



Outlook for Asia - 2011

Points of View Asia-Pacific – Issues Survey #1
(February 2011)



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Key Findings & Observations



Key Findings

- ◆ In this survey, the Asia Pacific Foundation of Canada asks Canadians who are engaged in Asia to consider the economic and security outlook for Asia in 2011, the state of Canada’s relations with key countries in Asia, and the priority areas for Canadian government policy in Asia.
- ◆ Survey findings provide Asia stakeholders in the private and public sectors with insights from a unique audience whose “close to the ground” perspectives can help inform decision making.

KEY FINDINGS

- ◆ **Economic, and Peace/Security Outlook for Asia in 2011:**
 - 92% of Canadians engaged in Asia foresee an overall positive economic outlook for China ; 89% hold the same view for India. Japan is seen to have the least positive economic prospects (32%).
 - 82% believe political instability in Pakistan poses a significant risk to peace and security in Asia. More than seven-in-ten also judge conflict on the Korean peninsula (75%) and leadership succession in North Korea (70%) as major risks.
 - Far fewer see any substantial risk emerging from the U.S. strengthening its military ties in Asia (24%), the deterioration of U.S.-China relations (37%), or the modernization of China’s military capabilities (38%).

Key Findings (cont.)

◆ Canada-Asia Relations:

- 98% of Canadians engaged in Asia believe China is important to the overall prosperity of Canada. Yet, just 38% see current Canada-China relations in a positive light, well behind other G20 Asian countries (notably Japan – 69%, and Australia – 79%).
- On average, 72% of panelists feel each of the six G20 Asian countries are important to Canada's overall prosperity, compared to an average of just 24% who think Canada is important to the prosperity of the same six G20 countries in Asia.
- 64% of Canadians engaged in Asia feel the Canadian government currently gives a high priority to its relations with China. Yet, 96% believe Canada-China relations should move up the government's priority ladder. A similar trend is noted with India (59% currently a high priority, 90% should be a high priority).
- 9% of Asia practitioners think the Canadian government currently ranks Asia as the most important region with whom it has relations; fully 37% believe the government **should** put Asia at the top of its list, behind the United States (63%), but well ahead of Europe (1%).

Key Findings (cont.)

◆ Priorities for Canada in Asia in 2011:

- Canadians engaged in Asia identify three policy actions or initiatives they feel should be given a high priority by the federal government over the next 12 months:
 - Developing and preparing a foreign policy specifically for Asia – 86%
 - Strengthening educational linkages with Asia countries – 81%
 - Prime Ministerial visit to China – 75%

- Five policy actions or initiatives occupy a solid second tier of priorities:
 - Complete comprehensive economic partnership agreement (CEPA) with India – 69%
 - Establish a deeper engagement with ASEAN – 69%
 - Seek to join the Trans-Pacific Partnerships (TPP) trade agreement – 68%
 - Clarifying the rules on foreign state-owned investment in Canada – 68%
 - Prime Ministerial visit to India – 65%

- ◆ **Significant Positive Upside for Asia in 2011.** Canadians engaged in Asia foresee positive developments in Asia over the next 12 months, particularly for China and India. This is not too surprising given worldwide attention paid to these two countries for their booming economies, and for China emerging as a superpower counterweight to the United States in the global arena. Further, in light of the significant hurdles still facing the U.S. and Europe as they struggle to recover from the 2008-09 global financial and economic crisis, Canada's Asia practitioners see significant political and economic upside for Asia.
- ◆ **Canada Missing Opportunities, Greater Focus on Asia Relations Needed.** Asia practitioners believe that Canada is not taking full advantage of opportunities a rising Asia has to offer. This is particularly problematic, because they also feel Canada needs Asia for its overall prosperity much more than Asia needs Canada. Judging our relations with Asia's key players – China and India – to be not as positive as they could be, it's telling that Canadians engaged in Asia place an Asia-specific foreign policy strategy and Prime Ministerial visits to China and India at or near the top of their priority list for the federal government in 2011.
- ◆ **Strategic Use of Assets Can Help Canada's Positioning in Asia.** Canadians engaged in Asia acknowledge that potential conflicts in Korea and between India and Pakistan present substantial risks to peace and security in Asia. Yet, they see little need for Canada to strengthen its military to military ties in Asia, or to promote human rights and democracy in the region. Instead, Asia practitioners are singularly focused on building trade and economic opportunities. For them, two policy initiatives hold particular promise: strengthening education linkages, and clarifying rules for state-owned foreign investment in Canada. Finding ways to make use of these "strategic assets" could help Canada demonstrate its importance to the prosperity of Asia, and create leverage for Canada's positioning in Asia.



Detailed Findings



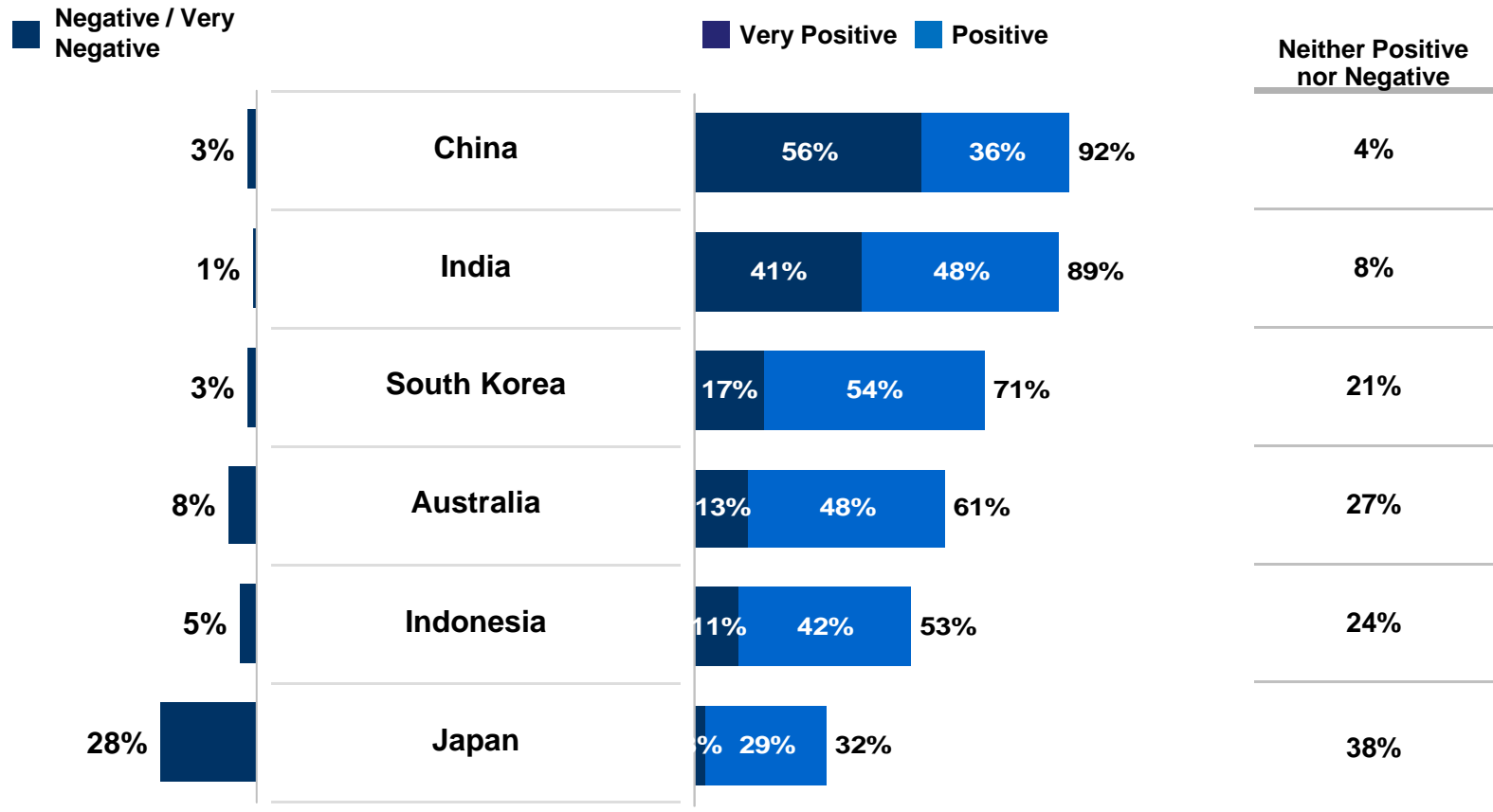


Outlook for Asia in 2011



- ◆ **Canadians engaged in Asia display generally mixed reviews of the economic outlook for the G20 Asian countries. They expect very positive outcomes for China and India, but are much less optimistic about Japan.**
 - The vast majority of panelists foresee positive economic gains in China (92%) and India (89%). This includes 56% who are “very positive” about the Chinese economy, and 41% who are as upbeat about India’s economic outlook.
 - Far fewer express the same level of optimism about South Korea (71%), Australia (61%), and Indonesia (53%).
 - By contrast, only a third see positive economic results for Japan (32%); most are either neutral (38%) or negative (28%) in their evaluation of the Japanese economy.

Economic Outlook for Asia in 2011 (by Country)



Base: All respondents (n=275)

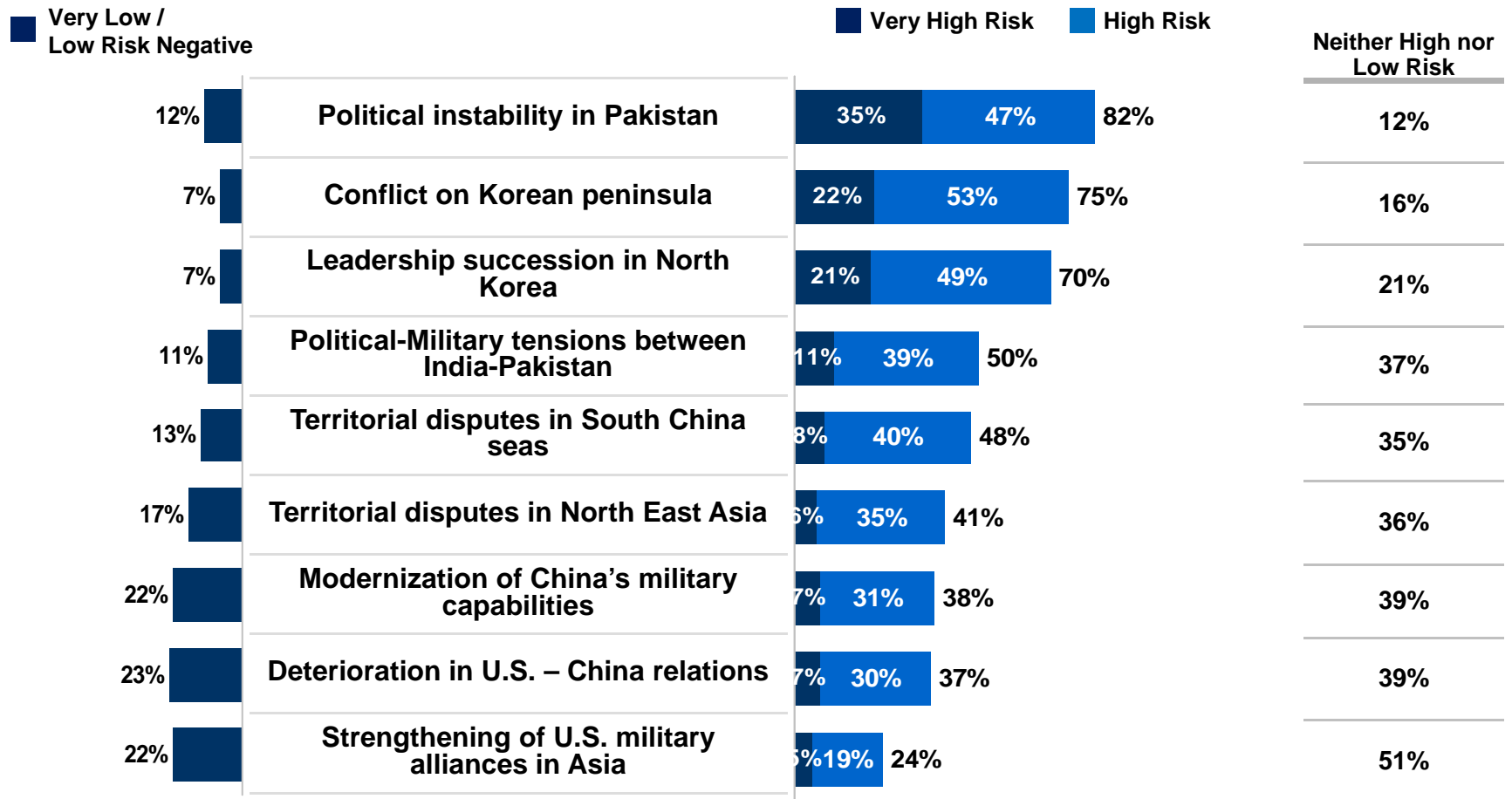
Q.1 : How would you describe the overall economic outlook in 2011 for each of the following countries in Asia?

Potential Risks to Peace & Security in Asia



- ◆ **Pakistan and North Korea are the two arenas where Canadians engaged in Asia perceive the greatest risks to peace and security in Asia in 2011. By comparison, U.S. involvement in Asia and China’s assertiveness in the region generate less concern.**
 - A solid majority of panelists believe political instability in Pakistan (82%), conflict on the Korean peninsula (75%), and leadership succession in North Korea (70%) pose the greatest risk to peace and security in Asia in 2011. Half (50%) also express concern about the impact of political and military tensions between India and Pakistan.
 - Unease about U.S. presence in the region is mute by comparison, with a third or fewer panelists worried about the deterioration of U.S.-China relations (37%), or the strengthening of U.S. military alliances in the region (24%).
 - The risk that China’s role in Asia might spark conflict in the region is also perceived to be less of a concern. While close to half of Canadians engaged in Asia see territorial disputes in the South China seas as a high risk to peace and security (48%), fewer feel as concerned about the modernization of China’s military capabilities (38%), or territorial disputes in North East Asia (41%). Notably, less than 10% of panelists consider these as “very high” risks.

Potential Risks to Peace & Security in Asia



Base: All respondents (n=272)

Q.3 : Below is a list of current geopolitical and strategic issues in the Asia region. How much of a risk, if any, do you think each one poses for peace and security in Asia in 2011?

POINTS OF VIEW
ASIA - PACIFIC

Asia Pacific
Foundation
of Canada

Fondation
Asie Pacifique
du Canada



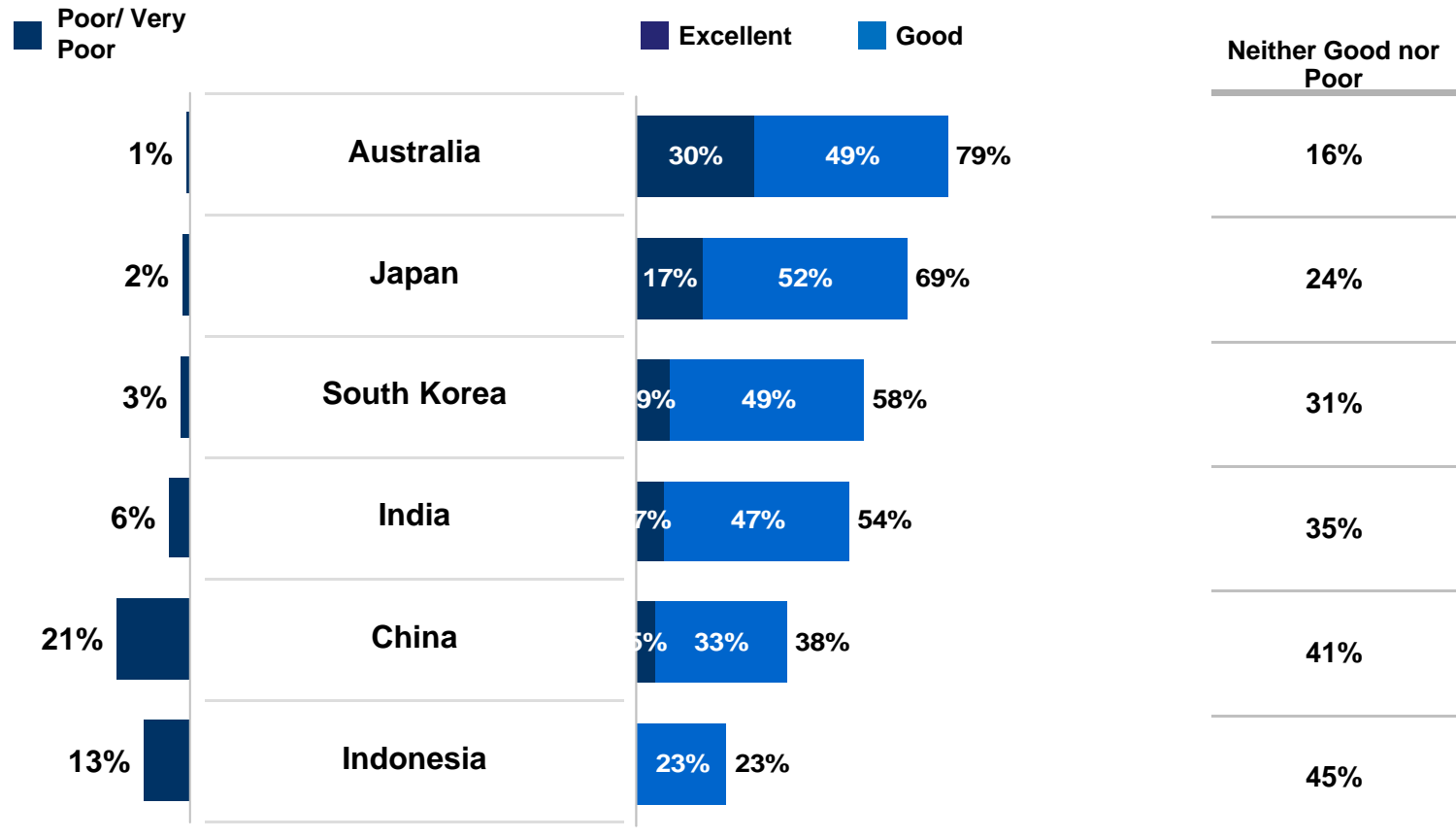
Canada-Asia Relations



Current State of Canada's Relations with Countries in Asia

- ◆ **Canadians engaged in Asia give moderate to lukewarm evaluations of the overall state of relations Canada currently has with its G20 Asian counterparts. Australia, Japan, South Korea, and India stand out as countries with whom Canada is seen to have the most positive relations; relations with China and Indonesia are perceived to be the least positive.**
 - A majority of panelists believe Canada's current relations with Australia (79%), Japan (69%), South Korea (58%) and India (54%) are positive. Though few give "excellent" ratings to any of the countries, except Australia (30%)
 - Canada-China relations are perceived to be average at best (41%). Just 38% believe these two countries are on good terms; a full 21% think our relations with China are poor, the most negative evaluation of all G20 Asian countries.

Current State of Canada's Relations with Countries in Asia



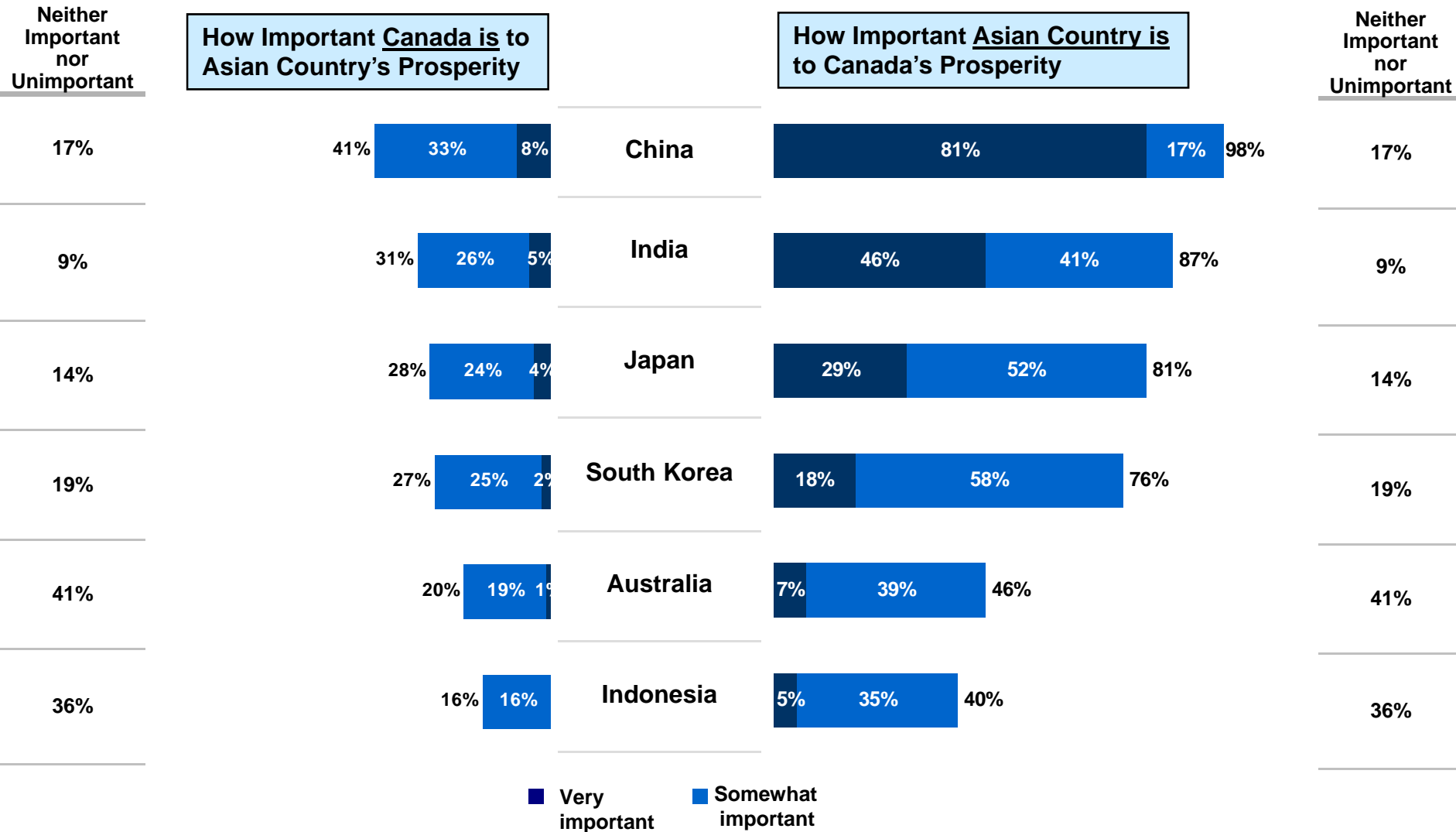
Base: All respondents (n=275)

Q.1 : How would you describe the overall state of relations Canada has with each of the following countries in Asia at the present time?

Importance of Asia to Canada's Prosperity

- ◆ **Canadians engaged in Asia hold the view that Canada benefits far more from relations with Asia than do the G20 Asian countries. This is true for countries across the region, but is particularly salient with China and India.**
 - On average, 71% of panelists believe each of the G20 Asian countries are important to Canada's overall prosperity. By comparison, an average of just 27% think Canada is important to each of the G20 Asian countries.
 - Fully 98% of panelists believe China is "very important" to Canada's overall prosperity. Close to nine-in-ten (87%) hold the same opinion about India. To contrast, four-in-ten see Canada being important to China's prosperity (41%); a third (31%) feel Canada is important to India's well-being.
 - This same pattern holds true with all other G20 Asian countries.

Asia's Importance to Canada's Prosperity (and Canada's Importance to Asia)



Base: All respondents (n=272)

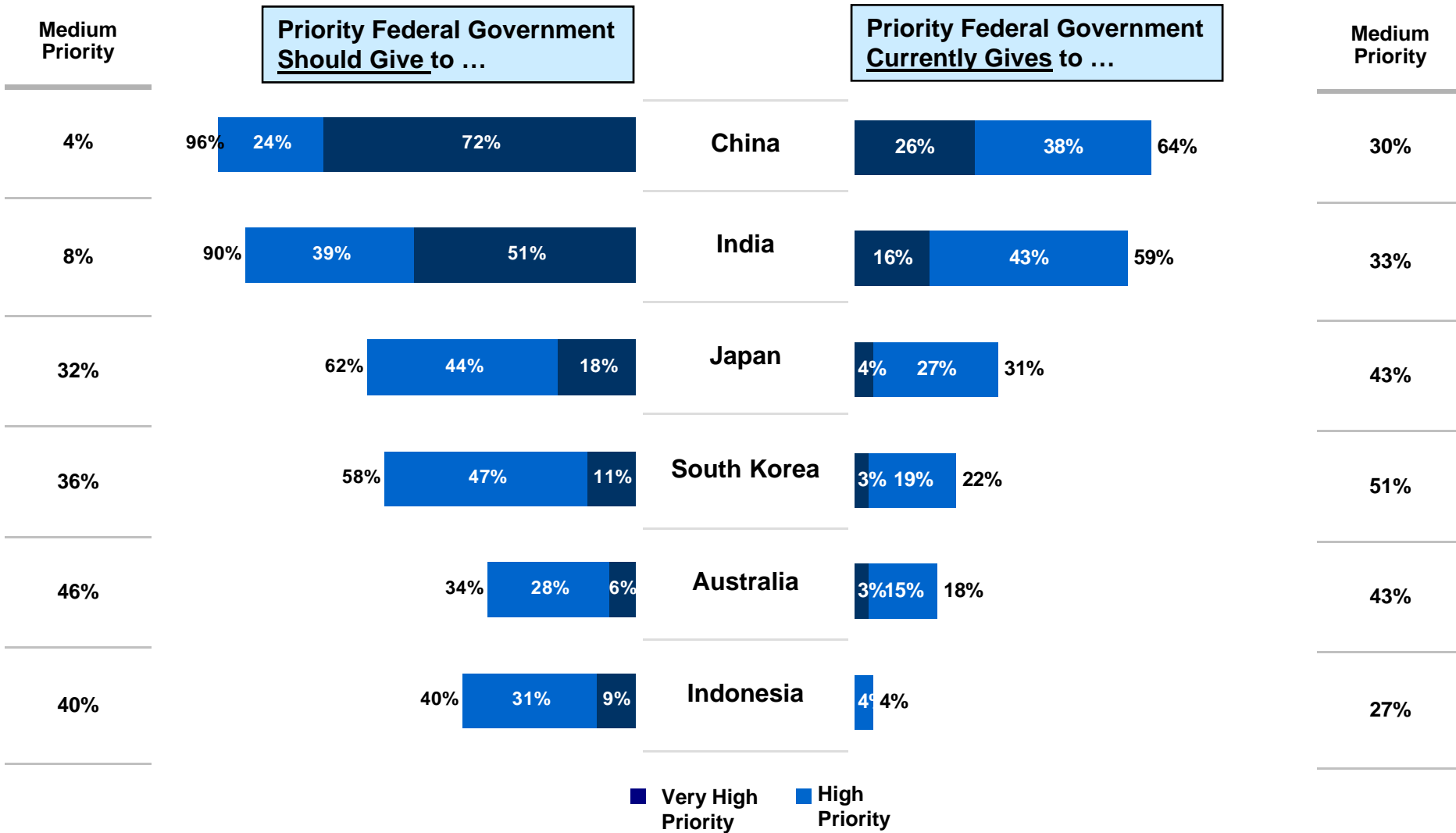
Q.4/Q.5 : Based on your own personal experience or knowledge, how important do you think each of the following countries in Asia is to Canada's overall prosperity/Canada is to the overall prosperity of each of the following Asian countries?

Priority Federal Government Gives / Should Give to Relations with Countries in Asia



- ◆ **Canadians engaged in Asia hold the view that the Canadian government should be giving a much higher priority to its relations with all G20 Asian countries than is currently the case. This is particularly true in the case of China and India.**
 - On average, 33% of Canadians engaged in Asia think the Canadian government currently gives a high priority to its relations with each of the G20 Asian countries. By comparison, an average of 63% feels the government should be giving a high priority to these countries.
 - Panelists believe the federal government currently puts China (64%) and India (59%) at the top of its priority list of G20 Asian countries with whom it has relations. Japan (31%), South Korea (22%), Australia (18%), and Indonesia (4%) are well behind.
 - Still, the general view is that the Canadian government should be devoting much more time and effort moving Asian countries up its priority list, notably China (96% say it should be a very high/high priority), and India (90%).

Priority Federal Government Gives/Should Give to Relations with Countries in Asia



Base: All respondents (n=272)

Q.6/Q.7 : What priority do you think the federal government currently gives/should give to its relations with each of the following countries in Asia?

Rank Federal Government Gives / Should Give to Countries/Regions

- ◆ **Canadians engaged in Asia believe Asia should occupy a more important position in the federal government's ranking of important countries and regions around the world than is currently the case.**
 - Overall, 9% of panelists believe the Canadian government currently puts Asia at the top of the list of regions or countries around the world with whom it has established relations. However, a fully 37% believe Asia should occupy the top spot.
 - Despite this assertion, the vast majority of Canadians engaged in Asia still place the United States well ahead of Asia as the most important country/region for Canada – 92% believe it ranks number one currently, and 63% feel it should be the top priority of the federal government.
 - Interestingly, panelists position Asia in a very favourable position vis-à-vis Canada's traditionally strong ties to Europe. Just 1% think Europe should be the top priority for the federal government, and 11% view it as the second most important region for Canada. To contrast, 37% put Asia in the number one position, and another 53% place it number two, well ahead of Europe.
 - No other country or region is close to Asia (or the United States). This is true particularly of Canada's North American NAFTA ally, Mexico, and the Latin American countries.

Rank Federal Government Gives/Should Give to Regions/Countries

% Who Think Federal Government Should Rank each Country/Region

| SHOULD RANK | | | | | |
|-------------|------|------|------|------|------|
| 1st | 2nd | 3rd | 4th | 5th | 6th |
| 63 % | 27 % | 5 % | 1 % | 3 % | 1 % |
| 37 % | 53 % | 7 % | 2 % | 1 % | 1 % |
| 1 % | 1 % | 6 % | 12 % | 19 % | 61 % |
| 1 % | 11 % | 50 % | 25 % | 9 % | 5 % |
| 0 % | 4 % | 21 % | 36 % | 24 % | 15 % |
| 1 % | 6 % | 11 % | 26 % | 43 % | 14 % |

% Who Think Federal Government Currently Ranks each Country/Region

| | CURRENTLY RANK | | | | | |
|----------------------|----------------|------|------|------|------|------|
| | 1st | 2nd | 3rd | 4th | 5th | 6th |
| United States | 92 % | 6 % | 1 % | 0 % | 1 % | 2 % |
| Asia | 9 % | 30 % | 34 % | 15 % | 11 % | 1 % |
| Africa | 1 % | 1 % | 2 % | 4 % | 12 % | 80 % |
| Europe | 0 % | 46 % | 34 % | 15 % | 5 % | 1 % |
| Mexico | 0 % | 12 % | 20 % | 48 % | 16 % | 4 % |
| Latin America | 0 % | 7 % | 10 % | 18 % | 54 % | 11 % |

Base: All respondents (n=272)

Q.6/Q.7 : Please rank the following countries/regions from 1 to 6 in terms of the importance you feel the federal government currently gives/should give to each one. A 1 means you think the federal government currently gives/should give the country/region the top ranking, a 2 means it's currently/should be the second most important country/region, a 3 means it's currently/should be the third most important country/region, etc.

Policy Priorities for Canada in Asia

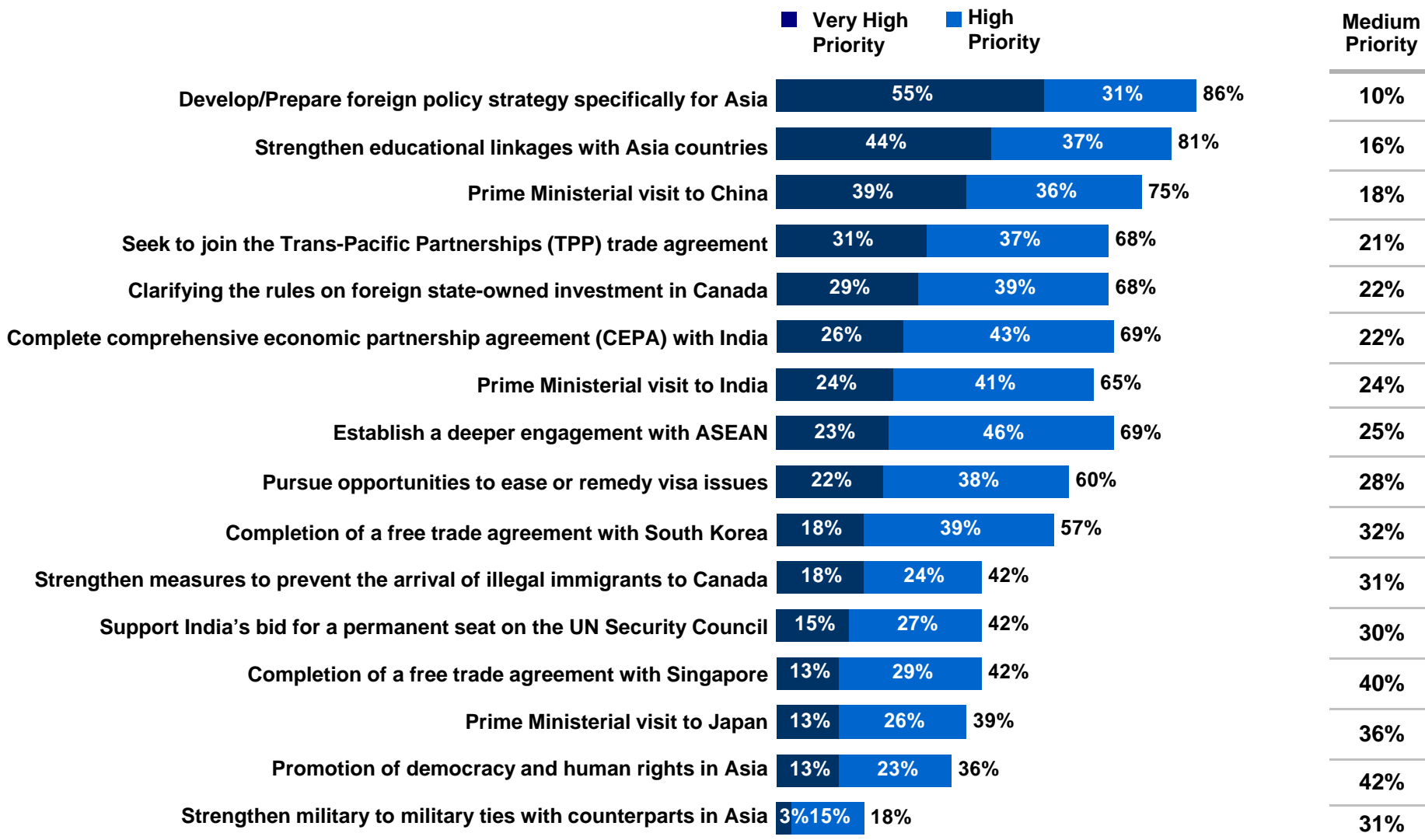


Priority Federal Government Should Give to Specific Actions or Policies in 2011



- ◆ **Panelists single out a series of top 2011 policy priorities they feel the federal government should pursue in 2011; these touch various areas of diplomacy and trade, but the top priority is thinking strategically about Canada’s relations with Asia.**
 - The policy priority Canadians engaged in Asia would like to see at the top of the federal government’s list is the development of a foreign policy strategy specifically for Asia (86%, 55% “very high priority”). The strengthening of educational linkages with Asian countries (81%), and a Prime Ministerial visit to China (75%) also occupy a position in the top tier of policy priorities.
 - Economics and trade policies dominate the second tier: joining the Trans-Pacific Partnership agreement (68%), clarifying rules on foreign state-owned investment (68%), completing a comprehensive economic partnership agreement with India (69%), and establishing a deeper engagement with ASEAN (69%).

Priority Federal Government Should Give to Specific Actions or Policies in 2011



Base: All respondents (n=262)

Q.10 : How much of a priority do you think the federal government should give to each of the following actions or policies in order to build stronger relations with Asian countries over the next 12 months?



Research Methodology



Research Methodology

- ◆ Points of View Asia-Pacific is an opinion panel of the Asia Pacific Foundation of Canada. It comprises 622 individuals who are engaged in Asia through their professional, research, or personal interests. More than 80 percent of panelists have business or professional interests in Asia, and 70 percent have worked in Asia. As members, these individuals have consented to receive invitations to participate in ongoing APFC surveys on issues related to Canada-Asia relations.
- ◆ Data collection occurred between February 3rd and 16th, 2011. A total of 275 people completed all or part of the survey questionnaire. Invitations were sent to opinion panel members through a “closed link” using Insite Systems Inc. The response rate of members for this survey is 44%.
- ◆ The final sample was not weighted in any fashion, given that there are no available aggregate statistics against which to compare our sample parameters.
- ◆ The margin of error for the total sample of 275 is **±5.9%**, 19 times out of 20. Please note that margin of error will be larger for any subgroup analysis.