



2017 NATIONAL OPINION POLL

| Canadian Views on
| Engagement with China



ASIA PACIFIC
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OF CANADA

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EXECUTIVE SUMMARY

UNCERTAINTY ABOUT THE DIRECTION that Canada-U.S. relations are taking under a Trump presidency coupled with concern about rising protectionist sentiments in Britain and Europe are motivating Canadians to reconsider their relationship with Asia, specifically China. According to the findings of the Asia Pacific Foundation of Canada's 2017 National Opinion Poll, which focuses on Canada-China relations, Canadians are not only recognizing the importance of closer economic relations between the two countries in creating opportunities for business today and in the future, but they are also warming up to the prospect of a possible free trade agreement with China. A majority is even acknowledging that China has the potential to become a global leader on economic issues.

The recent shifts in Canadian public opinion could not be more fortuitous for the current Canadian government, which has indicated that it wants to accelerate consultations with the Chinese on a free trade agreement. More broadly, Prime Minister Trudeau and his ministers should take heart from additional findings from the poll which support their policy agenda of increasing the number of highly qualified immigrants entering the country, investing in transport infrastructure, and prioritizing collaboration on measures to address pollution and protect the environment.

Notwithstanding overall public support for Canada's greater economic engagement with China, Canadians continue to have concerns that engagement will make Canada more vulnerable to economic and political pressures from China and will lead to an influx of cheap Chinese goods in domestic markets. These are risks that the government should seek to mitigate as it moves forward with its Asia strategy.

THE POLL'S KEY FINDINGS

The current global political environment has made Canadians more open to engagement with other countries.

With the recent election of Donald Trump as the U.S. president, Canadians feel that Canada should strengthen its economic relationship with other countries. This includes the European Union (70%), Japan (61%), Mexico (61%), China (50%), and India (48%). For Vietnam (46%), Indonesia (45%), and the Philippines (45%), Canadians think that Canada should maintain its current relationships. Two-thirds of Canadians (66%) are also supportive of increasing investment in transport infrastructure to further trade and mobility with the Asia Pacific.

Most Canadians think that China will become a global leader on economic issues, but not on security issues.

Canadians feel that global economic dynamics are changing. This is reflected in their assessment of the potential role that China can play in the international arena. An overwhelming majority of Canadians (68%) feel that China can become a global leader on economic issues. This assessment does not extend to the security arena: only 33% of Canadians feel confident that China has the potential to become a leader on global security issues.

Canadians see benefits of strengthened economic engagement with China, although they have some concerns.

Canadians believe that stronger economic ties with China will bring more opportunities for Canadian business (76%) and create long-term economic opportunities for Canadian youth (70%). Only a small proportion (35%) of Canadians believe that stronger economic relations between the two countries will compromise Canada's relationships with traditional partners.

Despite this optimism, Canadians do have some concerns about the consequences of stronger economic ties: 71% of Canadians worry that Canada will be more affected by economic volatility in China, and 64% are concerned that Canada will become more vulnerable to economic and political pressures from the Chinese government.

About half of Canadians (48%) believe that stronger economic relations will enhance Canada's influence on non-economic dimensions of its relationship with China (e.g., human rights, the environment, security).

Canadians increasingly support Canada entering into a free trade agreement (FTA) and expanding trade with China.

Canadian public support for a Canada-China FTA has increased over the years. According to the 2017 National Opinion Poll, over half of Canadians (55%) support a Canada-China FTA, a 9-percentage-point increase from 2016, and a 19-percentage-point increase from 2014.

Canadians (62%) believe that expanded trade with China is important today due to rising protectionism in the U.S. and Europe. Canadians think expanded trade with China will bring greater economic prosperity to Canada (57%), will encourage needed investment in Canadian businesses (63%), and will increase Canada's international competitiveness (54%). They are, however, unsure about whether Canada is prepared to capture the growth in Asian markets — 39% do not think that Canada is prepared, and another 33% are uncertain.

In engagement with China, two-thirds (61%) of Canadians are not concerned about getting involved with a country that is governed by a communist party and has different values and culture. However, they are concerned that an FTA with China may result in an influx of cheap Chinese goods (56%) and benefit China more than it would benefit Canada (51%).

Canadians support increasing the number of highly qualified immigrants.

Overall, Canadians are satisfied with Canada's current immigration numbers. Over half of Canadians (51%) think the government should continue to give permanent residence to the same number of immigrants every year. Nevertheless, when asked about different immigration categories, a majority of Canadians (53%) indicated their support for increasing the number of highly qualified professionals authorized to enter the country. This is compared to 27% supporting an increase in the refugee category and 32% supporting an increase in the family reunification category.

Canadians prioritize collaborating on measures to address pollution and protect the environment as the top issue in Canada's relationship with China.

Canadians were asked to select the top issue that the Canadian government should give priority to in its relationship with China. From a list of eight choices, 27% of Canadians ranked collaborating on measures to address pollution and protect the environment as their top priority. This was followed by publicly calling on the Chinese government to have respect for human rights and introduce democratic reforms in the Chinese political system (15%), negotiating a free trade agreement with China (13%), collaborating on global conflict and security issues (12%), and promoting the global image of Canada as a good place to invest, visit, or live (12%).

Age, gender, education, region, and awareness of news about Asia affect Canadians' views.

Generally, seniors, men, university educated individuals, and those who follow news about Asia regularly are more supportive of stronger economic relations between Canada and Asian countries. They also have a more positive attitude toward stronger economic engagement and expanded trade with China. Seniors, men, residents of Quebec and Atlantic provinces, and those who follow news about Asia are also more supportive of Canada entering into a free trade agreement with China. ■■■■



■ ABOUT THE ASIA PACIFIC FOUNDATION OF CANADA


THE ASIA PACIFIC FOUNDATION OF CANADA is dedicated to strengthening ties between Canada and Asia with a focus on expanding economic relations through trade, investment, and innovation; promoting Canada's expertise in offering solutions to Asia's climate change, energy, food security, and natural resource management challenges; building Asia skills and competencies among Canadians, including young Canadians; and improving Canadians' general understanding of Asia and its growing global influence.

The Foundation is well known for its annual national opinion polls of Canadian attitudes regarding relations with Asia, including Asian foreign investment in Canada and Canada's trade with Asia. The Foundation places an emphasis on China, India, Japan, and South Korea while also developing expertise in emerging markets in the region, particularly economies within ASEAN.

Visit APF Canada at <http://www.asiapacific.ca>.



■ ABOUT THE NATIONAL OPINION POLL

SINCE 2004, the Asia Pacific Foundation of Canada has been conducting regular nation-wide surveys to assess Canadians' attitudes toward countries in the Asia Pacific, and their perceptions of Canada-Asia relations. Unique in its construction and its objectives, the Foundation's National Opinion Poll has been instrumental in drawing a portrait of Canadians' perspectives on Asia and the region's increasing relevance to Canada's prosperity. With a representative sample of 1,654 Canadians, the 2017 National Opinion Poll serves as a valuable source of information on Canadian attitudes toward Asia, particularly on economic engagement with China. 



METHODOLOGY

THE ASIA PACIFIC FOUNDATION OF CANADA commissioned EKOS Research Associates to conduct a survey of 1,654 Canadian adults who are participants in the Probit online survey panel. The survey was conducted from March 20 to 27, 2017. The margin of error — which measures sampling variability — is +/-2.41% for the entire sample. The median completion time for the survey was 10 minutes. The results have been statistically weighted by EKOS according to the current census data on age, gender, and region to ensure that the sample is representative of the entire adult population of Canada. Discrepancies in or between totals are due to rounding. —

■ SURVEY RESULTS

THE FOLLOWING SURVEY ASSESSES Canadians' attitudes on engagement and trade with Asia, particularly China. Specifically, it focuses on understanding how Canadians' perceptions have changed in the light of the recent election of U.S. President Donald Trump, and rising protectionist sentiments in Europe. The findings contribute important insights for Canadian policy-makers to use as they explore expanded trade agreements with China and other countries.

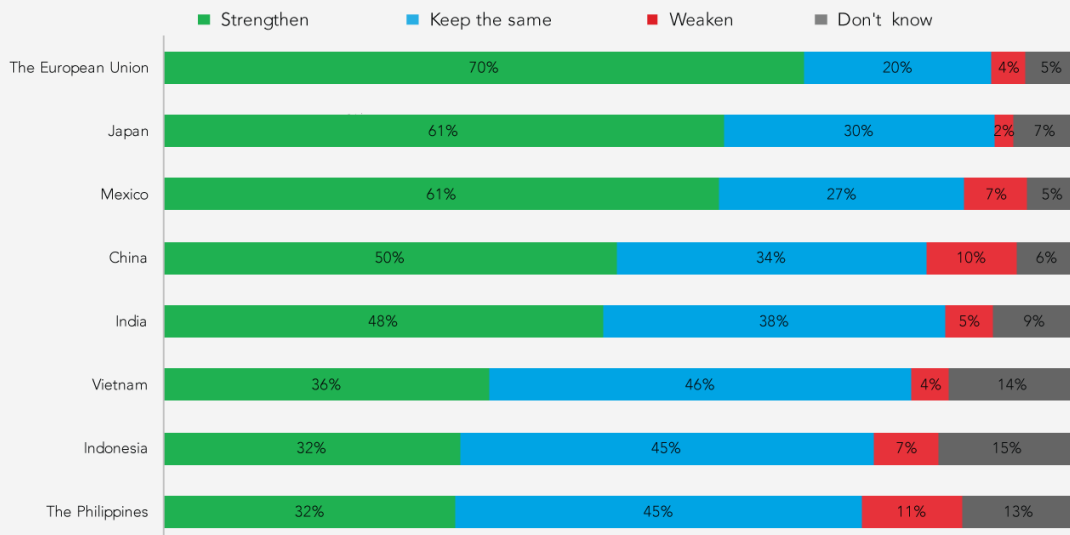
Overall, Canadians feel that the country should strengthen its economic relationship with other countries. This includes China, where Canadians see room for bilateral collaboration on a range of issues. Compared to findings from the Asia Pacific Foundation's past surveys, the support for a free trade agreement between Canada and China has also increased. Notwithstanding concerns that Canadian engagement with China will make Canada more vulnerable to economic and political pressures from China and to volatility in the Chinese economy, Canadians are largely positive about expanding trade relations with China: a majority of Canadians believe that stronger economic ties will be beneficial for Canadian businesses and increase opportunities for Canadian youth in the future. ■

SECTION 1

OVERALL VIEWS ON ENGAGEMENT

The current geopolitical environment, particularly the election of U.S. President Donald Trump, has influenced Canadians' views on engagement with other countries. This includes China, where Canadians see room for bilateral collaboration on a range of issues. Most Canadians think that in the light of the recent U.S. election, Canada should strengthen its relationships with other countries, including the EU (70%), Japan (61%), Mexico (61%), China (50%), and India (48%). For Southeast Asian countries, such as Vietnam, Indonesia, and the Philippines, most Canadians think that Canada should either strengthen or maintain its current relationship.

Majority of Canadians Believe that Canada Should Strengthen or Maintain its Economic Relationship with Other Countries in Light of the Recent U.S. Election

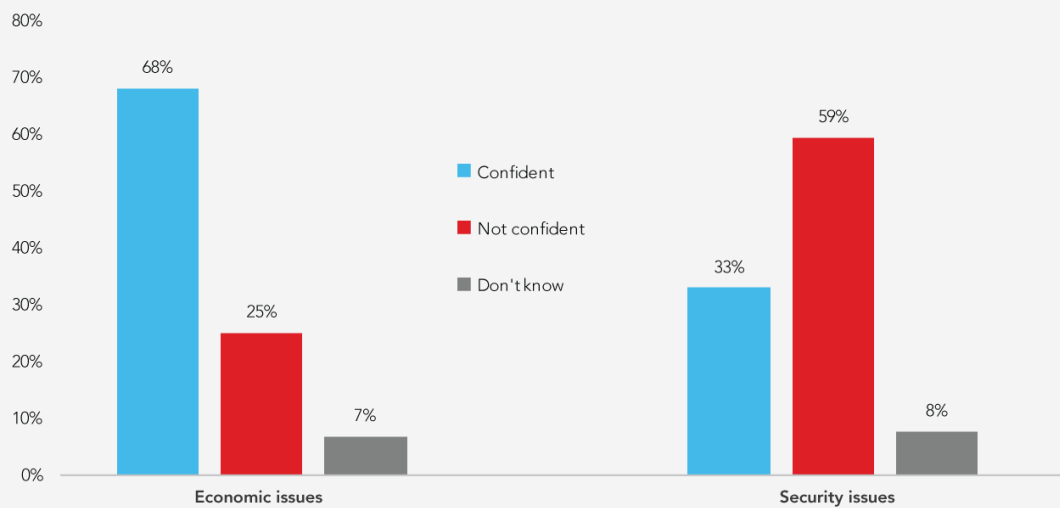


Base: All respondents: (n = 1,654)

Q 2: With the recent election of Donald Trump as U.S. President, should Canada strengthen or weaken its economic relationship with each of the following countries/region, or should Canada keep the relationship the same with each country/region?

Canadians also believe that the global economic dynamics are changing, particularly when it comes to China. An overwhelming majority of Canadians (68%) feel that China can become a global leader on economic issues. However, Canadians are unsure when it comes to leadership on global security issues: only 33% of Canadians feel confident that China can become a global leader on security issues.

Most Canadians Think that China Can Become a Global Leader on Economic Issues, but Not on Security Issues



Base: All respondents: (n = 1,654)

Q 3: How confident are you that China can become a global leader on economic issues?

Q 4: How confident are you that China can become a global leader on security issues?

SECTION 2

ECONOMIC ENGAGEMENT WITH CHINA

Canadians believe that stronger economic relations between Canada and China are good for Canada's business and for future generations, but they do have some concerns that need to be addressed.

To understand how Canadians perceive the potential impact of stronger economic relations between Canada and China, survey respondents were asked whether they agree or disagree with a list of statements about what establishing closer economic ties between Canada and China would entail. Overall, Canadians are highly positive about the impact of closer economic ties on Canadian businesses and opportunities for young people. A vast majority of Canadians (76%) agree with the statement that "there will be more opportunities for Canadian business." Similarly, 70% of Canadians agree with the statement that "Canada will be creating future economic opportunities for Canadian young people in Asia and at home" as a result of establishing closer economic ties with China.

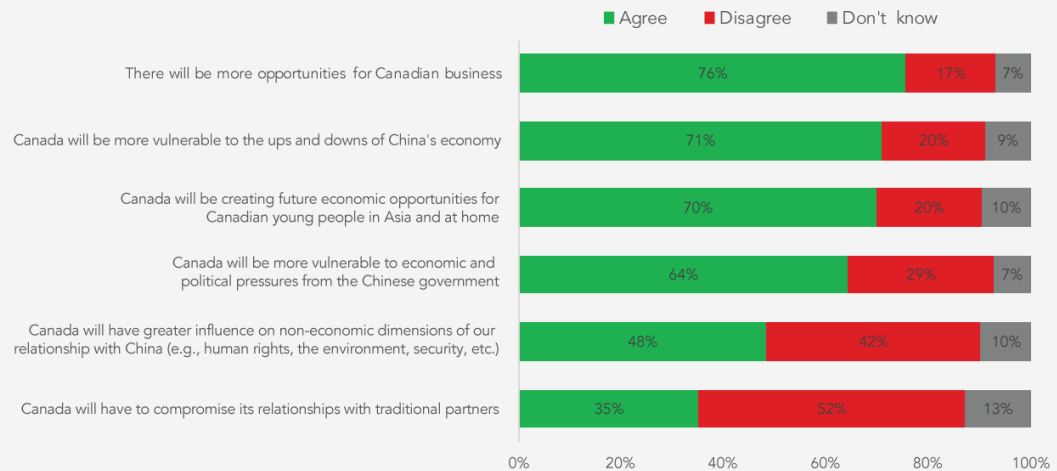
Interestingly, most Canadians are not concerned that deeper economic engagement with China would compromise Canada's relationships with its traditional partners. Only 35% of Canadians think that Canada will have to compromise its relationships with traditional partners if it increases economic engagement with China.

That being said, Canadians do express concerns that Canada would become more vulnerable to volatility in China's economy and face economic and political pressures from the Chinese government if the two countries were to have stronger economic relations. In the survey, 71% of Canadians agree with the statement that "Canada will be more vulnerable to the ups and downs of China's economy" and 64% agree that "Canada will be more vulnerable to economic and political pressures from the Chinese government" if Canada strengthens its economic relationship with China.

In contrast, Canadians are divided about the potential of Canada's influence on non-economic dimensions of its relationship with China as a result of stronger economic engagement between the two countries: 48% of Canadians agree and

42% disagree with the statement that “Canada will have greater influence on non-economic dimensions of our relationship with China (e.g., human rights, the environment, security)” if economic ties are intensified.

Canadians See Benefits of Strengthened Economic Engagement with China; Although They Have Some Concerns



Base: All respondents: (n = 1,654)

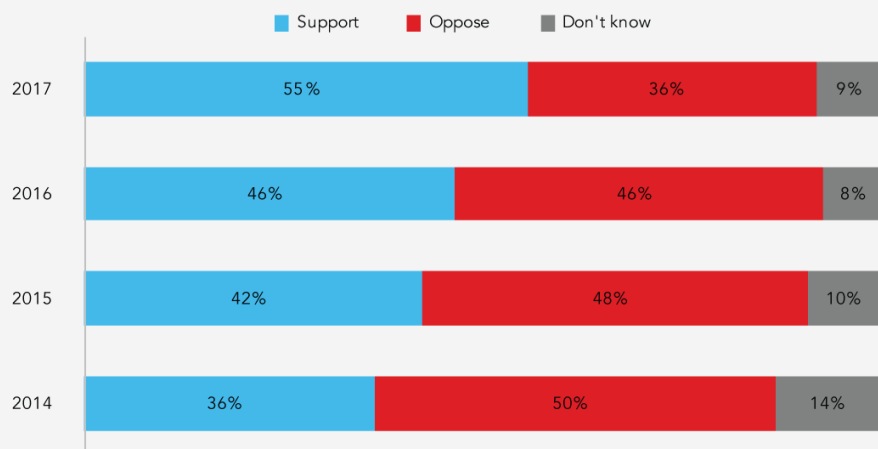
Q10: Do you agree or disagree with the following statements regarding the impact on Canada of establishing closer economic ties between Canada and China? Establishing closer economic ties between Canada and China means..

SECTION 3

FREE TRADE AGREEMENT WITH CHINA

Canadians support Canada entering into an FTA and having expanded trade with China. Over half of Canadians (55%) strongly or moderately support the Canadian government entering into an FTA with China. This view is much more positive than in the previous years. The Asia Pacific Foundation's National Opinion Polls in 2016, 2015 and 2014 asked the same question, and only 46%, 42% and 36%, respectively, of Canadians supported a Canada-China FTA.

Canadian Public Support for a Canada-China FTA has Increased Over the Years



Base: All respondents: 2017 (n = 1,654), 2016 (n = 3,526), 2015 (n = 1,554), 2014 (n = 3,487)

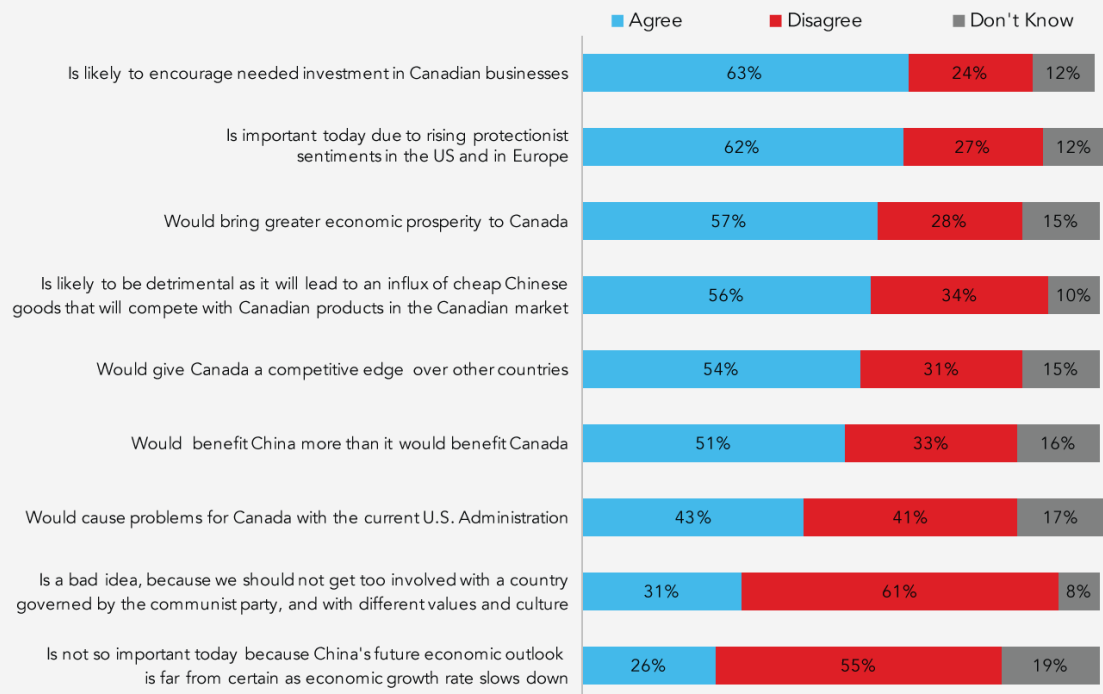
Q12: Do you support or oppose the Canadian government entering into a free trade agreement with China?

The increased Canadian public support for an enhanced trade relationship with China seems to be associated with recent geopolitical events. Most Canadians (62%) feel that a Canada-China FTA is important due to rising protectionist sentiments in the U.S. and in Europe. In this scenario, Canadians believe that expanded trade with China will likely encourage needed investment in Canadian businesses (63%), bring greater economic prosperity to Canada (57%), and give Canada a competitive edge over other countries (54%).

Canadians are not worried about getting involved with a country that is governed by a communist party and has different values and culture — about two-thirds of Canadians (61%) do not see this as a problem. Also, 55% of Canadians disagree with the statement that “expanded trade with China is not so important today, because China’s future economic outlook is far from certain as economic growth rate slows down.”

That being said, Canadians do have some concerns. More than half of Canadians (51%) feel that an FTA would benefit China more than it would benefit Canada. Similarly, 56% of Canadians worry that cheap Chinese goods will compete with Canadian products in the Canadian market. Canadians are divided about whether expanded trade with China will cause problems for Canada with the current U.S. administration: 43% of Canadians agree and 41% disagree.

Canadians are Optimistic about Expanding Trade Relations with China



Base: All respondents: (n = 1,654)

Q11: Canada has recently opened exploratory talks on a Canada-China free trade agreement. Do you agree or disagree with each of the following arguments regarding expanded trade with China? Expanded trade with China...

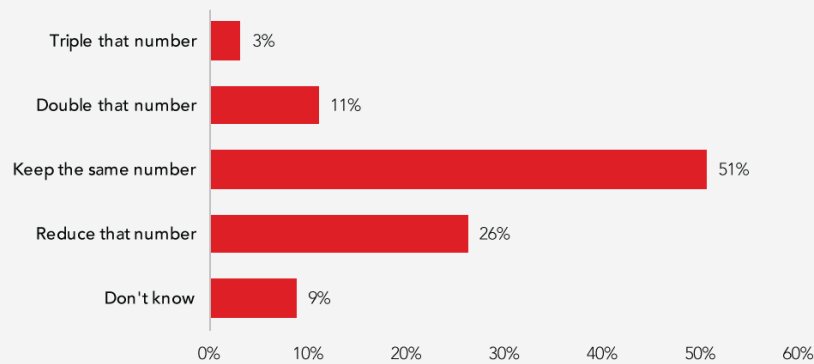
SECTION 4

POLICY ISSUES

ATTITUDES TOWARD IMMIGRATION:

In general, Canadians are satisfied with the status quo of Canada's immigration policy. Canada gives permanent resident status to about 144,000 immigrants from the Asia Pacific per year. Over half of Canadians (51%) think the government should keep the same number, while 14% think the government should triple or double this number. Another 26% of Canadians think the government should reduce the current numbers.

Canadians are Satisfied with the Current Immigration Numbers



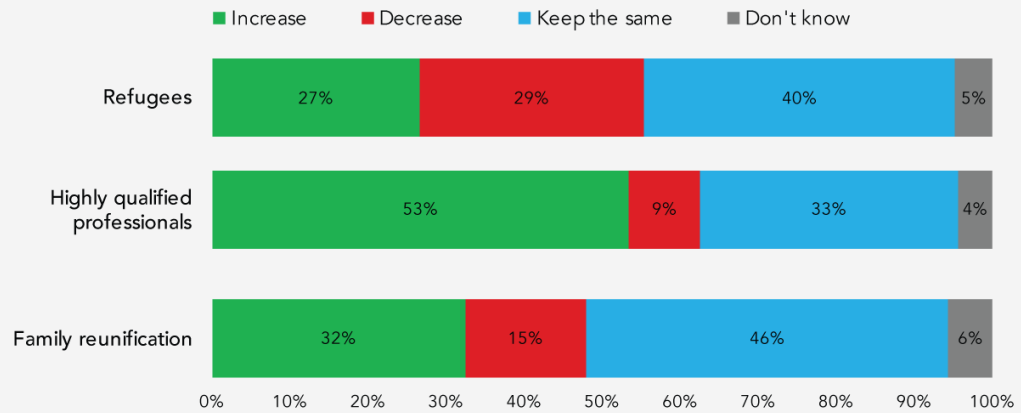
Base: All respondents: (n = 1,654)

Q 5: Canada gives permanent residence status to about 144,000 immigrants from the Asia Pacific per year (.4% of our entire population). Do you think the government should:

Canadians have varying views on the government's policies regarding immigrants from different categories. For the family reunification category, 46% of Canadians think that the government should keep the same number, 32% of Canadians think that the government should increase this number, and 15% of Canadians think that the government should decrease the number. For refugees, 40% of Canadians support keeping the same number and 27% of Canadians support increasing the number. However, 29% of Canadians think that the government should decrease the number of refugees.

Canadians are most open toward immigrants from the category of highly qualified professionals. Over half of Canadians (53%) think that the government should increase the number, and another 33% of Canadians think that it should remain the same. Only 9% of Canadians feel that this number should be reduced.

Canadians have Varying Views towards Immigrants from Different Categories



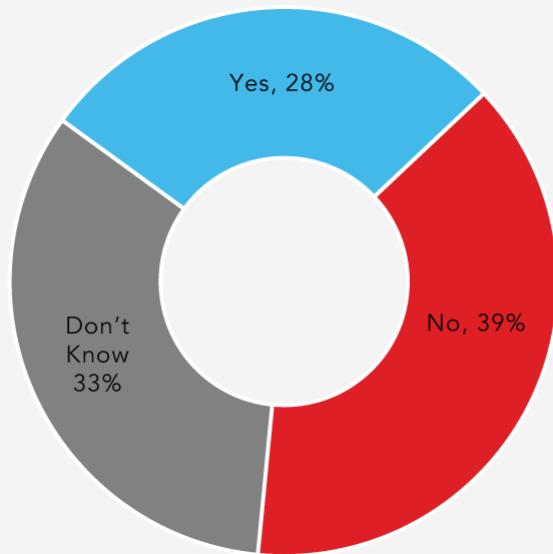
Base: All respondents: (n = 1,654)

Q6: As the Canadian government considers policy towards immigration from Asia Pacific, do you think it should increase, decrease or keep the same the number of immigrants falling under the following categories?

PERCEPTIONS OF CANADIAN PREPAREDNESS TO CAPTURE GROWTH IN ASIAN MARKETS:

By 2020, the Asia Pacific will be responsible for 42% of the world's total consumption. Canadians are unsure about whether Canada is prepared to capture this growth. Only 28% of Canadians feel that Canada is prepared, while 39% do not feel that Canada is prepared to capture the growth in Asian markets. About a third of Canadians (33%) are uncertain.

Canadians are Not Sure Whether Canada is Prepared to Capture the growth in Asian Markets



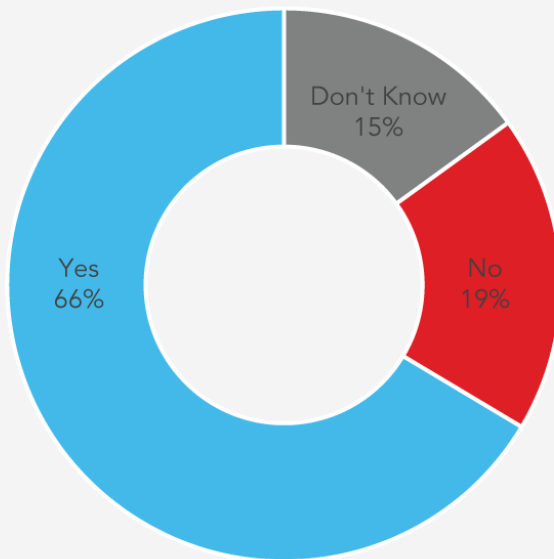
Base: All respondents: (n = 1,654)

Q7: By 2020, Asia Pacific will be responsible for 42% of the world's total consumption. Is Canada prepared to capture some of this growth?

INVESTMENT IN TRANSPORT INFRASTRUCTURE:

Canadians strongly support investment in transport infrastructure, such as seaports and airports, to accommodate increased trade and mobility with the Asia Pacific. Two-thirds of Canadians (66%) believe that the Canadian government should invest more money in this area.

Canadians Support Investment in Transport Infrastructure to Increase Trade and Mobility with the Asia Pacific



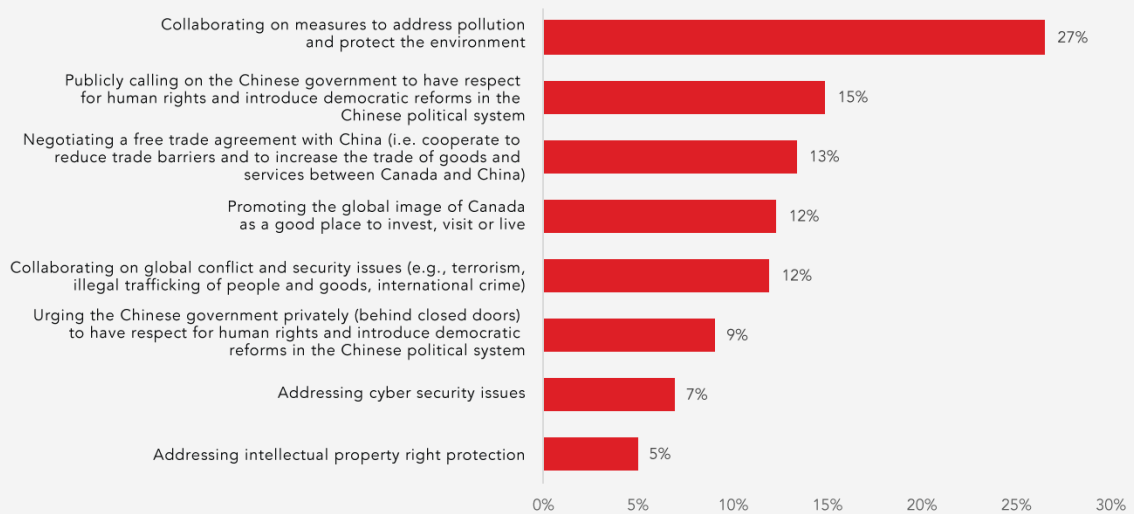
Base: All respondents: (n = 1,654)

Q8: Do you believe that the Canadian government should invest more money in our transport infrastructure (i.e., Seaports, airports, air connections) to accommodate increased trade and mobility with Asia Pacific?

PRIORITIES IN CANADA'S RELATIONSHIP WITH CHINA:

Canadians were asked to select the top issue that the Canadian government should give priority to in its relationship with China from a list of eight choices. The top priority for 27% of Canadians was collaborating on measures to address pollution and protect the environment. This was followed by publicly calling on the Chinese government to respect human rights and introduce democratic reforms in the Chinese political system (15%), negotiating a free trade agreement with China (13%), collaborating on global conflict and security issues (12%), and promoting the global image of Canada as a good place to invest, visit, or live (12%).

Collaborating on Measures to Address Pollution and Protect the Environment is the Top Priority for Canadians in Canada's Relationship with China



Base: All respondents: (n = 1,654)

Q 9: Which issues do you think should be given top priority by the Canadian government in its relationship with China? Please choose your top 3, with no.1 being your highest choice, no. 2 being your second-highest choice and no.3 being your third-highest choice.

Note: Percentage indicates the number of respondents who selected the respective option as their first choice.

SECTION 5

FACTORS AFFECTING PUBLIC OPINION

Canadian views on relations between Canada and Asian countries are divided among different population groups and regions. Overall, men, seniors, university-educated individuals (bachelor's degree or higher), and those who follow Asian news regularly tend to be more supportive of stronger economic relations between Canada and Asian countries. They also show more positive attitudes toward stronger economic engagement with China and entering into an FTA with China. Regions differ in attitudes toward expanded trade with China—people from Quebec and Atlantic provinces are more supportive than those from other provinces/regions.

This section breaks down attitudes toward Canada-Asia relations by gender, age, education, region, and engagement with Asian news (indicated by the frequency of following Asian news). Statistical analysis was performed to verify correlations between key variables and the five factors. The main findings are summarized here, and descriptive statistics can be found in the Appendix, which will be released following this report.

CANADA-ASIA RELATIONS:

Differences are found among different groups in attitudes toward strengthened economic relationship with major Asian countries. Specifically, 53% of men are supportive of stronger economic relations between Canada and China, compared to 46% of women. Likewise, seniors (>65 years old, 52%) and those with university degrees (55%) have significantly higher percentages of support for a strengthened economic relationship between the two countries. No regional difference is revealed in this question for China.

A similar pattern regarding Canada-Japan economic relations is found, with men and the highly educated being more supportive of strengthened economic relations. In addition, Quebec has a significantly lower percentage of supporters for closer economic ties with Japan.

ECONOMIC ENGAGEMENT WITH CHINA:

A significantly higher percentage of men, seniors, the better educated, and the more informed public believe that stronger Canada-China economic ties mean more opportunities for Canadian business and more future opportunities for Canadian young people in Asia and at home. These groups show little significant difference from other groups in disagreeing with negative statements such as “Canada will be more vulnerable to the ups and downs of China’s economy,” “Canada will have to compromise its relationship with traditional partners,” and “Canada will be more vulnerable to economic and political pressures from the Chinese government.”

EXPANDED TRADE WITH CHINA:

When asked about whether they support or oppose Canada entering into a free trade agreement with China, the respondents’ opinions are affected by gender, age, region, and awareness of news about Asia. Sixty percent of men, as opposed to 51% of women, are supportive of an FTA with China. Notably, the percentage of men who are strongly supportive (16%) doubles that of women (8%). Among all age groups, seniors have the highest proportion of supporters (67%) for an FTA with China. Among regions, Atlantic provinces (62%) and Quebec (60%) have the most supporters. People who follow Asian news regularly are more supportive as well. Education does not seem to influence the response to this question, as all groups have equally high proportions of supporters (over 50%). Yet, as subsequent analysis shows, education correlates with how people perceive costs and benefits of expanded trade with China.

Those who are more supportive of an FTA with China tend to see more benefits than costs of expanded trade with China. For instance, men, seniors, those with a university degree, and residents of Atlantic provinces all have higher percentages of those who view expanded trade with China as important due to rising protectionist sentiments in the U.S. and in Europe. Higher percentages of men, seniors, and Quebec residents agree that it would encourage needed investment in Canadian businesses and give Canada a competitive edge over other countries.

Moreover, these groups are more likely to disagree with the statements against expanded trade with China. For instance, compared with women, a higher percentage of men (40% vs. 28%) disagree and a lower percentage (53% vs. 59%) agree with the statement, “Expanded trade with China is likely to be detrimental as it will lead to an influx of cheap Chinese goods that will compete with Canadian products in the Canadian market.” The same patterns are found for respondents from Quebec and Atlantic provinces and for the highly educated population. Similar patterns in the responses to other statements against expanded trade with China suggest that men, seniors, the better educated, and those from Quebec or Atlantic provinces are less concerned about expanded trade with China.

Awareness of Asia does not seem to affect people's positive perceptions of expanded trade with China — those who regularly follow the news about Asia are not statistically different from those who don't in responding to the statements in favour of expanded trade with China. However, following the news is strongly associated with decreased negative perceptions of expanded trade with China— those who regularly follow the news about Asia are more likely to disagree with the statements against expanded trade with China. ■■■

CONCLUSION

IN THE WAKE of rising protectionism in the U.S. and Europe, Canadians are increasingly supportive of strengthening economic relationships with Asian countries, particularly with Japan and China. Canadians are also open to increasing the number of highly qualified immigrants from the Asia Pacific and believe that the Canadian government should invest more in transport infrastructure to accommodate increased trade and mobility with Asia.

The efforts of the current Canadian government to pursue a trade deal with China are in line with public opinion, which demonstrates increasing awareness of the importance of expanding trade and economic engagement with China. The support for a free trade agreement with China has been on the rise since 2014, according to the APF's public opinion poll results.

Canadians believe that China has the potential to become a global leader on economic issues. Given this perception, it is unsurprising that most Canadians think that stronger economic and trade relations with the country will be favourable for Canadian businesses, and increase opportunities for Canadian youth. The different political structure and culture of China also do not seem to be a concern for the Canadian public when it comes to trade relations. Similarly, Canadians do not believe that increasing economic engagement with China will strain relations with traditional partners.

However, Canadians think that enhanced economic and trade relations with China will increase the dependence of the Canadian economy on China's economic prospects, lead to economic and political pressures from the Chinese government, and create a more competitive environment for Canadian products. These are the major concerns that the Canadian government should work toward addressing as it pursues closer economic relations.

In a Canada-China bilateral relationship, Canadians see opportunities for collaboration on a range of issues, especially environmental protection. Canadians also expect their government to call on the Chinese government to respect human rights and introduce democratic reforms in the Chinese political system.

Findings from the survey indicate that those who regularly follow news about Asia are more supportive of greater economic engagement with China. Lack of awareness and knowledge about Asian countries may lead to skewed perceptions or unfounded concerns about economic engagement with Asia. In today's changing world, fostering Canadians' Asia competency is key to promoting informed public opinion.

Overall, the Canadian government has broad public support to pursue stronger economic relationships with China and other Asian economies. However, as the poll reveals, Canadians expect a broad agenda that addresses both economic as well as social and political issues in such relationships. ■■■



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