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IMPORTANCE OF ASIA TO CANADA'S FUTURE PROSPERITY

Inquiry—Debate Adjourned

Speech by:

The Honourable Vivienne Poy

Tuesday, June 26, 2012

THE SENATE

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INQUIRY—DEBATE ADJOURNED

Hon. Vivienne Poy rose pursuant to notice of June 14, 2012:

That she will call the attention of the Senate to the importance of Asia to Canada's future prosperity.

She said: Honourable senators, in the past few years, we have heard a great deal about Asia with its vast potential, while the United States and the European Union continue to struggle to revitalize their economies.

As we grapple with the new global economic reality, Asia looms large in our collective imagination. While European banking institutions are ridding themselves of their global assets to shore up their balance sheets, they are holding on tight to their wealth-management assets in Asia, believing China and the nearby Asian countries will be their growth engine.

Our own financial institutions have also set their sights on Asia, taking advantage of Asia's rising prosperity. However, many Canadians remain ambivalent or even uneasy about engaging more actively on political, economic and social issues with Asia. As of 2012, half of all Canadians view China's rising prosperity as more of an opportunity than a threat to Canada. Even though Canadian attitudes towards Asia have warmed slightly over the past year, the region still fares poorly in relation to its Western counterparts. India was rated favourably by only 14 per cent and China by 12 per cent of the respondents to a recent poll.

• (1910)

Canadians fail to realize that Asia matters to Canada, regardless of what Canadians think of Asia. Canadians need to face the fact that our trade relations with China alone surpass all our trade with the European Union and that Chinese and Indian investments in Canada are increasing rapidly. On top of that, every year a large percentage of Canada's future brain power also comes from Asia.

In order to meet the need for public discourse, the Asia Pacific Foundation of Canada launched The National Conversation on Asia last year. Why? Over the next decade, Asia will become the global centre for innovation and technology. Asia has already become the world's greatest investor in new infrastructure: highways, rail, airports and cities with the world's most advanced architecture. As the world's leading manufacturer of mass consumer goods, it needs not only our resources but also our technologies and our expertise in education and governance.

Canada's long-term prosperity will depend on Canadian policy-makers' ability to understand and seize economic opportunities in this region. In order to succeed in Asia, Canada needs to develop a comprehensive strategy since we have fallen far behind our Western competitors.

We recognize that Canadian businesses, academic institutions, NGOs and our provincial governments have already developed

close ties with Asia, and Canadians of Asian heritage have become important faces for Canada. The federal government finally sees opportunities on the Asian horizon, but our competitor south of the border is way ahead of us. Of the top 20 American companies, 100 per cent have operations in Asia compared to only half of ours.

The Asia Pacific Foundation of Canada's call is echoed by the Canadian Council of Chief Executives and the Canada China Business Council's 2011 report, which says that Canada must make the region a priority and that we must expand beyond dependence on the resource sector to reach new markets in Asia.

In this effort Canada has other natural assets that exceed those found in the ground. These are Canada's people, the entrepreneurial spirit of our diaspora population dispersed throughout the region, as well as our international and Asian Canadian student body, all vital resources yet to be fully explored.

I know Canada is often called an immigrant country. However, our national psyche needs to account for the fact that Canada is also an emigrant country, since over 8 per cent of our population lives outside our borders. Other than for movie stars and pop singers, the Canadian diaspora has often been viewed as a liability. It is time that Canadian residents and our government realized that this group is also a global asset to be harnessed for Canada's interests.

In the past 30-odd years, because of our low birth rate and ever-increasing senior population, Canada is drawing most of its labour force growth from immigration. With stringent requirements, newcomers to Canada have very high levels of education and relevant work experience, and the majority of them happen to come from Asia.

A major challenge over the next decade is how best to use this important resource effectively, as many of these immigrants remain unemployed or underemployed. The unemployment rate for new immigrants is almost double that for native-born Canadians.

Despite not having Canadian experience, migrant populations are often exceptional people because they are willing to take risks in the pursuit of opportunity. They are divergent thinkers who challenge the status quo, and they bring with them cross-cultural skills and international networks that are great assets to the Canadian economy.

In November 2011, a report from the auditing firm Deloitte sounded the alarm, noting that if Canada fails to use the skills of new immigrants, it risks hampering productivity and economic growth. More worrisome still, the report suggests that Canada will lose its newcomers to other nations who are more accommodating of global talent and Canada's brand will be tarnished abroad.

Let us take the example of internationally trained medical graduates who immigrate to Canada. In order to work in Canada as doctors, they must have degrees from accredited international

universities. They must pass a series of exams, and, finally, they must complete their residency training in Canadian hospitals.

In Ontario alone, residencies for internationally trained medical graduates have only increased from 24 to 236 over the past decade. At the moment, there are an estimated 7,500 internationally trained doctors who have passed the exams but cannot get resident positions in our hospitals. Little wonder that Balvinder Singh Ahuja, who delivered a baby on an Air Canada flight, turned out to be a pediatrician with 25 years' working experience in India.

Having immigrated to Canada, he gave up his dream of working in medicine, even though he was admitted because Canada has a critical shortage of doctors. He is instead training to be a truck driver. What a loss to Canada.

Dr. Ahuja has settled in Canada for the sake of a better future for his children, but young, first-generation Asian Canadians and international students who study here are less likely to stay in Canada unless they can find jobs commensurate with their education and training. As global citizens, they will go wherever they can find the best opportunities. For many, having knowledge of East and West can also mean that they can build bridges for Canada to Asia.

There are currently 2.8 million Canadians living and working abroad. Since the Canadian population is aging rapidly, the expatriate population actually makes up 12 per cent of Canadians of working age, which represents a sizeable portion of our taxpayer base.

Comparing native-born Canadians to foreign-born Canadians, the latter group is approximately four times more likely to emigrate. There are a number of policy questions arising from these facts for Canada. The first question focuses on retention: How can Canada make better use of the skills of our foreign-born population to benefit our economic growth and productivity within Canada?

There is another policy question we can ask, which takes into account the nature of this new, younger generation of the Canadian diaspora. As transnationals, many of them will leave and return, living between two countries and feeling equally at home in both. Recognizing this reality, we can reframe our assumptions and ask how we can realize the potential of the Canadian expatriate as a resource and cultural link, acting as a human bridge that connects us to valuable business opportunities overseas.

Instead of looking at expatriates and international students who move south of the border or those who return to their countries of origin as a loss to Canada, we can reconceptualize them as the potential keys to increasing bilateral trade.

• (1920)

After virtually ignoring Asia for the first five years of its mandate, the government now has five bilateral free trade talks at various stages and Canada is negotiating to join the Trans-Pacific Partnership. Provinces such as Ontario, Alberta and British Columbia are very aware of this need to enhance trade ties and have called for greater cooperation in terms of an approach to Asia. It is important to note that a quarter of the global GDP is generated in Asia and that six of the G20 countries are in the Asia-Pacific region.

In April 2011, the International Monetary Fund stated that China's economy will surpass that of the United States in real terms by 2016 and that China will become the largest economy in the world. China is poised to replace Canada as the largest trading partner of the U.S. Both India's and China's populations will continue to grow. Much global innovation will continue to be generated in the Asia-Pacific region, and the future of the environment is dependent on the regions' investments in green technology. As of 2008, Asian intra-regional trade accounted for more than 56 per cent of total trade within the region. Regional manufacturing and service supply chains define much of global trade. Over 30 bilateral and multilateral trade agreements in Asia are fundamentally altering the global economic system.

We must have a holistic view of trade with the whole region while recognizing the need for different approaches with individual members. Two-way trade has increased between China and Canada as well as India and Canada. Much of the increase has occurred over the past year as Canada retreats from its dependency on the United States. However, in comparison with Australia, only 12 per cent of our trade compared to 50 per cent of theirs is with Asia. Australia has a similar-sized economy to our own. Now that Canada has approved destination status with China, we can increase our trade through tourism; and Chinese tourists are by the far the biggest spenders in the world. It is, therefore, in Canada's economic interests to encourage tourism from China and not to put obstacles in the way of potential visitors.

Our efforts to boost trade and tourism are not helped by the fact that we are nearly invisible in Asia. For example, most Chinese do not know where Canada is and only think of Canada as a place to go for clean air. In short, we lack brand visibility and rate unfavourably in comparison to small countries like Switzerland or the Netherlands. We are seen largely as a gateway to the United States. If Canada is to pursue more trade and cultural exchanges with Asia, a fundamental shift in thinking is needed among Canadians.

The Hon. the Speaker: I am sorry to interrupt, but I must advise that the honourable senator's time has expired.

Senator Poy: Five more minutes?

Hon. Senators: Agreed.

Senator Poy: The broader public, government and the business community need to support their effort. Despite the change in the world economies in the past two decades, Canada still turns to the United States or the EU expecting a renewal of these economies, but remember, the United States is over US\$1 trillion in debt to China, and the eurozone is in economic turmoil. According to former Deputy Prime Minister and Finance Minister John Manley, who is now President and CEO of the Canadian Council of Chief Executives, the United States' strategy is no longer a growth strategy. This means we need to turn our vision towards Asia as much of the world has already done.

This is not easy for Canada. There has always been a sense that there is a conflict between the East and the West, once famously framed as the clash of civilizations by the academic Samuel Huntington. However, for the sake of our future prosperity, we need to follow Australia's lead and realign our identity by understanding that we are an Asia-Pacific country.

As Yuen Pau Woo, President and CEO, Asia-Pacific Foundation of Canada, noted, the biggest challenge is not what we do in Asia but what we need to do at home. We need to recognize that Canadians in the next generation are global citizens who may choose to live anywhere in the world. If Canadians are to succeed, we must have cross-cultural skills, be multilingual and have a good working knowledge of international business practices.

This will require a fundamental policy adjustment. While we are focused on bilingualism, many other countries emphasize the learning of at least three languages. Change has already begun in some provinces. In Calgary, public school students are offered language programs in French, Spanish, German and Mandarin. In British Columbia, the Vancouver School Board is offering an Early Mandarin Bilingual program to all of its students.

Canada has several assets in this quest to create global citizens: multiculturalism, a diversity of cultures, and the proliferation of languages that already exist in Canada, which can act as catalysts for policy change. Canadians need to adapt, or we will be left behind. Of course, education is the key. We need to establish a curriculum of Asian studies at all levels of education that includes the opportunity to learn Asian languages. While Asian studies and Asian Canadian studies exist at the university level, teaching

at primary and secondary schools remains scarce. We need to encourage student exchanges with Asian high schools and universities, increase the number of international students from Asia, and encourage the crucial development of people-to-people relations.

Another aspect of education would be the establishment of a museum of migration in British Columbia, acknowledging the many immigrants who have arrived in Canada over the Pacific and acknowledging that Canada is an Asia-Pacific nation. The Pacific Canada Heritage Centre — Museum of Migration Society has been incorporated in British Columbia as a counterpart to Pier 21 in Halifax in order to tell Canada's national story. While Pier 21 does an admirable job in documenting the arrivals to Canada over the Atlantic, immigrants who came to Canada over the Pacific do not believe that it tells their stories or reflects Canada's current reality.

Canada has a lot of catching up to do. If we are to survive and prosper, our government should consider leading the strategy, since it is the state that leads many of the major Asian economies, such as Singapore, South Korea and China. We need to strengthen our relationship with the region that will only grow in importance for Canada's future prosperity, because the costs of inactions are too great to bear.
