provide clear rules and promote bilateral flows of investment. Canada has existing FIPAs with the Philippines and Thailand, is working to ratify a FIPA with China, and is negotiating FIPAs with India, Indonesia, Mongolia, and Vietnam.

The NWP commits to work with the Government of Canada in international trade negotiations to ensure agreements are comprehensive and able to secure meaningful market access for the goods and services of our export-oriented economies.

### **Foreign Direct Investment**

In 2011, the NWP accounted for an estimated 42% of Canada's total inward Foreign Direct Investment (FDI). Since demand for investment in the NWP provinces' primary economic sectors cannot be met domestically, our economies are increasingly reliant on FDI for capital expansion projects and increasingly look to diversify through greenfield investment. To remain an attractive destination for investment from Asia and to maximize our country's investment attraction potential, greater clarity on Canada's FDI rules is required.

At the November 2013 Council of the Federation meeting, provinces expressed concern about recent changes to the *Investment Canada Act* and the lack of clarity in the new rules. We recognize that the federal government needs to maintain some flexibility in this area and will continue to assist the federal government, jointly where appropriate, during the investment review process to ensure that provincial and regional interests are reflected in that process.

The NWP has worked hard to attract investment from all sources and commits to continued efforts to attract FDI, specifically from Asia.

### **Trade and Investment Promotion**

In November 2013, the federal government released the "Global Markets Action Plan", a strategic document that outlines Canada's trade and investment promotion priorities. The plan identifies a number of priority markets in Asia including China, India, Indonesia, Malaysia and Singapore. The NWP supports this Plan and the federal government's ongoing efforts to promote Canadian goods and services, attract investment and build linkages with Asian markets.

Our common export interests provide opportunities for our provinces and industries to collaborate and build a more comprehensive approach towards international marketing. Collaboration may also include complementing Canada's marketing and awareness-building efforts in Asia.

Under the New West Partnership International Cooperation Agreement, our provinces agreed to share market intelligence and undertake joint initiatives. Opportunities exist for deeper collaboration and we commit to continued efforts to partner with important

stakeholders, including industry and the federal government, in trade and investment promotion activities.

### **International Education and Talent Development**

International education can serve our provinces as a key building block for advancing prosperity. Engaging Asia through international partnerships in education, innovation, and entrepreneurship will contribute to the vitality of our provinces and the rest of Canada. The NWP aspires to undertake a leadership role on the international stage by promoting the benefits of shared learning, cooperation and business with Asia. There is significant opportunity to further our common interests with a particular focus on the bilateral exchange of students and researchers. Welcoming international students and researchers enriches local communities and learning in our provinces. Similarly, sending our students abroad helps our provinces engage on the global stage, and presents a foundation for conducting business and research in these markets.

Attracting entrepreneurs and skilled workers from Asian markets to the NWP is also a crucial aspect of our success and brings new ideas and perspectives that can improve our quality of life.

The NWP commits to cooperating on improving our human and cultural linkages with priority Asian countries.