

**Senator Vivienne Poy's Keynote Speech to the
China Conference**

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Prof. Farrar, distinguished scholars, eminent speakers & students:

It is with great pleasure that I welcome you to today's conference on China. Everyone knows that China is the most populous country in the world, and with its galloping economy, it is poised to become the largest global economic power within the near future. We also know that China and India, both developing countries, are poised to catch up very quickly in technology with the Western world. What does all this mean? I will give you my perspective of why we have to pay attention to China, because whatever happens to more than 1/5 of the population of the world is going to affect all of us.

In the 1970s, on one of my parent's visits to Toronto, my father told me that the 21st. century belongs to China. I didn't know what that meant at the time. Maybe because he knew some of the leaders in Beijing well, he understood the situation better than most people. Or, maybe, it was just wishful thinking on his part.

During the 2nd WW, I spent four years with my family in China. I have interesting memories of that period. It is fortunate that memories are selective, and none of mine were horrific.

Because of the subsequent civil war in China and the establishment of the People's Republic of China, a bamboo curtain went down, closing the border to most visitors. But since the 1970s, a limited number of visitors were permitted.

I have made many trips to China since 1979 with my husband and our children, and each time, it was like visiting a new country because everything changed so quickly. What was astounding was the pace of change. In 1979, everyone was in a Mao suit, and addressed each other as comrade. I thought of the Chinese people as a sea of unisex humanity. There were few cars on the roads, all belonging to the government. The roads in the big cities were jammed with bicycles, since that was the only means of transportation. I had the image of massive movement of colourless humanity during what we call "rush hours." Colourless does not only describe what they were wearing; colourless because these people were not allowed to be individuals.

Yet, Deng Xiaoping's economic reforms were starting then, and conditions were beginning to change in China. Even at that time, there were free market days on Sundays, and everyone would bring out anything they had to sell on that day, working many times harder than they did during the other 6 days in the week.

We have entered China by train, by hydrofoil and by plane. In 1979, we crossed the border from Hong Kong to Guangdong by train and the sudden change of scenery was astounding. One minute, there were cars on well maintained roads, and high rise buildings everywhere; the next minute we saw paddy fields and bicycles on the roads. The houses that we saw were very small and insignificant.

A few years later, by the middle of the 1980s, Guangzhou was becoming similar to Hong Kong. That summer, we took our sons by train from Hong Kong to Guangzhou for a special celebration, and then traveled all over China, as far as Yunnan province to the border of Myanmar. What I discovered was that progress had not yet reached the population in the interior. Our guide said something to me which I would never forget. She said that the people from Guangzhou were really a different breed! She was right. We could have been in two different countries, even in the major urban centres like Kunming.

That remains true today. Due to the economic reforms in China, the divide between the urban and the rural areas is continuously becoming wider. The income of individuals in the urban centres is currently almost 4 times that of the rural areas. The leaders in Beijing realize that they have to solve the problem quickly because of the great disparity between the prosperous coastal areas and the extremely poor areas in the interior. This situation could be explosive if it is not solved or diffused quickly.

Since the 1980s, we have traveled many times to China, not only to the cities but also to the countryside, as well as visited our ancestral villages a number of times, both on my father's and on my mother's side. We visited the houses where the villagers lived. I have talked to many people to try to understand something about their lives. I learnt, firsthand, about the suffering of the educated during the Cultural Revolution, and about the youth who were sent to the countryside. I saw rural children walking a long distance in order to go to school. Because of the distance, they had to stay at the school during the week. They took with them, not only books, but also bags of rice for the teachers. This is not so different today in poor rural areas. Another thing I learnt was that the "one child" policy was not carried out in the countryside, and nor was it imposed on ethnic minorities.

By the mid-1980s, one could hardly tell the difference between the outward appearance of Hong Kong and Guangzhou particularly because all the people speak Cantonese. However, I was quite aware that people's mentalities were different, then and now. Today, anyone visiting the cities of China would be blown away by what looks like progress but a lot of that is only outward appearance. What looks Western is not necessarily so.

Our youngest son who spent 4 years in China, of which he spent 3 years working for foreign companies in Shanghai, said to me that the mentality of the Chinese in China was very different from ethnic Chinese from other parts of the world. He was particularly aware that most foreign companies which went into China, because of the potential of the huge market, lacked an understanding of the culture and mentality of the people there. So,

commercially, if one wants to do business in China, one has to learn the language and the culture.

In the matter of trade, Canada made its first wheat sale to China in 1961. Ever since China launched its economic reforms in 1978, trade between the two countries has been on the increase. The Canada China Business Council was formed by the private sector as an integral part of its efforts to expand trade and investments. From 2001 to 2002 alone, trade increased from about \$17 billion to almost \$20 billion. China's direct investment in Canada from 1991 to 2004 increased from \$54 million to \$220 million. Canada now ranks among the top 10 investors in China. The two countries have recently endorsed the goal of doubling their bilateral trade and investment relationship by 2010.

In 2002, China replaced the U.S. as the #1 recipient of foreign direct investment in the world, to the tune of \$53 billion in new money. Foreign investment drives much of China's trade. 52% of China's imports and 48% of its exports are generated by foreign companies.

While many Canadians seem optimistic about engaging in trade with China, attitude towards the rising economic power of China in many parts of the world is not necessarily positive.

I find it ironic that even though China is a developing nation, it is already feeling the heat of competition from other nations. I would like Canadians to understand that many Chinese believe that when Chinese companies have a chance to make a move, the road is blocked in a discriminatory manner that creates resentment. To name one example: the U.S. government's interference in the sale of UNOCAL to CNOOC. UNOCAL ended up being sold to Chevron for \$17.7 billion rather than getting \$18.5 billion from CNOOC.

Also, in the last 10 years, more anti-dumping charges have been brought against China than any other country. Between 1995 and 2004, 411 charges have been brought against China, in comparison to 152 charges against the U.S. and 55 against the EU. And, for the next 10 years, the WTO will allow members to classify China as a "nonmarket economy," meaning that anti-dumping rules against China will be arbitrary, despite the fact that market liberalization is more advanced in China than that of many WTO member states.

I believe it is very important to understand that attempts to preemptively weaken others, because of fear of their future power, will unfortunately result in turning potential partners into enemies. From what I can see, Canada is not following that route. If we want to promote human rights in China, we can only promote what we believe in to our friends and partners, not to our adversaries.

History has shown, again and again, that open markets and the creation of an independent middle class tend to stabilize and liberalize the trading nations that participate in such markets. Free traders believe that the best way to avoid soldiers

crossing the borders is to allow goods to cross instead. Therefore, deeper trade links do not pose national security risks but the absence of them does.

I am glad Canada has been working towards stronger trade ties with China. Over 400 Canadian companies now have a permanent presence in China, more than double the number 8 years ago. China has become our 2nd. largest national trading partner.

Team Canada, led by our former Prime Ministers, Chretien and Martin, has visited China 3 times since 1998. The importance of trade between the two countries cannot be ignored, and bureaucrats and academics need to know how to build on this relationship for the future prosperity of both countries.

Whenever we speak of the future, we think of the kind of world our grandchildren will live in, and there is no future prosperity if we destroy our environment, and environment respects no political borders. With China's rapidly expanding manufacturing sector, and its rising middle class with its increasing demands for energy, the air quality and the pollution of its water supply have become notorious.

Since environmental issues are huge, I am only going to touch on one aspect alone, and that is, air pollution by motor vehicles. Between 1980 and 2001, the number of cars increased by 130 times. In 1994, China decided to make car production one of its four "pillar" industries, with the goal of increasing production. So by 2010, it will be the 3rd largest vehicle manufacturing country in the world, after the U.S. and Japan. That's only one polluting factor out of many. Everyone knows that the air quality in the urban areas in China is horrendous.

Never mind China. Whenever I visit Hong Kong, which is very frequently, I am appalled at the smog which covers the sky most of the time. I call it "future world", the type you see in the movies, and not what we want for our future generations. Of course, Hong Kong blames China for the pollution, but it does have its own problems.

We in the West are not doing enough to protect our own environment, and we need to lead the way. For that reason, there has to be an exchange of information, and close contact with a country like China. Chinese leaders do know that the environmental problems need to be solved. At the First United Nations Conference on Human Environment in 1972, China sent a delegation. Subsequently, the government established a *Leading Group for Environmental Protection*, which in 1998, became the *State Environmental Protection Administration*. However, despite much effort to control environmental degradation, economic development still remains the chief criterion in evaluating government officials' performance. So, where's the priority?

I am going to mention what Canada's role is in this respect. During Prime Minister Paul Martin's visit to China in January, 2005, Canada and China signed a Memorandum Of Understanding on the Clean Development Mechanism. Canada is active in facilitating the transfer of climate-friendly technologies. The Canada-China Strategic Working Group also aims at enhancing bilateral climate change cooperation

with China. In our last Team Canada mission, Canadian government and businesses also met with their Chinese counterparts to identify opportunities for Canadian environmental enterprises for joint cooperation in developing a cleaner China.

According to Jared Diamond in his book *Collapse*, while China is progressing rapidly towards achieving a First World economy, it will double the world's human resource use and environmental impact. That is, if it's at all sustainable. So, China's problems automatically become the world's problems. After all, environmental impacts do not respect political borders.

I mentioned earlier that the creation of an independent middle class helps to stabilize and liberalize a nation. In 2004 alone, the per capita disposable income in China's urban areas rose 7.7% and "consumer spending was exploding" according to John Menzer, CEO of Wal-Mart. For that reason, he was opening Wal-Mart's 46th store in China. According to the *Globe & Mail*, Wal-Mart now has 56 stores in China.

With the rise of the middle class, numbered in the hundreds of millions, the purchase of consumer goods is increasing, and items like cars are the ultimate status symbols. In Beijing alone, car sales from January to April, 2004, were almost 1,500 per day. Unfortunately, the cars that are available for purchase at reasonable prices at the moment are the same ones that are polluting the environment in the West.

Wouldn't it be wonderful if a country like China could skip the bad side effects of the Industrial Revolution in the West? With technological advances, and the high price of oil, corporations have the incentive to turn to new solutions that could bring about major innovative breakthroughs. At the moment, the greatest potential lies in hydrogen-powered vehicles.

Since China is poised to be the country with the most cars in the world by 2025, it can play a major role in determining global technological standards. Just in car sales alone, the demand from China could be a great incentive for research and development to mass produce hydrogen vehicles.

Is it a contradiction that China's growing weight in the global economy can help to revolutionize the world energy system? Not necessarily. China's economy is expected to leapfrog on new technology, so why not the extraction of methane and hydrogen from its indigenous coal resources?

I have mentioned the importance of the trade relationship between Canada and China. What about our social and cultural links? Just look at the number of Canadians of Chinese heritage in Canada: there are over 1 million according to Stats Can., and knowing how surveys are answered, I suspect the number is much greater. So, even at 1 million, that's 1/30 of the entire population of Canada, and the majority of them came from China and Hong Kong.

For 7 years in a row, China, including Hong Kong SAR, has been our no.1 source of immigrants. In 2004 alone, they numbered almost 36,000 or 15% of total immigration to Canada. On top of that, Chinese students are the largest group of foreign students in Canada. In 2004, approx. 30,000 studied here. There is also the Canada-China Scholars' Exchange Program for graduate students and faculty. What all this means is that we are learning more and more about each other, and I am sure that's why we have this conference today.

Many of us would have noticed an increase in cultural exchanges between Canada and China. The importance of mutual understanding and respect was the reason why when Prime Minister Martin visited China in January, 2005, the leaders signed an Agreement on Cultural Cooperation.

While I am on the topic of immigration and student exchange, it is important to mention both international students and migrant returnees, who are Canadian citizens, and acculturated in Canada. They take Canadian values with them and help build bridges to Canada.

I believe Canada, as a democratic country which upholds human rights, and is a friend to China can in many ways influence the thinking of the Chinese people. The returning students will invariably import what they have learnt abroad back to China.

In the case of return migration, the effect is more immediate. An example is the participation of Canadian citizens in democratic demonstrations in Hong Kong, which the Consul General there pointed out to me. At the moment, there are 250,000 Canadians living in Hong Kong who are used to the workings of a democracy.

It was in the news just over a year ago that China imports Canadian text books for their schools. I find it curious that Chinese students are studying what is termed "Canadian English" – whatever that means. But, in the meantime, using Canadian text books also means being acculturated in the Canadian way of thinking, the way I used to learn about British culture through English text books in Hong Kong.

On the governmental level, the Canada-China Joint Committee on Human Rights provides a forum for examining human rights problems in detail and for working on the development of good governance, the rule of law and an active civil society in China. This committee met for the 8th time in China in October 2004.

Another important mechanism through which Canada and China work together is the Plurilateral Human Rights Symposium for participating Asia-Pacific countries, of which the first conference took place in Beijing in March, 1998.

Above all, the Canadian government, in partnership with Canadian NGOs, has many development cooperation projects in China that focus on human rights, good governance and democratic development, including initiatives on the training of judges, criminal law reforms, women's rights, legal aid and the development of a civil society.

Many of you may have read in the *Globe & Mail* about the death penalty in China. The article stated that China executes about 8,000 people every year, as compared to the rest of the world at about 400-500 per year. In the same article, the necessity of reform of the much-criticized “re-education through labour” system was also mentioned. For the outside world to learn about China is the first step in the right direction in helping develop Chinese civil society.

Because the Chinese government is obsessed with the growth of the GDP, political reforms are put on the back burner until China becomes a developed country. I don't believe it is necessary to wait. Greater press freedom can help to curb corruption, and social harmony can reduce industrial accidents and pollution, since industrial and natural disasters account for the loss of 6% of GDP per year. An independent judiciary can also provide an avenue for urban as well as rural dwellers seeking justice, and this can reduce social tension.

Chinese leaders, recognizing corruption, particularly at the local level, and the increasing earning gap between urban dwellers and their counterparts in the rural areas, recently abolished tax on farms, and instituted a small annual compensation to farmers. Is it too little, too late?

China is witnessing a rise of mass demonstrations and violent protests, and the key cause is illegal seizures of farmland without reasonable compensation. At the beginning of this month, Premier Wen Jiabao made a speech at the Great Hall of the People, recognizing the problems in the rural areas in China. He talked of slowing the economic growth in the forthcoming year, and paying more attention to the backward areas of the nation. I look forward to seeing what effective measures will be implemented.

With globalization, the size of China's population and its economy, we all know that any political upheaval there will be felt all over the world.

For all the reasons I have mentioned, and many that I have not, I believe learning about China should be high on the agenda of our academics and policy makers. I wish everyone here a very successful conference.