

**ASIA BUSINESS LEADERS
ADVISORY COUNCIL** 
2016

Summary Report



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA

Asia Business Leaders Advisory Council – 2016 Summary Report

On 26 February 2016, the Asia Business Leaders Advisory Council (ABLAC) held its inaugural meeting in Vancouver. The agenda was focused on Canada's ability to capitalize on the substantial economic opportunities in Asia. Three key themes were explored during the meeting:

- Building Canada's "Brand" in Asia
- Defining Canada's Competitive Opportunities
- Deepening our Canada-Asia Commercial Networks

Throughout the meeting, both council members from Asia and Canada were encouraged to share candid views on how Canada is perceived in Asia and discuss potential ways to move forward. This document summarizes some of the key messages coming out of the meeting for each theme.

BUILDING CANADA'S BRAND IN ASIA

1. Canada does not currently have a national brand in Asia

As one Asian council member put it, Canada is "not even on the radar screen" in Asia from a brand perspective in the public and private sectors, and "is lagging behind many other Western countries." Council members noted that the brand is inconsistent and neutral at best, and that many see Canada as being a "subsidiary" to the United States.

2. A consistent national brand is essential to deepening relationships with Asia

The "brand" is not about selling things, but is rather a way to ensure consistency across the many different Canadian actors (companies, governments) who are interacting with Asia. A strong brand can help companies demand a premium for their products, and opens doors. Done well, a strong national brand lifts up all companies from that country. The brand is "what people say about you when you are not in the room" and is a reputation that requires many consistent gestures over time. Council members noted that in Asia, relationships are critical to doing business of all types, and this kind of brand is essential.

3. There are some existing perceptions that Canada can expand on to establish its brand

Asian council members noted that Canada is well-liked, and is known to be clean, innovative, and have people that are trustworthy, with good judgement and listening skills. Products are known to be safe and high-quality, and businesses are known to be reliable and have good governance. There is a reputation for technological sophistication and being eco-friendly and "green." These traits could help underpin a new, overarching brand.

4. To build its brand, Canada will need to be bold and coordinated across all levels of government and the private sector

Humility alone does not make a brand. Canada must take bold, confident steps to proactively define its identity, and this effort must be made jointly between all levels of government (federal, provincial,

and municipal) and private sector industries. One Asian council member noted that his company had received visits from multiple provinces after he took over as CEO and there was no coordination. Council members suggested looking to countries like Singapore, Switzerland, and New Zealand for reference cases about how to make this kind of coordinated branding effort.

DEFINING CANADA'S COMPETITIVE OPPORTUNITIES

1. Canada needs to emphasize the diversity of its economy, and build relationships with Asia in service industries in addition to natural resources

As one Asian council member put it, much of Asia still sees Canada as just selling “rocks and wood” – much of Asia is unaware of Canada’s diversified economy and many strong businesses in service-driven industries such as education, consumer goods, finance, and health. Much of Canada’s exports to Asia are in heavily commoditized industries. Council members encouraged Canada to expand its trade with Asia into higher value-added products and industries. Some specific opportunities that were proposed were:

- **Agriculture** – As Asia’s middle class grows, demand for food – especially protein – will expand rapidly. Canada has an opportunity to be a leader, especially if it can emphasize the quality and safety of its food to Asian consumers.
- **Health** – British Columbia has become a world-leading center for health technology (especially in genomics and cancer), and should explore ways to ‘export’ this expertise. Mental health is another opportunity area, as there is currently a major shortage of mental health professionals in China.
- **“Exporting capital”** – Canada has some of the most trusted financial companies in the world extremely well-governed pension funds with deep expertise and long-term, patient capital. These pension funds can play a vanguard role in making long-term investments in emerging Asian markets and building relationships to help other Canadian companies. Vancouver could perhaps become a hub for Asian capital seeking to support these investments.
- **Education** – There are nearly 300,000 foreign students studying in Canada and Canada’s schools are regarded highly. In addition to attracting more students from Asia (particularly from Southeast Asia, which is currently underrepresented), there are opportunities to ‘export’ education and bring some of Canada’s educational expertise to local Asian markets.
- **Tourism** – Chinese tourists are the fastest growing segment of tourists in the world and spend more per trip in Canada than visitors from the UK or Germany. Canada already attracts almost 2 million Asian tourists per year, and should seek to build on this strong foundation.

2. There is a major opportunity in convincing more Canadian companies to export

One council member highlighted that, of the 41,000 Canadian companies that export, only about 4,000 export to Asia. There is immense opportunity to be tapped here. Efforts to inform these companies about opportunities in Asia, to help them establish relationships and local partners in Asia, and to help them manage the logistics of exporting, could all help spur further activity.

3. Canada needs to “lean in” on free trade, especially with China

Council members encouraged Canada to be on ‘the front foot’ when it comes to free trade, perceiving that Canada has been reacting to Australia and the United States for the last several years. Multiple council members noted that Australia’s FTA with China has put Canada at a competitive disadvantage in international trade.

DEEPENING CANADA ASIA COMMERCIAL NETWORKS

1. Canada needs a multi-pronged approach to deepening networks with Asia, and it must be consistent and committed for the long term

Council members stressed the importance of long-term relationships and “stick-to-it-ness” in building networks in Asia – e.g., it should be the same people visiting each year. Asian council members said that Canada’s relationships in Asia seemed “on/off” depending on the political cycle or other short-term cycles.

To create robust networks, all the players in Canada will need to work together. The Federal and provincial governments will need to be aligned, as well as city-to-city relationships. Business, education, and cultural leadership will be required as well. A major part of this will be ensuring that more Canadians – especially students – spend time in Asia, perhaps as part of study abroad or internship programs.

2. There is room to reform immigration rules and facilitate two-way flows with Asia

While council members were complimentary of Canada’s relatively liberal immigration rules, there was alignment that there is still a lot of room for improvement. Council members from both Asia and Canada thought that Canada should make it easier for students who come to the country to study to stay for work purposes, and that it should be easier to acquire visas for skilled immigrants in key industries such as tech. The council thought the term “temporary foreign workers” should be discontinued, believing that it sends the wrong message to immigrants and lowers the quality of the domestic discourse. For companies operating in both Canada and Asia, there are difficulties with temporary and longer-term employee mobility, and there was a desire to think creatively about ways to make it easier for the business community to live and work more flexibly. This could be a competitive advantage for Canada.

3. Canada needs to tap the potential of its incredible network of people around the globe

Canada has the highest foreign-born population of any G7 country, has hundreds of thousands of nationals living around the globe, and has just as many people who came to Canada to study and have now spread throughout the world. This is an incredible network of people friendly to Canada, and it remains largely untapped. Council members urged the government to think of ways to leverage this network to build networks and establish commercial relationships between Canada and Asia.

ABLAC'S RECOMMENDED 12 MONTH ACTION AGENDA

The Council has agreed on a few actionable steps that it believes Canada should take over the course of the next year. The Council hopes to see meaningful progress along these lines by the time of the 2017 meeting.

1. Canada's federal government should convene a meeting with provincial leaders and the business community to develop a proposal for a bold, consistent brand for Canada, building on provincial strengths. The group should define a path to establish this brand clearly and broadly.
2. The federal government should build a tool kit of trade instruments that will increase access and encourage Canadian stakeholders to trade with Asia. This includes increasing the number of bilateral and regional trade agreements (TPP and China and India FTAs), bilateral investment agreements and increasing funding for innovative trade promotion instruments.
3. Federal and provincial governments should make Canada an international talent hub by finding ways to attract Asian talent and promote policies that encourage two-way flows through visa agreements and enhanced international mobility agreements. Some type of supply chain visa or business visa is essential and above all, Canada needs to move away from the terminology of temporary foreign workers.

APPENDIX: ABLAC (2016) Summary Report

On 26 February 2016, the Asia Business Leaders Advisory Council (ABLAC) held its inaugural meeting in Vancouver. Dominic Barton, Asia Pacific Foundation (APF) Canada Board Member and Global Managing Director, McKinsey and Company, chaired the meeting. The agenda was focused on Canada's ability to capitalize on the substantial economic opportunities in Asia. Three key themes were explored during the meeting:

- Building Canada's "Brand" in Asia;
- Defining Canada's Competitive Opportunities; and
- Deepening our Canada-Asia Commercial Networks.

Session 1: Building Canada's "Brand" in Asia

Defining brand and its purpose

The discussion began with a definition of what is "a brand" and what is its purpose. While one does not typically associate "brands" with countries, strong national brands can help companies access markets, charge premium prices, and coordinate with one another. These "brands" can also help relations at the governmental level by contributing to a consistent message on what the country values and seeks to deliver. As Council members put it, a brand is "what people say when you are not in the room." It is what you stand for, what you believe in and is created by thousands of gestures over a period of time: not by short-term transactions.

Views on Canada's current "brand"

There was a range of opinion among Council members regarding Canada's current brand. One member noted that Canada is "not even on the radar screen" brand-wise and "is lagging behind other Western countries" in terms of brand strength. Another participant stated that Canada needs to "work hard to catch up to the other G7 countries." Some suggested that Canada's current brand is neutral, or just seen as a subsidiary to the US. While positive descriptions of Canada's brand were also noted during the discussion – peaceful, reliable, a good listener and partner, clean, and innovative – one participant underlined that Canada is known for snow and as a "perfect place for a vacation, not for business." Another member mentioned that Canada is still perceived as producing mainly "rocks and wood" and needs to play up the more innovative, knowledge-driven side of its economy. It became evident from the discussion that Canada has no clear, consistent and identifiable brand. One Asia business leader shared an experience where their country had been approached by different Canadian provinces without any apparent coordination between them. This participant argued that decentralized government leads to an uncoordinated approach to branding, and approach that is especially damaging in Asia, where relationships, and consistency in those relationships, matter a lot to make progress. A number of members stated that Canadian companies may have individually recognizable brands, but the brands are not necessarily identified with Canada. This stands in contrast to a country like New Zealand, which has emphatically branded its products in Asia (especially dairy) to great commercial success, or other brand-centric countries like Switzerland and the Netherlands.

Hesitancy in establishing a "Canada Brand"

Council members cautioned that humility by itself simply does not play in globalized competitive markets and that Canada needs to "get over the hesitancy" of establishing a Canadian brand. There is a need to be bold, define an identity and then provide the necessary resources to promote the brand. Canada needs to be proud of its accomplishments and realize that it is possible to be distinctive, innovative, and determined but also be "good guys." The progress that the United Kingdom, Australia

and France have made in establishing their unique identities, they argued, has translated into their having significant influence on global issues.

Distinguishing “Canada’s Brand” from the U.S. Brand

A number of Council members cautioned that Canada simply does not have much of a unique profile in Asia. Canada is overshadowed by the U.S. and has not done enough to establish its own identity. One participant stated that it is often quite a surprise to Asian countries when they learn that Canada has different business practices and regulations than the U.S., noting that lack of distinction leads to lack of relevance. As a consequence, one Asian business leader said that in their country, when a major event occurs, leaders “don’t bother to ask Canada’s thoughts in a time of crisis,” rather, they look to how the U.S., Australia, or France have responded. Although New Zealand was suggested as an example for strong branding, it was accompanied by a note of caution with some participants arguing that New Zealand has become a ‘sub-brand’ for Australia and that Canada should be careful not to become a sub-brand of the U.S..

How to Build Canada’s Brand

Council members agreed that it is essential for Canada to differentiate itself from the U.S., and to highlight the unique business culture, governance, and regulatory environment of Canada. In addition to this, Council members offered differing advice on how Canada should build out its brand. One idea was that Canada should focus on niche areas of strength, building on the inroads made by its most successful companies, and then use those to build out the brand further. Others argued that the focus should not be sector by sector but rather should be uniform and underpinned by a common message. A number of Council members highlighted the need for Canada to take a broader look at Asia beyond just China and India, noting very little Canadian presence in Southeast Asia. For example, very little outreach is undertaken by Canadian universities into Indonesia, even though they could find major success there given that Indonesia has a shortage of quality education.

In terms of tactics for building a brand, one member suggested that Canada needs to be more agile at using soft tools like “education” to build its brand and awareness of the country among Asian populations, a strategy that has been followed by Australia. This would then have a spill-over effect into other sectors. Another participant recommended that Canada should learn from the strategies employed by Singapore and Switzerland to build their brands. Their long-term strategy of promoting stewardship and governance while cultivating partners has been crucial to their success in Asia. Switzerland, while small, has found ways to project itself far beyond its immediate geography. Finally, Canada should proactively leverage its diaspora to help build its brand in Asia.

What Brand should Canada Aspire to Have?

Different views were expressed about the content of a “Canada Brand.” A number of Council members noted that Canada’s brand should focus on three elements: reliability; good listener; clean. One participant stressed that Canada should be doing more to identify its brand as not exclusively providing products, but rather the expertise that comes with the products; particularly in the resource sector and as a capital provider (i.e., pension funds), Canada should be selling itself as a population that provides expertise. Canada is also acknowledged as “a good test site for the global market, with talented people” and therefore Canada’s brand should emphasize its multicultural nature – a microcosm of the global market – an attribute which makes the country very attractive for Asian markets that want a test market before going global. For example, the mobile gaming industry launches all of its first releases in Canada to get a sense of how they will perform internationally and gather feedback before going global. Another participant observed that Canada should brand itself as a hub for the world’s “smartest and

most global” people. Finally, some participants argued that Canada needs to be targeted in developing its brand – decide what niche areas can get real traction, and then promote entrepreneurship in these target areas.

Session 2: Defining Canada’s Competitive Opportunities

Beyond Natural Resources

To begin, a number of participants stated that while the Canadian economy needs to diversify and play up its diversity, there is still a major role for natural resources and commodities particularly if they are branded as quality, safe, reliable, and friendly towards the environment. One participant maintained that this safety element is especially important for food products as it helps address concerns in places like, for instance, China that their own food is no longer safe for their children. There was, however, also an overriding consensus that while natural resources remain an important competitive advantage for Canada, the Canadian public and private sectors should focus on how to add additional value to these commodities and capture the opportunities presented by the forces underlying Asian economic growth - the growing middle class, urbanization, and shifting demographics, and the resulting demand for services – e.g., healthcare, education, tourism, food, and consumer goods.

To do so, Council members suggested that Canadians focus on strategic areas to establish its competitive advantage where Canada is seen as having world class expertise, i.e. products and technologies related to food security, energy security, infrastructure development, digital entertainment (e.g. digital gaming), health technology (e.g. genetics testing, micro-biome, pharmacogenetics) and education (i.e. exporting Canadian education models to Asia). These companies should emphasize their strong governance and reliability. On the topic of education, one Council member reported that there is significant demand among Asian students to come to Canada, estimating that for every Chinese student who comes to Canada to study, there are another four who would like to come.

Many Council members felt that agriculture (particularly pulses) and health (i.e. systems, diagnostics, and technology) were particularly promising areas where Canada already had expertise. A major opportunity was highlighted in the area of mental health care, a strength for Canada and a major shortage in China (180 million people with mental health needs in China with only 120,000 mental health professionals). In terms of agriculture, one participant stressed that Canada could be the “protein basket of the world” – as people move into the middle class, demand for protein surges, and this will be a major growth wave in Asia that Canada could tap into.

Challenges to overcome

In order to pursue these opportunities, Canada needs to find ways to encourage its own export-oriented businesses to export to Asia and to encourage those who are not exporting to consider doing so. Out of approximately 41,000 Canadian export-oriented companies, only 4,000 of them export to Asia. A few members argued that Canada needs to create mechanisms for smaller Canadian companies to find local partners in Asia they can work with. Additionally, while Canada does a pretty good job of attracting tourists and students from Asia, it needs to do a better job of attracting businesses, of convincing Asian companies of the advantages of being based in Canada. One participant highlighted that one major perk of operating in Canada is the proximity to the U.S.: “you get a much friendlier regulatory and immigration environment while still having access to the U.S. market.”

Some members stated that Canada needs to address infrastructure needs within its own country to ensure that Canadian products can move across the country and get to Asian markets. Other participants remarked that the Canadian government and business community need to get a better sense of global supply chains and develop tactics for inserting Canadian businesses into those supply chains. This could include creating incentives for larger Canadian companies to help Canadian SMEs access Asian markets and help them develop and deepen their relationships with various economies.

Finally, Canada needs to address the shortage of talent by finding ways to attract Asian talent and promote policies that encourage two-way flows through visa agreements and enhanced international mobility agreements. One participant stated that there is “a lot of room to reform immigration, and make it easier for skilled immigrants in sectors like technology to come to Canada and stay.” One participant stated that some type of supply chain visa or business visa is essential and above all, that Canada needs to move away from the terminology of a temporary work visa.

Session 3: Deepening our Canada-Asia Commercial Networks

Council Members agreed that Canada’s business community and the Canadian government need to deepen their networks in Asia, pointing to a series of reasons including: Canada not being consistent in its relationship with China; Canada almost excluding itself from the TPP; and likeminded countries, like Australia, having a larger market share in Asia than Canada. One participant remarked that more Canadian business leaders need to realize that “the absence of an Asia strategy is an Asia strategy” in and of itself. In order to further strengthen networks in Asia, Canada must show a long-term commitment to the region through “stick-to-it-ness” and continuity over time, demonstrate a veritable “commitment to the relationship.” The importance of consistent relationships to doing business in Asia was repeatedly emphasized.

In developing Canada-Asia commercial networks, Council members underscored that the Canadian government and the business community should not be seeking commercial ties in Asia in isolation. Rather, Canada needs to show its interest in cultural exchange as well as engagement on Asian peace and security issues. Some Council members reminded that personal links and Asian connections to Canada need to be leveraged as they often provide an entry point for starting to build a relationship.

The Canadian business community and the Canadian government need to think of different ways to leverage the Canadian Asian diaspora, including international students who can provide initial links back to Asia, almost as a kind of “alumni network.” These constituencies can become ambassadors, helping Canada and Asian countries develop deeper commercial networks over the long term. A number of Council members emphasized that this is why it is essential to attract more students from Asia and make it easier for them to stay in Canada. They stressed that Canada is still “losing too many students to immigration issues” and underlined that “if you graduate in Canada, it should be easy for you to stay and work in Canada.” The Government of Canada needs to adopt policies to ensure that it is easier to study or work in Canada than it is in the US. In that way, Canada will build the talent and its future networks to Asia.

Council members drew attention to the need for Canada to be more on the “front foot” when it comes to international trade instead of, for example, reacting to Australia and the U.S. and almost excluding itself from the TPP. In this regard, participants observed that the TPP provides a vehicle for deepening relations with Asian signatories and thus, the Canadian government should ratify it and be at the

forefront in this effort. Additionally, many members remarked that a Canada-China Free Trade Agreement would be an excellent vehicle for deepening Canada-China relations and demonstrating that this relationship is taken seriously by Canada, and believed it would generate real results for Canadian companies. One Council member stressed that Canada is at a major disadvantage due to Australia's free trade agreement with China and this needs to be rectified.

Another participant remarked that Canada has some of the most trusted and well-established banks in the world, and wondered why these companies did not have a larger wealth management presence in Asia, urging the Canadian government to sort out the policy issues that have been holding this back. It was also suggested that British Columbia, through steps such as special tax zones, could become a hub for Asian capital management. Singapore was cited as an example of this. Despite being a small country, they are the first or second largest exporter of capital to China and India because they deploy other people's capital. Some members pointed out that exporting capital is a very powerful way to "pave the way for deeper business connections" and an area where Canada already has a strength. For example, CPPIB and CDPQ's relationships in Asia have helped entrepreneurs and established Canadian companies access Asian markets. Canada should "double down" on this.

Finally, a number of Council members pointed out that if Canada wants to be global and a player on the global stage, it needs elevate its visibility and involvement in international institutions.