

Canada - China
Legislative Association



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**Report of the Canadian Parliamentary Delegation
respecting its participation at the
13th Bilateral Meeting**

Canada-China Legislative Association

**Beijing, Tianjin, Nanjing, Changshu and Shanghai
People's Republic of China
September 9 - 19, 2010**

Report

At the invitation of the China-Canada Legislative Association (China), a Canadian parliamentary delegation, led by the Co-Chairs of the Canada-China Legislative Association (Canada), the Hon. Joseph A. Day, Senator and Mr. Daryl Kramp, Member of Parliament, visited the People's Republic of China from September 9 to 19, 2010. The delegation participated in the Thirteenth Bilateral Consultations between the two respective associations. This followed up on the Twelfth Bilateral Consultation which had been held in China in September 2009, and which resulted in an agreement that both sides work to strengthen the exchange mechanism, deepen friendship and further develop cooperation between the two countries, and this particularly in light of the celebration marking the 40th anniversary of the establishment of diplomatic relations between Canada and China, as celebrated in October 2010.

In essence, the objectives of the visit were as follows:

- to continue the renewal and reinvigoration of the CCLA relationship following the 12th Bilateral meeting of September 2009;
- to apprise the Chinese of the political situation in Canada;
- to learn more about Chinese-Canadian business, cultural and political links, and to promote enhanced cooperation at all these levels;
- to discuss the parameters of the upcoming celebrations marking the 40th anniversary of the establishment of diplomatic relations between Canada and China; and
- to promote friendship and establish regular opportunities for dialogue with Chinese counterparts.
- To celebrate the 40th Anniversary of the establishment of diplomatic relations between Canada and China.

The delegation consisted of the following Parliamentarians: Hon. Joseph A. Day, Senator and Co-Chair of the CCLA, Mr. Daryl Kramp, M.P., Co-Chair of the CCLA, Hon. Michel Rivard, Senator, Mr. Scott Brison, M.P., Ms. Martha Hall Findlay, M.P., Mr. Dave Van Kesteren, M.P., Mr. Gerald Keddy, M.P., and Mr. Luc Malo, M.P. The delegation, accompanied by Ms. Elizabeth Kingston, Executive Secretary of the Canada-China Legislative Association visited Beijing, Tianjin, Nanjing, Changshu and Shanghai.

At the outset of the visit, the Canadian delegation attended a briefing offered by the Ambassador, David Mulroney, and other officials at the Canadian Embassy. It was noted that the recent visit of Governor General Michaëlle Jean to China was a tremendous success. Also noted were the recent visits of Health Minister Leona Aglukkaq, Industry Minister Tony Clement, Minister of Immigration, Citizenship and Multiculturalism Jason Kenny as well as Greg Selinger, Premier of Manitoba, and Gregor Robertson, Mayor of Vancouver.

It was noted that the growth rate of 8 – 10% GDP has not necessarily translated into a similar increase in the standard of living. From the Canadian perspective, the relationship with China has been shaped by tourism, immigration and education, as well as a thriving investment climate, largely in the areas of natural resources, technology transfers, and banks and investment companies. Canadian banks have a particularly good business record in China and are very well-placed to introduce to the marketplace pension related products designed to ensure the financial future of Chinese families.

In the area of small and medium enterprises (SME's), it was encouraged that bilateral sector approaches were the most effective in securing relationships between companies in the two countries.

The 40th anniversary celebration of the establishment of diplomatic relations between Canada and China will culminate on October 13th, 2010. The 2010 Shanghai Exposition has been hugely successful, with 70 million visitors expected by its close at the end of October 2010.

The delegation was also informed that productivity gains in China were substantial, especially in the areas of education, privatization of firms, worker output and technological innovation, and re-allocation of labour to more productive measures, with workers moving to higher value added jobs. Policies of the National Government have done much to keep production costs down, especially as related to the following: privatization of social services; the lack of bargaining power by workers, with only those state owned enterprises offering pension security; the Hukou or household registration system; state owned enterprises not keeping retained earnings; and finally poor environmental protection, where air and pollution costs amount to 5.8% of overall GDP. As China relies on increased productivity to support all of its dependents, one could potentially see a major relaxation of the Hukou system. Also of note is the fact that the Chinese are purchasing land in Africa to support escalating food requirements.

Canada would be especially well placed to promote business opportunities in the following sectors: clean technology, high-tech manufacturing, agriculture, education and financial services.

Tianjin:

The delegation travelled to the port of Tianjin, located 160 km from Beijing. Tianjin is the largest artificial port, and second largest port in all of China, following that of Shanghai. Moreover, it is an important foreign commercial hub for all of Asia, given its designation as an economic free trade zone. The port has developed dramatically into the most rapidly expanding one in all of China, trading with more than 600 ports from 180 countries and regions in the world. Moreover, as it is strategically connected to the Yangtze River by the Grand Canal it serves 14 provinces, municipalities, and autonomous regions covering five million square kilometres and over half the country.

The Tianjin Municipal Government has worked in conjunction with the Port of Tianjin to provide one-stop shipping services by constructing a logistics centre, a bulk container logistics centre, and several smaller container distribution centres at a cost of 45 billion

RMB. These infrastructure improvements will allow for the Port to handle over 400 million tons of cargo, while incorporating the latest technologies and management practices to assure efficient, environmentally friendly operations and state of the art services.

Beijing:

13th Bilateral Meeting:

The 13th Bilateral Meeting was held in the Great Hall of the People and chaired by Chairman Zheng. The following subjects were discussed: the bilateral relationship and parliamentary communication, agricultural cooperation, education, clean energy and small and medium enterprises,

The visits of both Prime Minister Harper and President Hu did much to foster strong relations between Canada and China, and during the respective visits both agreed to deepen the economic partnership. The visit of Governor General Michaëlle Jean was also of great significance for the Chinese. Prime Minister Harper's visit to China culminated in the granting of approved destination status for Canada, a milestone that will ensure strong people-to-people ties through business and tourism travel. Canada also boasts many investment advantages for China, with the lowest debt and the lowest deficit, combined with the strongest economic growth of the G-7 countries.

Canada and China have made great strides in their relationship as evidenced particularly in the areas of the environment, science, education and public health. Commonalities far outweigh the differences between the two countries and China is most willing to further opportunities in a spirit of mutual respect and benefit. While the Chinese economy has grown rapidly, that growth has created other longer term problems. The challenge remains to maintain economic growth while meeting the challenges it represents.

China is the seventh largest agricultural importer in the world and is expected to become the world's largest importer of agriculture and food products in the next 10 to 20 years. Total agricultural trade between Canada and China has risen significantly over the past several years. Total Canada- China agricultural trade has increased by 182% from \$1.1 billion in 2006 to \$3.1 billion in 2009. Canada currently accounts for 5.1% of China's total agri-food imports and is China's 5th largest import source.

Canada and China's trade relationship is the cornerstone of their successful long-term relations. Canada played a large role in fostering China's entry into global political and economic organizations. Canada was a strong supporter of China's recent entry into the WTO and continues to assist China with its transition to a market-based economy.

It was noted that the Chinese have resumed the import of Canadian beef to the Chinese marketplace, and it is expected that beef consumption will increase sharply in China by 2015. Canada also sells a considerable amount of fish and seafood to China; with exports totalling more than \$218 million in 2009, as well as canola seeds totalling \$1.4 billion and representing approximately 56% of Canada's total agri-food exports.

The top Canadian imports from China were fruits and vegetable juices including unfermented apple juice valued at over \$43 million, amounting to 7.2% of all agri-food imports, and mandarins and clementines valued at over \$29 million or 4.9% of total imports. The largest agricultural import in 2009 was fruits and nuts, accounting for a total of over \$77 million or 12.8% of total imports from China.

Educational cooperation represents a tremendous opportunity for growth between the two countries, with universities and colleges, including the training of faculty and sharing of curriculums and best practices being an area of significant growth. China has encouraged Canada to participate in its educational development, thereby offering the opportunity for Canadian institutions of higher learning to market and export Canada's intellectual capital around the globe; transposing it to those satellite campuses seeking one of Canada's most precious commodities, education. Daryl Kramp, M.P. noted particularly the relationship Loyalist College in Belleville, Ontario has developed with Xuzhou College of Industrial Technologies. Over 180 students participate in the exchange program with Loyalist College. The delegation had the opportunity to visit the campus during the bilateral visit and was warmly welcomed by all faculty and students.

It was noted that clean energy, especially in the areas of hydro, nuclear, wind, bio-thermal and solar are of particular importance to the Chinese marketplace as the country looks to decrease its overall energy consumption by 45% from 2005 levels by 2020. Energy saving and improving energy consumption are an integral part of an overall national plan. Canada can be of benefit to China in working to meet these targets, most immediately in the area of carbon capture and storage, as China works to shift from its heavy dependence on coal.

The growth of small and medium enterprises between Canada and China was also discussed, noting that in both countries these businesses represent the major drivers of employment and economic activity. For Canadian SME's, administrative challenges as well as intellectual property concerns serve to inhibit opportunities for entering into the Chinese marketplace. It was suggested that CICASME ((China International Cooperation Association of Small and Medium Enterprises) chaired by Chairman Zheng would provide an appropriate forum for an exchange of Canadian and Chinese businesses. Both sides agreed that this should be pursued, with the possibility of bringing from Canada a delegation specializing in the area of green technologies to provide matching opportunities for companies in China of a similar specialty.

While in Beijing, the delegation had the opportunity to speak to students and staff at the China Youth University. The university, established in 1948, specializes in political science, administrative management and law. It is designed in essence to train the elite future leaders of China. Graduates most often assume leading positions at various levels of government in China. Students are comprised of the youth as well as public servants. The courses place a strong emphasis on the development of leadership skills and the nurturing of a social conscience within Chinese society and throughout the world.

Meeting with Yan Junqi, Vice-Chair of the Standing Committee of the National People's Congress:

Both sides remarked on the success of the visits of Prime Minister Harper to China and that of President Hu to Canada, acknowledging that both visits were instrumental in further developing a strategic partnership between the two countries. There has been marked progress in the development of the diplomatic relationship between the two countries over the past 40 years, built on a sense of mutual trust and friendship. Moreover, Canada and China both share interests in the development of the Asia-Pacific region. The parliamentary exchange mechanism between the Parliament of Canada and the National People's Congress is the most active, recognized and successful means to foster candid, in-depth exchanges between the two countries.

Jiangsu Province – (Nanjing, Changshu):

The delegation travelled to Nanjing, the capital of Jiangsu Province. Jiangsu, which has a twinning relationship with the province of Ontario, borders Shandong in the north, Anhui to the west, and Zhejiang and Shanghai to the south. Jiangsu has a coastline of over one thousand kilometers along the Yellow Sea, and the Yangtze River passes through its southern parts. The Yangtze River Delta is in fact responsible for 25% of the entire Chinese GDP. Since the inception of economic reforms in 1978, Jiangsu has been a hot spot for economic development, and is now one of China's most prosperous provinces. The wealth divide between the rich southern regions and the north, however, remains a prominent issue in the province.

Jiangsu is home to many of the world's leading exporters of electronic equipment, chemicals and textiles. It has also been China's largest recipient of foreign direct investment since 2006. There are presently over 180 companies from Canada with business ventures in the province.

The Canadian Consulate in Shanghai is responsible for Jiangsu Province and Nanjing and Shanghai are connected by a high speed link train that travels up to 330 km an hour, thereby reducing travel time to 1 hour and 20 minutes. It is also of note that Canada's first trade office in China was located in Shanghai, established in 1909.

Canada's strategic business interests in the region include Canadian wood products, with the organization Canada Wood having far-reaching interests, agriculture and agri-food, life sciences, pharmaceuticals, and alternative energies, including solar-technology products. Steel production is also of great significance, and the delegation had the opportunity to visit a steel factory in Suzhou, where an initial 50,000\$ US investment translated 15 years later into a company worth over 50\$ US Billion. Education also plays an important role, with over 388 reciprocal educational arrangements in place.

Meeting with Xu Zhonglin – Chairman of the Jiangsu Provincial People’s Congress:

As a demonstration of the importance of the Canada-China relationship for Jiangsu Province, the delegation was informed that the Province has had a close-standing relationship with the Province of Ontario for the past 25 years, and maintains eight other partnerships with other provinces and cities in Canada. Moreover, the province maintains ties with 218 countries in total. The province boasts a population of over 77 million people with a GDP growth rate of 12.6%, and despite the financial crisis, has managed to maintain a solid economic performance.

The Province places great emphasis on the education of its citizens and has made school attendance compulsory for a twelve year period. With over 124 educational institutions within Jiangsu Province, 40% of its population are enrolled in post-secondary institutions.

Jiangsu Province also has a thriving clean energy industry, with five of the largest solar companies in the world located in the province. Wind-power companies are also located there, and special emphasis is placed on energy conservation, environmental protection and improvement of water quality. The province maintains a close cooperation with the Province of Ontario in all of these areas.

In conclusion, it was hoped that a closer cooperation could be formed between the Jiangsu provincial People’s Congress and the Parliament of Canada. Chairman Zheng Silin, the Chair of the China-Canada Legislative Association is a former Governor of Jiangsu province.

Meeting Wang Peisheng, Vice-Chairman of the Shanghai Municipal People’s Congress:

The delegation met with Wang Peisheng, Vice-Chairman of the Shanghai Municipal People’s Congress and other officials. The Vice-Chairman stated that over 73 million people were expected to visit the Shanghai 2010 Exposition prior to its closing at the end of October 2010. The Expo had boasted to date a record attendance with over 52 million people in 140 days, and 250 countries and international organizations participating. The Vice-Chairman expressed his appreciation to Canada for its contribution to the success of Expo 2010

The Canadian pavilion was constructed of red cedar, created to reflect Canadian values of inclusivity, sustainability, and creativity. The three-story structure was imagined and designed by Cirque du Soleil for the Government of Canada. Canada also had pavilions from both Vancouver and Montreal.

The 13th Bilateral visit of the CCLA to China accomplished much to solidify the long-standing relationship with their Chinese counterparts in the National People’s Congress, thereby marking in a significant manner the 40th anniversary of the establishment of

diplomatic relations between the two countries. The principal outcome of this visit allowed for the identification of opportunities for both Canadian and Chinese small and medium enterprises to mutually benefit from broadening their business opportunities within the respective countries. This is a most intriguing time to discuss opportunities within the Canada-China relationship. As both countries emerge from the recession, it's clear that the trend of the rising importance of China has accelerated dramatically, creating not only challenges but opportunities as well.

Respectfully submitted,

Hon. Joseph A. Day, Senator
Co-Chair
Canada-China Legislative
Association

Mr. Daryl Kramp, M.P.
Co-Chair
Canada-China Legislative
Association

Travel Costs

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| ASSOCIATION | Canada-China Legislative Association |
| ACTIVITY | Thirteenth Bilateral Meeting |
| DESTINATION | Beijing, Tianjin, Nanjing, Changshu, and Shanghai, China |
| DATES | September 9-19, 2010 |
| DELEGATION | |
| SENATE | Hon. Joseph Day, Senator, Hon. Michel Rivard, Senator |
| HOUSE OF COMMONS | Mr. Daryl Kramp, M.P, Mr. Scott Brison, M.P., Ms. Martha Hall Findlay, M.P., Mr. Dave Van Kesteren, M.P., Mr. Gerald Keddy, M.P., and Mr. Luc Malo, M.P. |
| STAFF | Elizabeth Kingston, Delegation Secretary |
| TRANSPORTATION | \$57,284.95 |
| ACCOMMODATION | \$19,322.31 |
| HOSPITALITY | \$44.37 |
| PER DIEMS | \$6,625.31 |
| OFFICIAL GIFTS | \$1,480.58 |
| MISCELLANEOUS | \$2,145.42 |
| TOTAL | \$86,902.94 |

APPENDIX A

List of people who met with the Canadian Delegation during the 13th Bilateral Meeting of the Canada-China Legislative Association

Beijing, Tianjin, Nanjing, Changshu and Shanghai

September 9 - 19, 2010

The Honourable Lu Congmin, Former Chair of the Canada-China Legislative Association

The Honourable Zheng Silin, Vice-Chairman of the Foreign Affairs Committee of the National People's Congress and Chair of the China-Canada Legislative Association

The Honourable Zhang Xiaoshan, Member of the National People's Congress Agriculture and Rural Affairs Committee

The Honourable Jiang Yiman, Member of China-Canada Legislative Association and Member of the Foreign Affairs Committee of the National People's Congress

The Honourable Yan Junqi, Vice-Chair of the Standing Committee of the National People's Congress

The Honourable Xu Zhonglin – Chairman of the Jiangsu Provincial People's Congress

The Honourable Wang Peisheng, Vice-Chairman of the Shanghai Municipal People's Congress