



THE ASIA FACTOR
LE FACTEUR ASIE



ASIA PACIFIC
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DU CANADA



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Asia’s impact on Canada differs for each province and territory. The Asia Factor explores how Asia matters across Canada and assesses the opportunities and challenges each province faces as the world’s economic centre of gravity shifts towards the Asia Pacific region.

Launched by the Asia Pacific Foundation of Canada, the Asia Factor is a multi-year initiative that examines the interaction of each province and territory with Asia, providing a comprehensive resource of information and analysis on Canada - Asia relations at the provincial level.

To find out more about the Asia Factor in Canada, visit : www.theasiafactor.ca

L’impact de l’Asie au Canada diffère pour chaque province et territoire. Alors que le centre de gravité économique mondial se déplace vers la région de l’Asie Pacifique, Le Facteur Asie explore de quelle façon l’Asie influe sur le Canada en analysant les opportunités et les défis auxquels font face chaque province.

Lancé par la Fondation Asie Pacifique du Canada, Le Facteur Asie est une initiative qui s’étend sur plusieurs années et qui examine les interactions de chacune des provinces et territoires canadiens et qui propose une source d’information sur les relations Canada-Asie au niveau provincial.

Pour en savoir plus sur le Facteur Asie au Canada, visitez : www.theasiafactor.ca

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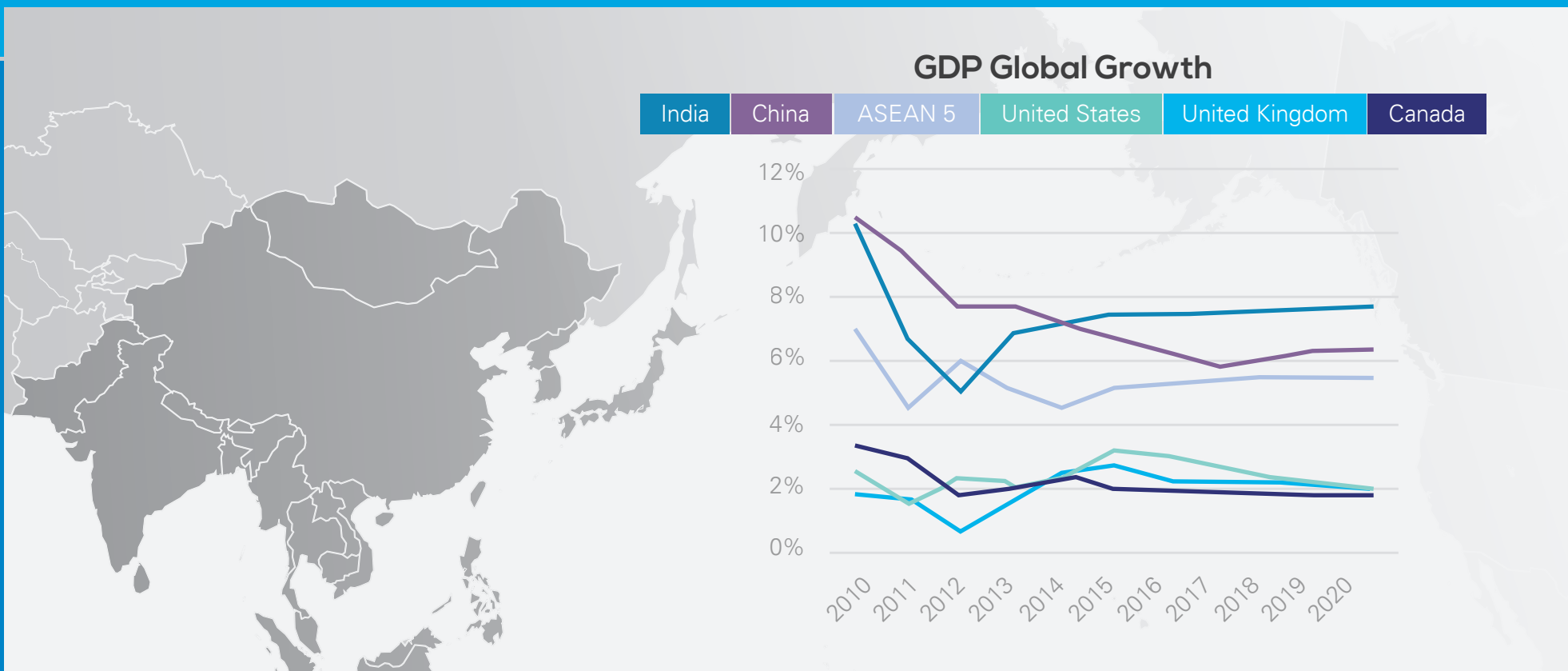
Asia's importance to Canada is clear and evident when looking at two important factors: the region's high GDP growth and increased inflows of investment.

GDP growth in Asia remains strong and steady. Asian countries are no longer passive economic actors. Not only does Asian investment into Canada continue to increase but so does the world's investment into Asia. Global players have recognized the region's vast array of opportunities and it is imperative for Canada to increase its multifaceted engagement with Asia.

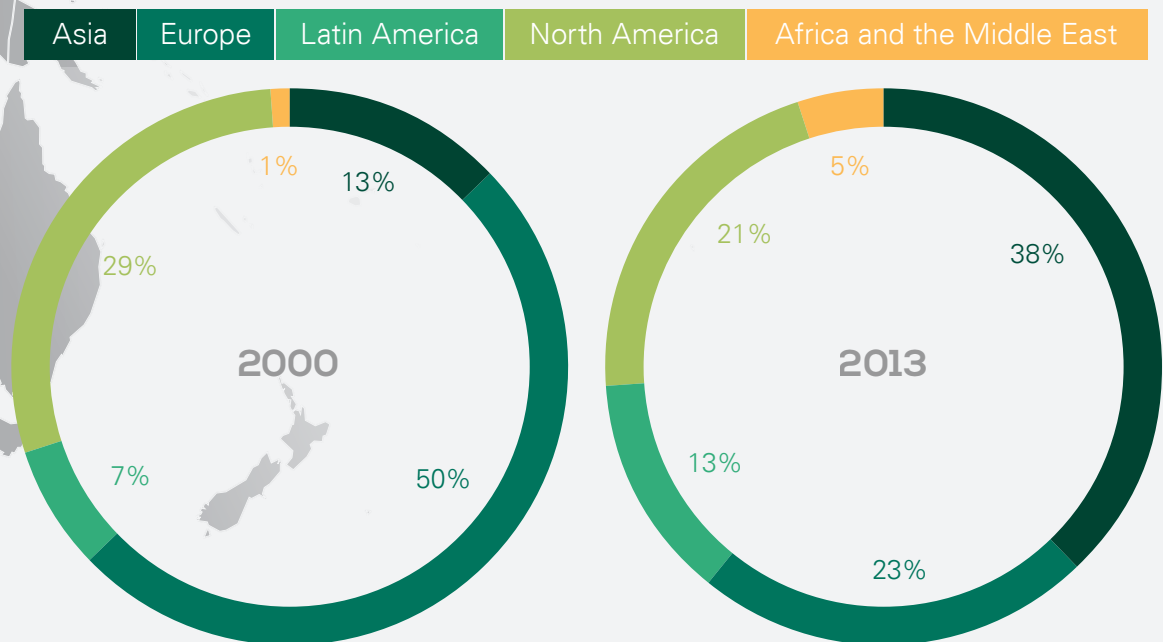
It is expected that by 2030, Asia will have 59% of middle class consumption and 66% of the global middle class. India's middle class is projected to reach 475 million people by 2030, while the Chinese middle class is forecasted to hit one billion (which may account for 70% of their population in 2030).

"As part of our government's ambitious pro-export plan, our priority is to improve access to strategic markets in the Asia-Pacific region and support Canadian companies as they create jobs and opportunities for hardworking Canadians in every region of the country."

- Ed Fast, Minister of International Trade – November 2014



Foreign Direct Investment, Net Inflows by World Region





Merchandise Exports to Asia

76.5% of Canada's exports in 2014 went to the United States, while 10.4% went to Asia, 8.5% to Europe and 4.6% to Latin America, Africa and the Middle East. Provinces in Central Canada and Atlantic Canada saw significant increases in exports to Asia. For instance, from 2000 to 2014, Ontario and Quebec increased their share of Canada's exports to Asia from 15.3% to 20.3% and from 9.9% to 13.9%, respectively. For the same period, British Columbia's share shrunk from 40% to 28.5%. Nonetheless, western Canadian provinces remain the top provinces exporting to Asia.

15.1% OTHER

7.1% ENERGY PRODUCTS

88.1% Bituminous Coal
11.9% Other

10.3% CHEMICALS & PLASTICS

31.3% Potassium Chloride
11.8% Ethylene Glycol
7.7% Alkaloids or their Derivatives
5.9% Uranium and its Compounds
43.3% Other



16.9% WOOD, PULP & PAPER

30.2% Lumber (>6mm)
35.4% Chemical Woodpulp
8.5% Telephone Poles
25.9% Other

27.9% AGRI-FOOD PRODUCTS

26.5% Canola or Colza Seeds
12.6% Meslin and Wheat
8.6% Swine, Cuts Boneless - fresh or frozen
7.4% Peas - Dried
6.2% Soya Beans
4.1% Lentils - Dried
34.6% Other

22.8% METALS & MINERALS

26.2% Copper ores & Concentrates
25.9% Gold in unrought form
16.3% Iron ores and Concentrates
32% Other

Share of Canada's % of Exports to Asia, by Province

2014

BC (29%) AB (13%) SK (14%) MB (5%) ON (20%) QC (14%) NB (<1%) NS (1%) PE (<1%) NF (2%) Terr. (<1%)

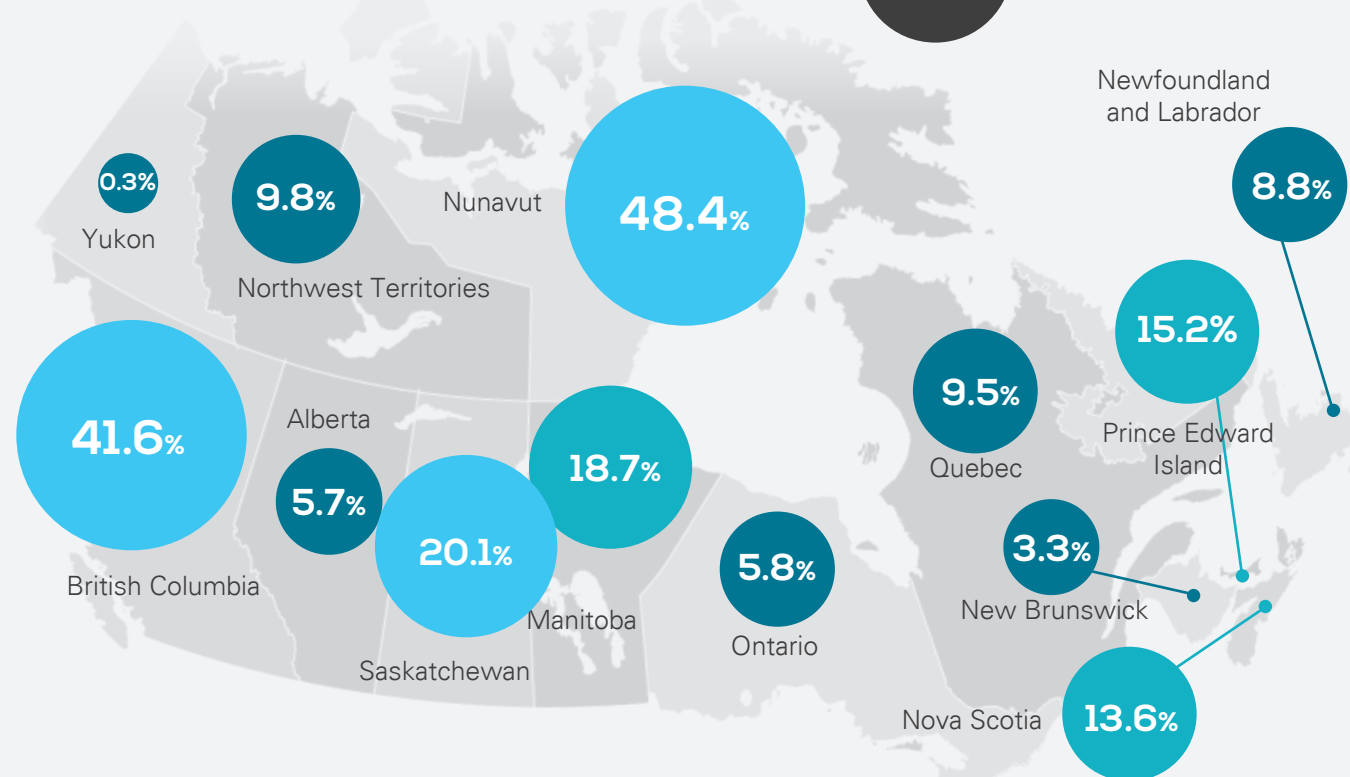
2000

BC (39%) AB (17%) SK (11%) MB (4%) ON (15%) QC (10%) NB (1%) NS (1%) PE (<1%) NF (1%) Terr. (<1%)

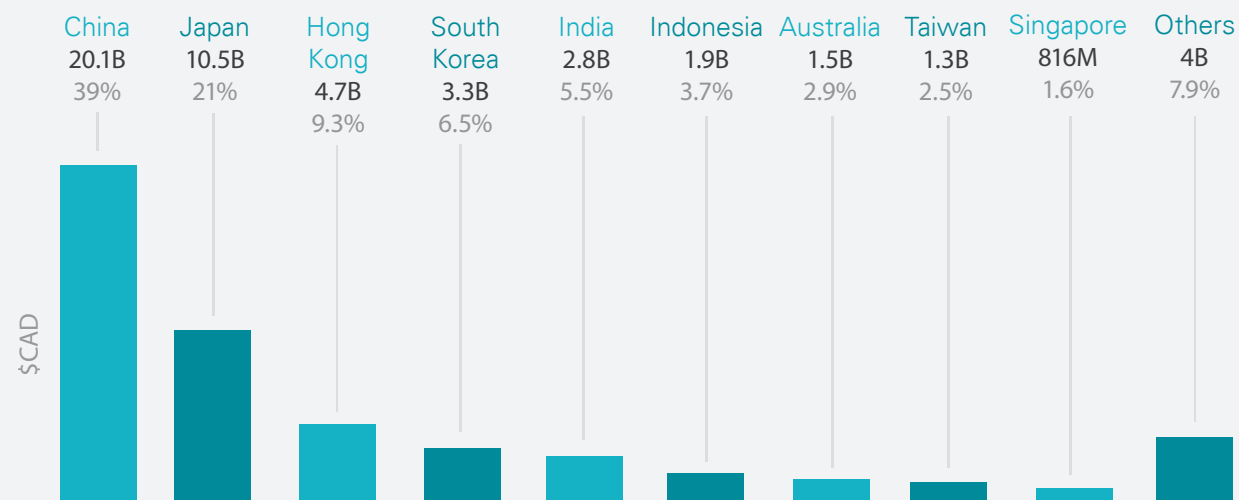
0% 50% 100%

% of Export Trade with Asia:

10.4%



Canada's Main Export Partners in Asia

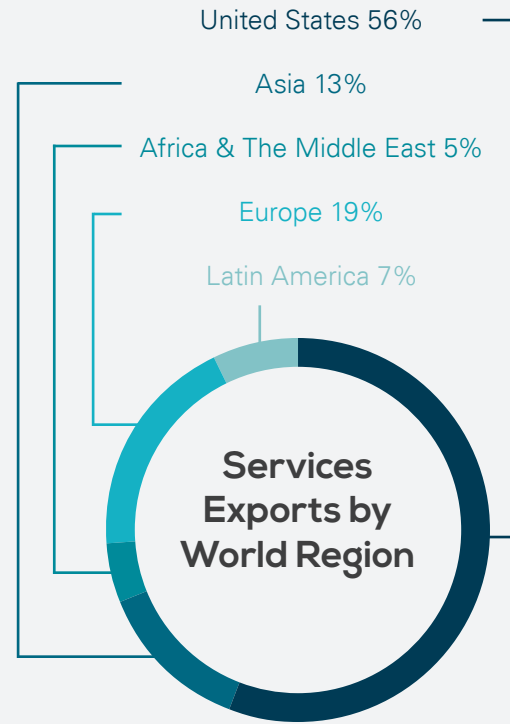




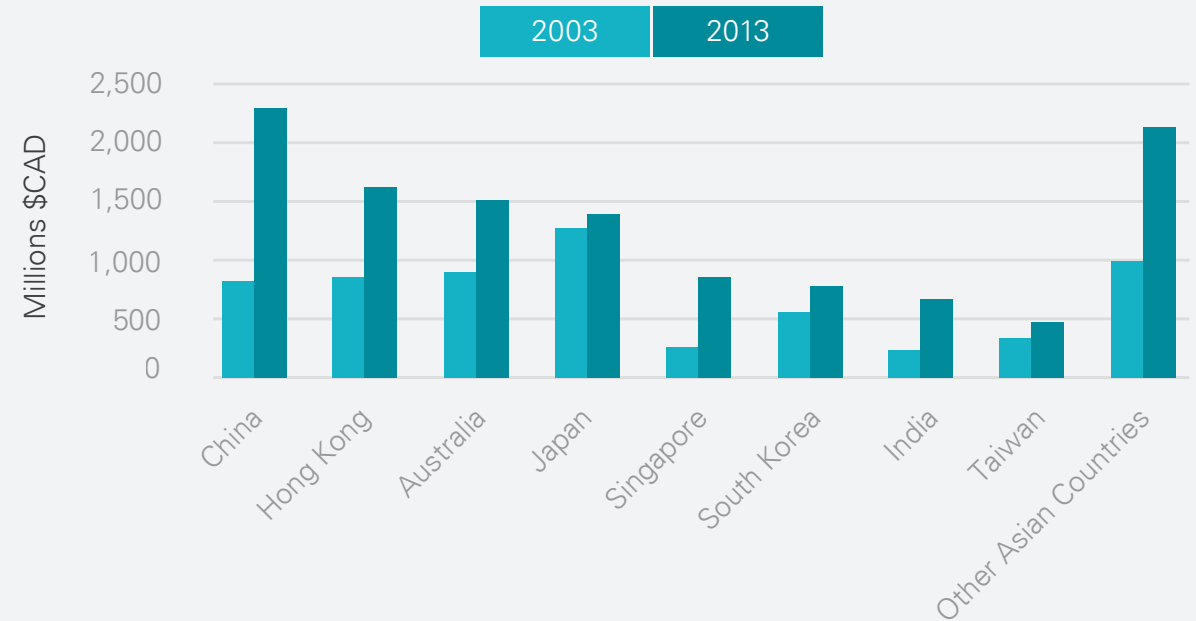
Services Exports to Asia

Canada exported \$91.8 billion in services in 2013, an increase of 2.8% from the year before. Canada's services exports accounted for 17.2% of its total exports. Canada exported \$12 billion in services to Asia in 2013, accounting for 19% of its total exports to the region.

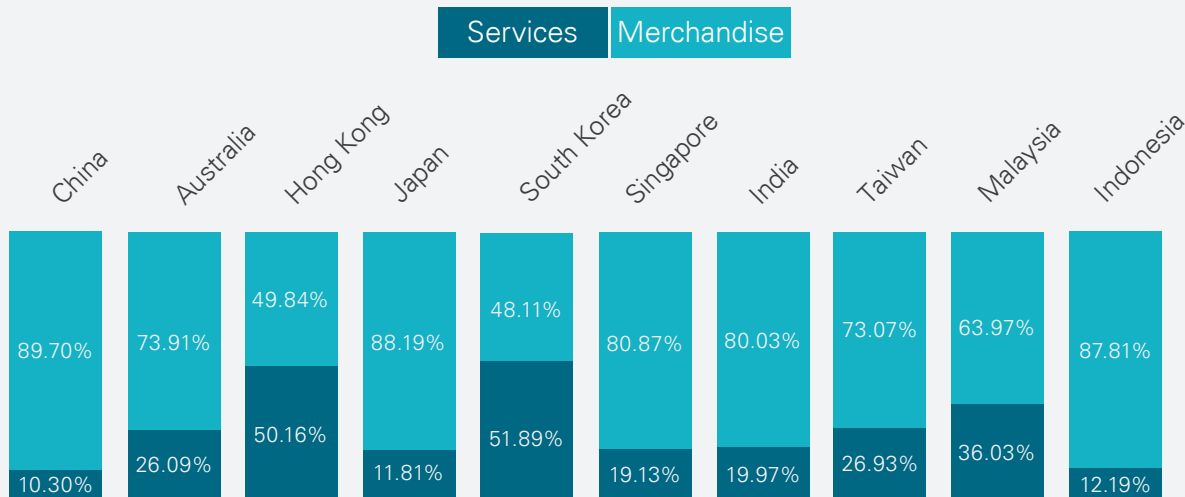
The United States continues to be the top destination for Canadian services exports, receiving 56% of Canada's total services exports. Asia, in comparison, received 13% of Canada's services exports in 2013. From 2003 to 2013, services exports to the United States grew by 36%. In comparison, services exports to Asia grew 88% for the same period.



Canada's Services Exports to Asia



Services and Merchandise Exports to Asia



Commercial Services

This includes international service transactions, such as financial, advertising, cultural, architectural and engineering services.

Canada sold \$3.8 billion worth of commercial services to Asian countries in 2012.



Travel Services

This includes all expenses (food, lodging, recreation) incurred by foreign travelers in Canada.

Canada sold \$4.1 billion worth of travel services to Asian countries in 2012.



Transportation & Government Services

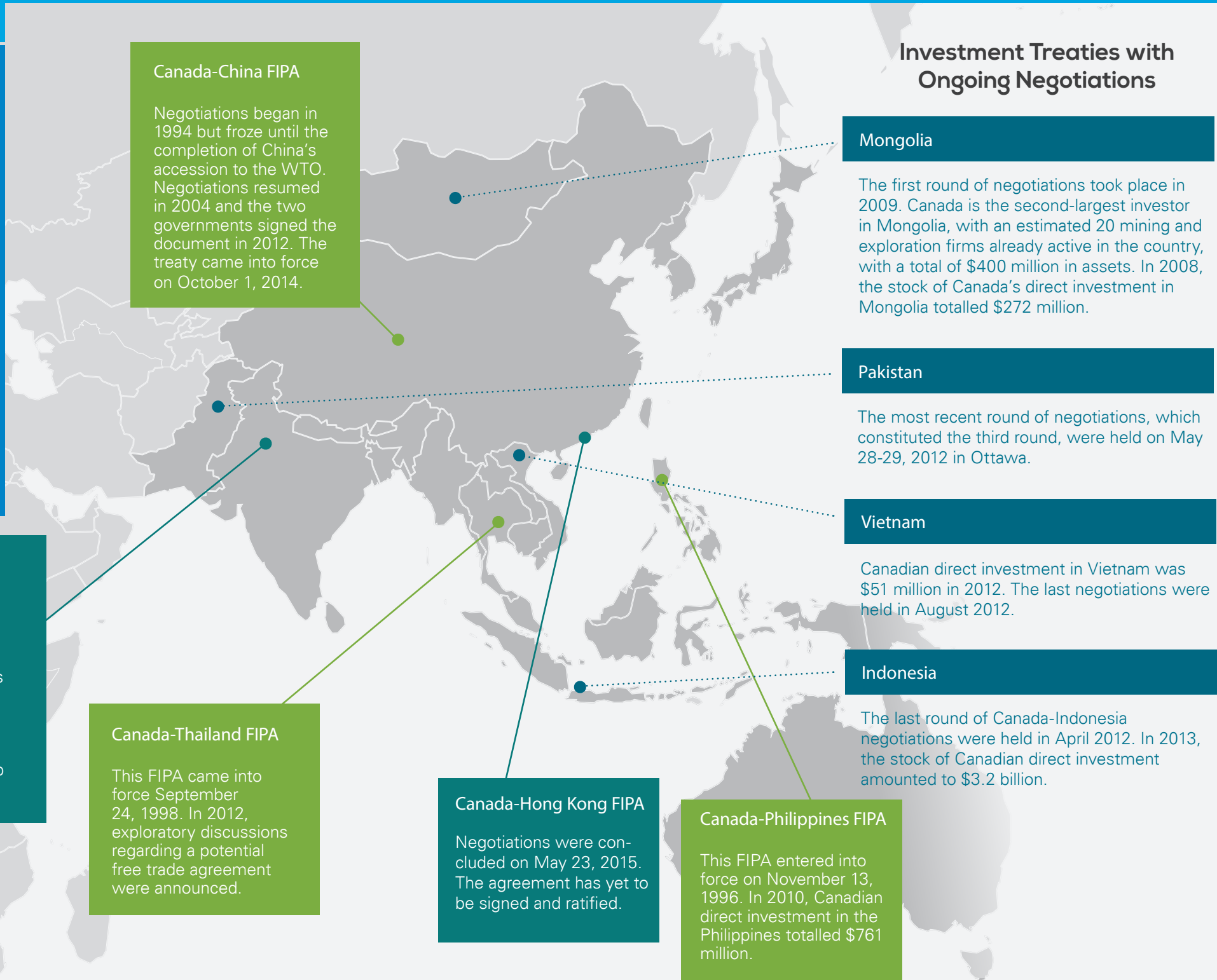
This includes the revenues and expenses incurred during transportation of goods or people across international borders as well as Canada's official and military activities in foreign countries.

Canada sold \$4.1 billion worth of transportation and government services to Asian countries in 2012.



Foreign Investment Promotion and Protection Agreements (FIPAs) are bilateral agreements aimed at protecting and promoting foreign investment through legally-binding rights and obligations. FIPAs help create a more predictable environment for Canadian businesses seeking opportunities abroad.

The Canadian government has successfully concluded many Foreign Investment Promotion and Protection Agreements with Asian countries and continues to negotiate new agreements. Canada has 29 FIPAs in force, 3 are with Asian countries and 4 of the 11 FIPAs in negotiation are with Asian countries.



Canada-China FIPA

Negotiations began in 1994 but froze until the completion of China's accession to the WTO. Negotiations resumed in 2004 and the two governments signed the document in 2012. The treaty came into force on October 1, 2014.

Canada-India FIPA

Negotiations were concluded in June 2007; the agreement was signed but has not been ratified. This FIPA is paving the way for discussions regarding the Canada India Comprehensive Economic Partnership Agreement (CEPA).

Canada-Thailand FIPA

This FIPA came into force September 24, 1998. In 2012, exploratory discussions regarding a potential free trade agreement were announced.

Canada-Hong Kong FIPA

Negotiations were concluded on May 23, 2015. The agreement has yet to be signed and ratified.

Canada-Philippines FIPA

This FIPA entered into force on November 13, 1996. In 2010, Canadian direct investment in the Philippines totalled \$761 million.

Investment Treaties with Ongoing Negotiations

Mongolia

The first round of negotiations took place in 2009. Canada is the second-largest investor in Mongolia, with an estimated 20 mining and exploration firms already active in the country, with a total of \$400 million in assets. In 2008, the stock of Canada's direct investment in Mongolia totalled \$272 million.

Pakistan

The most recent round of negotiations, which constituted the third round, were held on May 28-29, 2012 in Ottawa.

Vietnam

Canadian direct investment in Vietnam was \$51 million in 2012. The last negotiations were held in August 2012.

Indonesia

The last round of Canada-Indonesia negotiations were held in April 2012. In 2013, the stock of Canadian direct investment amounted to \$3.2 billion.

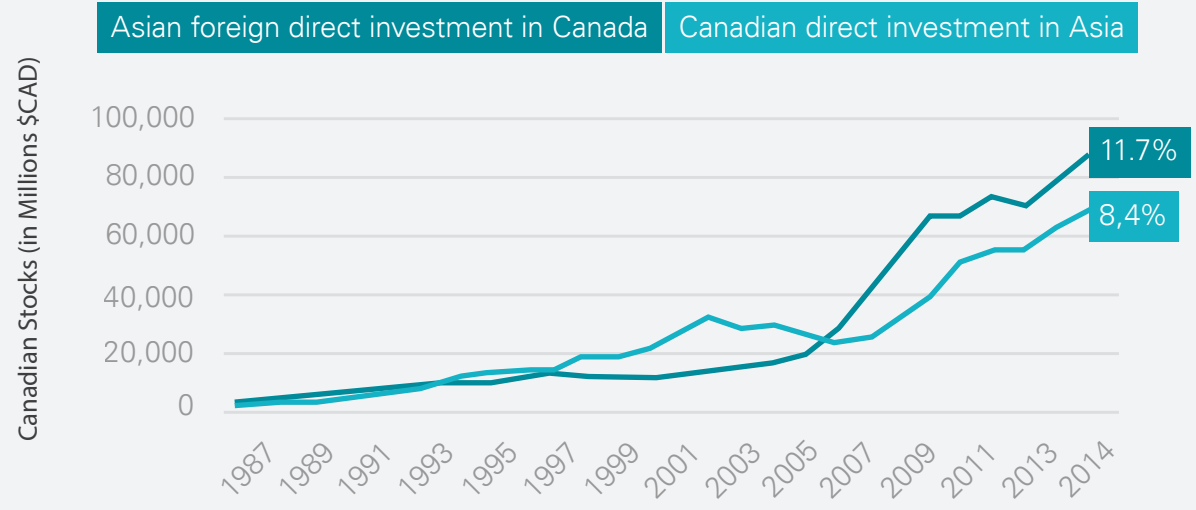


Asian Investment in Canada

In 2013, Canadian companies invested just over \$63 billion in Asia. For the same year, Asian investment in Canada totaled just under \$78 billion. China has surpassed Japan as the main source of Asian investment into Canada, although Japan remains a close second.

Investment in both directions continues to grow. In 2014, Asian investment into Canada reached almost \$86 billion, while Canadian investment in Asia grew to almost \$70 billion.

Canada's Foreign Direct Investment with Asia



Asian Investments in Canada

Nova Scotia Venture Capital Fund

In 2014, Victor Chu, a Chinese businessman, created a \$50-million private venture capital fund in Nova Scotia to help small to medium-sized businesses in the province expand their businesses in Asian markets.

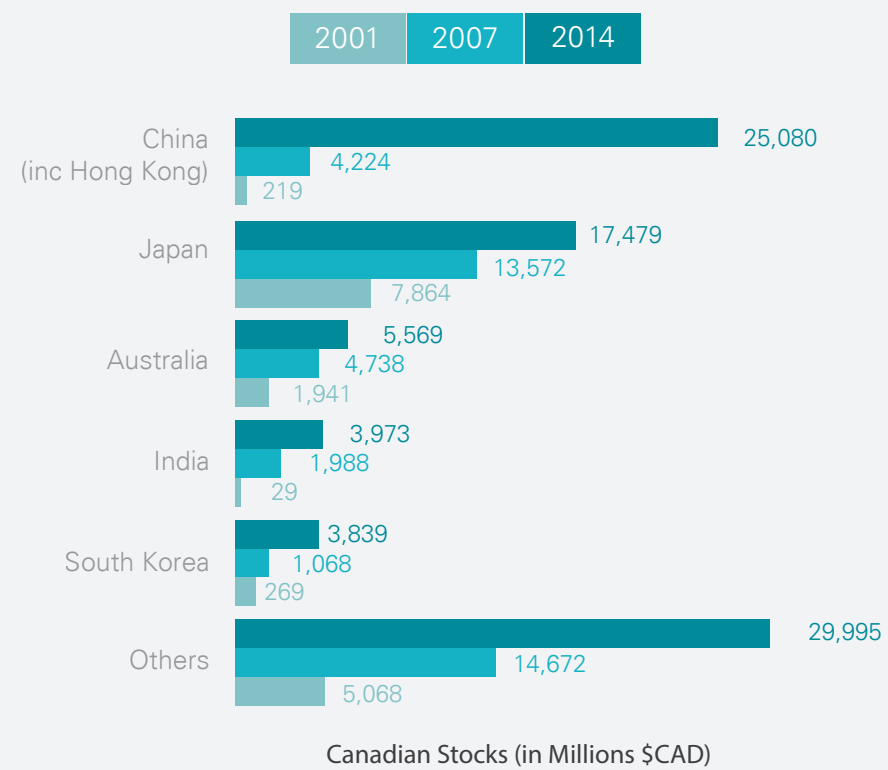
Jiangsu Huayi Technology Co.

During Premier Kathleen Wynne's trade mission to China in October 2014, a Chinese company announced a \$40-million investment in Peterborough, Ontario to create a medical isotope facility. This investment will create 50 jobs.

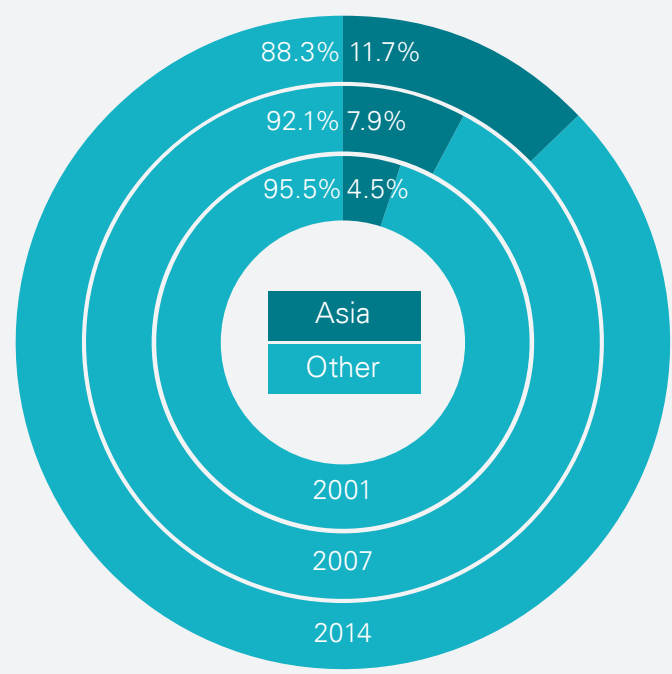
Gumi Inc.

In November 2014, leading Japanese game developing company Gumi Inc made a significant investment in Vancouver, B.C., to expand its overseas operation by opening its first Canadian office. British Columbia has a thriving gaming sector and Gumi's new office will create new specialized jobs.

Asian Investment in Canada, by Country



Foreign Investment in Canada

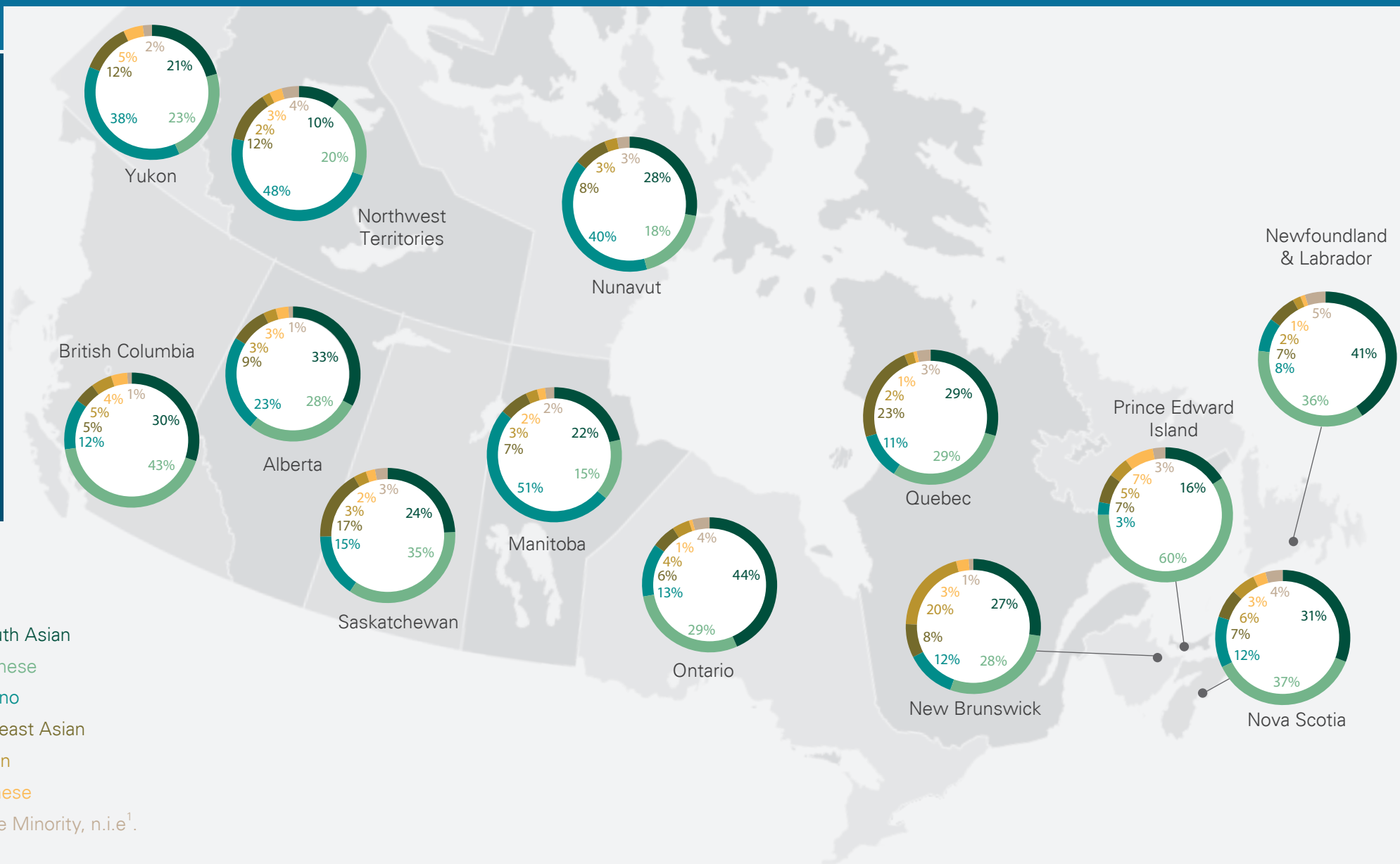


Source: Department of Foreign Affairs, Trade and Development
 Note: Data for 2014 are preliminary. For this profile, Middle East countries are included with Asia

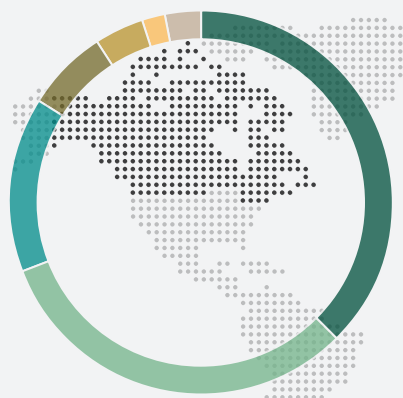


Asian Population in Canada

Immigration from Asia has increased in recent years. According to the 2011 census, Asian visible minorities represent 12.7% of Canada's total population and continue to be the nation's fastest growing visible minority group. The Asian diaspora presents a wealth of knowledge and liaison opportunities with their original countries. Many Asian-Canadians are building linkages between Canada and their respective countries through ethnic business associations. Engaging Canada's Asian diaspora offers opportunities to strengthen social, economic and political ties with Asian countries.

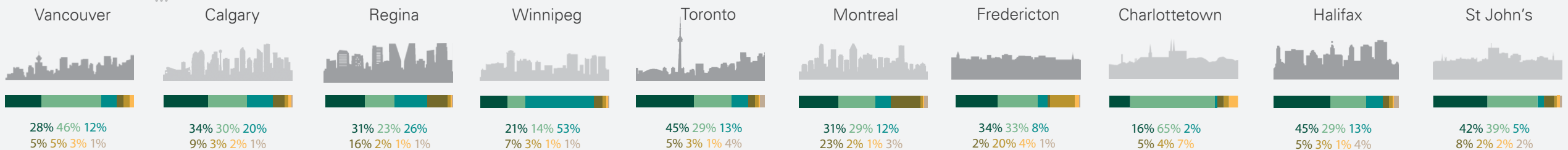


Canada Wide



- **38%** South Asian
- **32%** Chinese
- **15%** Filipino
- **7%** Southeast Asian
- **4%** Korean
- **2%** Japanese
- **3%** Visible Minority, n.i.e.¹

By Major Cities:

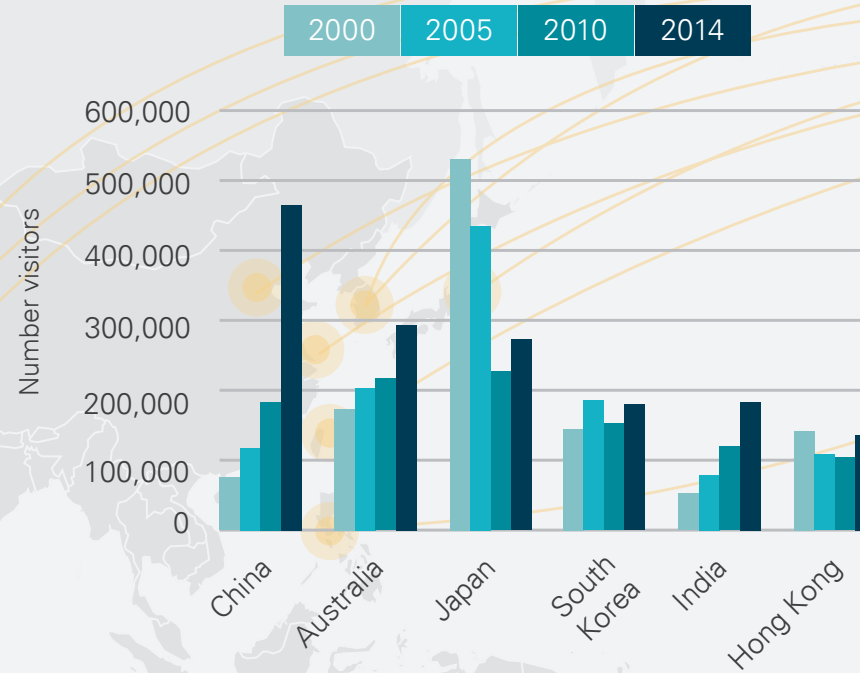




Canada is one of the top 20 most-visited international destinations. International visitors are spending more during their trips to Canada, leading to an increase in tourism revenue and supporting and creating more service industry jobs.

Chinese tourists lead the Canada-bound tourist surge in terms of the number of visitors and money spent. By 2015, China is predicted to surpass the U.S. as the world's biggest business travel spender. Visitors from China and India in Canada are growing rapidly; between 2000-2014 they grew by 501% and 237%, respectively.

Top 6 Asian Sources of Visitors to Canada

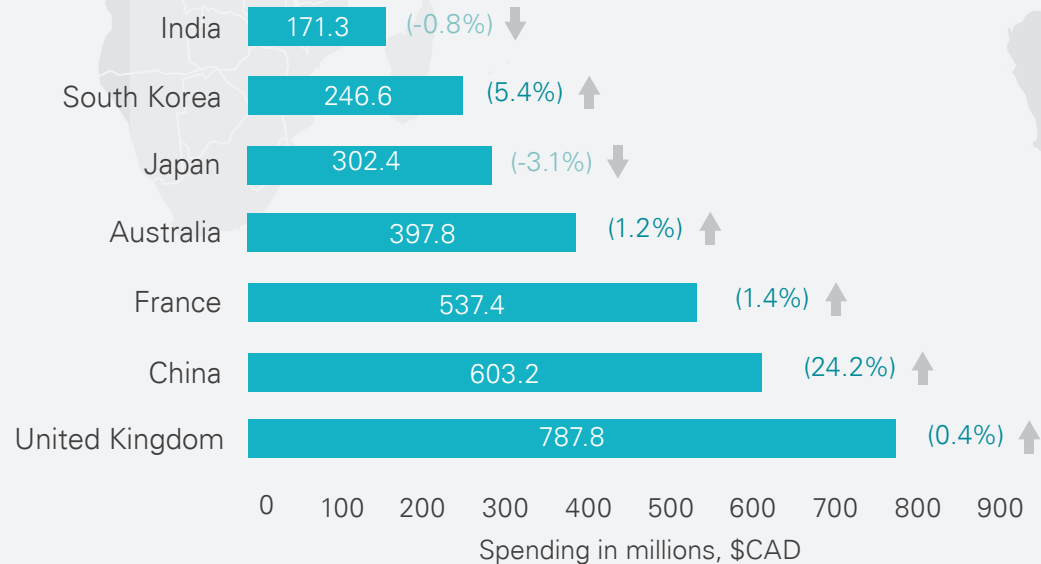


Weekly Flights to Asia, 2014-2015¹

	Vancouver	Calgary	Toronto
Japan (Tokyo)	21	3	7
Taiwan (Taipei)	9		4
Australia (Sydney)	7		7
New Zealand (Auckland)	6		
China (Shenyang)	3		
China (Shanghai)	21		10
China (Guangzhou)	7		
China (Chengdu)	3		
China (Beijing)	18		14
South Korea (Seoul)	12		4
Philippines (Manilla)	7		3
Hong Kong (China)	21		17
India (New Delhi)			7
Pakistan (Islamabad)			1
Pakistan (Karachi)			2
Pakistan (Lahore)			1
Total	135	3	77

Spending in Canada by International Visitors, 2013

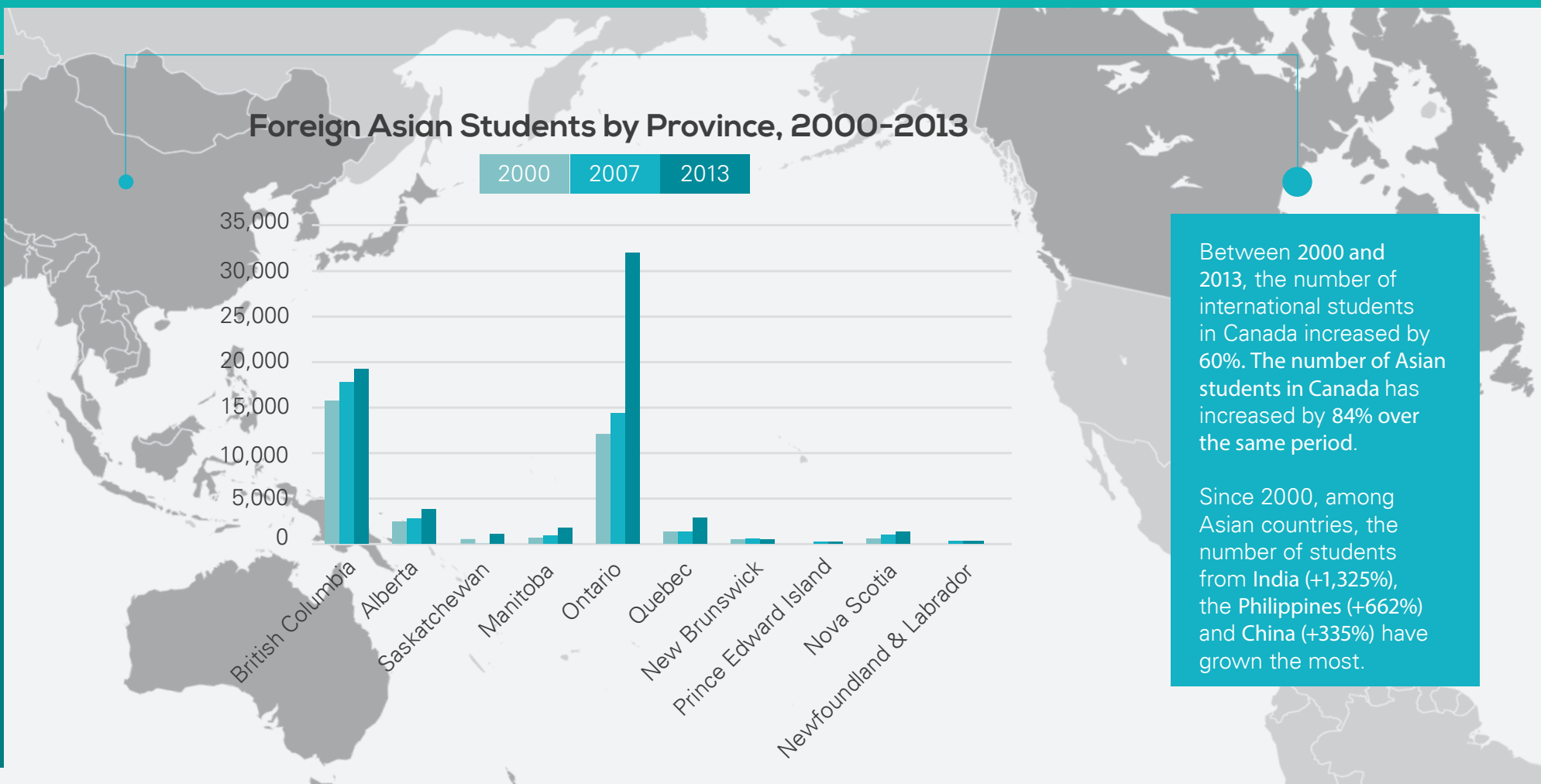
(Change from 2012)





In 2014, international students brought \$8 billion to the Canadian economy mainly from tuition, food, living and leisure expenses. Their presence helped create over 83,000 jobs. The number of international students coming to Canada is quickly increasing, making Canada the 7th most popular destination for international students. In 2013, the top five countries of origin of international students were China, India, Korea, Saudi Arabia and France.

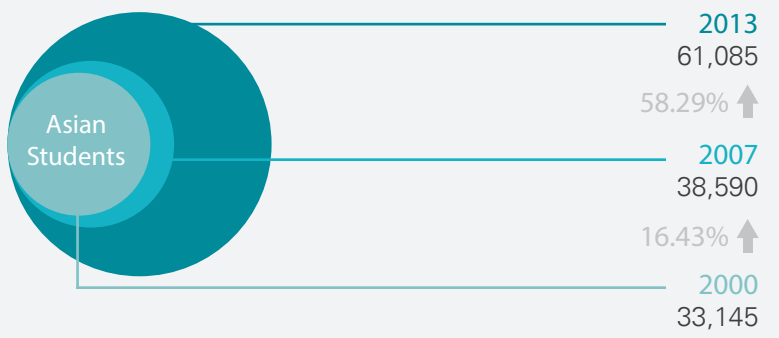
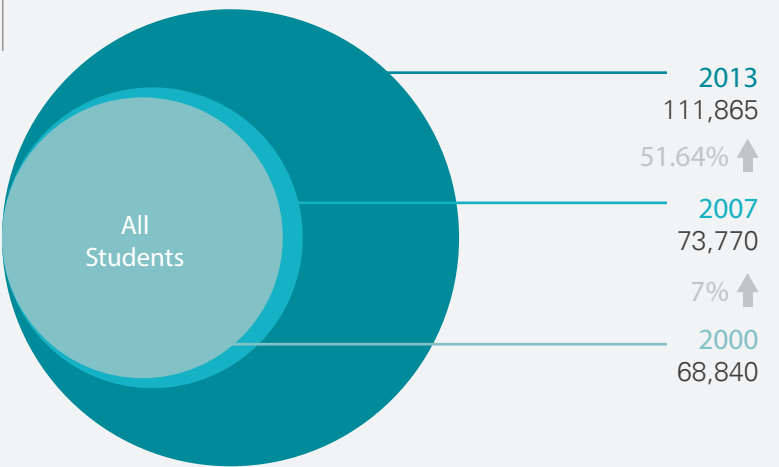
Canada competes with other leading countries to attract international students. Now, more than ever, students have greater international mobility to travel outside their countries to access high quality education. International students contribute greatly to the Canadian economy and enrich our own education systems by bringing worldwide experience into our country.



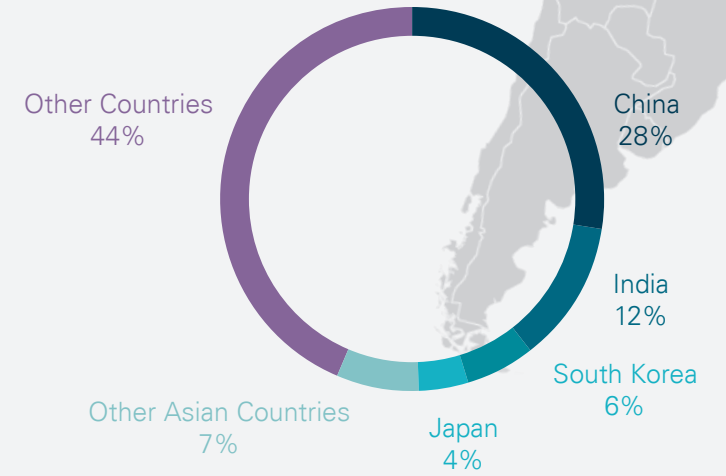
Between 2000 and 2013, the number of international students in Canada increased by 60%. The number of Asian students in Canada has increased by 84% over the same period.

Since 2000, among Asian countries, the number of students from India (+1,325%), the Philippines (+662%) and China (+335%) have grown the most.

Number of Study Permits



International Students in Canada, 2013





Sister Relationships

Sister relationships between provinces and cities across the world have been, and continue to be, very important tools for encouraging international friendships, as well as cultural, educational, business and technical exchanges.

Most Canadian provinces and nearly 150 Canadian cities have established a sister agreement with Asian provinces and cities. Far from being a simple act of diplomacy, these sister agreements have brought about tangible results and benefits for both Canada and Asia.

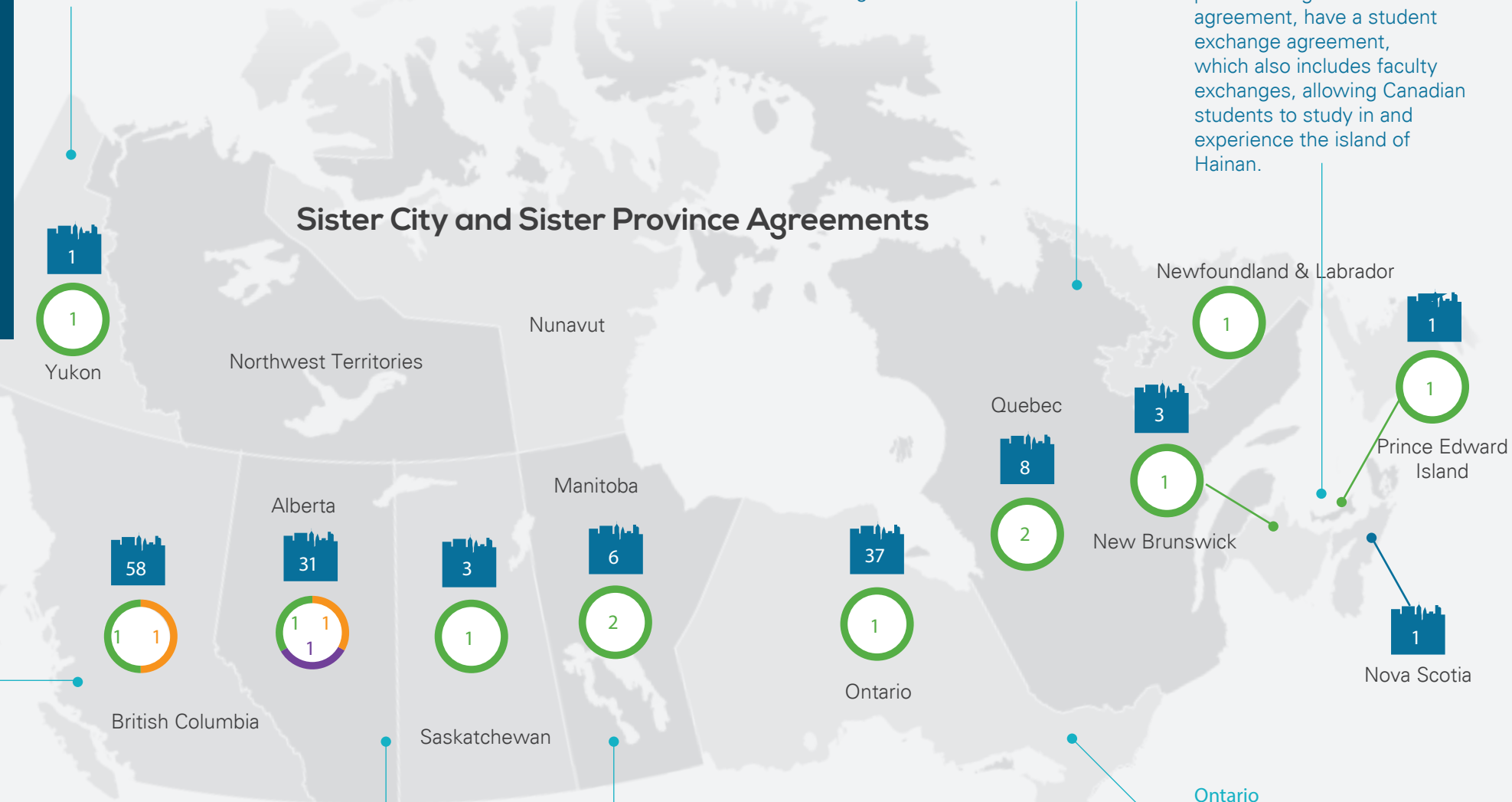


Yukon
Whitehorse and Ushiku, Japan, have a sister city agreement and send exchange students to each other in alternating years.

Quebec
In 1999, the Quebec government opened a representative office in Shanghai (also Montreal's sister city) whose primary mission is to promote Quebec and co-ordinate institutional, economic and cultural exchanges.

Prince Edward Island
Hainan University (China) and the University of Prince Edward Island, whose provinces signed a sister agreement, have a student exchange agreement, which also includes faculty exchanges, allowing Canadian students to study in and experience the island of Hainan.

Sister City and Sister Province Agreements



British Columbia
British Columbia and Guangdong Province, China, are sister provinces. This relationship has resulted in various trade missions and the opening of a Guangdong trade office in B.C.. In February 2009, B.C. opened a Trade and Investment office in Guangzhou that is currently staffed by six trade and investment representatives.

Alberta
Alberta and the province of Heilongjiang, China, participate regularly in each other's ice and snow festivals, with delegations from both provinces representing their homeland at various ice sculpture competitions. 2016 will mark the 35th anniversary of their sister province relationship.

Manitoba
The sister province relationship between Manitoba and the province of Anhui, China, has facilitated the co-operation between a Winnipeg-based institution, International Institute for Sustainable Development (IISD), and the Chao Lake Management Administration in Anhui.

Ontario
The Ontario-Jiangsu Business Council helps create jobs and new opportunities in the two provinces by deepening collaboration in the areas of trade and investment, science and technology, education, tourism, agriculture and environmental protection.

Notes

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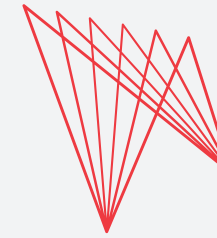
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Entry of foreign students. Citizenship and Immigration Canada.



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The Asia Pacific Foundation of Canada (APF Canada) is a not-for-profit organization focused on Canada's relations with Asia. Our mission is to be Canada's catalyst for engagement with Asia and Asia's bridge to Canada.

A leader in research and analysis on Canada-Asia relations for over 30 years, APF Canada partners with government, business leaders, academics, and opinion makers in Canada and across the Asia Pacific region to offer clear, specific, and actionable policy advice.

Established by an Act of Parliament in 1984, APF Canada's thematic priorities include: promoting trade, investment, and innovation; mobilizing energy assets; building skills and competencies; and, understanding Asia now.

Visit APF Canada at www.asiapacific.ca

Asia Pacific Foundation of Canada
- Head Office
220-890 West Pender St.
Vancouver, BC
Canada V6C 1J9
Tel: 604-684-5986
Fax: 604-681-1370

Asia Pacific Foundation of Canada
- Toronto Office
205-375 University Ave.
Toronto, ON
Canada M5G 2J5
Tel: 416-597-8040
Fax: 416-597-1162



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