



THE ASIA FACTOR

LE FACTEUR ASIE

Asia Pacific
Foundation
of Canada

Fondation Asie
Pacifique du
Canada





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Asia's impact on Canada differs for each province and territory. The Asia Factor seeks to explore how Asia matters across Canada by assessing the opportunities and challenges each province faces as the world's economic centre of gravity shifts towards Asia.

The Asia Factor is a comprehensive resource of information and analysis on Canada-Asia relations at the provincial level. This project follows the National Conversation on Asia (NCA), a three-year initiative (2011-2014) by the Asia Pacific Foundation of Canada to get Canadians thinking and talking about what Asia means to Canada.

L'impact de l'Asie au Canada diffère pour chaque province et territoire. Alors que le centre de gravité économique mondial se déplace vers l'océan Pacifique, Le Facteur Asie explore l'importance que revêt l'Asie pour le Canada en analysant les opportunités et les défis auxquels font face chaque province.

Le Facteur Asie est un agrégat de données et d'analyses à propos des relations Canada-Asie au niveau provincial. Ce projet fait suite au Dialogue canadien sur l'Asie (DCA), un projet de trois ans (2011-2014) initié par la Fondation Asie Pacifique du Canada afin de stimuler les Canadiens à réfléchir et à discuter à propos de ce que l'Asie signifie pour le Canada.

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Asia is on its way to becoming the main engine of global growth. Asian economies' share of global GDP is already higher than Europe's or North America's and it is expected to reach 40% by 2018.

As Asia grows, per capita income and living standards will rise significantly. Asia's middle class consumption will soon surpass the West's.

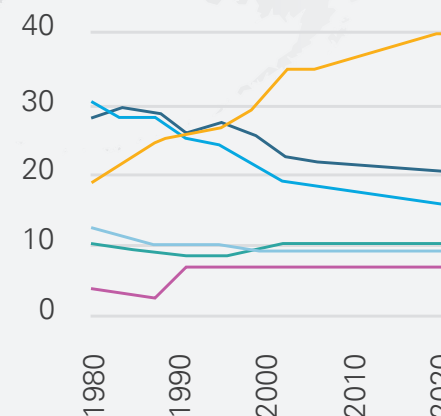
Asia is importing a greater share of the world's products and services and is rapidly becoming the biggest market in the world, offering remarkable opportunities for companies around the world.

60% of the world's population is in Asia

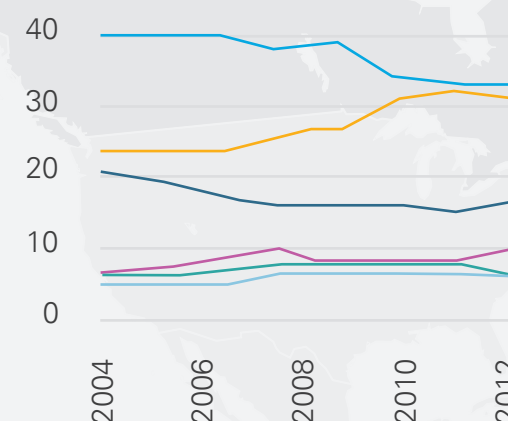
37% of the world's GDP is currently produced in Asia

40% of global energy demand is from Asia

% of World GDP¹



% of Global Imports

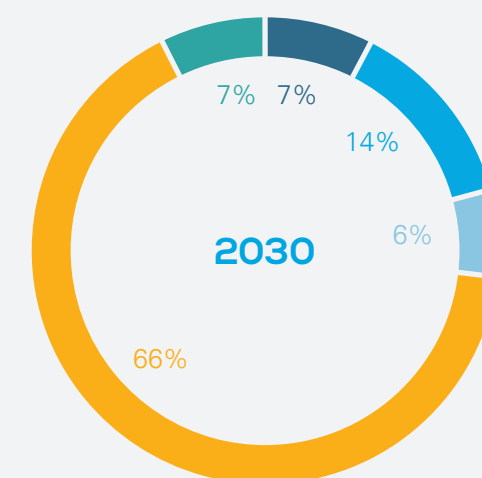
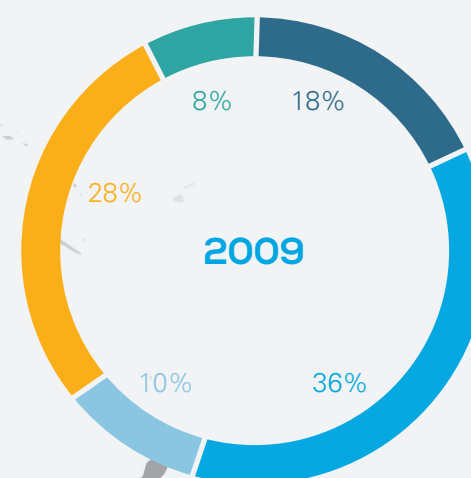


Asia Latin America Western Europe
Eastern Europe North America Africa & The Middle East

"From Mumbai to Manila, you can feel the pulse of a region undergoing profound change. And Canada must be a part of it. It's not a choice; it's not an option; it's a national imperative."

- Hon John Baird, Minister of Foreign Affairs,
September 24th, 2012

Global Middle Class



Asia Africa & The Middle East North America Europe Latin America



Merchandise Exports to Asia

Canada exported \$442 billion worth of goods worldwide in 2013; \$51 billion went to Asia, making the region the second highest destination after the US (\$334 billion). Asia is a market increasingly important for Canada. Among other products, Asian countries buy from Canada 45.5% of its swine meat, 61% of its leguminous vegetables, 81.8% of its copper ores, and 35.4% of its lumber.

11.6% of Canada's trade is with Asia

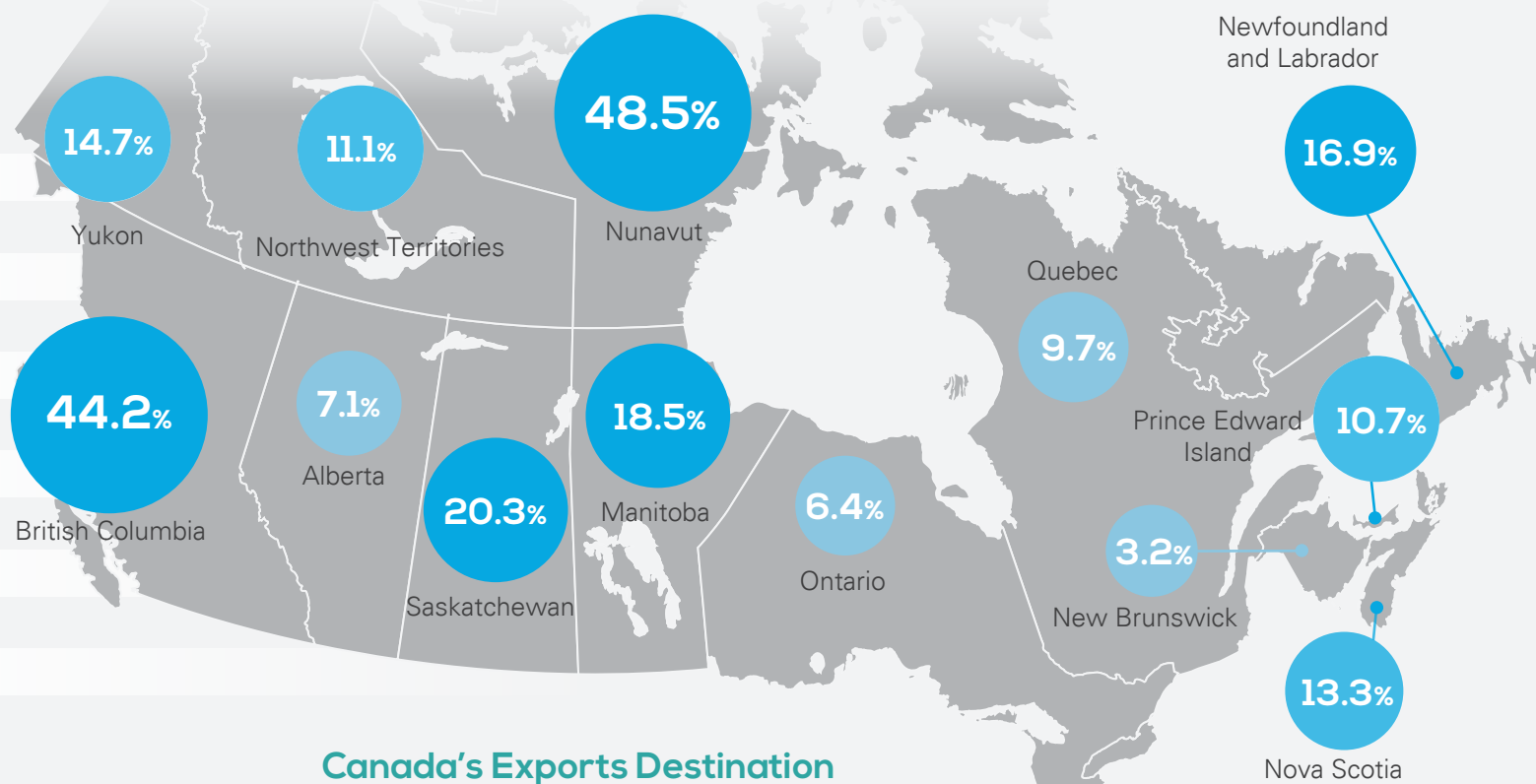
60.1% of Canada's exports to Asia go to China, Japan and South Korea

#2 China is now Canada's second-largest export market

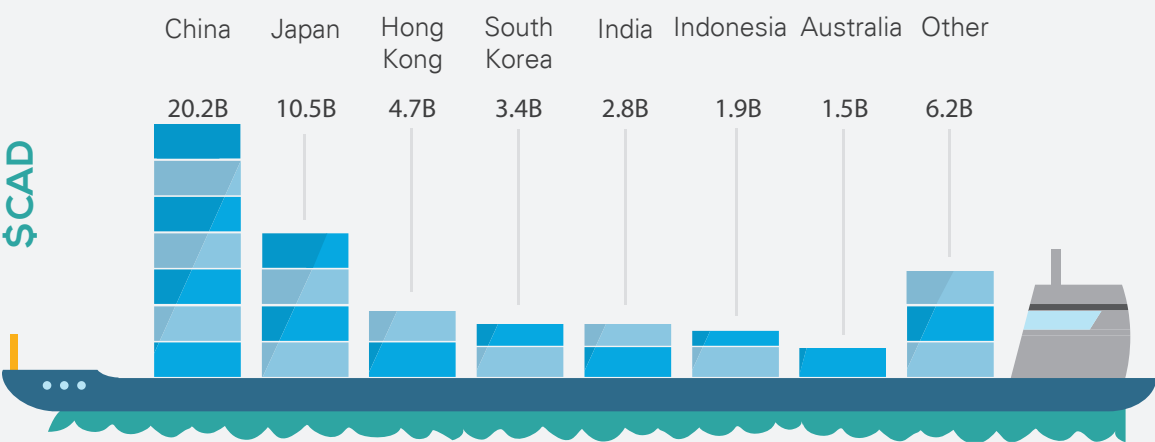
Canada's Merchandise Exports to Asia

- 26.5% Agricultural and Agri-food Products
- 24.0% Metals and Minerals
- 16.1% Wood, Pulp and Paper
- 9.4% Energy Products
- 9.1% Chemicals, Plastics and Rubber
- 4.4% Mechanical Machinery and Appliances
- 3.3% Other Transportation Equipment
- 2.2% Textiles, Clothing and Leather
- 2.0% Electrical and Electronic Machinery and Equipment
- 1.6% Technical and Scientific Equipment
- 0.8% Vehicles and Parts
- 0.5% Consumer Goods and Miscellaneous Manufactured Products

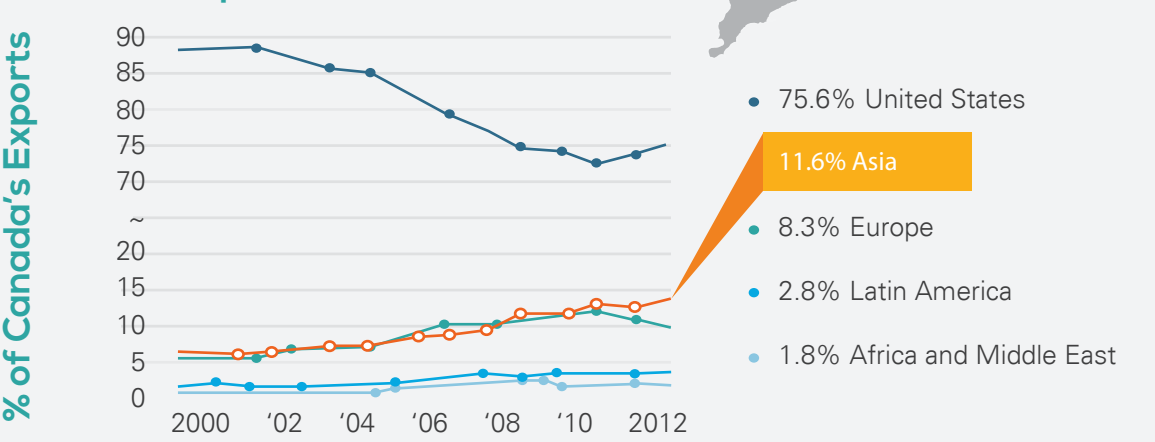
Province's % of Trade with Asia



Canada's Main Export Partners in Asia



Canada's Exports Destination



Source: Industry Canada

Note: Figures are based on Canadian domestic exports, all numbers are preliminary for 2013



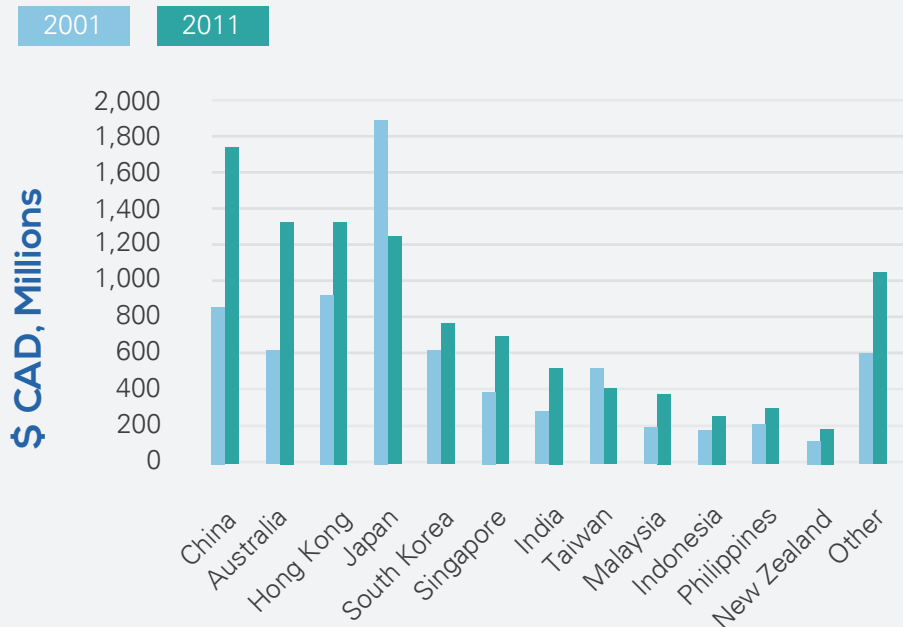
Services Trade with Asia

The service sector is vital for Canada's economy; in 2012 it contributed to 70% of Canada's GDP and employed 4 out of 5 working Canadians.

Canada exported \$83.3 billion in services in 2012, accounting for 15.3% of its total exports. The service sector in Asia is still underdeveloped while Canadian companies in this area are globally competitive.

With rapid urbanization all over Asia, and with decreasing impediments to service trade, the service sector offers considerable opportunities in the Asian region.

Canada's Services Exports to Asia



17.4%

of Canada's total exports to Asia in 2011 were from services

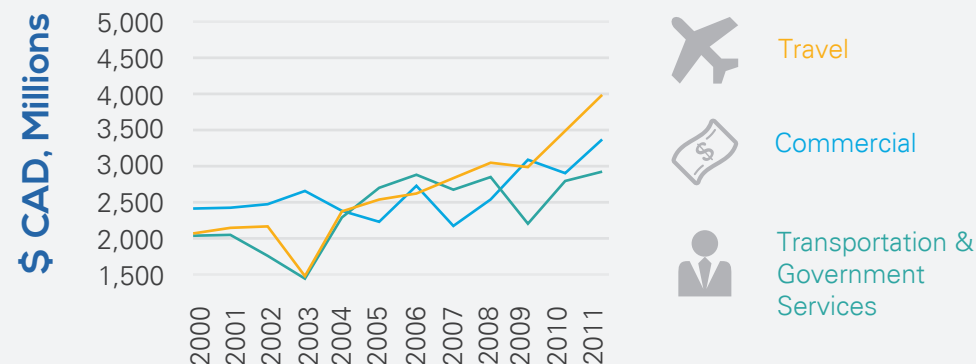
40%

Canada's services exports to Asia grew 40% over the last decade

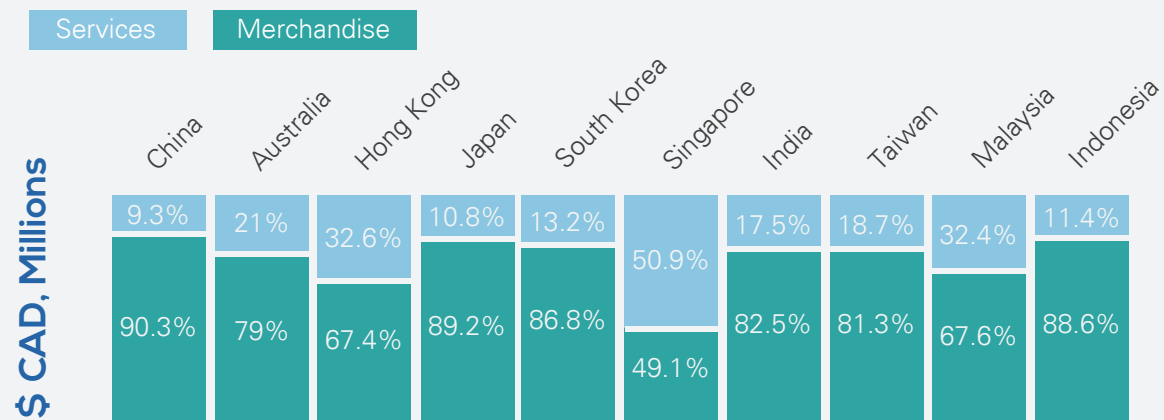
120%

Canada's services exports to China grew 120% over the last decade

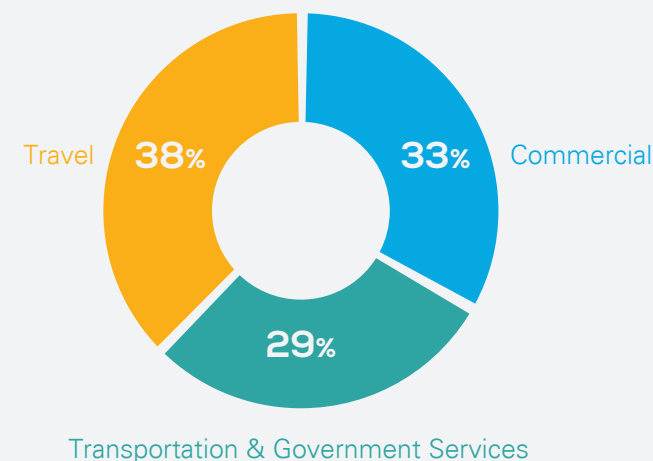
Evolution of Canada's Services Exports to Asia



Services and Merchandise Exports to Asia



Services Exports to Asia, by Sector



The Service Sector

The service sector is large and diverse. It is made up of companies that primarily sell intangible products. Services exports encompass Travel (lodging, food, local transportation), Transportation (shipping of goods and of cross-border travels), Government (official representation and military activities), and Commercial (all other commercial transactions) activities.





Free Trade Agreements with Asia

Free Trade Agreements (FTAs) and Economic Partnership Agreements (EPAs) are proliferating in Asia. Consequently, Canada has adopted an aggressive free trade strategy that includes both bilateral and multilateral options.

Through establishing FTAs and EPAs in Asia, Canada seeks to further liberalize and diversify its trade by obtaining better access to various markets.

These are complemented by Foreign Investment Protection Agreements (FIPAs) that help mitigate risk between Canadian and Asian investors.

1

Canada concluded its first trade agreement with South Korea in 2014

40%

The TPP members represent 40% of the global GDP

1%

Trade with South Korea represents 1.1% of Canada's total trade

Bilateral FTA Concluded

South Korea (CKFTA)
Negotiations began in 2005. After reaching an impasse in 2008, due in part to quotas on agricultural products, negotiations resumed in 2013. In March 2014, the government announced that it had concluded the free trade agreement.

Bilateral FTAs in Negotiation

India (CEPA)
Negotiations were launched in 2010. This agreement would primarily cover trade in goods and services.

Japan (CJEPA)
Negotiations commenced in 2012. If concluded, the CJEPA will be Canada's second bilateral free trade agreement with a G8 economy.

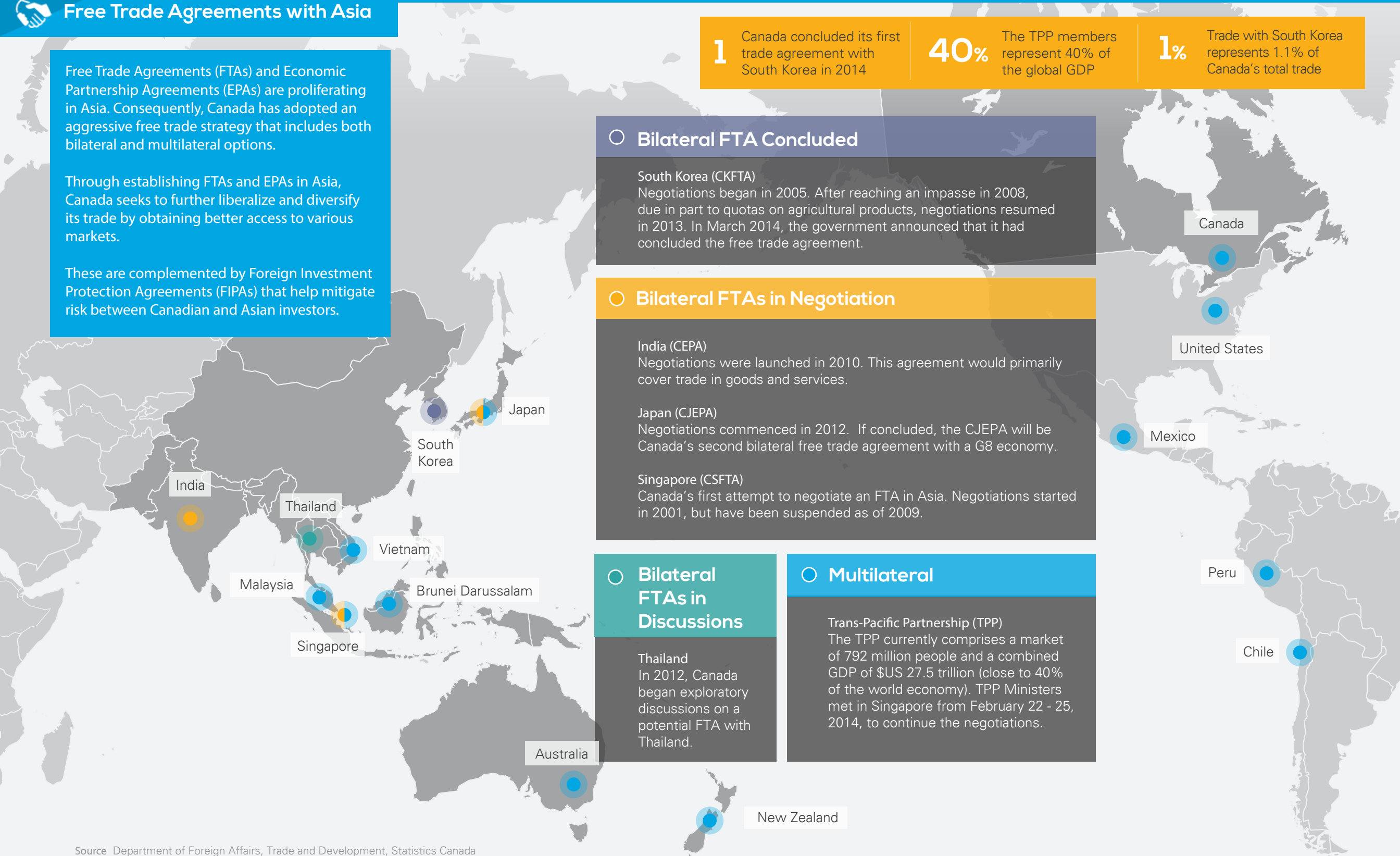
Singapore (CSFTA)
Canada's first attempt to negotiate an FTA in Asia. Negotiations started in 2001, but have been suspended as of 2009.

Bilateral FTAs in Discussions

Thailand
In 2012, Canada began exploratory discussions on a potential FTA with Thailand.

Multilateral

Trans-Pacific Partnership (TPP)
The TPP currently comprises a market of 792 million people and a combined GDP of \$US 27.5 trillion (close to 40% of the world economy). TPP Ministers met in Singapore from February 22 - 25, 2014, to continue the negotiations.

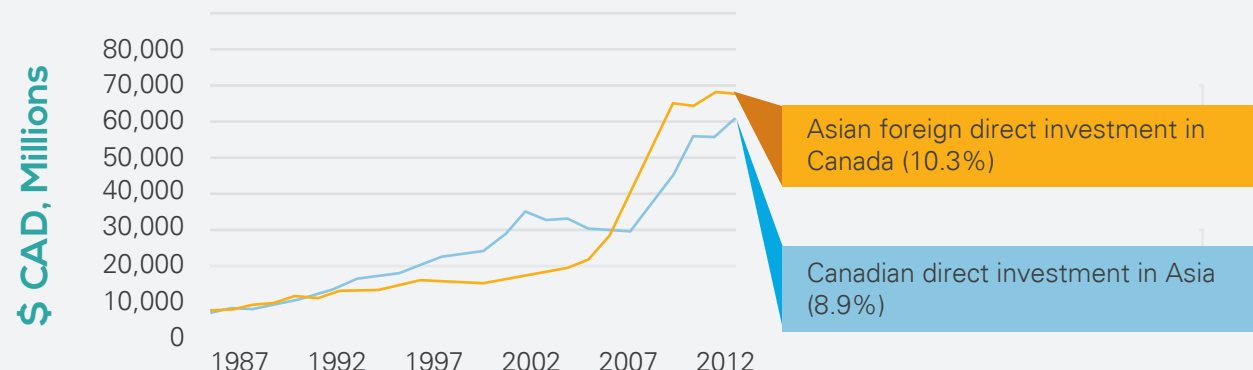


Source: Department of Foreign Affairs, Trade and Development, Statistics Canada

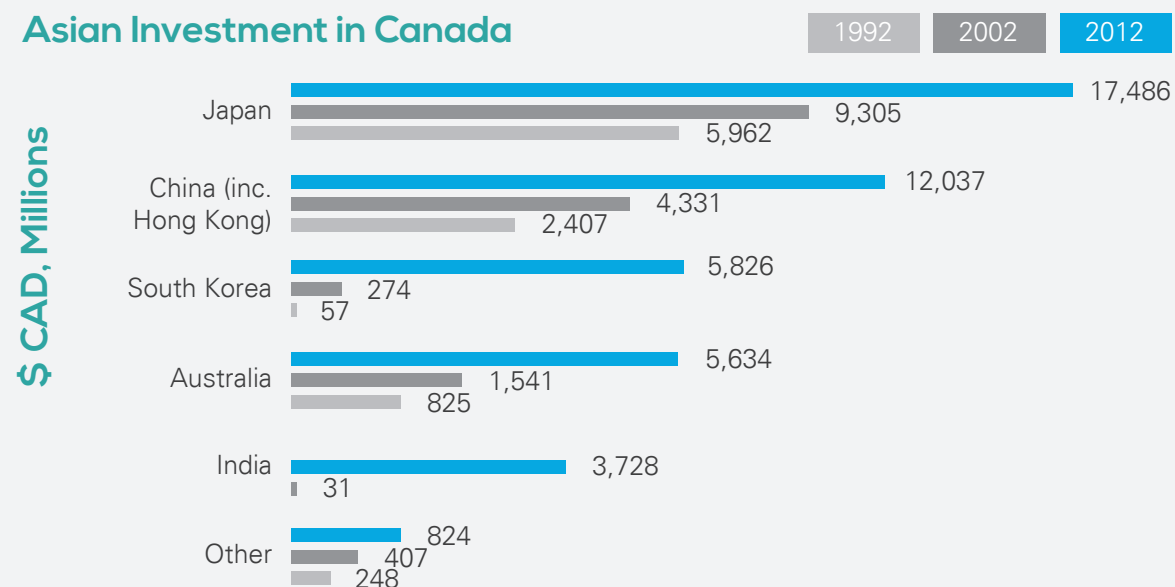


In 2012, Canada received a total of \$634 billion in foreign direct investment (FDI) while Canada's total direct investment abroad was \$712 billion. Asia's share of FDI in Canada is 7%, up from 5% in 2002. Japan remains Canada's main source of investment from the region; however, Chinese investment in Canada is increasing rapidly. In 2013, China became the world's third-largest investor, after the United States and Japan.

Canada's Foreign Direct Investment with Asia



Asian Investment in Canada



90%

of Asian investment in Canada came from Japan, China, South Korea, Australia

2%

China's direct investment of \$12 billion in 2012 represented less than 2% of total FDI in Canada

#3

In 2013, China became the world's third-largest source of FDI

Asian Investment in Canada by Sector

5.3% Wholesale Trade

0.3% Other

11.2% Manufacturing

In 2011, Japan's Fujitsu invested \$14 million to launch a Fujitsu Innovation Centre in Quebec City.

In 2011, South Korea's CS Wind invested \$42 million for a manufacturing facility in Windsor, Ontario.

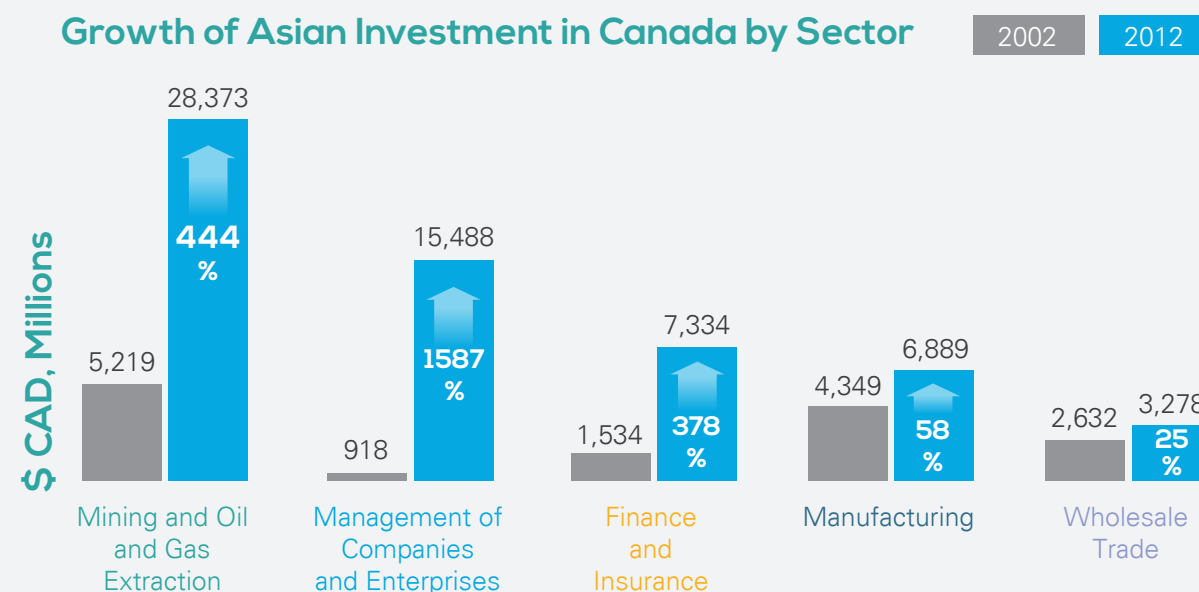
11.9% Finance and Insurance

25.2% Management of Companies and Enterprises

46.1% Mining and Oil and Gas Extraction

In 2012, China's CNOOC acquired Nexen Inc. for \$15.1 billion, and Malaysia's Petronas acquired Progress Energy Inc. for \$5.5 billion. Both oil and gas companies are based in Calgary, Alberta.

Growth of Asian Investment in Canada by Sector





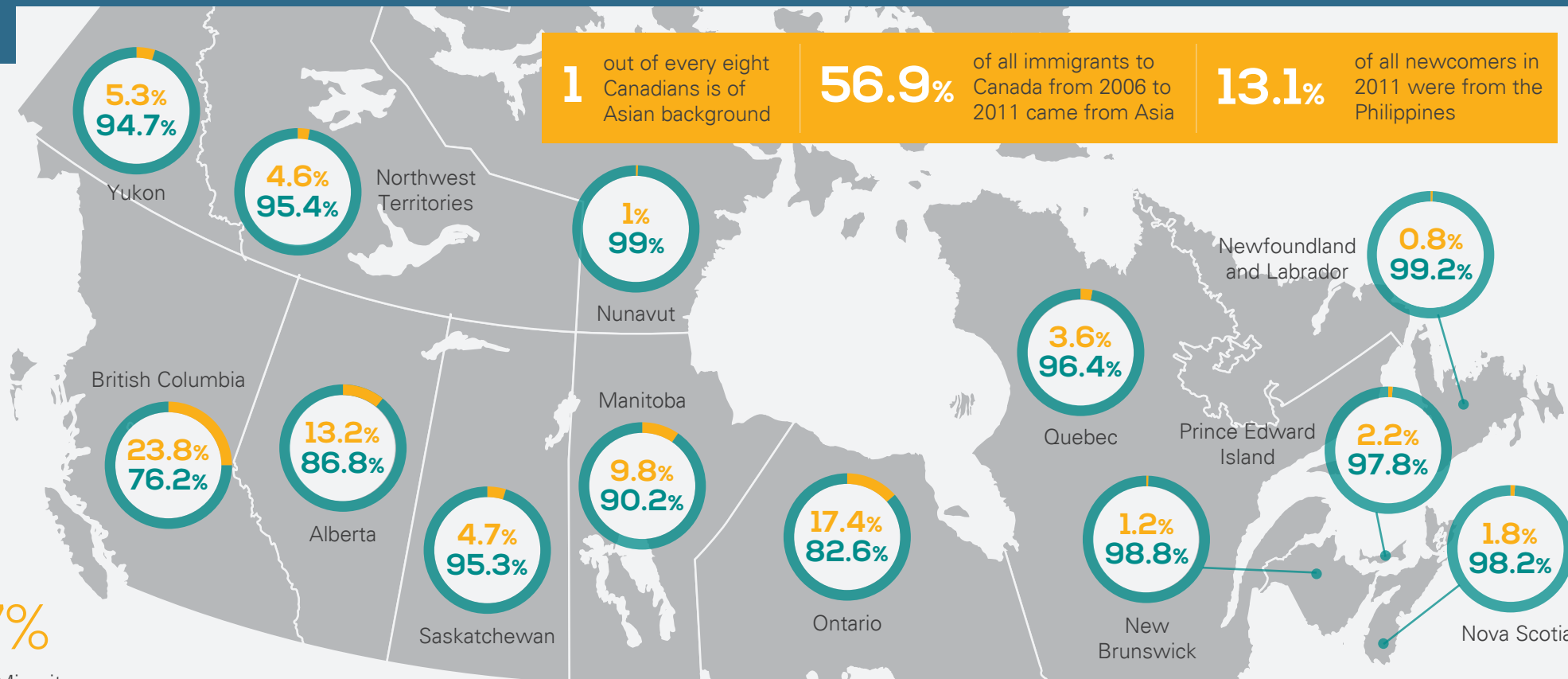
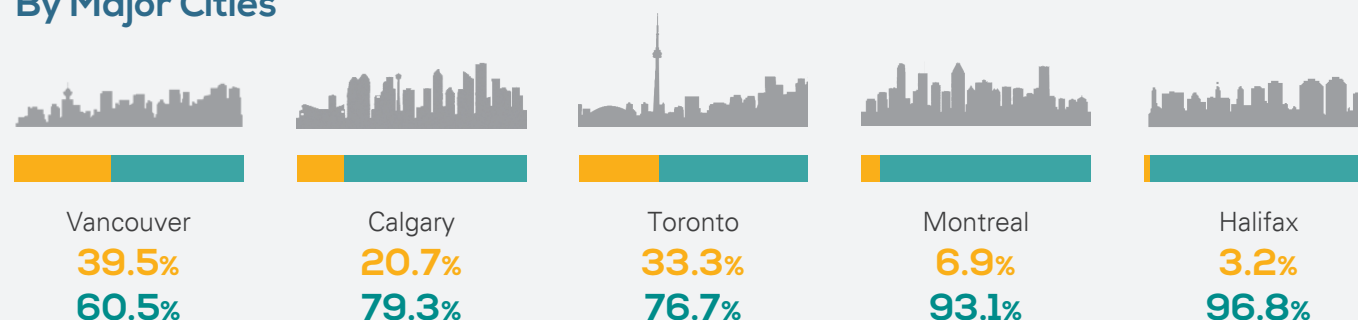
Asian Population in Canada

Until the late 1970s, most immigrants to Canada were from Europe. At present, most newcomers are from Asia. Today, according to the 2011 census, 19.1% of Canada's population is a visible minority, of which 65% are Asians. According to the latest national census, Asians represent about 13% of Canada's population and they are the fastest growing visible minority group in Canada.

Canada - Wide



By Major Cities



1 out of every eight Canadians is of Asian background

56.9% of all immigrants to Canada from 2006 to 2011 came from Asia

13.1% of all newcomers in 2011 were from the Philippines

Visible Minorities in Canada

% of Canada's Population		% of Visible Minority Population
4.8%	South Asian	25.0%
4.0%	Chinese	21.1%
2.9%	Black	15.1%
1.9%	Filipino	9.9%
1.2%	Latin American	6.1%
1.2%	Arab	6.1%
0.9%	Southeast Asian	5.0%
0.6%	West Asian	3.3%
0.5%	Korean	2.6%
0.3%	Japanese	1.4%
0.8%	Multiple & Others	4.4%





According to the latest national census, 79.8% of the Canadian population speak an official language (English or French) as a mother tongue. Of the remaining 20.3%, 44% of those speak an Asian language.

Since 2001, the percentage of Canadians that have a non-official language as their mother tongue grew from 17.8% to 20.3%, with Asian languages accounting for 96% of this growth.

Among Asian language speakers, 37% speak a Chinese language as their mother tongue. The second most common Asian language is Punjabi (15%), followed by Tagalog (11%).

8.9%

of Canadians speak an Asian language as their mother tongue

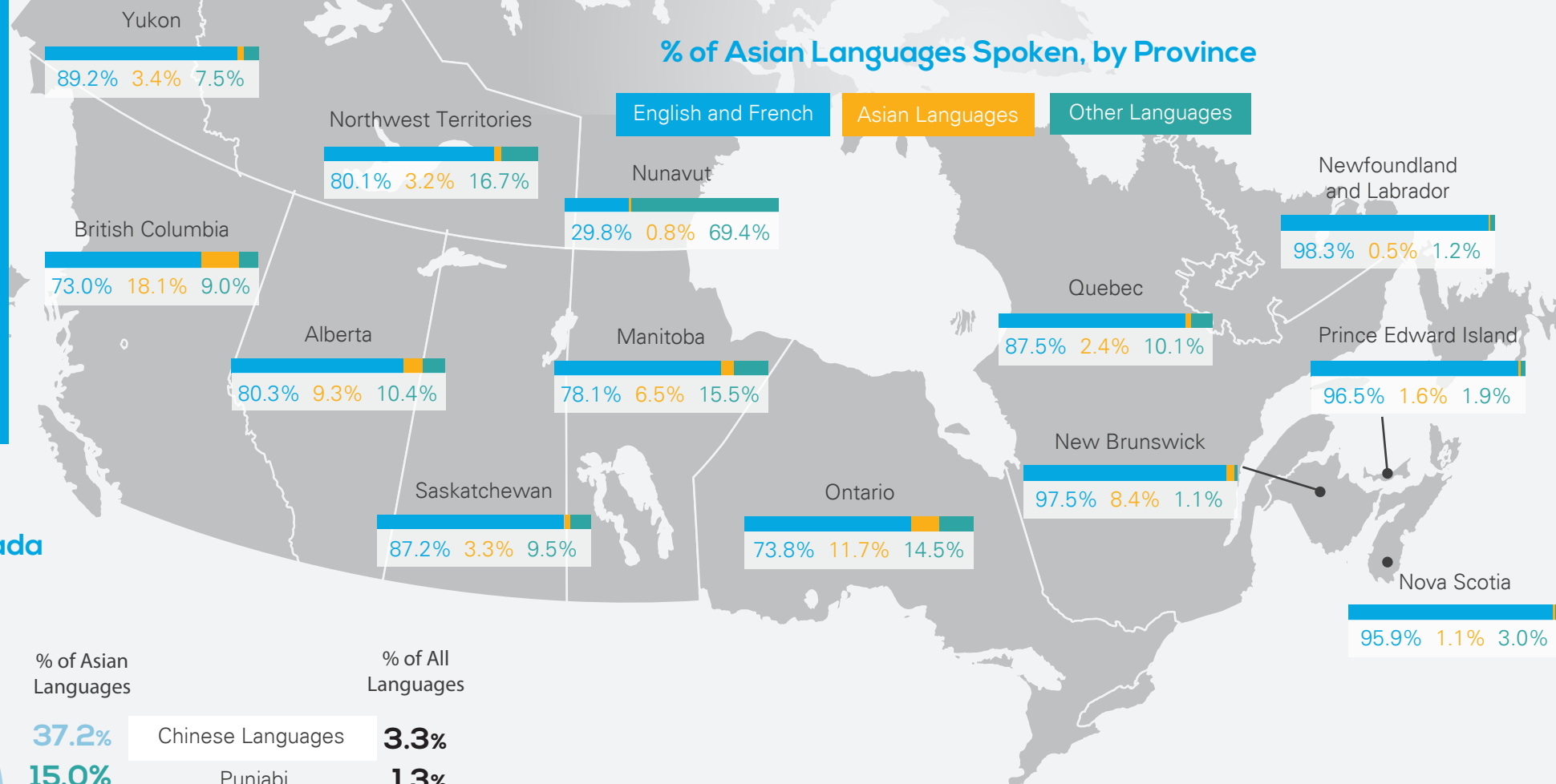
44%

Asian language speakers account for nearly half of the non-official languages spoken

3.3%

After English and French, Chinese languages are most commonly spoken

% of Asian Languages Spoken, by Province



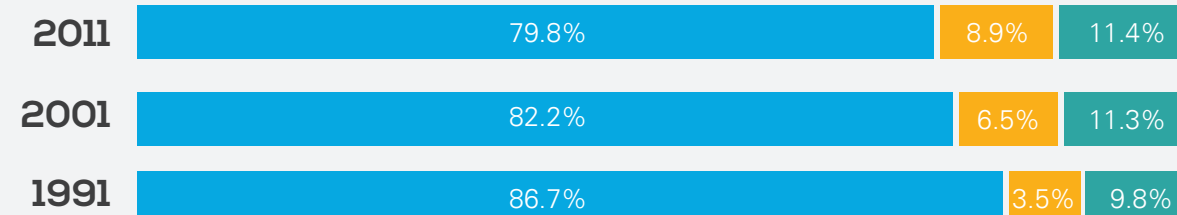
Asian Languages Spoken in Canada



% of Asian Languages		% of All Languages
37.2%	Chinese Languages	3.3%
15.0%	Punjabi	1.3%
11.4%	Tagalog (Filipino)	1.0%
6.0%	Urdu	0.5%
5.0%	Vietnamese	0.5%
4.8%	Korean	0.4%
4.6%	Tamil	0.4%
16.0%	Other Asian Languages	1.5%

% of Asian Languages Spoken, Canada - Wide

English and French Asian Languages Other Languages





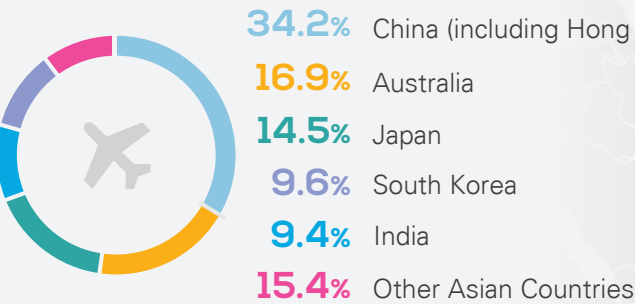
Asia will be fueling the global travel industry for decades to come. Outbound travel from Asia, and primarily from China, is on the rise. In 2011, tourists from mainland China made 83 million international trips, a number expected to reach 100 million by 2020. Over the past decade, China has become the fastest growing tourism market in the world. Chinese tourists spent \$US 102 billion worldwide in 2012, more than any other country.

10% of tourists coming to Canada are from Asia

366% Mainland Chinese tourists in Canada have increased by 366% since 2000

200 direct flights to Asia from three Canadian airports

Visitors from Asia to Canada



International Tourists Coming to Canada



Weekly Direct Flights to Asia¹

	Vancouver	Calgary	Toronto
Japan (Tokyo)	14	3	7
Taiwan (Taipei)	8	-	3
Australia (Sydney)	7	-	7
New Zealand (Auckland)	5	-	-
China (Shenyang)	3	-	-
China (Shanghai)	21	-	7
China (Guangzhou)	7	-	-
China (Chengdu)	3	-	-
China (Beijing)	18	-	10
South Korea (Seoul)	12	-	4
Philippines (Manila)	7	-	3
Hong Kong (China)	20	-	17
India (New Delhi)	-	-	7
Pakistan (Islamabad)	-	-	1
Pakistan (Karachi)	-	-	4
Pakistan (Lahore)	-	-	2
Total	125	3	72

Source UN World Tourism Organization (UNWTO), Canadian Tourism Commission (CTC), Vancouver International Airport, Calgary International Airport, Toronto Pearson International Airport

Note 1 - Indicates Winter 2013-2014 schedule. All numbers are for 2013, unless otherwise specified.



Twinning relationships between cities expanded rapidly after the Second World War. It facilitated friendship and understanding and it encouraged cultural, educational, business, and technical exchanges. Today, close to 150 Canadian cities have established an agreement with a counterpart in Asia and most provinces have concluded an agreement with another province in Asia. Additional twinning relationships at various levels could be created as Canada strengthens its relations with Asia.

150

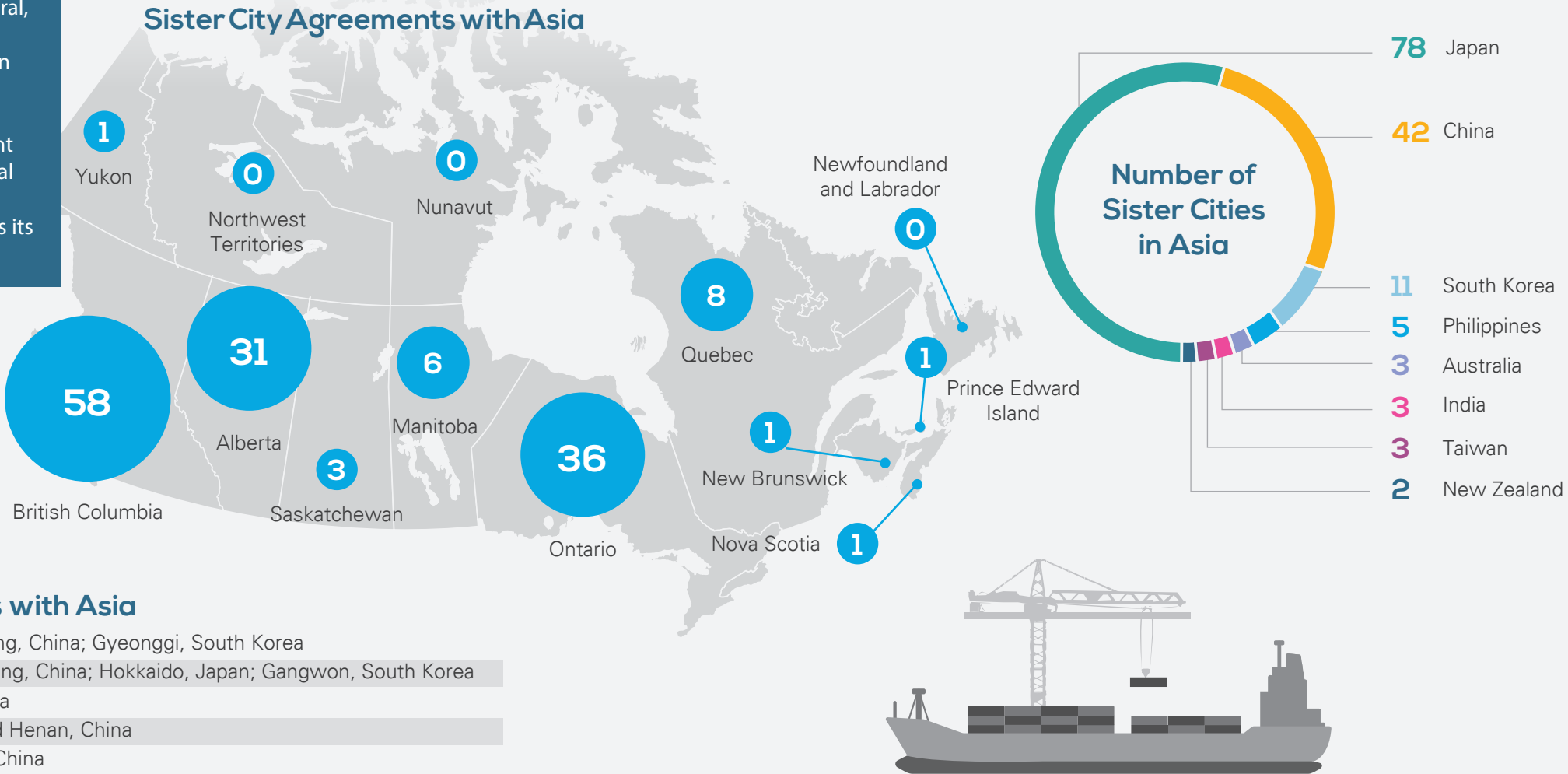
Almost 150 agreements in Asia

14

different sister province agreements in Asia

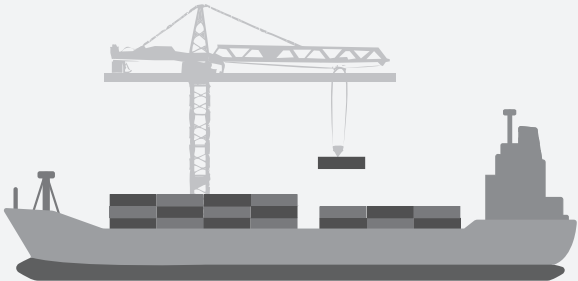
1963

First Canadian sister city partnership in Asia - between New Westminster, BC and Moriguchi, Japan



Sister Province Agreements with Asia

British Columbia	Guangdong, China; Gyeonggi, South Korea
Alberta	Heilongjiang, China; Hokkaido, Japan; Gangwon, South Korea
Saskatchewan	Jilin, China
Manitoba	Anhui and Henan, China
Ontario	Jiangsu, China
Quebec	Shandong and Shanghai, China (special relationship)
New Brunswick	Hebei, China
Nova Scotia	-
Prince Edward Island	Hainan, China
Newfoundland and Labrador	Zhejiang, China (Memorandum of Understanding)
Yukon	Shaanxi, China
Northwest Territories	-
Nunavut	-



Sister Port Agreement

The Port of Halifax in Nova Scotia and the Port of Shenzhen in China signed a sister port relationship agreement in October 2013.

The purpose of the twinning agreement is to boost two-way trade between both ports as well as deepen the understanding and build relations between the two

regions. Asia accounts for about 48 per cent of container imports and exports through the Port of Halifax.

Note List compiled by the Asia Pacific Foundation of Canada. Does not include friendship cities.



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Notes

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Headquartered in Vancouver, with a branch office in Toronto, we bring together people and knowledge to provide current and comprehensive research, analysis and information on Canada's transpacific relations.

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