

ASIA PACIFIC  
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ASIE PACIFIQUE  
DU CANADA

# ASIAN VIEWS ON ECONOMIC ENGAGEMENT WITH CANADA

Perspectives from Business Leaders and  
Policy Experts in Asia

A CROSS-COUNTRY ANALYSIS

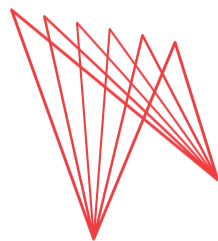
MAY 2020



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## ABOUT THE ASIA PACIFIC FOUNDATION OF CANADA

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The Asia Pacific Foundation of Canada (APF Canada) is a not-for-profit organization focused on Canada's relations with Asia. Our mission is to be Canada's catalyst for engagement with Asia and Asia's bridge to Canada. APF Canada is dedicated to strengthening ties between Canada and Asia with a focus on seven thematic areas: trade and investment, surveys and polling, regional security, digital technologies, domestic networks, sustainable development, and Asia Competency.

Our research provides high-quality, relevant, and timely information, insights, and perspectives on Canada-Asia relations. Providing policy considerations and business intelligence for stakeholders across the Asia Pacific, our work includes Reports, Policy Briefs, Case Studies, Dispatches, and a regular Asia Watch newsletter that together support these thematic areas.

APF Canada also works with business, government, and academic stakeholders to provide custom research, data, briefing, and Asia Competency training for Canadian organizations. This "micro-consulting" service is available by request. We would be pleased to work with you to meet your business intelligence needs.

Contact us at [info@asiapacific.ca](mailto:info@asiapacific.ca) or visit us online at [www.asiapacific.ca](http://www.asiapacific.ca).

## FOREWORD

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The COVID-19 pandemic is undermining global economic integration and challenging Canadian businesses in unprecedented ways. As we look beyond the current crisis to the post COVID-era, the Asia Pacific will emerge as a priority region for Canada's economic recovery and reengagement. Now, more than ever, Canada needs to strengthen and enhance its relations with the economies of the Asia Pacific to rebuild both its domestic economy and its global value chains. This 'broad diversification' strategy –will be critical for Canada's national interests in our reshaped world.

For the past 16 years, the Asia Pacific Foundation of Canada has conducted regular nation-wide surveys to assess Canadians' attitudes toward, and perceptions of, Canada-Asia relations. These National Opinion Polls (NOPs) have served as a valuable source of information on Canadian perspectives on the rise of Asia and its importance to Canada's economic wellbeing. They have also provided a unique tool for our country's business leaders and government policy-makers.

This year, APF Canada has turned its lens away from Canada and across the Pacific to ask Asian business leaders and policy experts for their views on Canada. This first version of Asian Views on Economic Engagement with Canada: Perspectives from Business Leaders and Policy Experts in Asia draws perspectives from six key Asian economies – China, India, Japan, Singapore, South Korea, and Vietnam – that present our best opportunities for future diversification and growth in this dynamic region.

This comprehensive new survey finds that there is an incredible amount of interest from Asia in engaging in the Canadian market, particularly from the region's developing economies, which are experiencing rapid economic growth with a concurrent expansion of wealthier middle classes. Asian businesses, however, face numerous barriers to engagement, including a lack of current trade relations and an awareness of Canada's value proposition. This survey report further identifies potential areas of engagement and collaboration, such

as artificial intelligence (AI), renewable energy, tourism, and education, and building lasting approaches to deeper engagement, such as trade missions.

It is my hope that this poll of business leaders and policy experts in Asia will complement our previous National Opinion Polls as an important tool for Canada's own leaders as they consider a long-term, broad diversification strategy inclusive of the Asia Pacific, which will be a critical driver of a rebooted global economy in the post-COVID era.

On behalf of APF Canada, I would like to acknowledge and thank those involved in producing this report, especially our funding partners, Global Affairs Canada, Export Development Canada, and Invest in Canada, as well as APF Canada's Board of Directors, which provided the core funding required to launch and complete this important survey project. I would also like to extend my appreciation to our advisory panel members – Don W. Campbell, Dan Ciuriak, Jing Li, Patricia Nelson, Daniel Savas, Hugh Stephens, and Eric Werker – for their valued input and feedback.

I would like to thank the members of our APF Canada research team who were instrumental in researching, writing, and finalizing this report, in particular Sreyoshi Dey, our Program Manager, Perspectives Asia, who oversaw this important project, as well as our communications team, which assisted in the production and design of this final report.

And finally, a thank you to our readers, stakeholders, and friends for their ongoing support of our important work as Canada's leading organization for research, analysis, and consultation on Canada-Asia relations

**Stewart Beck,**

President and CEO, Asia Pacific  
Foundation of Canada



## EXECUTIVE SUMMARY

To gauge Asian perspectives on deepening economic engagement with Canada, the **Asia Pacific Foundation of Canada** launched a multinational research project comprising surveys with business leaders and interviews with policy experts in Asia. This project was conducted in six major Asian economies – China, India, Japan, Singapore, South Korea, and Vietnam – with a focus on nine industrial sectors that are of bilateral interest and have the greatest potential for Canada’s economic growth. This project is supported by Export Development Canada, Global Affairs Canada, and Invest in Canada.

We conducted surveys of 1,124 business leaders in China, 1,110 in India, 1,082 in Japan, 1,084 in Singapore, 1,088 in South Korea, and 1,112 in Vietnam, for a total of 6,600 surveys. Additionally, we conducted interviews with 8 policy experts from China, and 10 each from India, Japan, Singapore, South Korea, and Vietnam, for a total of 58 interviews.





## 15 Key Takeaways

### 1. THE BUSINESS COMMUNITIES IN ALL SIX COUNTRIES HAVE ESTABLISHED A MODERATE LEVEL OF ENGAGEMENT IN CANADA, WITH VIETNAM'S LEVEL OF ENGAGEMENT THE LOWEST AMONG THE SIX COUNTRIES.

Twenty-two percent of the Chinese business leaders surveyed say they are conducting business in Canada, compared with 15% of Indian businesses, 12% of Singaporean businesses, 11% of Japanese and South Korean businesses, and 8% of Vietnamese businesses. Furthermore, measured as a share of international business engagement, Canada is the least important region for Singaporean businesses. That is not true for any of the other five countries surveyed.

### 2. MOST ASIAN COMPANIES' ENGAGEMENT IN THE CANADIAN MARKET IS EXPORT-RELATED.

For all six countries, exports to Canada is the most common type of business in Canada (44%), followed by contractual relationships (20%), imports to Canada (10%), and joint ventures with Canadian companies (10%).

### 3. ON AVERAGE, ASIAN COMPANIES FIND THE CHALLENGE OF CONDUCTING BUSINESS IN CANADA COMPARABLE TO THOSE OF OTHER INTERNATIONAL MARKETS.

Indian and Japanese business leaders doing business in Canada find it easier to conduct business in Canada than in other international markets. For their part, Vietnamese and Chinese leaders find it slightly more difficult. Finally, South Korean leaders stand out among the respondents, as only 5% of them think it is easier to conduct business in Canada, compared with 28% who think it is harder. The remaining 67% think it is either “about the same” or responded “don’t know.”

### 4. BUSINESS LEADERS EXHIBIT A STRONG DESIRE TO MAINTAIN AND ESTABLISH MORE BUSINESS RELATIONSHIPS IN CANADA, WITH INDIAN BUSINESSES THE MOST ENTHUSIASTIC.

Except for Japan, companies from all other Asian countries that are already involved in the Canadian market are looking to expand their engagement in Canada. Japanese companies are split on wanting to expand (43%) and maintain business engagement (47%). For companies *not* doing business in Canada, 76% from India say that they are either considering or planning to enter the Canadian market. That is true for 68% of companies from South Korea, 56% from Vietnam, 48% from Japan, 43% from China, and 38% from Singapore.

#### **5. ASIAN BUSINESS LEADERS, EXCEPT IN JAPAN, SHARE A POSITIVE VIEW OF THE CANADIAN MARKET, PRODUCTS, AND THE QUALITY OF BUSINESS PARTNERS IN CANADA.**

Fifty-one percent of the business leaders from China, India, South Korea, Singapore, and Vietnam believe that Canada is at the technological forefront, as opposed to only 12% of Japanese respondents. Similarly, on an average, 51% and 58% of Asian business leaders believe that Canada is an important supplier of energy and environmentally friendly products, respectively, whereas only 28% and 33% of the business leaders from Japan feel likewise. Concerning product quality, only 19% in Japan believe that Canadian products have a superior price-quality ratio, while 57% in other countries think the same. Lastly, only 16% of Japanese business leaders believe that Canadians are reliable business partners, contrasting with the opinion of 56% of business leaders in the other countries.

#### **6. BUSINESS LEADERS SHARE A FAVOURABLE VIEW ON THE CANADIAN BUSINESS ENVIRONMENT.**

Companies believe that all 19 proposed factors related to the Canadian economy are more positive than negative factors for business. The business leaders were specifically optimistic about factors related to networking and in-market knowledge, such as their own knowledge about Canadian business culture (58%) and Canadians' knowledge about the respective Asian countries' business culture (55%). Among regulations, mobility of business travellers was considered the most positive factor (52%), and among factors related to the Canadian market, technical or technological knowledge transfers to the respondents' country (53%) was perceived as the most positive factor.

**7. SEVEN OUT OF TEN BUSINESS LEADERS SURVEYED DO NOT UNDERSTAND THE CANADIAN BUSINESS OPERATING ENVIRONMENT. BUSINESS LEADERS NOT INTERESTED IN CANADA IDENTIFY LACK OF FAMILIARITY AND NETWORKS AS THE TOP REASONS FOR THEIR LACK OF INTEREST.**

Adding to that list, policy experts note Canada's lack of value chain role or trade complementarity with the Asian countries, uncertainty following the Canada-United States-Mexico Agreement (CUSMA), and complexities related to Canada's business operating systems as barriers to business engagement in Canada. The geographic distance from the Asian markets further adds to the complexity of conducting business.

**8. DOMESTIC TRADE POLICIES AND REGULATIONS OF THE ASIAN COUNTRIES ON OUTBOUND INVESTMENT ARE VIEWED POSITIVELY BY MOST ASIAN BUSINESS LEADERS.**

Respondents from all Asian countries, except Japan, think that their respective country's trade policies and regulations on outbound investments are more positive than negative factors for doing business in Canada. At the same time, most Japanese companies find their domestic trade and investment policies to be irrelevant factors for Japanese companies to conduct business in Canada.

**9. BUSINESS LEADERS IN INDIA AND VIETNAM BELIEVE CANADA'S ECONOMIC RELATIONS WITH THEIR OWN COUNTRY IS PERTINENT FOR THEIR SECTOR.**

Respondents indicated the importance of their country's economic relations for their sector with eight international markets – Canada, the United States, India, Japan, South Korea, Australia, the United Kingdom, the European Union, and Southeast Asia. Among the eight markets, Canada is considered an important economy by 84% of the Indian business leaders and 72% of the Vietnamese leaders. Interestingly, Canada is seen as an important market by only 26% of Japanese business leaders.

**10. THE IMPORTANCE OF CANADA FOR ASIAN COUNTRIES VARIES BY SECTOR: ENVIRONMENTAL GOODS AND SERVICES, AND INFORMATION AND COMMUNICATION ARE THE MOST IMPORTANT SECTORS FOR THE COUNTRIES SURVEYED.**

Environmental goods and services is the most important sector in Canada for Singaporean businesses and the second most important sector for Japanese businesses. The information and communication sector is the most important sector for engagement with Canada in both Vietnam and South Korea. In Singapore, it is the second most important sector for engagement with Canada. Non-renewable energy and agriculture are also among the most important sectors for engagement with Canada, and top the list for India and Japan, respectively.

**11. ARTIFICIAL INTELLIGENCE, TECHNOLOGY, EDUCATION, TOURISM, SERVICE INDUSTRY, AGRICULTURE, AND NATURAL RESOURCES ARE CONSIDERED CANADA'S PRIMARY STRENGTHS FOR TRADE AND INVESTMENT ENGAGEMENT.**

Most policy experts believe Canada needs to better promote these sectors to the Asian markets. Indian and Vietnamese experts also call attention to the fact that both countries, which are fast-growing economies, are interested in inward investments from Canada in various sectors including manufacturing, transportation, and AI.

**12. PROPOSALS TO EXPAND ENGAGEMENT WITH CANADA GENERALLY DRAW STRONG SUPPORT FROM ASIAN COMPANIES.**

Despite some concern that trade relations with Canada will benefit Canada more and may generate pressures on Asian companies and workers, there is strong support for the instalment of measures favouring economic engagement with Canada in all countries except Japan, where there is instead strong opposition to those measures. The low support from Japanese businesses cannot be explained by the concerns mentioned above, but perhaps can be explained by a lack of perceived benefits to economic engagement with Canada.

**13. MOST COUNTRIES ARE IN FAVOUR OF NEGOTIATING A BILATERAL FOREIGN INVESTMENT PROMOTION AND PROTECTION AGREEMENT (FIPA) WITH CANADA; HOWEVER, WHILE ALREADY IMPLEMENTED IN CHINA, MOST CHINESE COMPANIES ARE UNAWARE OF THIS AGREEMENT.**

Nearly 90% of Chinese business leaders are not aware of the FIPA between China and Canada. Accordingly, less than 4% of companies made use of the agreement. In other Asian countries that do not have such an agreement with Canada, around 50% of the respondents believe a FIPA would be valuable for their company, except for Japanese (9%) and Indian (75%) respondents.

**14. THERE IS WIDESPREAD SUPPORT FROM BUSINESSES IN CHINA, INDIA, SINGAPORE, AND VIETNAM TO ENTER A FREE TRADE AGREEMENT (FTA) WITH CANADA.**

Entering a bilateral FTA with Canada is supported by 80% and 59% of Indian and Chinese businesses, respectively. Furthermore, Canada is exploring an FTA with the Association of Southeast Asian Nations (ASEAN), and businesses in both Vietnam (72%) and Singapore (63%) support this agreement. In South Korea, where the Canada-Korea FTA (CKFTA) is already in place, 45% of business leaders believe the agreement is beneficial for their company, while only 3% believe it is damaging. Overall, companies in the cleantech and environmental goods and services sectors are the most supportive of an FTA with Canada, followed closely by companies operating in the finance and non-renewable energy sectors.

**15. THERE IS A STRONG SUPPORT FOR THE COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP (CPTPP), OUTSIDE OF JAPAN.**

Business leaders from Vietnam (62%) and Singapore (53%) think the CPTPP will be beneficial for their companies. Less than 2% believe the partnership will be damaging for their company. Additionally, 67% in Vietnam and 55% in Singapore believe in the importance of having Canada as part of the CPTPP. In Japan, 77% of business leaders believe the CPTPP will have no influence and 82% believe the presence of Canada in the CPTPP is unimportant to some degree.

## INTRODUCTION

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Canada has been actively engaged in diversifying its trade and investment relations. Moving beyond the border regions and entering alliances with the Asia Pacific countries has led to agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Canada-Korea Free Trade Agreement (CKFTA). Furthermore, Canada consolidated its relations with the European Union and the United States through updated agreements such as the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Canada-United States-Mexico Agreement (CUSMA). However, the growing protectionism in the United States and in some European countries, coupled with the uncertainties in the global economy following the COVID-19 pandemic, requires the Canadian government to strengthen its relationships with major Asian economies that promise growth and diversity. Navigating our way through the economic struggles and finding common ground with major Asian economies such as China, India, Japan, South Korea, Singapore, and Vietnam may be the required leap in these uncertain times.

Seeking deeper engagement with Asian economies, Canada has been actively pursuing liberalized trade and investment relations. Amid much controversy, the foreign investment promotion and protection agreement (FIPA) with China came into effect in October 2014, encouraging more bilateral foreign direct investments. The CKFTA, effective since January 2015, marks Canada's first FTA with the Asia Pacific region, and [now helps 95% of Canada's exports](#) by providing duty-free access to Korea.

Negotiations toward a Canada-India Comprehensive Economic Partnership Agreement (CEPA) addressed various issues, such as cross-border trade in goods and services, e-commerce, and telecommunications, in the tenth round of negotiation, but the overall negotiating process now appears to be stalled. Finally, the CPTPP ratified in December 2018 gives Canada enhanced market access to key Asian economies like Japan, Singapore, and Vietnam. Furthermore, the Canadian government has started to explore a regional FTA with the Association of Southeast Asian Nations (ASEAN) to further diversify its trade relations.

While pursuing stronger economic engagement, Canada is seeking to expand its share of Asian markets in the areas of agri-food, energy, health care and life sciences, advanced manufacturing, financial services, tourism, and education services – sectors highlighted by Canada’s Advisory Council on Economic Growth, [in their second report](#), as having potential for growth.

Understanding public and private sector attitudes toward trade with other countries is critical when developing any economic relationship. According to the National Opinion Polls conducted by APF Canada, the Canadian public is increasingly aware of how important economic engagement with Asia is to increasing Canada’s prosperity. According to the [2018 National Opinion Poll: Canadian Views on Asia](#), Canadians recognize that trade relations with Asia are central to Canada’s future. Specifically, 59% of Canadians believe that trade with Asia will outweigh trade with the United States in the future. Also, according to a [survey conducted in March 2019 by a UBC research team](#), 62% of Canadians support a Canada-China FTA despite the ongoing tension between Canada and China that brought down support in an FTA slightly, from a 69% high in 2017. Similarly, 71% of Canadians in 2018 viewed the economic rise of India as an opportunity rather than a threat for Canada, an increase of 21 percentage points from 2014.

Furthermore, the Canadian private sector has signalled strong interest in establishing a connection with Asia. The 2016 Business Survey conducted by the Canada China Business Council showed increased support for a Canada-China free trade agreement among Canadian firms compared with 2012. [The 2020 Canada-China Business Survey](#) conducted by the Canada China Business Council suggests that despite obstacles in the bilateral relationship and disruptions in business due to COVID-19, 43% of the participating Canadian and Chinese businesses remain optimistic about the future for business growth.

While the Asia Pacific Foundation of Canada has gathered much knowledge about Canadian attitudes toward Asia through national opinion polls and policy research, at this crucial juncture, it is also pertinent to understand Asian perceptions of the Canadian market and attitudes toward the development of a broader economic relationship with Canada. To achieve that goal, this project not only explored the perspectives of business leaders from six Asian countries

– China, India, Japan, Singapore, South Korea, and Vietnam – on economic engagement with Canada, but it also sought policy experts’ opinions and expertise in understanding ways to strengthen the relationship.

The objective of the project is threefold:

- **Gain insight into Asian perspectives toward Canada-Asia economic engagement;**
- **Explore the potential of Asian markets; and**
- **Inform Canadian businesses and policy-makers about accessing Asian markets.**

Focusing on these six countries allows for a glimpse into the perspectives of the business communities in these countries on trade agreements that have been in effect for some time (CKFTA with South Korea), newly ratified trade deals (CPTPP – Japan, Singapore, and Vietnam), and the possibility of future trade agreements with two of the major Asian economies (China and India). According to [The World Bank’s rankings](#), Canada is 23rd out of 190 international economies on the scale measuring “ease of doing business,” far behind Singapore (2nd); Hong Kong SAR, China (3rd); South Korea (5th); and the United States (6th). Meanwhile, the rest of the countries studied in this research rank behind Canada – Japan (29th), China (31st), India (63rd), and Vietnam (70th). As seen from the rankings, the six countries that were surveyed are quite different from each other and not all are easy to do business with. Therefore, it is pertinent for Canada to consider the factors that might be affecting trade and investment relations. To further put the data in context, we must also review the current climate of economic, social, and political relations between Canada and each of these six countries.

## CANADA-CHINA RELATIONS

Diplomatic relations between Canada and China have been ongoing since 1970 when Canada recognized the People’s Republic of China (PRC). After decades of mediocre relations, the two countries ratified a foreign investment promotion and protection agreement in 2012 under the leadership of Stephen Harper and Xi Jinping. The deal, however, met with criticisms of leniency toward Chinese



investors and weakening the position of Canadian companies operating in China. In 2015, the newly elected Liberal government in Canada promised a new beginning in their bilateral relations with China, and the two governments initially started to explore a potential bilateral free trade agreement. In addition, Canada and China currently participate in various multilateral agreements under the umbrella of the World Trade Organization.

In late 2018, the arrest of Huawei CFO Meng Wanzhou on a judicial extradition request from the United States, and China's reaction to it, have derailed bilateral relations. The political and economic relations between the two nations declined rapidly, as indicated by trade and investment data. However, it is unclear what effect this will have on long-term bilateral relations or how long the tensions will last.

In 2019, Canadian exports to China reached C\$23.2B, while imports to Canada reached C\$75B. Exports to China, including bituminous coal, oil, wood pulp, ores (iron and copper), and vegetable and animal products, made up 3.92% of Canadian total exports (a 0.81 point decrease). Imports, consisting primarily of telephones for cellular networks, other machinery products, clothing, and miscellaneous manufactured articles, accounted for 12.47% of Canadian imports (a 0.21 point decrease).

Despite the current political deadlock between Ottawa and Beijing, Canada can ill afford to further strain its trade relationship with China, the world's second-largest economy in terms of gross domestic product (GDP). Moreover, the relationship is assured by over 1.8 million people of Chinese origin living in Canada. Amid tensions, it is as important as ever for Canada to understand how Chinese businesses perceive the Canadian business environment.

## CANADA-INDIA RELATIONS

The two democracies have a lot in common, including being member-states of the Commonwealth of Nations and using English as an official language. The two democracies have enjoyed positive bilateral relations for a long time, and as India remains a priority for Canadian trade relations, the two are currently working to strengthen their economic relations. Negotiations toward a CEPA and a FIPA are ongoing. Justin Trudeau's visit to India in February 2018 led

to further discussions and collaboration on pertinent issues such as security, the environment and climate change, and gender equality. The two countries subsequently signed six different memorandums of understanding (MOUs). Canada and India are also joined by multilateral trade agreements such as the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS, 1995) and the World Trade Organization Agreement on Trade Facilitation (TFA, 2017).

The two countries move toward building stronger economic and political relations in the shadow of the Khalistani separatist movement in India. The issue has caused significant tensions and disrupted bilateral relations between the two countries for almost three decades.

In 2019, Canada's biggest public pension fund – the Canada Pension Plan Investment Board (CPPIB) – committed to investing up to C\$600M in India's National Investment and Infrastructure Fund, contributing to Canadian foreign direct investment (FDI) into India, which reached C\$2,273M in 2018. In comparison, FDI from India to Canada amounted to C\$2,561M the same year. Canadian exports to India reached C\$4.8B in 2019, while imports to Canada reached C\$5.5B. Exports, mainly bituminous coal, fertilizers, and diamonds, accounted for 0.81% of Canadian total exports (a 0.07 point increase), and imports, principally organic chemicals, pharmaceutical products, textiles, iron and steel articles, and machinery, made up 0.91% of Canadian total imports (a 0.05 point increase).

As the fifth-largest economy globally, India is suffering from an economic slowdown and the recent turmoil provoked by its ruling party, the Bharatiya Janata Party (BJP). Canada needs to monitor the situation closely. However, ties between Canada and India are assured by a large Indian diaspora in Canada (5.6% of Canadians are of Indian origin), and it will be interesting to grasp Indian companies' interest in Canada at this time.

## CANADA-SOUTH KOREA RELATIONS

Canada-South Korea bilateral relations date back to the establishment of the Republic of Korea in 1948. Formal diplomatic relations took off in 1963. Since then, the two countries have maintained a close diplomatic relationship, one that has evolved greatly in the new millennium.

In 2014, the two countries agreed on what was Canada's first FTA in Asia. The CKFTA was the culmination of improving relations between both countries, characterized by a visit from Stephen Harper to Seoul in 2009 and continuing with the withdrawal of a South Korean ban on beef imports from Canada in 2012. Canada had an interest in the agreement because it had the potential to improve access to the Asian market for Canadian businesses and workers, as well as to enhance Canada's trade competitiveness in the Asia Pacific region. More recently, in 2016, Canada and South Korea agreed to a Science, Technology and Innovation Agreement (STI) to support bilateral research and development (R&D) projects. Under this agreement, the two countries plan to conduct joint projects in aviation and space, the environment, energy and clean technology, life sciences and information, and communications technology.

The trade relationship has blossomed in recent years, and South Korea is now Canada's sixth-largest trading partner and Canada's third-largest trading partner in Asia, behind China and Japan. In 2019, Canadian exports to South Korea reached C\$5.5B, while imports to Canada reached C\$9.6B. That consists of a nearly 50% increase in both exports and imports since 2012, two years before the CKFTA was implemented. For 2019, trade with South Korea made up 0.93% of Canadian exports (a 0.08 point decrease) and 1.6% of Canadian imports (a 0.01 point increase).

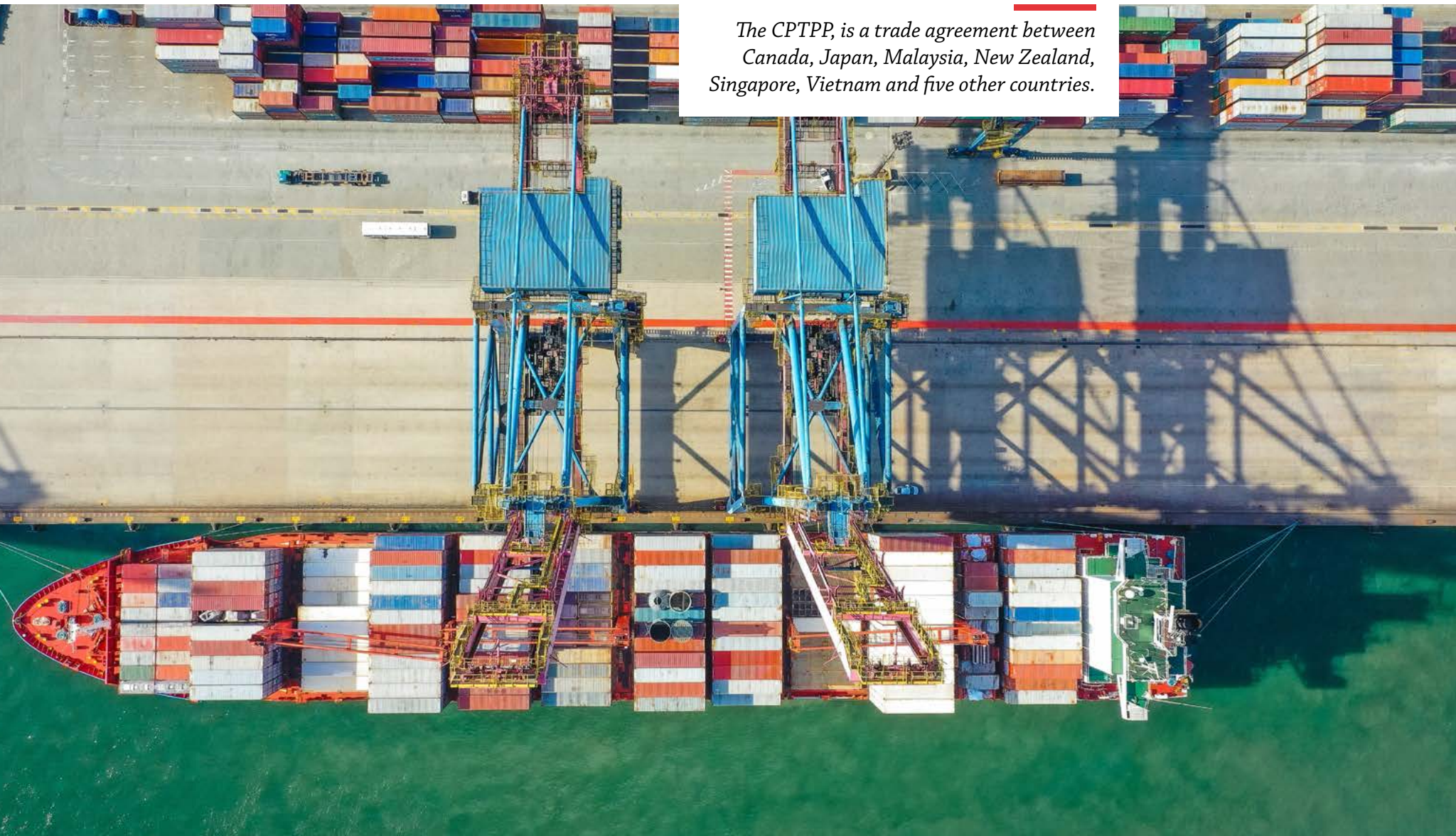
The top Canadian exports to South Korea include bituminous coal and copper and iron ores. At the same time, Canada imports mostly vehicles, electronic equipment, and machinery from South Korea. Also, the Canada-South Korea relationship benefits from strong people-to-people ties, with over 200,000 South Koreans living in Canada and over 27,000 Canadians living in South Korea.

Several factors help South Korea remain the 12th largest economy in terms of nominal GDP and a key economic and trade partner to Canada, including its young and educated workforce; its innovative edge; and its gateway status in the Asia Pacific region. Moreover, the trade relationship is likely to grow in coming years due to the US-China trade war that impedes trade with these countries for both Canada and South Korea.

## CPTPP

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is the first mega free trade agreement (FTA) in the Asia Pacific region, between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore, and Vietnam. The CPTPP was signed by the 11 countries on March 8, 2018, in Santiago, Chile. This project focuses on three of the CPTPP partners and their relations with Canada.

It was [found](#) that the largest importer of Canadian products from among the CPTPP countries is Japan (47%), while Vietnam and Singapore (4% each) figure among the smallest importers. Trends indicate that only trade with Singapore is increasing, whereas trade with both Japan and Vietnam is declining. Meanwhile, Vietnam's exports to Canada are increasing, whereas exports from both Singapore and Japan are decreasing.



*The CPTPP, is a trade agreement between Canada, Japan, Malaysia, New Zealand, Singapore, Vietnam and five other countries.*

Source: Photo by Sergio Souza on Unsplash

## CANADA-JAPAN RELATIONS

Canada and Japan celebrated 90 years of diplomatic relations in 2019. In the 1970s and 1980s, Japan was a key trade partner for Canada, reducing Canada's dependence on the United States in trade. However, in the 1990s, the trade relationship stagnated, along with the Japanese economy, due to factors including trade imbalances and incompatible economies. This fragile trade relationship continues today. In 2017, Canada and Japan interrupted five years of negotiations toward a bilateral economic partnership agreement. Nonetheless, the two countries are together members of several multilateral partnerships such as the G7, G20, Asia-Pacific Economic Cooperation (APEC), International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), World Trade Organization (WTO), and most recently the CPTPP. With the latter recently signed, the Trudeau government expressed a desire to rejuvenate its trade relationship with Japan and made it a priority in trade.

Furthermore, Canada and Japan share core political values and collaborate beyond trade. Notably, the countries share fundamental security interests, and in 2010 they created the Canada-Japan Joint Declaration on Political, Peace and Security Cooperation, which requires regular bilateral meetings between representatives of foreign affairs and defence. To further deepen the relationship, on April 21, 2018, the two countries signed the Acquisition and Cross-Servicing Agreement (ACSA), which facilitates co-operation between Canadian and Japanese forces, allowing more efficient use of each other's military equipment during operations and exercises across various locations. The agreement also applies to peacekeeping initiatives and responses to humanitarian and disaster events.

In 2019, Canadian exports to Japan reached C\$12.5B, while imports to Canada reached C\$16.5B. That made up 2.11% of Canadian exports (a 0.1 point decrease) and 2.75% of Canadian imports (a 0.08 point decrease). While the main Canadian exports to Japan are agricultural products, meat, diverse ores, and bituminous coal, the major imports from Japan are vehicles, machinery, and electric equipment.

Japan holds considerable economic power globally, the third most important in terms of GDP, behind the United States and China. That, along with the fact

that Japan is one of the world's most innovative countries, especially in the high-tech sector – a sector in which Canada aspires to compete globally – make Japan an essential economic partner for Canada.

### CANADA-SINGAPORE RELATIONS

Canada was quick to establish diplomatic relations with Singapore after it became fully independent in 1965. Singapore remained the leading economic partner to Canada in Southeast Asia for decades, and until recently. Today, both countries take part in various multilateral forums, such as APEC, the Commonwealth of Nations, ASEAN Regional Forum, Pacific Alliance, WTO, and now the CPTPP, that allow them to co-operate under several platforms. Additionally, Canada is currently exploring a possible FTA with ASEAN that could further encourage trade between Canada and Singapore.

In 2019, Canadian exports to Singapore reached C\$1.5B, while imports to Canada reached C\$1.2B. That made up 0.26% of Canadian exports (a 0.05 point increase) and 0.2% of Canadian imports (a 0.01 point decrease). Notably, in 2018, Singapore was Canada's largest FDI destination in Southeast Asia (C\$5.85B), and Canada's largest source of FDI (C\$116M). Canadian exports to Singapore consist of machinery and electronic equipment for the most part, while imports from Singapore are mostly chemical products and machinery and electronic equipment.

The small but highly developed city-state of Singapore ranks 34th globally in terms of GDP. However, its centralized location in Southeast Asia, both in terms of its geography and economic relations, makes it a key strategic partner for Canada. The political stability and harmony, despite great ethnic diversity, also make Singapore an attractive economic partner for Canada.

### CANADA-VIETNAM RELATIONS

Diplomatic relations between Canada and Vietnam began in the early 1970s, and since the 1990s, Canada has contributed C\$1.5B in development assistance to support Vietnam's development and poverty reduction efforts. However, bilateral and trade relations developed only more recently, after

significant growth in the Vietnamese economy. In 2017, the two countries signed the Canada-Vietnam Comprehensive Partnership Agreement to enhance the bilateral relationship.

As a member of APEC and ASEAN, Vietnam is part of the ASEAN Free Trade Area as well as many other FTAs with countries across the globe. In addition, Vietnam joined the CPTPP on January 14, 2019, further linking its economy to that of Canada. According to Ousmane Dione, World Bank Country Director for Vietnam, “even under conservative assumptions, the report estimates that CPTPP would increase Vietnam’s GDP by 1.1 percent by 2030. Assuming a modest boost to productivity, the estimated increase of GDP would amount to 3.5 percent from CPTPP.”<sup>\*</sup> A successfully negotiated FTA between Canada and ASEAN would help them to grow their economic relations.

In 2019, Canadian exports to Vietnam reached C\$1B, while imports to Canada reached C\$7B. That made up 0.17% of Canadian exports (a 0.02 point decrease), mainly comprising bituminous coal and vegetable and animal products, and 1.16% of Canadian imports (a 0.26 point increase), largely comprising telephones for cellular networks and clothing.

Ranking 44th among the world economies in terms of GDP, Vietnam is the smallest Asian economy considered in this study. Nonetheless, Vietnam has been Canada’s largest trading partner in Southeast Asia since 2015. As one of the fastest growing nations due to economic and political reforms since the 1980s that have helped the country transition from one of the world’s poorest nations to a middle-income country, Vietnam carries significant potential for expanding trade relations with Canada. A relatively stable political environment and Vietnam’s growing role in the global manufacturing network are positive signs for the trade relationship between Canada and Vietnam going forward.

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\* The World Bank. 2018. CPTPP Brings Vietnam Direct Economic Benefits and Stimulate Domestic Reforms, WB Report Says. <https://www.worldbank.org/en/news/press-release/2018/03/09/cptpp-brings-vietnam-direct-economic-benefits-and-stimulate-domestic-reforms-wb-report-says>

## METHODOLOGY

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PF Canada commissioned Intercedent Asia Ltd. to administer the survey and conduct the interviews for this multinational project. It involved surveys with over 1,000 Asian business leaders per country and interviews with at least 10 policy experts for each of the six Asian countries. The fieldwork for the project lasted from October 2018 to August 2019.

### THE FOLLOWING DEFINITIONS ARE USED IN THE REPORT:

#### **Business leaders**

The term is used to define survey respondents who were, at the time of the study, senior managers, executives, staff members, and founders or board members (see *Annex A* for more details).

#### **Policy experts**

This includes researchers or advisers associated with the target countries' universities or research institutes, and researchers and government officials with expertise in the target countries' international business relationships overall or economic engagement with Canada. Not all policy experts who were interviewed were citizens of the Asian countries that were being studied; many spoke from their work experiences.

#### **Investors**

Business leaders who identified their type of engagement as greenfield investment, mergers and acquisitions, and/or joint ventures have been grouped together as investors for the purposes of analyses in the report.

Unless mentioned in verbatim quotes, acronyms are used in accordance with the Government of Canada's treatment. For example, Canada-United States-Mexico Agreement (CUSMA), which is alternatively known as USMCA and NAFTA 2.0.



## BUSINESS CHARACTERISTICS

Since the survey is not weighted to represent the business landscapes in the spotlight countries, the sample is not representative of the population. Therefore, it is important to examine the defining characteristics of the sample (e.g., the sector of operation, firm size, share of international business, and role of the respondents in their company) before making inferences about Asian businesses in more general terms.

### *Sector of Operation*

The companies surveyed were deliberately divided between nine sectors that are of bilateral interest and have the greatest potential for Canada's economic growth. This is by no means representative of Asia's business landscape and, considering that companies operating in different sectors have different relationships in Canada and hold different views of Canada, the representativeness of the sample may be affected.

Nonetheless, this data collection method provided ample data to do a proper analysis of each sector that is of interest to Canada.

### *Share of International Business*

The survey sample is mostly composed of companies who conduct under a tenth of their business internationally (44%) or companies who conduct a tenth to half of their business internationally (37%). The remaining companies (19%) conduct over half of their business internationally. That said, companies involved in international business are more likely to have an interest in doing business in Canada, understand the business environment in Canada, and arguably have more at play with regard to international trade agreements and policies. This can affect the survey results.

### *Firm Sizes and Revenue*

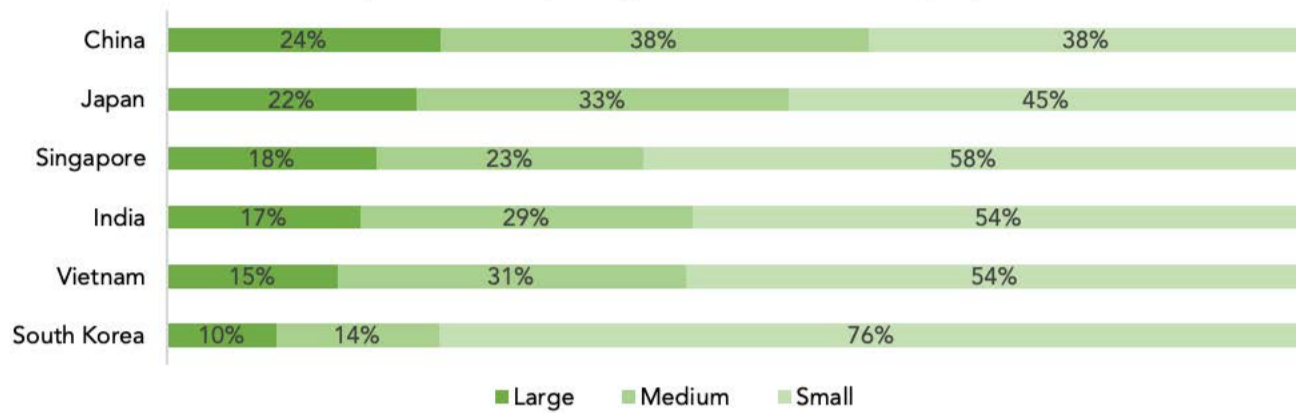
Size and revenue are statistically significant drivers of interest for Asian companies (except Singaporean companies) conducting business in Canada.\* These variables are also significant drivers of differences in responses across

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\* Significant at the .05 level.

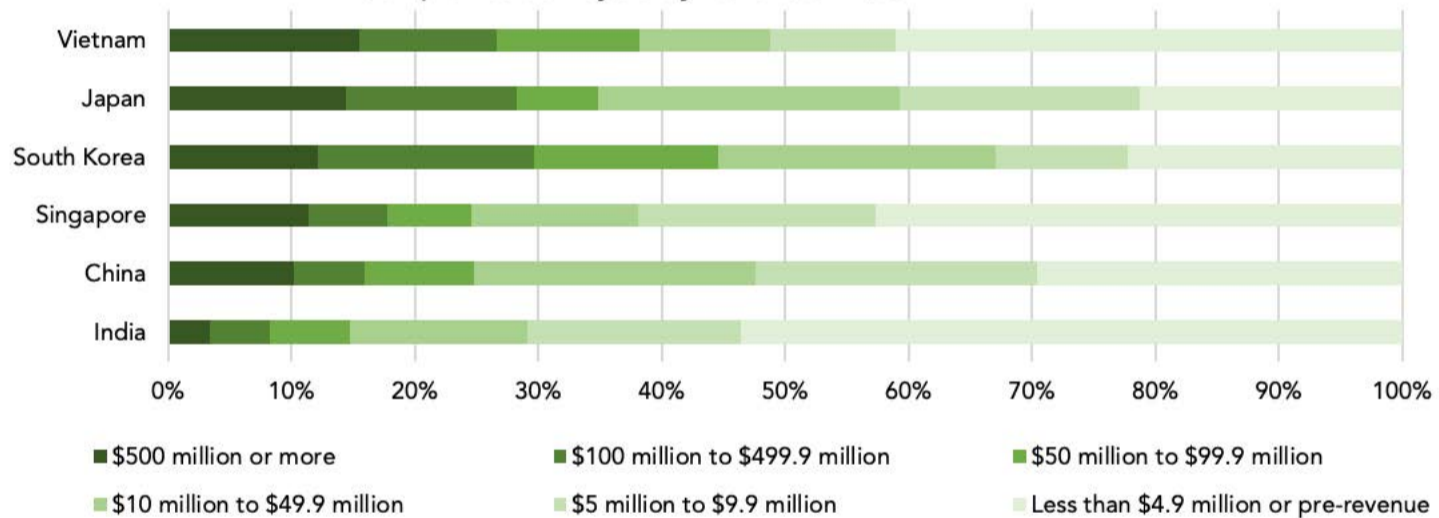
the survey. For example, the share of international trade for each company is affected since the high cost of international trade favours large companies with lower marginal costs.

**FIGURE 1** Companies surveyed by size (number of employees)



**Question:** How many full-time employees does your company currently have globally?  
**Base:** n=6,600 (all respondents).

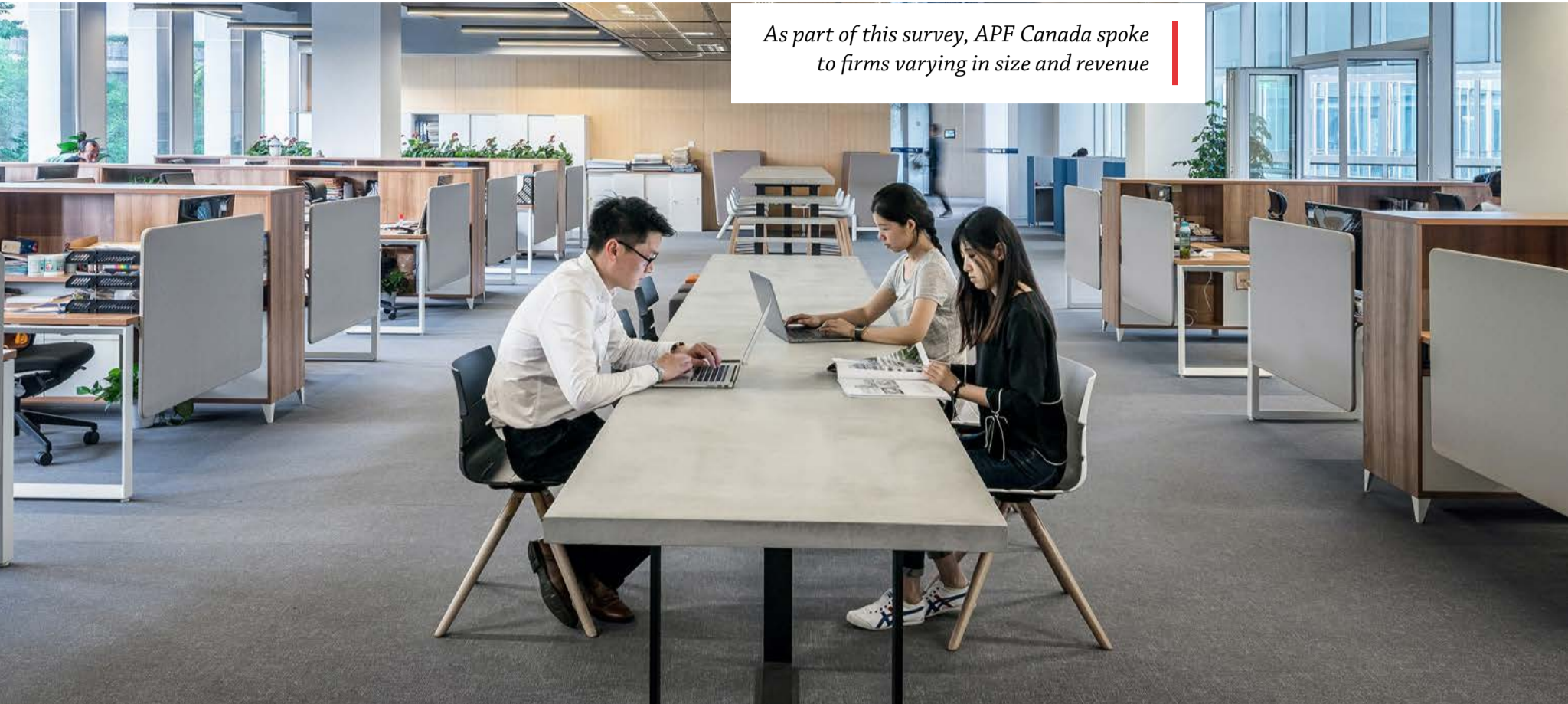
**FIGURE 2** Companies surveyed by revenue in \$CA



**Question:** As an estimate, what was your company’s annual global gross revenue for the most recently completed fiscal year?  
**Base:** Companies that revealed their revenue bracket: China (n=601), India (n=700), Japan (n=990), Singapore (n=485), South Korea (n=711), Vietnam (n=375).

In the report, firm size is standardized according to the Canadian definition that is a middle ground in the plurality of Asian firm size definitions. The final sample is composed of 54% small firms (0-99 employees), 28% medium-sized firms (100-499 employees), and 18% large firms (500+ employees), as seen in Figure 1.

In this study, we further observed that the size of the company and revenue is positively correlated. That is, as firms grow larger in size in terms of the number of employees, they earn higher revenue.



As part of this survey, APF Canada spoke to firms varying in size and revenue

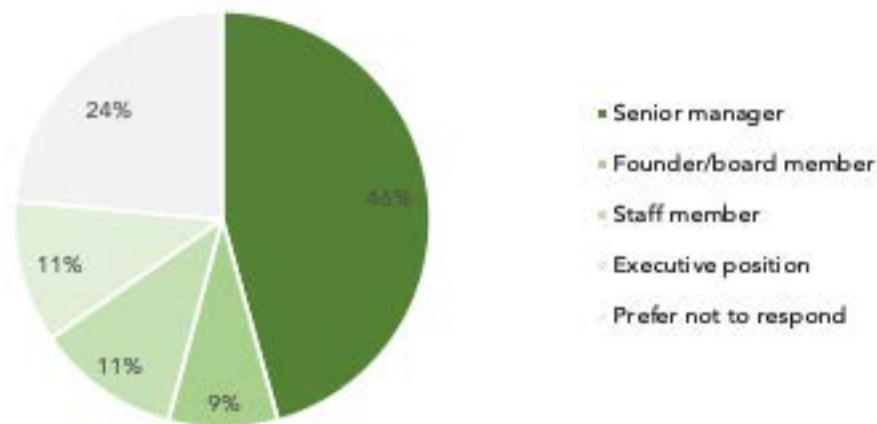
Source: Photo by LYCS Architecture on Unsplash

*Role of the Respondents in Their Companies*

Inevitably, the survey answers are a function of the respondents’ roles in their companies. The disparity in terms of knowledge about the company and power within the company affects the accuracy and relevance of the answers. We know that at least 46% of respondents are senior managers, 11% hold executive positions, and 9% are either founders or board members (Figure 3). Another 11% answered “other” and are mostly staff members, and the remaining 24% preferred not to disclose their role in the company (refer to *Annex B* for further demographic details).

FIGURE 3

*Role of the respondent in the company*



Question: What is your role in the company?  
Base: n=6,600 (all respondents).

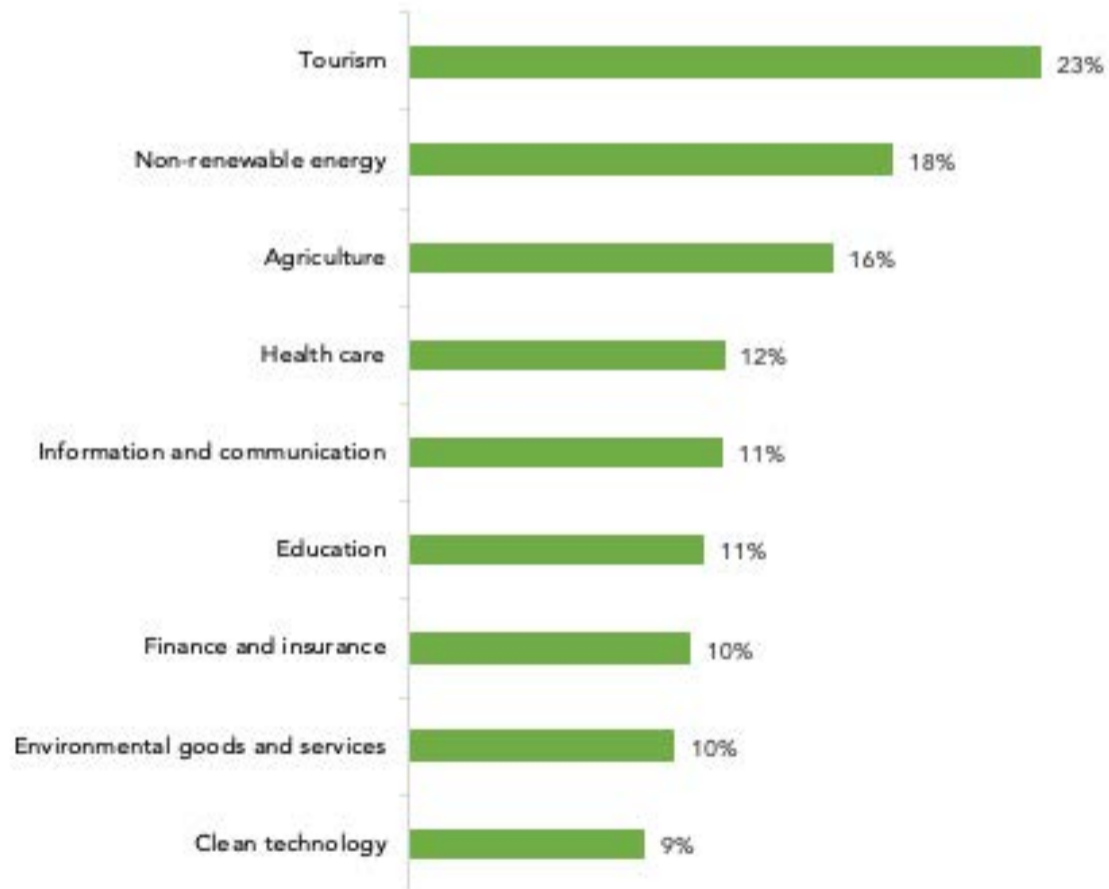
# BUSINESS ENGAGEMENT IN CANADA

## Scope of Engagement

**A** sian companies exhibit a low level of engagement in Canada, compared to other international economies, signifying the urgency for Canada to understand and strategize engagement opportunities. Overall, 13% of the companies surveyed are engaged in business in Canada. Canada comes behind the United States (32%), Europe (28%), and Oceania (14%) in terms of market engagement.

FIGURE 4

*Asian businesses in the Tourism, Non-renewables, and Agriculture sectors engage more in Canada.*



Question: Does your company do business in/with Canada?  
Base: n=6,600 (all respondents).

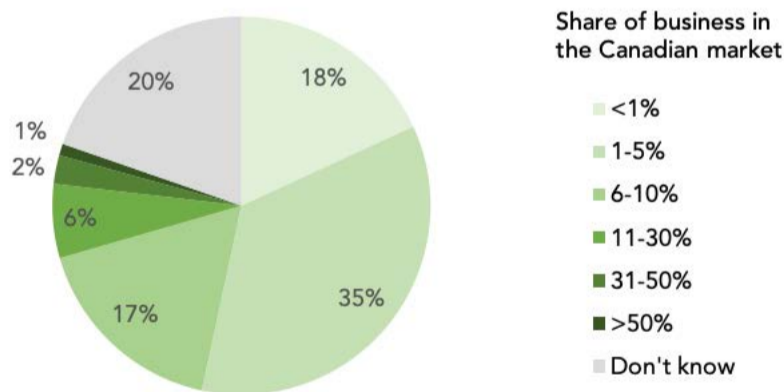
However, Canada has a much smaller economy than most of the regions on the list, close to that of Oceania, and it is also the farthest region from Asia apart from South America. It is possible that low business engagement in Canada is due to those factors rather than a lack of interest, especially since the majority of businesses not engaged in Canada show considerable interest in future relations.

While data has been collected from an equal number of companies across each of the nine sectors, companies in the tourism sector indicated the most business engagement in Canada at 23%, followed by companies in the non-renewable energy sector at 18%, and companies in the agriculture sector at 16% (Figure 4).

Furthermore, for most companies doing business in Canada, only a small share of their total business is conducted in Canada. For over half of companies, it accounts for under 5% of total business, while it accounts for over 10% of total business for less than a tenth of companies (Figure 5).

FIGURE 5

*Thirty-five percent of businesses engaged in Canadian market report their share of business in Canada to be 1% to 5% of their total business*

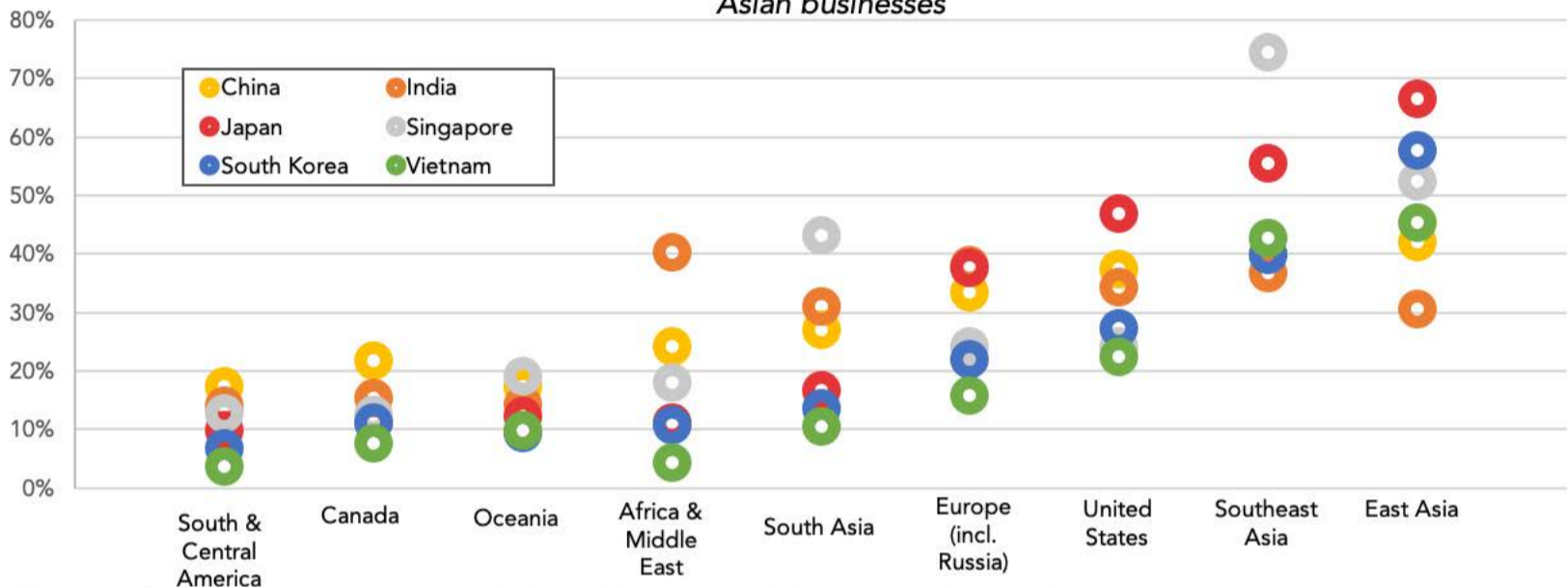


**Question:** Approximately what is the share of the Canadian market for your international business?  
**Base:** Companies engaged in Canadian market (n=879).

**Twenty-two percent of Chinese companies surveyed are engaged in business in Canada, much more than any other country in this study.**

Elsewhere, 15% of Indian companies are engaged in business in Canada, as are 12% of Singaporean companies, 11% of Japanese companies, 11% of South Korean companies, and 8% of Vietnamese companies (Figure 6).

**FIGURE 6** *Canada does not feature among the most important international business markets for Asian businesses*



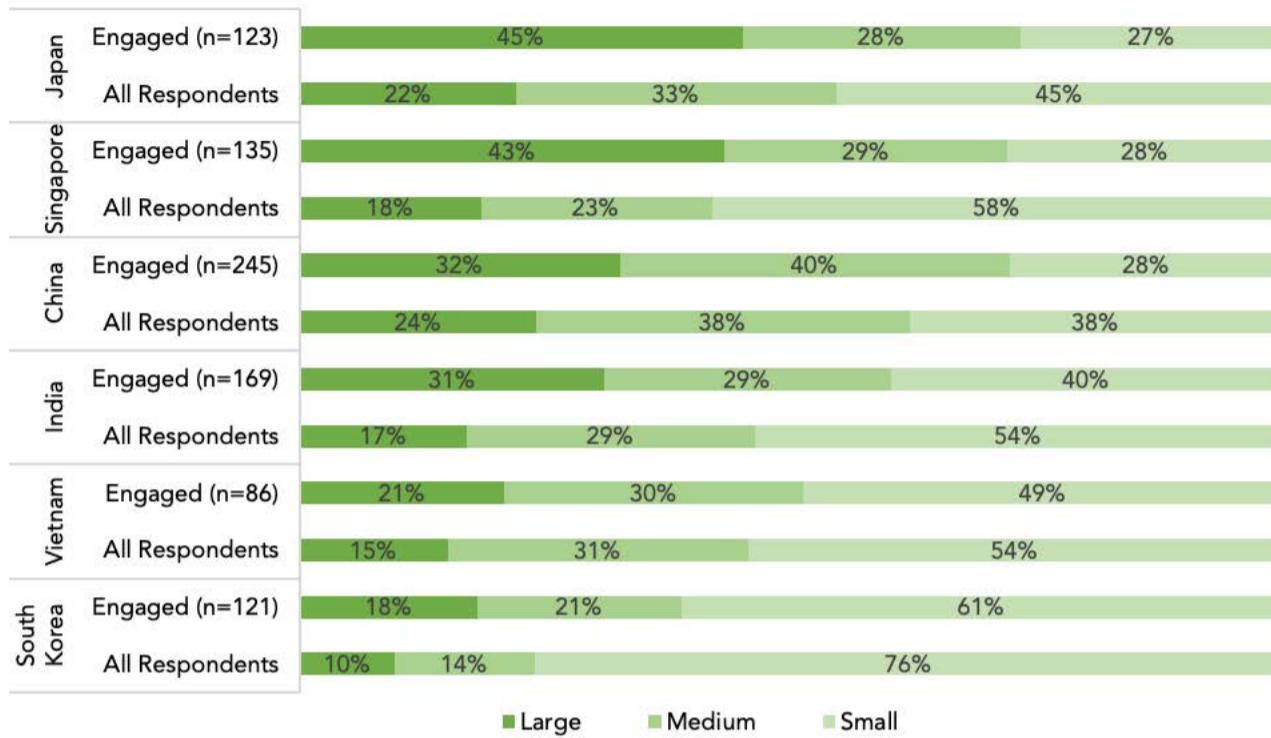
**Question:** Does your company do business in/with the following markets? Please select all that apply.  
**Base:** n=6,600 (all respondents).

Breaking down the number of companies engaged in Canada in terms of their size, 37% can be defined as small firms, followed by 32% as large firms, and 31% as medium-sized firms (see Figure 7).

It is interesting to note that in three out of the six countries, namely Japan, Singapore, and China, more large companies than small companies are engaged in Canada (for definitions, see *Business Characteristics*). Meanwhile in India, Vietnam, and South Korea, there are more small companies engaged in Canada compared to large firms.

FIGURE 7

*Large companies from Japan, Singapore, and China exhibit more engagement in Canada*



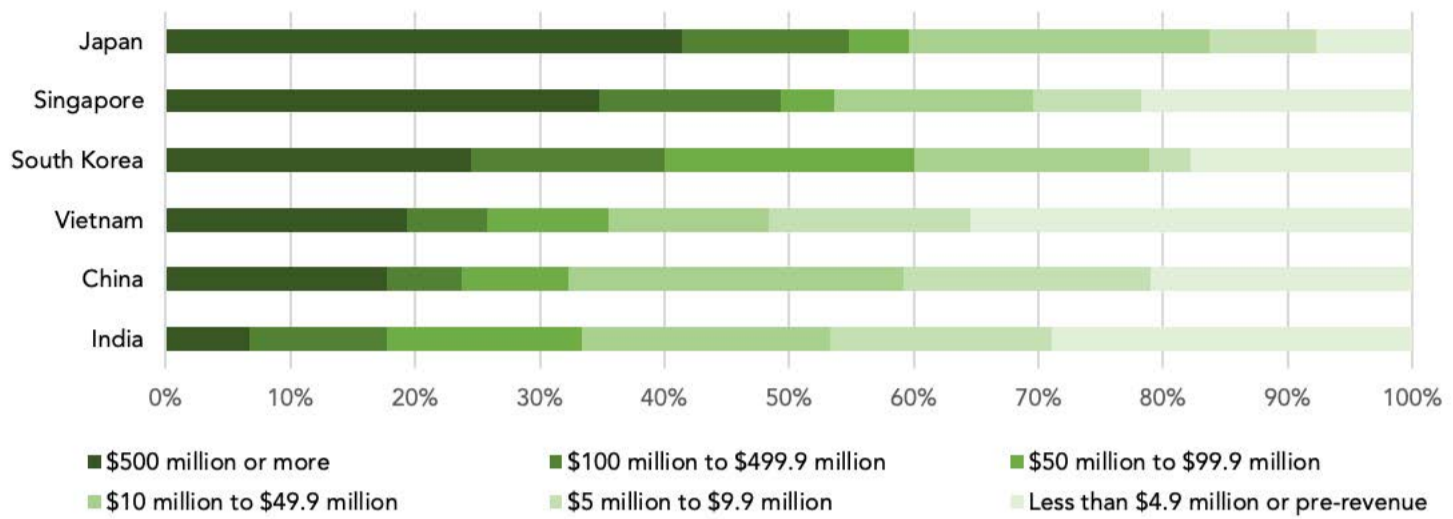
**Question:** Does your company do business in/with the following markets (Canada)?  
 How many full-time employees does your company currently have globally?  
**Base:** n=6,600 (all respondents).

Interestingly, the share of engagement in Canada in terms of companies' revenues paints a different picture than does engagement based on company size (number of employees). In particular, South Korea has the lowest share of large companies engaged in Canada (see Figure 7) and concurrently has the third-highest share of high-revenue-earning companies that are Canada-experienced (see Figure 8). The trend is the opposite for both China and India, which have the lowest shares of high-revenue-earning companies engaged in Canada.

The high-revenue-earning companies engaged in the Canadian market, with over C\$100M in annual revenue, come predominantly from Japan (55% of Japanese companies engaged in the Canadian market), Singapore (49%), and South Korea (40%). In contrast, Vietnam, India, and China contribute the most in engagement from companies with less than C\$10M in annual revenue (see Figure 8).

FIGURE 8

Share of companies engaged in Canada by revenue in \$CA



**Question:** As an estimate, what was your company's annual global gross revenue for the most recently completed fiscal year?  
**Base:** Engaged companies that revealed their revenue bracket: China (n=152), India (n=90), Japan (n=104), Singapore (n=69), South Korea (n=90), Vietnam (n=31).

Furthermore, dissecting the different kinds of relationships built by the surveyed Asian companies engaged in Canada, it was found that about a third of the business is in the form of investments, such as greenfield investments, mergers and acquisitions, and joint ventures (Figure 9). In Vietnam, 39% of the Canada-experienced businesses have some form of investment relation in Canada, while on the other end only 5% of Japanese businesses have investment engagement in Canada.

FIGURE 9

About a third of engagements in Canada are investments



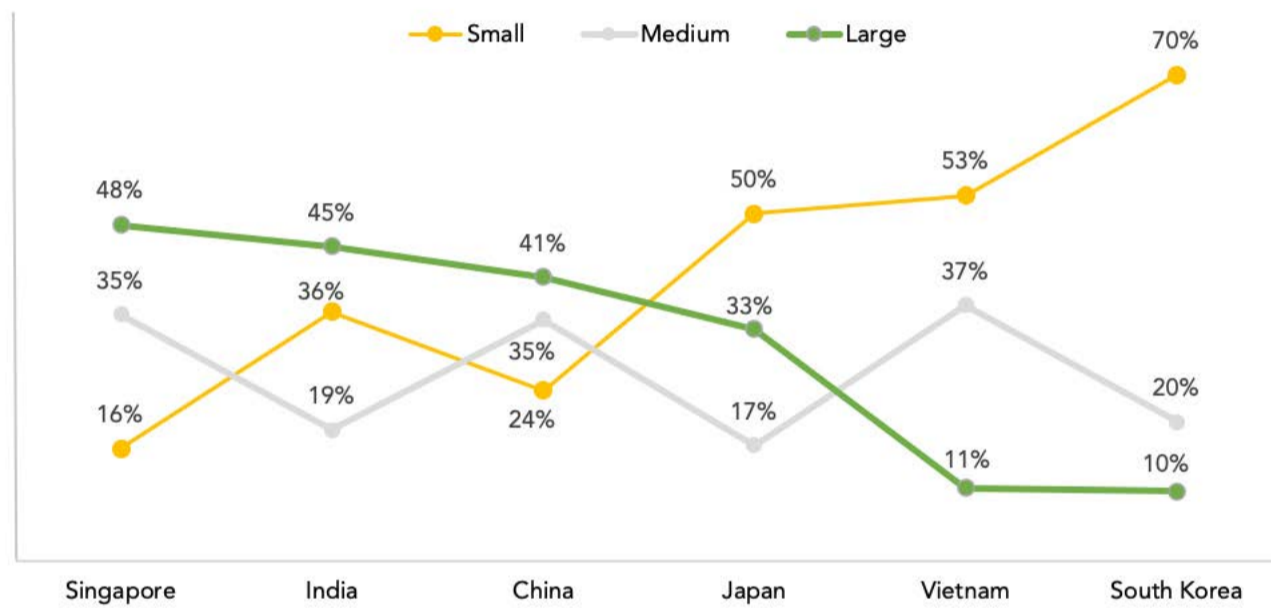
**Question:** Which of the following statements properly describe your company's current business in Canadian market? (options - greenfield investment; merger and acquisition; joint venture; import; export; contractual relationships; other)  
**Base:** Companies engaged in Canadian market: China (n=245), India (n=169), Japan (n=123), Singapore (n=135), South Korea (n=121), Vietnam (n=86).



We were further interested in identifying the size of companies investing in Canada. As seen in Figure 10, as much as 70% of investments in Canada from South Korea come from small companies. In contrast, only 16% of investments from Singapore come from small companies. Other notable observations include the high share of investments coming from small firms in Japan even though the country has the lowest share of small firms engaged in Canada, as well as the high share of investments coming from large firms in India even though the country has more small firms than large firms engaged in Canada.

FIGURE 10

*Investments in Canada by company size: Small companies lead South Korean investments*

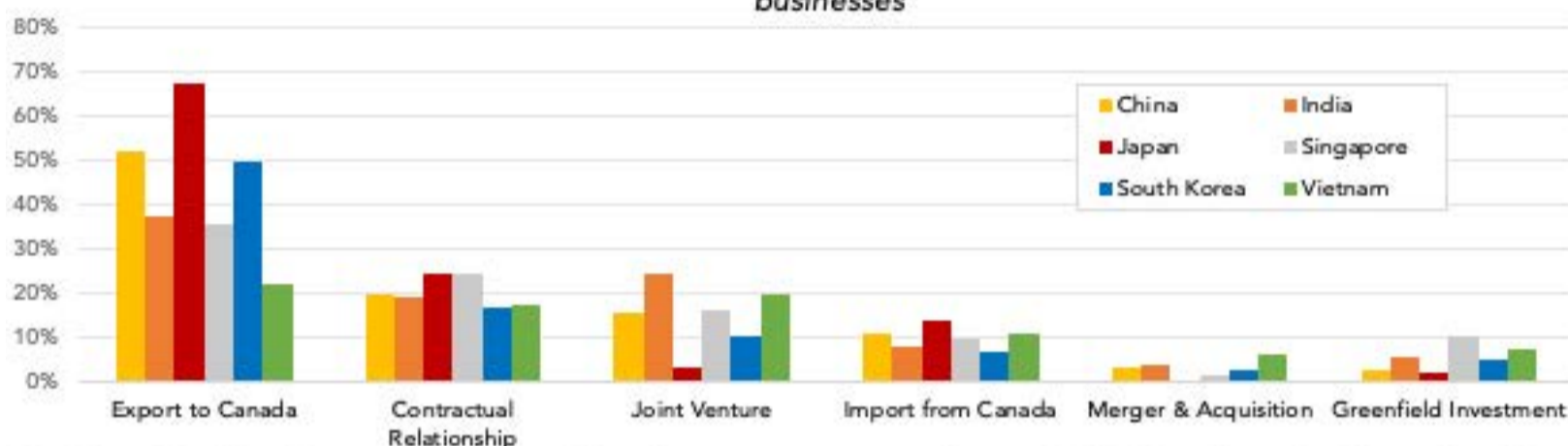


**Base:** Investors engaged in Canada: China (n=49), India (n=53), Japan (n=6), Singapore (n=31), South Korea (n=20), Vietnam (n=19).

## Type of Engagement

Export to Canada is the most common type of business engagement in Canada, and the preferred type of engagement for potential new business partners.

FIGURE 11 *Export to Canada is the most common form of business engagement in Canada for Asian businesses*



Question: Which of the following statements properly describe your company's current business in/with the Canadian market? Please select all that apply.

Base: Companies engaged in Canadian market: China (n=245), India (n=169), Japan (n=123), Singapore (n=135), South Korea (n=121), Vietnam (n=86).

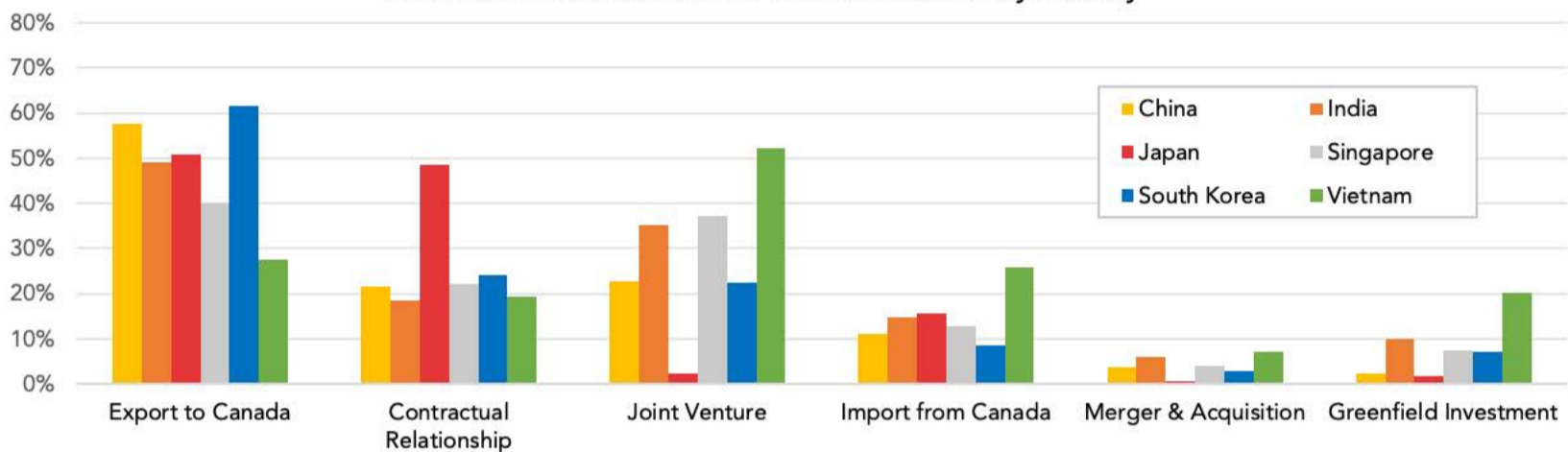
Six primary types of business relationships in Canada were identified in the survey: exporting to Canada; contractual relationship; joint venture (with either Canadian, domestic, or international companies); importing from Canada; carrying out mergers and acquisitions; and making greenfield investments. First, among Canada-experienced companies, 67% of Japanese companies, 52% of Chinese companies, and 50% of South Korean companies are exporting to Canada (see Figure 11). While it remains the most common type of relationship for India (37%), Singapore (36%), and Vietnam (22%), other types of relationships are also important. Notably, joint ventures in Canada are a common type of investment for companies in these countries (around 20%), and a rather uncommon one for South Korean (10%) and Japanese (3%) companies. Finally, mergers and acquisitions and greenfield investments are the least common types of relationships in Canada for each of the six countries.

Second, for companies that expressed an interest in engaging in the Canadian market, export to Canada (48%) is the most popular type of potential relationship, followed by joint venture (29%) and contractual relationship (26%). Japan stands out from the group since an aberrant 49% of companies

are interested in contractual relationships. Vietnam stands out as well, where 52% of companies are interested in engaging in joint ventures (Figure 12). In general, the relational interests of Vietnamese companies are much more diversified than for other countries, with 26% of Vietnamese companies interested in importing from Canada and 20% interested in greenfield investments in Canada.

FIGURE 12

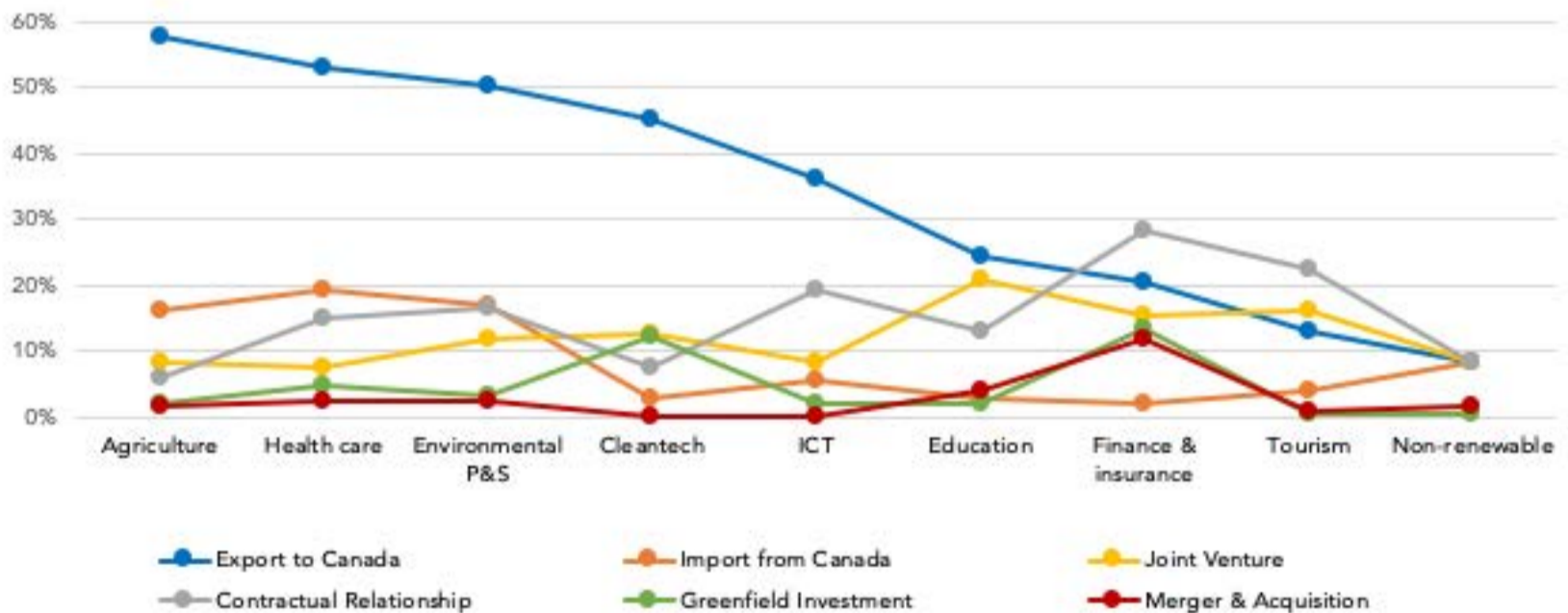
Potential business interests in Canada differ by country



**Question:** Which of the following statements best describe your company’s interest in the Canadian market? Please select all that apply.  
**Base:** Companies interested in Canadian market; China (n=381), India (n=715), Japan (n=465), Singapore (n=360), South Korea (n=661), Vietnam (n=573).

FIGURE 13

Exports to Canada are particularly high for firms in the agricultural sector



At the sector level, exports and imports are the most common form of relationship in the agricultural, health care, and environmental goods and services sectors (Figure 13). These three sectors are the only ones in which over 50% of the companies surveyed are exporting to Canada and over 15% are

importing from Canada. The share of business relations, such as contractual relationship (28%), establishing greenfield investment (14%), and carrying out mergers and acquisitions (12%), all peak in the finance and insurance sector. Also, making greenfield investments is fairly common in the cleantech sector (12%). Finally, the education sector is the most involved in joint ventures (21%).



*In this study, exporting to Canada is the most common form of business engagement for Asian companies*

Source: Photo by Vinicius Bedit on Unsplash

## Lifespan of Engagement

Business relationships in Canada are growing for companies in the agriculture, cleantech, and finance and insurance sectors. Most notably, across the six countries surveyed (see Figure 15), companies in the agriculture sector are more likely to have established a business relationship in Canada recently (70% in the last 10 years), than over 10 years ago (26%). On the other hand, the non-renewable energy sector stands out with the lowest proportion of companies having established business in Canada in the last 10 years (39%).

FIGURE 14

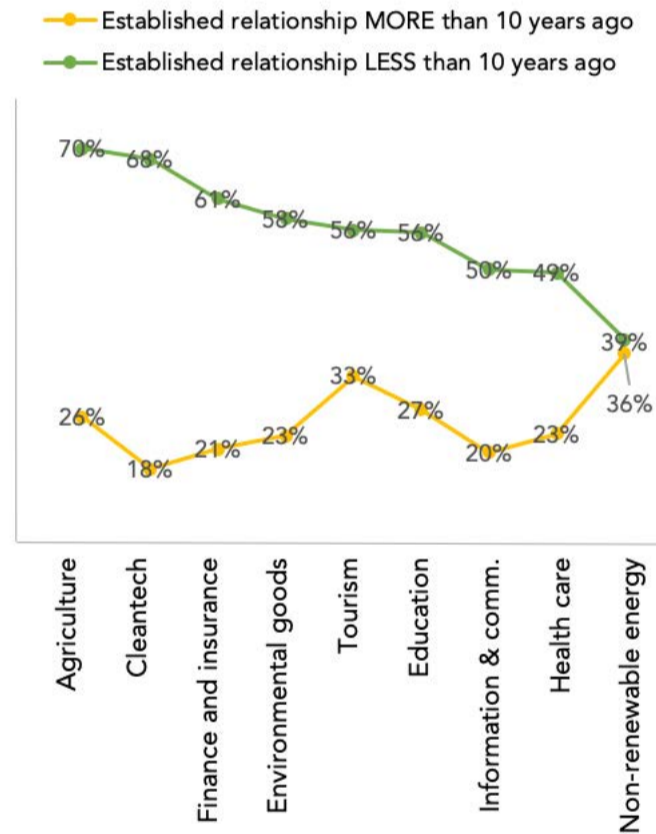
35% of Japanese companies established business in Canada over 20 years ago



**Question:** For how long has your company conducted business in Canada?  
**Base:** Companies engaged in Canadian market (n=879).

FIGURE 15

Companies in the agriculture and cleantech sectors have established business with Canada more recently



**Question:** For how long has your company conducted business in Canada?  
**Base:** Companies engaged in Canadian market (n=879).

By country, Figure 14 shows that 35% of Japanese businesses established business relations in Canada over 20 years ago, seven times more than South Korea, China, Vietnam, or India. Over 40% of companies in these four countries established business in the last five years, while only 19% of Japanese companies have established business in Canada in the last five

years. Singapore lies in between, as 16% of the engaged companies established business in Canada over 20 years ago, and 27% did so in the last five years. Indeed, these results correspond with the early growth of the Japanese economy and the stagnation of trade relations between Canada and Japan after the 1990s. [The economy soared](#) in the 1970s while in most other Asian economies, the process of economic growth began only in the 1990s.

FIGURE 16

*Very few companies doing business in Canada intend to reduce their ties to Canada*



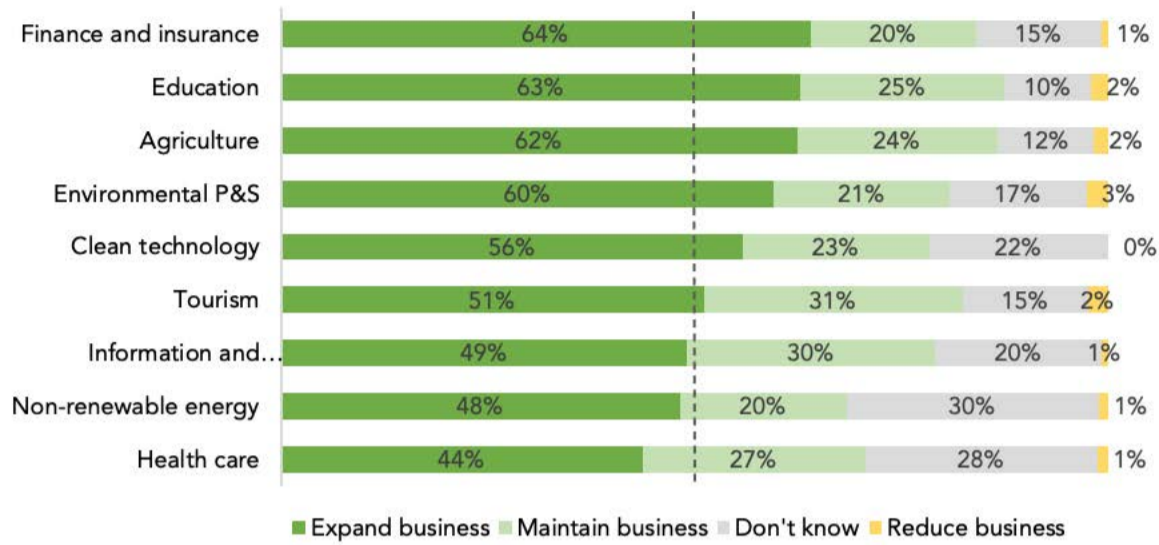
Question: What is your company's plan for future business in Canada?  
 Base: Companies engaged in Canadian market: China (n=245), India (n=169), Japan (n=123), Singapore (n=135), South Korea (n=121), Vietnam (n=86).

The majority of companies in South Korea (68%), India (63%), Vietnam (59%), and China (57%) intend to expand their business relationships in Canada. That is consistent with the results from Figure 14, which highlights an emerging business relationship between Canada and those four countries. On the other hand, slightly less than half of the companies in Singapore (45%) and Japan (43%), countries with deep-rooted business relationships in Canada, are looking to increase business in Canada. Overall, a considerable share of companies desire to maintain their business in Canada, and at most, in China, 4% of companies are planning to reduce business (i.e., 11 respondents out of 245 surveyed from China). In the end, this trend follows the norm. It has

been observed that the longer companies have been engaged in the Canadian market, the broader and more diverse their relationships in Canada are.

FIGURE 17

*Companies in the finance and insurance sector are the most likely to want to increase their ties to Canada*

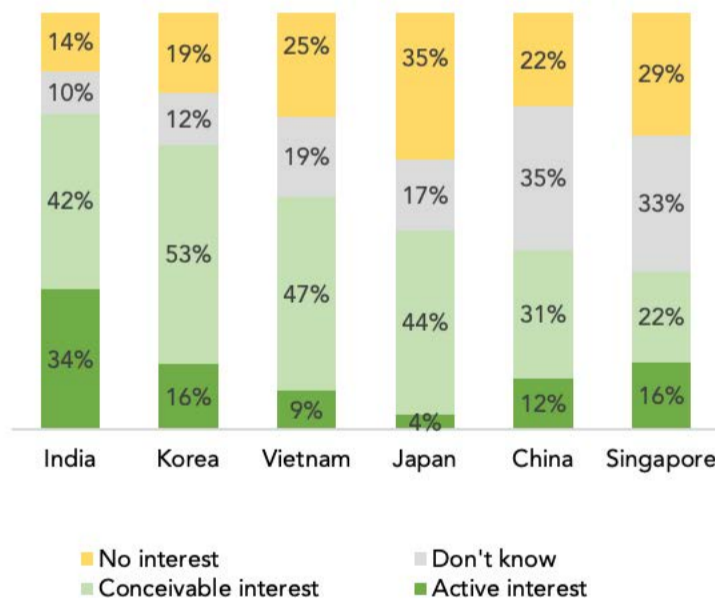


Question: What is your company's plan for future business in Canada?

Base: Companies engaged in Canadian market: China (n=245), India (n=169), Japan (n=123), Singapore (n=135), South Korea (n=121), Vietnam (n=86).

FIGURE 18

*Majority of Asian businesses not engaged in Canada express interest*



Question: Does your company have an interest in conducting business in Canada?

Base: Companies NOT engaged in Canadian market: China (n=884), India (n=940), Japan (n=970), Singapore (n=949), South Korea (n=969), Vietnam (n=1,029).

Across all sectors, more companies are striving to increase business in Canada than merely wanting to maintain or reduce business. However, companies operating in the sectors of finance and insurance (64%), education (63%), and

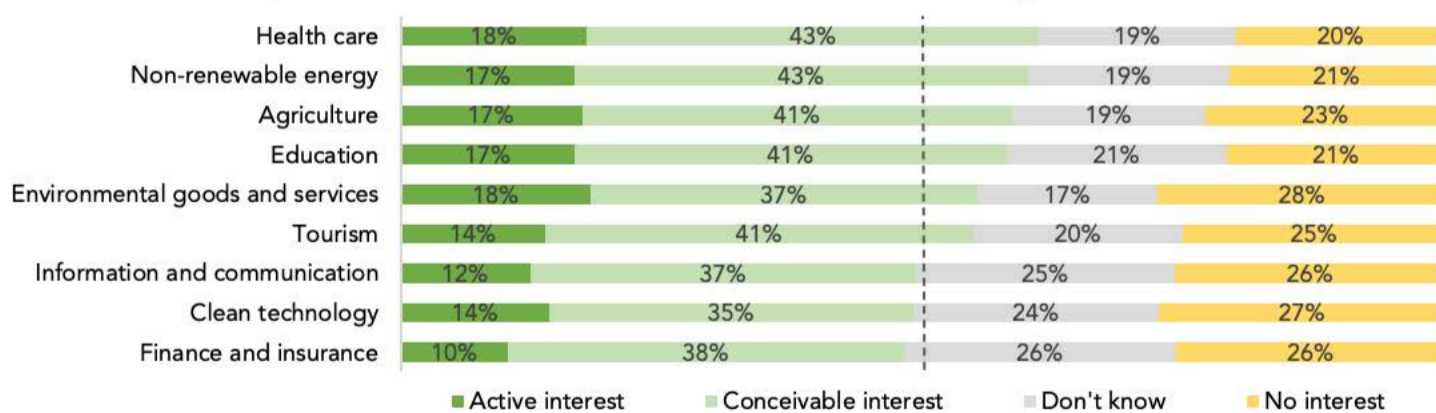
agriculture (62%) are the most likely to want to expand business in Canada (Figure 17). With one of the [strongest financial](#) services sectors in the world, opportunities in Canada have swelled for foreign investors in recent years.

**Companies not engaged in Canada at the time of the survey hinted at a sizable business interest in Canada.** India stands out with more than twice the proportion of companies with an active business interest in Canada (34%) as any other country (South Korea and Singapore follow at 16%). Moreover, 76% of Indian companies have an active (34%) or conceivable (42%) business interest in Canada (Figure 18). That is true for 69% of South Korean companies and 56% of Vietnamese companies. Despite that degree of openness, around 25% of companies are not interested in business in Canada, with lack of interest peaking at 35% in Japan.

Strikingly, finance and insurance companies exhibit the lowest amount of “active interest” in doing business in Canada, whereas it was seen previously that companies already established in Canada in the same sector are the most likely to want to increase business in Canada. Furthermore, companies in the environmental goods and services and clean technology sectors exhibit the largest proportion of “no interest” toward doing business in Canada (28% and 27%, respectively, Figure 19).

FIGURE 19

*Companies in the finance & insurance sector are less likely to enter Canadian market*



**Question:** Does your company have an interest in conducting business in Canada?

**Base:** Companies NOT engaged in Canadian market: China (n=884), India (n=940), Japan (n=970), Singapore (n=949), South Korea (n=969), Vietnam (n=1,029).

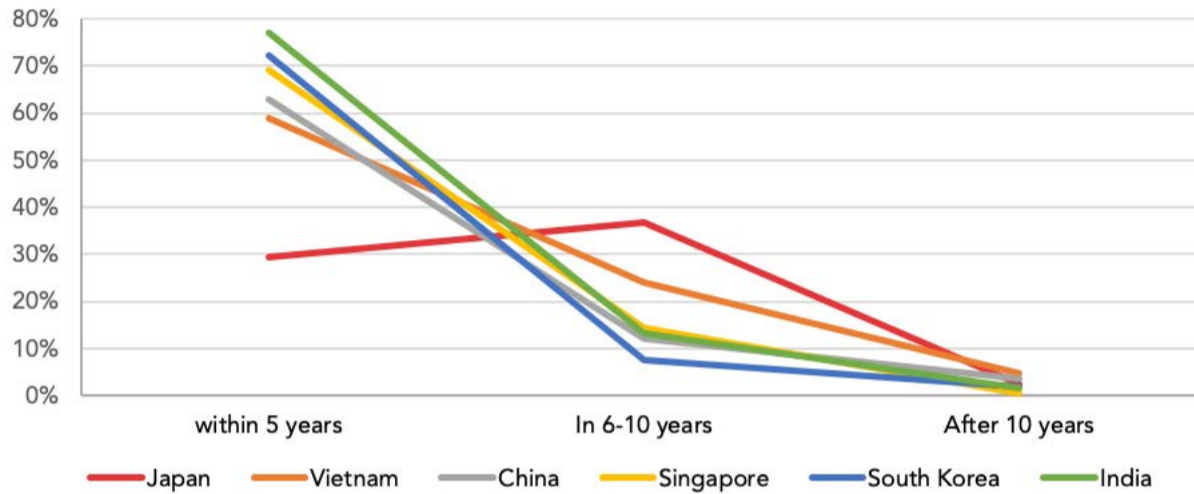
Additionally, most companies that are interested in exploring potential business opportunities in Canada hope to do so in the next five years, with the exception of Japanese companies (Figure 20). Of the 44% of Japanese



companies interested in doing business in Canada, the lowest across the six countries, most companies only hope to materialize their interest in the next 6 to 10 years.

FIGURE 20

*Companies with an interest in Canadian market hope to enter it sooner rather than later*



**Question:** When do you hope to do business in Canada?

**Base:** Companies interested in Canadian market: China (n=381), India (n=715), Japan (n=465), Singapore (n=360), South Korea (n=661), Vietnam (n=573).

Finally, a regression analysis was conducted to identify the independent factors driving interest to do business in Canada for companies in each country. Most interestingly, there is a significant negative relationship between government ownership of companies and interest in Canada for companies in Vietnam and South Korea. In other words, the higher the share of government ownership of a company, the less they are interested in Canada. However, this relationship is not observed outside of Vietnam and South Korea.

Also, for all countries except Singapore, the smaller (in terms of number of employees) a company is, the more they are interested in Canada. While there is no relationship between company size and interest in Singapore, there is a significant negative relationship between revenue and interest (i.e., the higher the revenue the company, the lower the interest in Canada). This relationship between revenue and interest, closely related to that of size and revenue, also exists in Japan, South Korea, and Vietnam.

## Policy Experts on Potential Areas of Engagement

In addition to surveying the Asian business leaders' opinions, this study focused on policy experts' opinions about areas of engagement for bilateral trade and investment between Canada and the Asian countries. Across all six countries, one of the sectors that draws the most interest is education and tourism. Interestingly, most of the Canada-experienced businesses surveyed here are also engaged in the tourism sector, as seen in Figure 4. Among the Canada-curious businesses, 55% of the businesses in the tourism sector show an interest in the Canadian market. Keeping with that, policy experts suggest that Canada is considered a prime destination for training and educating people, particularly in the areas of AI, technology, and life sciences. Furthermore, services, natural resources, and agriculture are seen as the main strengths of Canada. While country experts from India and Vietnam believe that their nations will also be interested in inward investment in their infrastructure area, considering Canada's expertise, countries like South Korea and Japan emphasize Canada's expertise in the areas of AI, technology, and smart cities. A deeper analysis of the policy experts' views by country may be helpful in understanding differences in each country's profile.

Canada is considered to be a prime destination for sourcing natural resources and energy for China. Therefore, China is interested in these sectors in Canada, both in terms of investment and trade. Some of the other sectors of interest include forestry, fisheries, and other agricultural products that can be exported to China. In terms of education and tourism, Chinese experts believe that Canada is one of the top destinations. Interestingly, John G\*, the co-managing director of a consultancy and research firm, notes that Canada should focus on value-added products like food, forestry, or petrochemical products to expand its trade and investment opportunities with China. As noted in [APF Canada's CPTPP Tracker](#), value-added products represent a key opportunity for Canada's growth in trade and investment and for exploring untapped productions networks.

Adam J.\*, a research specialist in China's foreign economic relations, observes,

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\*By request the name has been changed to maintain confidentiality of the interviewee.

“the service sector, where Canada has advantages, is sure to benefit more, whether it is tourism, education, finance, or geriatric health care. Personnel exchanges, technical co-operation, and mutually beneficial co-operation will be strengthened. It is certain that both sides will benefit, consumers, producers will benefit. And enterprises also.”

In the case of India, experts believe that Canadian investment in the manufacturing and infrastructure areas will be highly welcomed. Furthermore, India is actively looking for collaboration in the following: technology and smart cities, e-commerce, clean energy, access to natural resources, oil and gas (both as buyers and investors), transportation, agriculture, research scholar exchange programs, and education. Canada could also explore reciprocal relationships as a way forward, as suggested by Harinder Sekhon of the Vivekananda International Foundation. By way of example, the Canadian government and businesses can help build rural health care centres in India in return for allowing Indian doctors to be trained in Canada. In terms of what India can provide to Canada, most experts point toward human capital. According to the [2019 National Opinion Poll on Human Capital from Asia](#), 64% of Canadians support bringing in high-skilled international talent from India.

Ram Singh, professor at the Indian Institute of Foreign Trade (IIFT), added that Canada’s lack of interest in trade and investment opportunities with India has proven to be a major deterrent for future considerations. Singh was also quick to point out that Canada’s importance is directly related to the access it provides to the US market. “India is keen on opening up of e-commerce, cross-border data flows, data privacy, and designation as a data secure country. We are interested, but Canada has not shown the same interest. In 2012 Blackberry servers in India could not get data secure country status in reciprocity with Canada. Don’t underestimate our capability in areas such as space research and IT... The ultimate game is not the Canadian market because we do not find it to be too lucrative – we are more interested in the US.”

South Korean experts argued that it might be best to use the strengths of each country, wherein they perceive Canada as having expertise in AI and biotech areas, and being a country with rich deposits of minerals and natural resources. Education is a pertinent point of attraction for Canada. Young-Joon

Kim, professor at Sangmyung University, said, “The economic competitiveness and comparative advantages is very different in South Korea and Canada. Ultimately, South Korea has manufacturing advantages (technical consumer products), while Canada has natural resources like wood, agricultural products, medical items, and some aerodynamics and airplanes. I say, Canada is a very good economic partner in terms of natural resources, environment, and high tech; areas like medical, airplanes.”

Canada, advisably, needs to aggressively target the Japanese market. Most experts identify that Canada’s strength lies in its natural products, but it is also strong in the areas of AI and technology, and it needs to assert that expertise to redefine its ongoing trade and investment relations. As former Japanese diplomat Satoshi N.\* said, “One of the factors Japanese need to bear in mind is that when we think about the potential areas of co-operation between Japan and Canada, it’s not just in the context of what we call complementarity; Japan being a manufacturing nation and Canada the resource-driven, primary products [provider]. That has been the image of the countries for a very long time. It works, but it can also [be] a source of complacency in our relationship. When you’re comfortable with the arrangement, you stay there, you become static. And you don’t want to be static; you want to move beyond that. And in that sense, the areas like IT, artificial intelligence, data governance come in. So I think this possibility should be explored and the fact that as chair of G20, Japan is giving priority to this should be a good opportunity for that.”

Japanese experts indicate that their country would be interested in collaborations that lend to the sectors of AI and smart technology, digital economy and governance, agriculture (Japan imports wheat, soybean, canola, pork, beef), food and beverages, automotive and automobile parts (Japan mainly exports), energy, research collaborations between major universities (AI and life science areas), tourism, and youth exchanges.

Experts on Singapore’s trade and investment relations point out the country’s increasing focus on issues and governance of Fourth Industrial Revolution technologies, such as AI, and suggest those as areas of closer collaborations with Canada. As Malcolm Cook, Senior Fellow at the ISEAS–Yusof Ishak Institute, observes, “Canada is a world leader in research into AI. The Singapore

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\* By request the name has been changed to maintain confidentiality of the interviewee.

government and its leading institutes are very interested in developing applications in AI. Given Singapore's rapidly aging population, the government is keen to understand how it can transfer jobs from humans to machines. Collaboration with Canada in AI may already be occurring."

[Singapore released](#) its National Artificial Intelligence Strategy in November 2019, which builds on its strengths in the areas of digital infrastructure and governance, and the existing high-skilled and educated population. Its strategy shares similar values to that of the Pan-Canadian AI [strategy](#) and provides possibilities for bilateral collaboration to achieve a shared vision for digital governance. Canada and Singapore have complementary strengths; Canada is a forerunner in fundamental AI R&D, while Singapore has the governance capacity to test out AI applications and their regulatory frameworks with greater agility. A bilateral collaboration further gives both countries a greater capacity to contribute to the global governance of AI, a space that has seen increased tension between the United States and China, and therefore a risk of 'tech-decoupling.' In addition to co-operation on AI, Singaporean experts suggest manufacturing enterprises and educational programs that allow for research collaborations between universities.

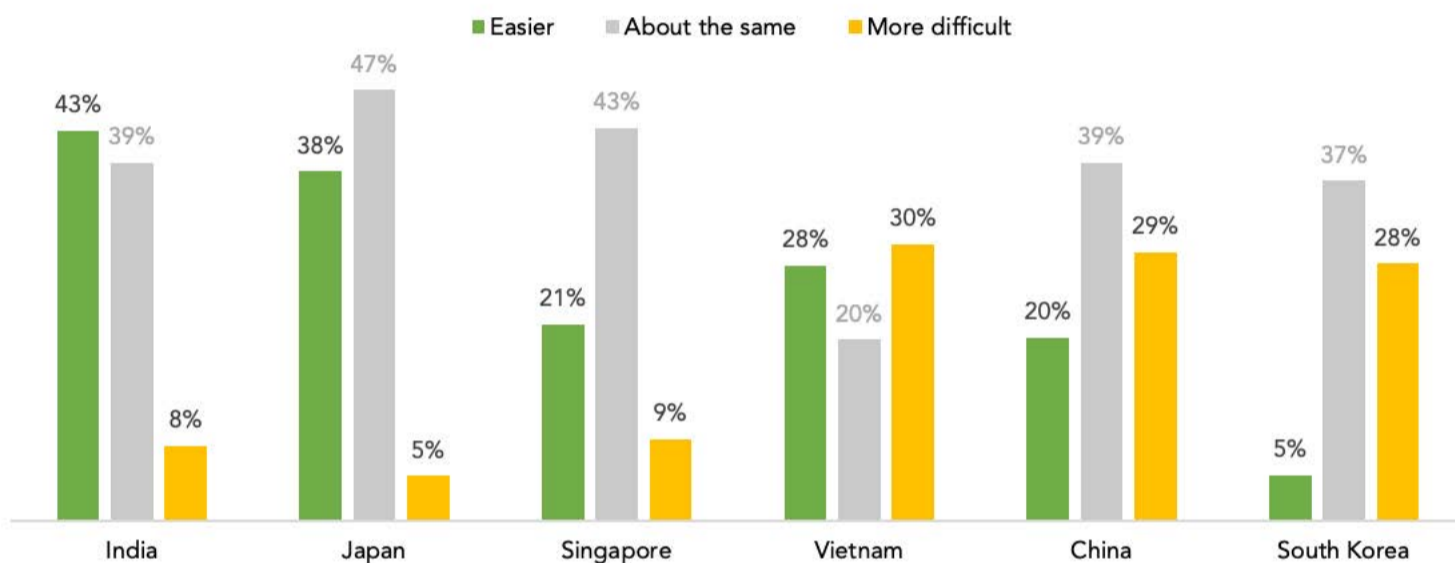
Finally, Vietnam is a fast-growing economy and it is evident from the experts' opinions that they are looking toward Canada to help in their infrastructural development. Experts suggest that the country would look for collaboration on various areas, including agriculture and food, energy, cleantech, ICT, smart city and technology, minerals and other natural resources, health care, and education. "Education, because Vietnam needs so much. If it wants to escape the middle income trap, Vietnam needs better educated people, experts, technicians, and managers. A Canadian university setting up in Vietnam would have a very good reputation. The UK and US have already done this. The country's primary and secondary education system in Vietnam is good; but the tertiary education is very bad and people have to spend a lot of money sending their children for overseas studies – beyond the reach of many people. We need more service providers in Vietnam," said Le Duy Binh, the managing director of Economica Vietnam.

# BUSINESS ATTITUDES TOWARD CANADA

## Sentiments Toward the Canadian Market

FIGURE 21

*Indian and Japanese companies are the most likely to believe business in Canada is easier than business in other markets*



**Question:** Would you say it is easier or more difficult to do business in Canada compared to other international markets?  
**Base:** Companies engaged in Canadian market: China (n=245), India (n=169), Japan (n=123), Singapore (n=135), South Korea (n=121), Vietnam (n=86).  
**Note:** The rest of the responses were "don't know"

**D**oing business in the Canadian market is mainly perceived as “easier” or “about the same” as doing business in other international markets by both Indian (82%) and Japanese (85%) companies. In South Korea, however, companies are much more likely to believe business in Canada is “more difficult” (28%) rather than “easier” (5%, see Figure 21). Peculiarly, South Korean companies engaged in Canada are also more interested than companies from any other country in increasing their business engagement in Canada (see Figure 16). A closer look at the engaged businesses’ perceptions of the Canadian market shows that investors find it easier to conduct business in Canada, compared to non-investors (see Figure 22). To understand the investors’ attitude better, we took a closer look at the factors driving investment interest in the next section.

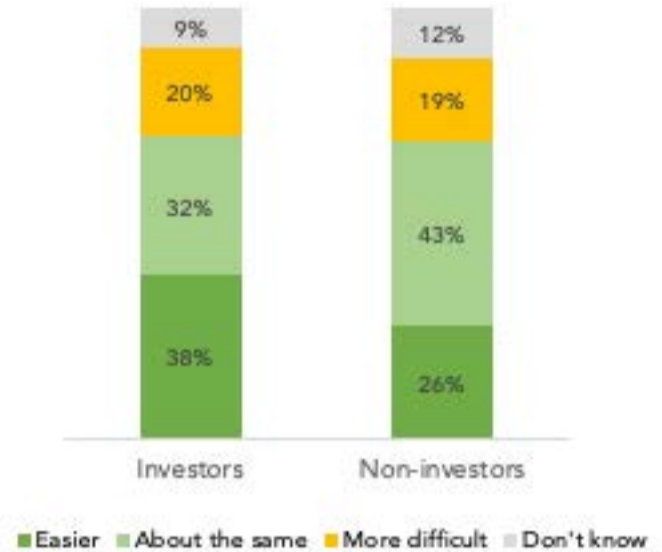
## FACTORS DRIVING INVESTMENT INTEREST

**Business development is the leading factor attracting Asian investors to Canada.**

Companies conducting or interested in establishing joint ventures or mergers and acquisitions in Canada were polled on the most important factors for their company's decision to invest in Canada. The question was open-ended, and business development (25%), market access (21%), and business opportunity (21%) transpired as the most popular factors driving investment (Figure 23). Nevertheless, the factors driving investors' interest in Canada vary greatly across countries. Market access is an important factor for Japanese (44%), Singaporean (33%), Indian (32%), and Chinese investors (28%). In addition, each country has distinct factors driving its interest. Over 50% of South Korean investors cited "business opportunity" as one of the most important factors in their decision to invest in Canada, while this factor is only important for 16% of Japanese and 5% of Chinese investors. Similarly, Vietnamese investors cited "business development" (44%) much more often than investors in any other country did. For Chinese investors, the "policy environment" is especially important (27%). Finally, in Singapore, "business culture" and "profit potential" are key factors for over 20% of investors.

FIGURE 22

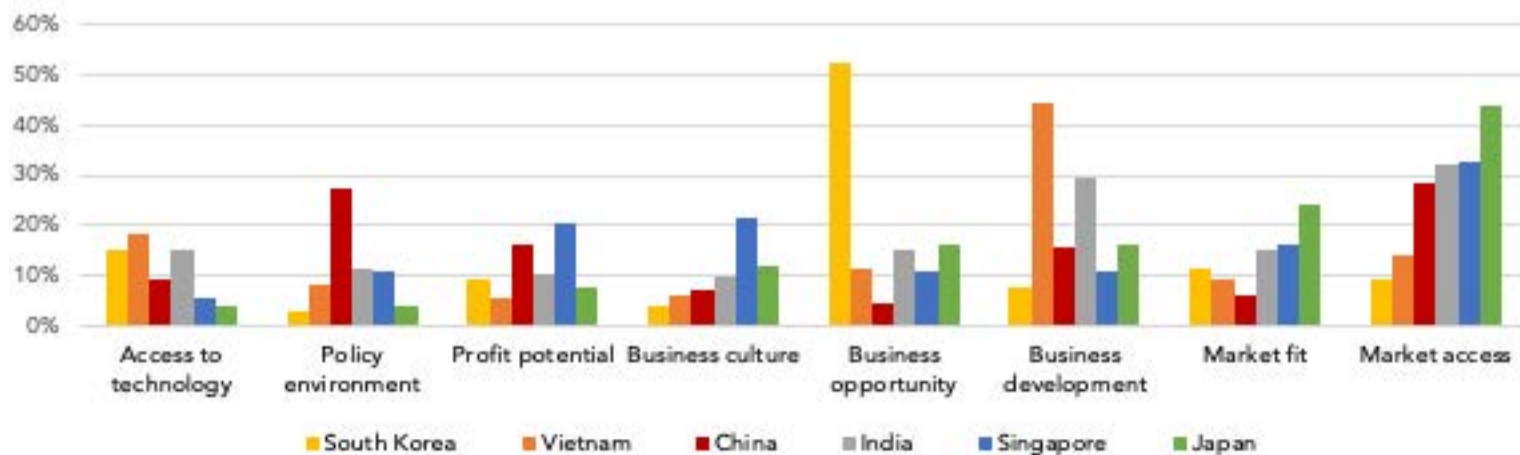
*Investors are more likely to believe business is easier in Canada than elsewhere*



**Question:** Would you say it is easier or more difficult to do business in Canada compared to other international markets?  
**Base:** Businesses engaged in Canada (n=879).

FIGURE 23

*Factors driving interest to invest in Canada vary by country*

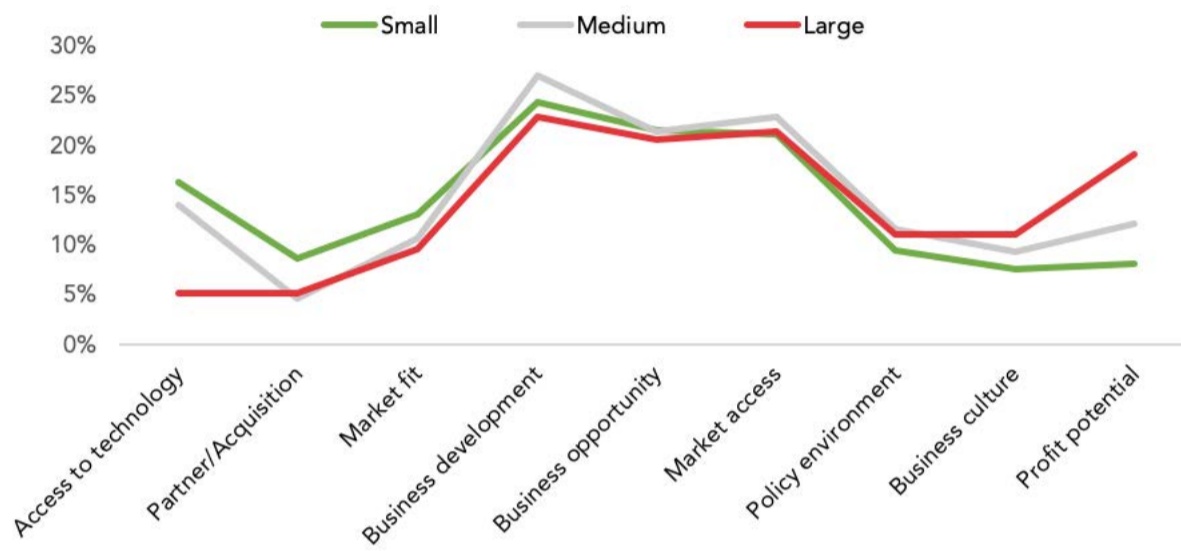


**Question:** Please list three factors that you think are the most important for your company's decision to invest in Canada.  
**Base:** Investors: China (n=110), India (n=240), Japan (n=25), Singapore (n=92), Korea (n=234), Vietnam (n=272).

Moreover, large and small companies diverge in that companies of over 500 employees give more importance to profit potential and business culture, while companies of less than 100 employees give more importance to access to technology and market fit (Figure 24).

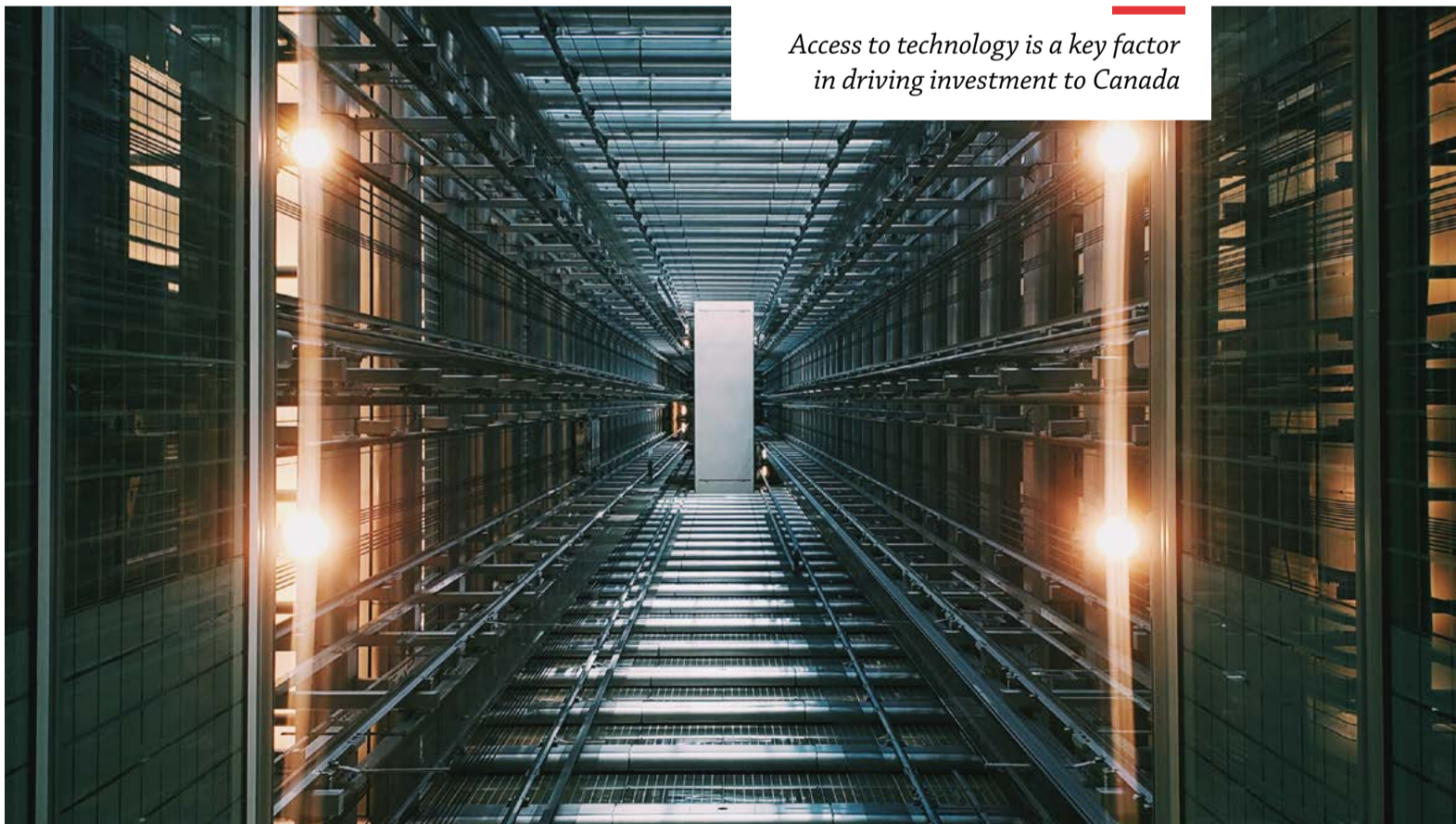
FIGURE 24

*Compared to large companies, small companies are more attracted to Canada for access to technology and less for profit potential*



**Question:** Please list three factors that you think are the most important for your company’s decision to invest in Canada.

**Base:** China (n=116), India (n=246), Japan (n=25), Singapore (n=96), South Korea (n=253), Vietnam (n=285).



*Access to technology is a key factor in driving investment to Canada*

Source: Photo by Ian Battaglia on Unsplash

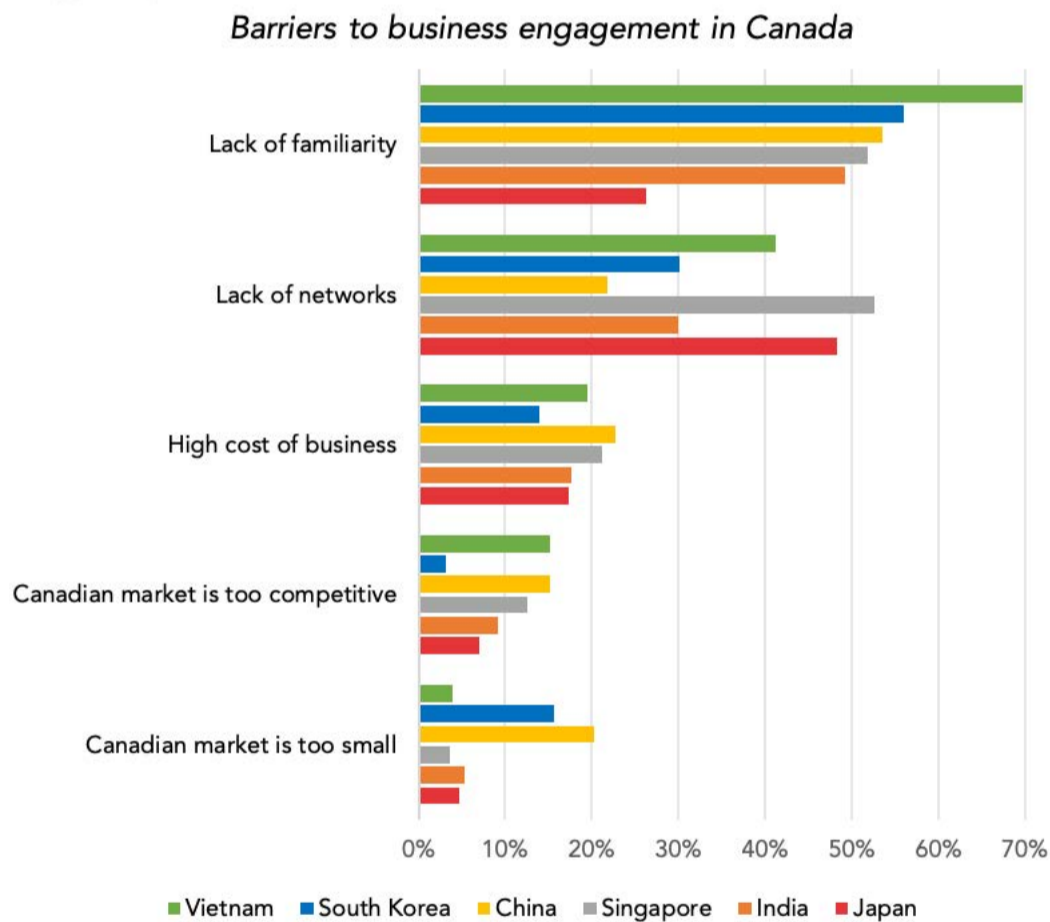


## BARRIERS TO BUSINESS ENGAGEMENT

For their part, companies not interested in doing business in Canada cite a lack of familiarity with the Canadian market (49%) and a lack of networks in Canada (40%) as the main reasons for their lack of interest.

The third-highest concern, the high cost of doing business in Canada (19%), is far behind. Additionally, variations emerge across countries. Notably, contrary to companies in other countries, Japanese companies don't report a lack of familiarity (26%) as the most important barrier, but rather a lack of networks (48%), and Singapore finds both factors to be important barriers (Figure 25). Also, in contrast with the opinion of companies elsewhere, a considerable number of companies in China (20%) and South Korea (16%) believe the Canadian market is simply too small for business.

FIGURE 25



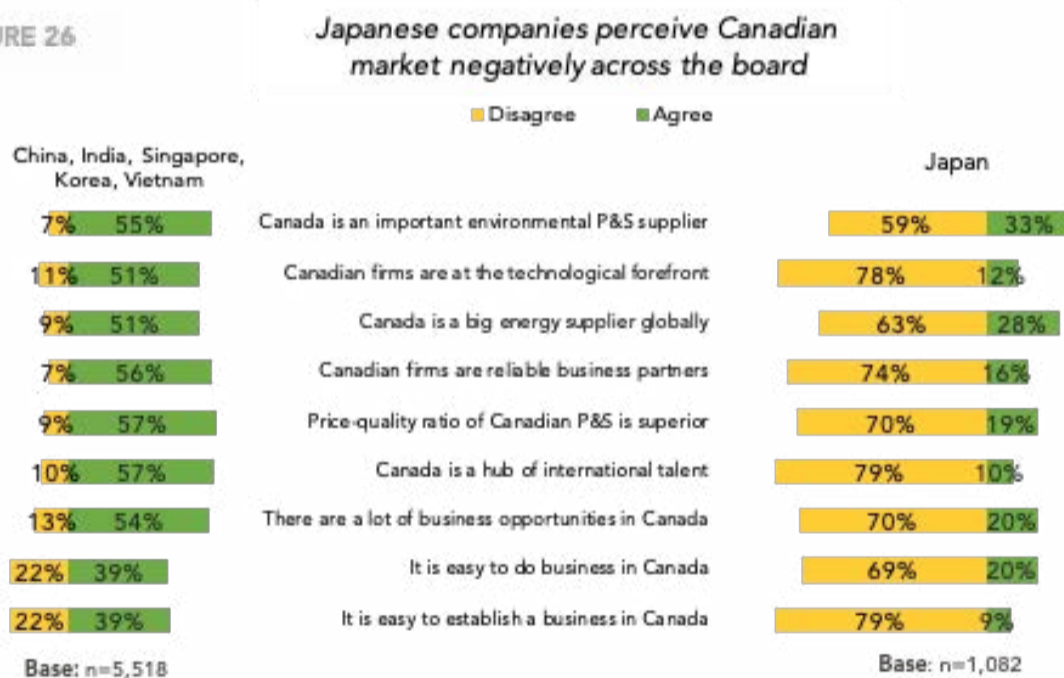
**Question:** Indicate the main reason why your company is not currently interested in the Canadian market. Please select all that apply.

**Base:** Companies NOT interested in Canadian market: China (n=198), India (n=130), Japan (n=346), Singapore (n=278), South Korea (n=186), Vietnam (n=257).

## PERCEPTIONS OF THE CANADIAN MARKET

In addition, we asked business leaders if they agreed or not with statements about the Canadian market, Canadian products, and business partners in Canada. While the statements were positively received by most, the response from Japanese leaders is strikingly different from that of all other countries, as can be seen in Figure 26. The only statements that received less than 50% agreement on average for China, India, Singapore, South Korea, and Vietnam are “it is easy to establish business in Canada” (39%) and “it is easy to do business in Canada” (39%). Even then, disagreement is only 22% for both statements, with the rest of the respondents undecided. In Japan, by contrast, 79% of respondents disagree with the first statement, and 69% disagree with the second. Other statements about Canadian products, talent, business partners, and opportunities in Canada are perceived just as negatively by Japanese business leaders. The statements to receive most agreement from Japanese respondents are that Canada is a big energy supplier globally (28%) and an important environmental products and services supplier (33%), but that remains far lower than the average agreement in other countries (51% and 55%, respectively).

FIGURE 26



**Question:** Based on your perceptions of the Canadian market or products/services, do you agree or disagree with the following statements?  
**Note:** Rest of respondents replied "Don't know."

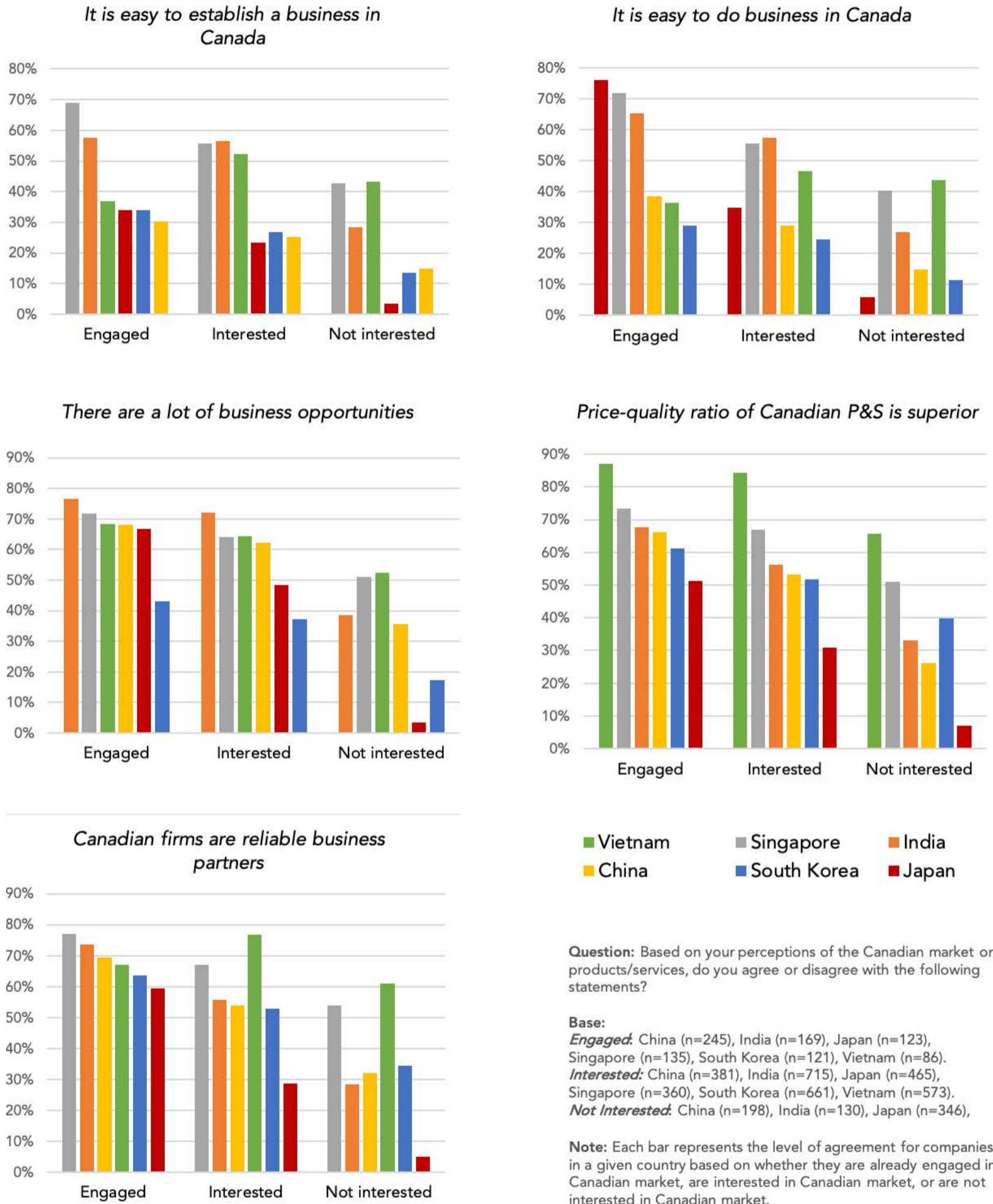
Furthermore, we compared the results for companies that are Canada-experienced, Canada-curious, and those that do not have an interest in the Canadian market. **It is clear from Figure 27 that companies engaged or interested in engaging in the Canadian market hold a more positive view of the Canadian market than companies that are not interested.** The only exception to that rule is that Vietnamese companies not doing business in Canada think it is easier to establish and do business in Canada than do Vietnamese companies already doing business in Canada. On the other hand, Japanese companies not interested in doing business in Canada hold a remarkably negative view of the Canadian market. Specifically, less than 10% of uninterested Japanese companies agree with any of the statements, while agreement never drops below 10% for the other countries.

**The stark contrast in perceptions between Japanese companies doing business in Canada and those not interested in business in Canada requires attention.** For Canada-experienced Japanese companies, 76% think it is easy to do business in Canada and 67% think there are a lot of business opportunities in Canada. The same is true for only 6% and 4% of Japanese companies not interested in doing business in Canada. Such a separation in perception is not observed in other countries. South Korean companies hold a generally negative perception of the Canadian market, similar to Japan, but perception is negative for both South Korean companies doing business in Canada and those not interested in business in Canada. Further research would be required to identify the causes and impacts of such a gap in information between Japanese companies engaged and not engaged in Canada.

Additionally, for Canada-experienced and Canada-curious companies, Vietnamese companies are the most likely to think Canadian products and services have a higher price-quality ratio (86%). Similarly, for all four other statements, Indian and Singaporean engaged or interested companies hold the most positive views, with 71% thinking there are a lot of business opportunities in Canada, 69% thinking Canadian companies are reliable business partners, and 60% thinking it is easy to establish business in Canada.

FIGURE 27

*Perceptions of Canadian market, products, and services*

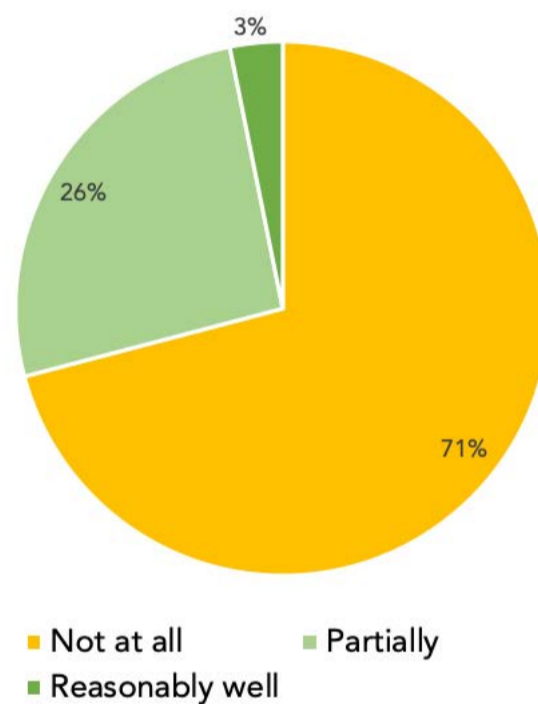


## Perceptions of the Canadian Business Environment

Over 7 out of 10 business leaders surveyed have no understanding at all of the Canadian business operating environment. Furthermore, only 3% say they understand it reasonably well, and the other 26% understands it partially (Figure 28).

FIGURE 28

*Most businesses don't understand the Canadian business operating environment*

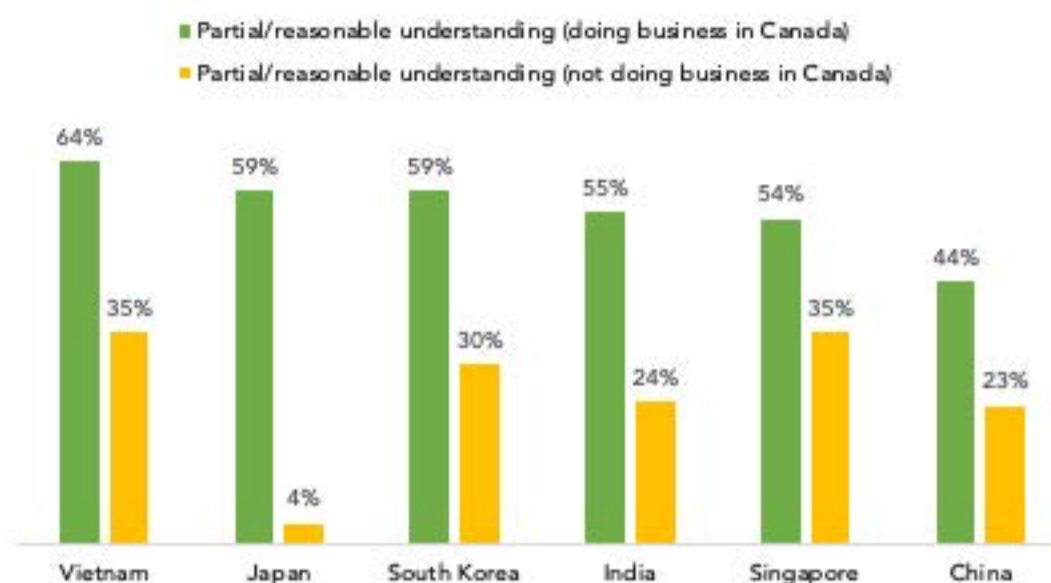


**Question:** How well do you understand the Canadian business operating environment, including relevant policies and regulation?  
**Base:** n=6,600 (all respondents).

Canada-experienced companies disclose having a better understanding of the Canadian business operating environment than the other businesses surveyed. Yet less than half of Chinese businesses engaged in the Canadian market have at least a partial understanding of the Canadian business operating environment (44%). In contrast, 64% of companies from Vietnam and 59% from Japan and South Korea have a partial or reasonable understanding.

FIGURE 29

**Share of companies with partial or reasonable understanding of the Canadian business operating environment**



**Question:** How well do you understand the Canadian business operating environment, including relevant policies and regulation?

**Note:** For each bar, the remaining respondents "do not understand the business operating environment at all."

**Base:** n=6,600 (all respondents).

Among companies not doing business in Canada, Japan stands out as 96% don't understand the Canadian business operating environment (Figure 29). This correlates with results throughout the survey showing negative perceptions and low business interest from Japanese companies not involved in the Canadian market. The lack of understanding may just be at the root of this trend among Japanese businesses.

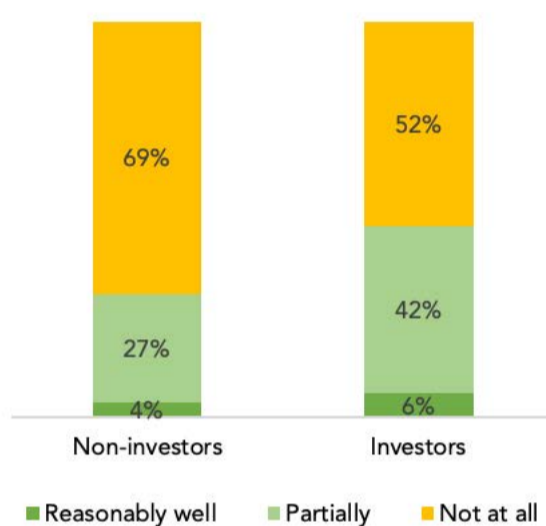
Among the many barriers identified later in this section, Japanese policy experts suggest that while the Canadian business environment is similar to the United States and that Japanese businesses have some sense of it, the complexity of regulations and procedures for business operation in Canada can be daunting, particularly given the federal and provincial differences in business incorporation and regulations governing those businesses. The lack of understanding in this regard directly affects business interactions and negotiations. Satoshi N.<sup>\*</sup>, a former public diplomat, observed that "perhaps some Japanese people, including businesses, should have a better understanding of the importance of the provinces in the Canadian economy. For example, when provincial premiers come to Japan, they want to meet with the PM and other ministers and that is not easy to channel. But they do

<sup>\*</sup> By request the name has been changed to maintain confidentiality of the interviewee.

play important part; for example, with respect to the car sector, Ontario is important.” He also noted that the emphasis on the use of the French language in Quebec led to the closure of one of the major Japanese trade organization’s offices there in the 2000s.

FIGURE 30

*Investors have a slightly better understanding of the Canadian business operating environment than non-investors*



**Question:** How well do you understand the Canadian business operating environment?

**Base:** Engaged or interested in Canada (n=3,506).

Moreover, investors in Canada, through greenfield investments, mergers and acquisitions, or joint ventures, have more understanding (48%) than leaders with other types of business relationships in Canada (31%, Figure 30), which might explain why investors are more likely to think business in Canada is easier, as seen previously (Figure 22). Nonetheless, it remains worrying that 52% of investors in Canada do not have any understanding of the Canadian business operating environment.

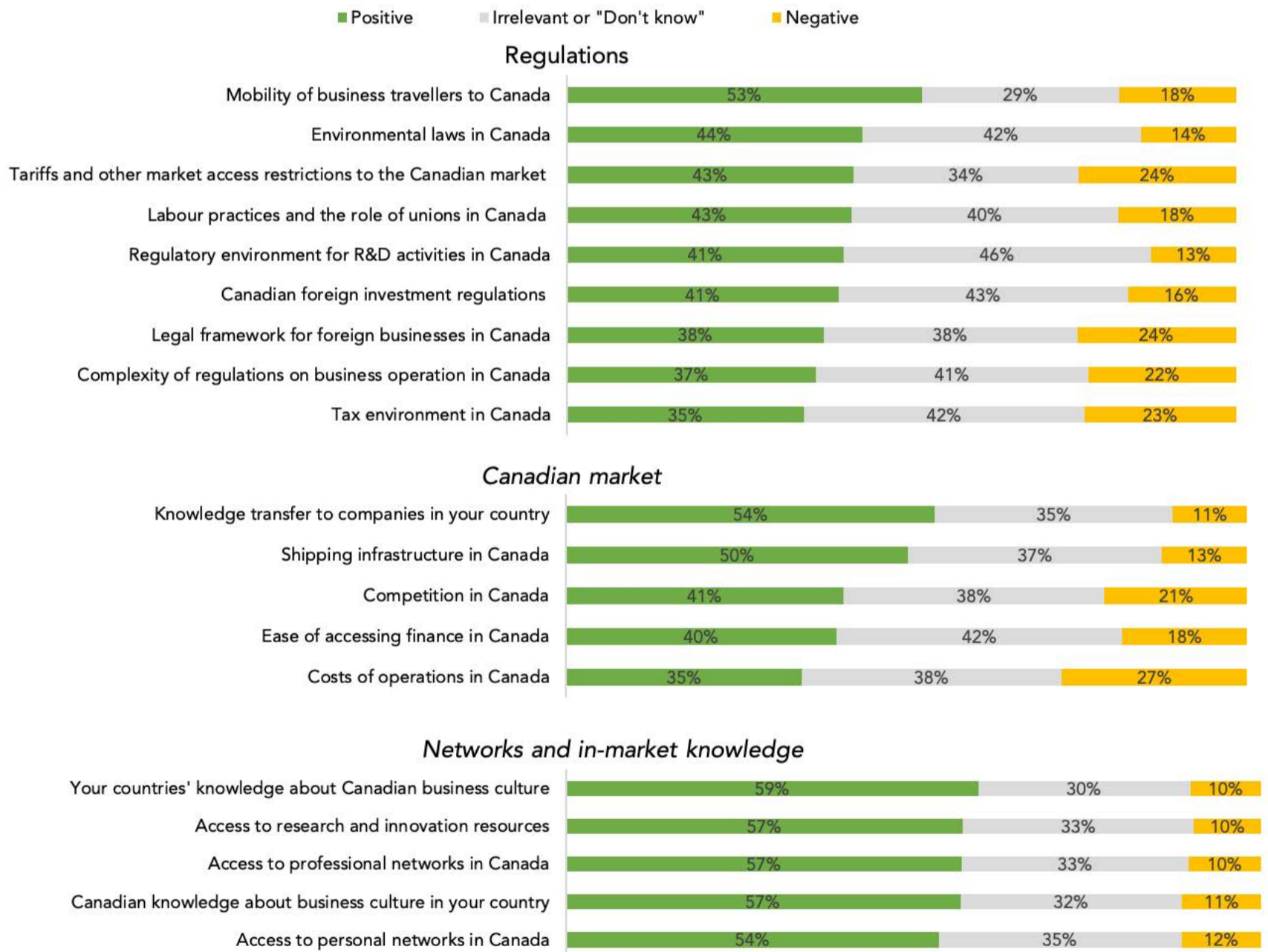
We also looked into responses for businesses of different sizes and revenue but did not find any significant variation in understanding based on those factors.

**Business leaders have a favourable view of the Canadian business environment for international business.** Companies perceive all 19 proposed factors affecting business in Canada as more positive than negative for their business. The factors belong to either of three broad categories: regulations, Canadian market, and networks and in-market knowledge (Figure 31).

Networks and in-market knowledge factors are positively perceived (around 56%), with the companies' country knowledge about the Canadian business culture the most positively perceived factor (59%) within this category. Overall, only about 10% of companies perceive any of the factors related to networks and knowledge negatively.

Regarding Canadian market factors, knowledge transfer to the companies' home countries is the most positive factor (54%). At the other end, the cost of operations in Canada is the most negative factor across all 19 factors, perceived as negative by 27% of businesses. There remain more companies viewing the costs of operations as a positive factor (35%).

**FIGURE 31** Factors related to Canadian regulations, the Canadian market, and networks



**Question:** Are the following positive factors, negative factors, or irrelevant for (respondents) companies to do business with Canada?  
**Base:** n=1,923 (respondents with some knowledge of the Canadian market).



Lastly, business leaders have a more positive than negative perception of factors related to regulations in Canada, including the tax environment. The mobility of business travellers to Canada, however, is the most positively perceived (53%) factor within this category.

In addition, different services and support are provided to foreign businesses by the government of Canada and its organizations (i.e., embassies, consulates, agencies) to facilitate business in Canada. Such services include online informational support through [the Government of Canada website](#), which provides extensive details on how to start and sustain a business in Canada. Furthermore, financial support in the form of a [Start-up Visa Program](#) is also drawing international attention, as observed by some of the policy experts from India, Japan, Singapore, South Korea, and Vietnam. An external trade specialist from Japan, Taigen N.\* noted that “some large Japanese companies realize that there’s good startup [ecosystem] in Canada that they can collaborate with.” Former Indian ambassador Neelam Deo, on the other hand, pointed out that both Canada and India have a vibrant startup culture and it would benefit both countries to make the relationship a more organic one by “cross-fertilization,” wherein businesses from each country invest in the other.



*Mobility of business travel to Canada is perceived positively by business leaders*

Source: Digital Vision on Getty Images

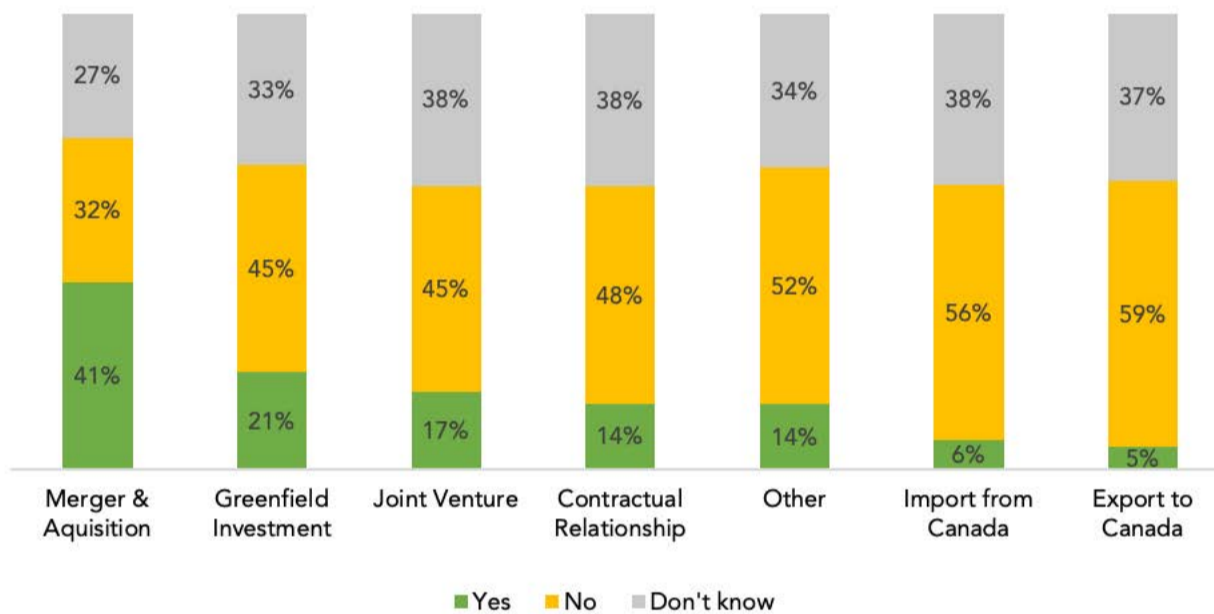
\* By request the name has been changed to maintain confidentiality of the interviewee.

## INVESTOR ATTITUDES

Companies that invested through a merger and acquisition (41%) or a greenfield deal (21%) in Canada are the most likely to have used support provided by the Canadian government. However, this is likely because there is more support available for them, notably in the form of programs supporting startups and investors. A substantial proportion of companies with joint ventures (17%) and contractual relationships (14%) with Canadian entities also report using support.

FIGURE 32

*Investors in Canada are the most likely to use support by the Government of Canada to facilitate their business*



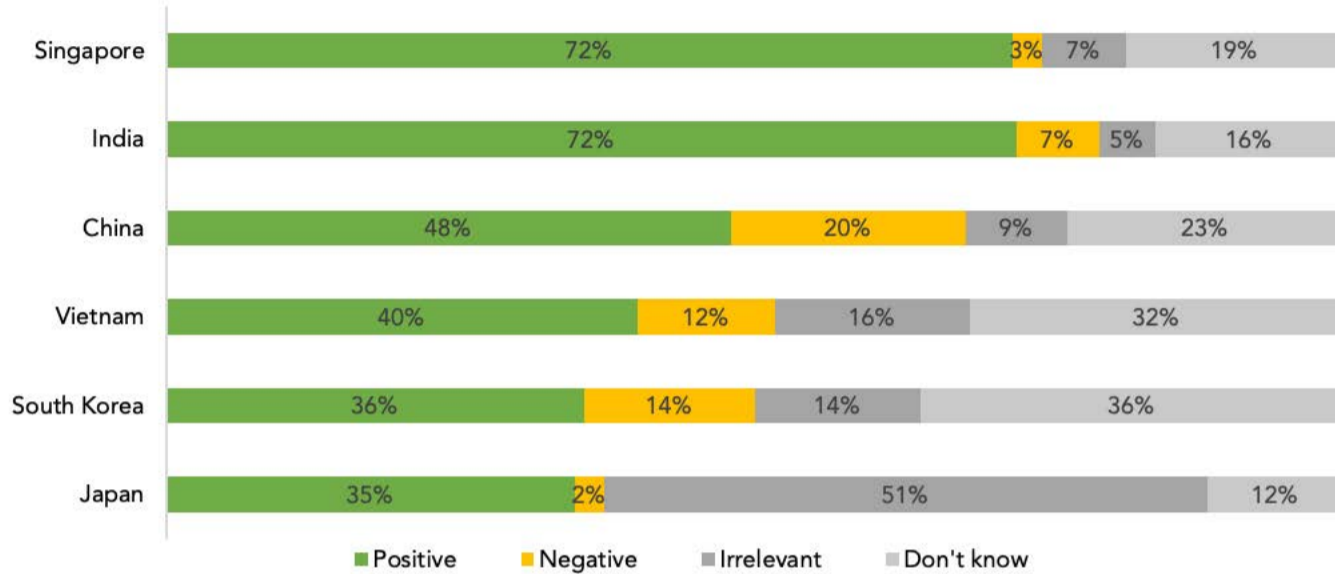
**Question:** Has your company used services or support provided by the Government of Canada or any of its embassies/consulates/agencies to facilitate your business?  
**Base:** Engaged in Canada; China (n=216), India (n=155), Japan (n=108), Singapore (n=131), South Korea (n=109), Vietnam (n=82).

**Most Indian and Singaporean companies believe their countries' trade policies and regulations on outbound investment are positive factors for doing business with Canada.** About 65% of companies in India, Singapore, and Vietnam are optimistic about their domestic policies for trading with Canada, while that is true for just over a third of companies in China and South Korea. In Japan, over 80% of companies think the policies are not relevant, which yields a very low level of positive (9%) or negative (2%) feelings toward those policies. More differences emerge when comparing responses of companies doing business in Canada to responses of companies not doing business in Canada (Figures 33 and 34). Companies generally perceive domestic trade and outbound investment policies more positively if they are doing business in Canada, perhaps because they are more aware of those

policies. On the contrary, Vietnamese companies stand out as having a much more positive perception (68%, see Figure 34) if they are not doing business in Canada (as opposed to 40%, Figure 33).

FIGURE 33

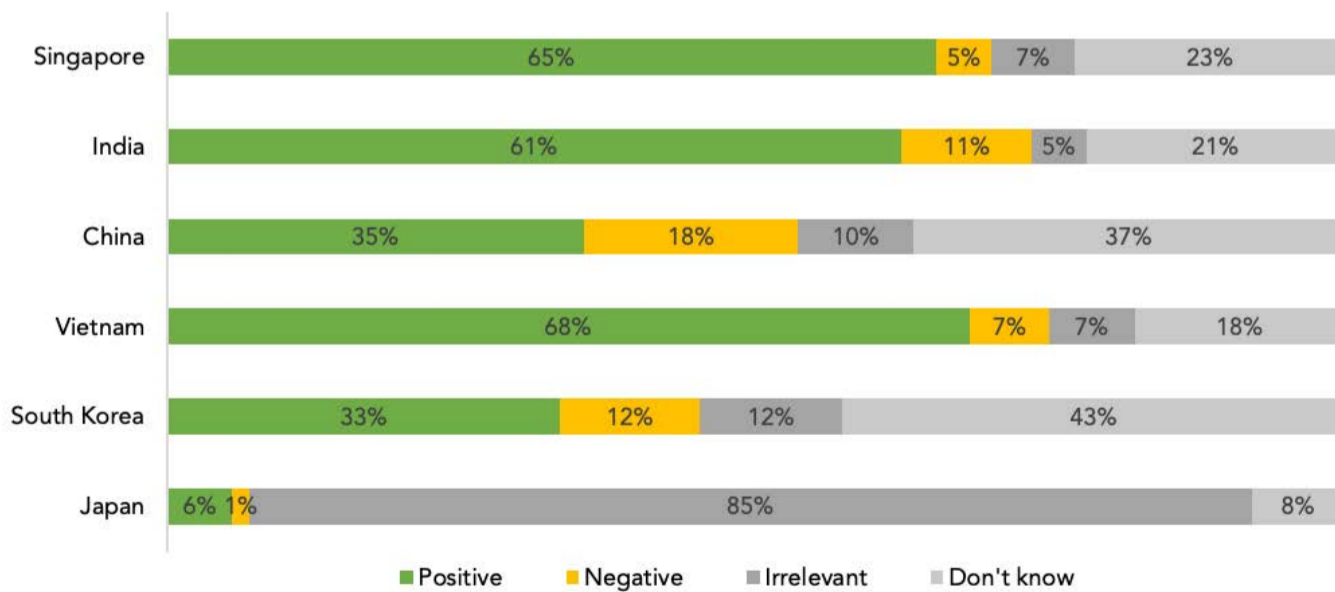
*Trade and outbound investment policies of home countries are generally positive factors for doing business in Canada*



**Question:** Thinking about your countries' Trade and Investment Policies and Regulations, are the following positive or negative factors for Chinese companies to do business with Canada?  
**Base:** Companies engaged in Canadian market: China (n=245), India (n=169), Japan (n=123), Singapore (n=135), South Korea (n=121), Vietnam (n=86).

FIGURE 34

*In Vietnam and Japan, companies not doing business in Canada have a vastly different perception of domestic policies than their counterparts*



**Question:** Thinking about your countries' Trade and Investment Policies and Regulations, are the following positive or negative factors for Chinese companies to do business with Canada?  
**Base:** Companies NOT engaged in Canadian market: China (n=884), India (n=940), Japan (n=970), Singapore (n=949), Korea (n=967), Vietnam (n=1,029).

## Policy Experts on Barriers to Economic Engagement

To further our understanding of the barriers that Asian businesses face when considering operating in Canada, we asked policy experts for their opinions. Broadly speaking, the concerns can be categorized as economic, political, cultural, regulation, and geographical barriers.

In terms of **economic barriers**, one of the biggest concerns shared by experts from each country was related to CUSMA. As Singaporean academic Kishore Madhubani noted, “the biggest penalty that Canada has paid for its close relationship with the US is that it has been forced to sign up to a deal (CUSMA) which has a poison pill. If Canada negotiates a trade deal with China, the US can unilaterally leave USMCA. It will be very difficult for Canada to diversify (away from the US), but it is very dangerous to have 80 to 90 percent of your trade with one country.”

Some of the other concerns coming from experts from each of the six countries were related to the cost of labour, commodities, and living in Canada; Canada’s agricultural subsidies/protectionism; and Canada’s value chain role. Dr. Nakgyoon Choi, a senior research fellow at the Korea Institute for International Economic Policy (KIEP), while discussing some of KIEP’s research findings on the examination of the global value chains by regional clusters, said, “China, the US, and Germany have been identified as ‘hub’ countries. Canada and Mexico are ‘spoke’ countries around the USA. Korea is spoke country around China. Being part of different clusters, Korea and Canada have only small degrees of backward/forward linkages with each other, and there is little impact of Korean trade with Canada. And not surprisingly, there is only a very small amount of value chain investment in each other.” Global value chains are essentially used to describe the system of networks, involving more than one country, that are engaged in a sequence of functional activities required in the process of value creation.

Situating Canada’s position within India’s trade and investment networks, IIFT professor Ram Singh made similar observations. “Canada is not on India’s top 25 list of import sources or export destinations. The priority for India is to either seek trade complementarity, a win-win reciprocal level of trade, or take a

position in a value chain (e.g., yarn-fabric-clothing). Such a value chain factor is missing in India-Canada trade and Canada is not a big final destination market. Consequently, there is not much elasticity in potential growth.”

For Singaporean experts like Alex Capri and Malcolm Cook, Canada being a part of the US value chain poses significant risks for the Southeast Asian country. “Singapore, like Canada, is a pawn in the US-China geopolitical rivalry. It may be especially vulnerable given its deep integration into global value chains and its increasingly close economic relationship with China,” said Capri. He also observed that Canada is opening itself up to collateral damage due to its dependence on the United States.

Speaking about **cultural barriers**, experts from Japan, South Korea, and Singapore reflected that businesspeople in their country perceive the Canadian business culture as very similar to that in the United States. Meanwhile, Indian and Vietnamese experts asserted their country’s desire and intentions to know more about Canada. Furthermore, both Chinese and Indian policy experts identified the Canadian business mindset as problematic: while the Chinese experts perceived Canada to be less responsive toward engagement, Indian experts underscored Canada’s large trade and investment relations with the United States, which can be a deterrent to engagement with other countries, particularly those located across the Pacific.

In terms of **networks**, Chinese experts felt that it is not a major obstacle, while Japanese experts claimed that access to government or professional organizations is not that difficult for large organizations, but not easy for smaller or medium-size businesses, some of whom may not even be aware of various business associations and chambers of commerce. By way of personal networks, both Chinese and Indian experts indicated that their countries have a large diaspora in Canada, and Canada should explore how best to use those networks to advance inward trade and investment. The diaspora population coming into Canada may provide excellent messengers for extending and building relationships of trust and mutual benefit. As South Korean policy expert Yeongkwan Song from the Korea Development Institute (KDI) stated, “we don’t know that much about Canada, relative to the US. Now that many young Koreans study in Canada, the younger Korean generation has better knowledge about Canada than the middle-aged generation. So I think future

is bright. Many Canadians come to Korea to teach English. The movement between the two countries is relatively good, which means a bright future even though we currently don't know much about Canada, and Canada doesn't know much about Korea.”

Complexity of regulations and procedures for business operations in Canada was identified as a big issue by almost all experts from each country, but mostly emphasized by Japanese policy experts as they underscored how the Japanese find the Canadian federal-provincial differences in regulations quite complex. They argue that regulations pertaining to Indigenous communities and the environment, and mobility of business travellers, also add to the problem. Others have a different opinion, such as Carlos Kuriyama from Singapore, who noted, “Doing business in Canada is not too cumbersome. It's mainly about understanding the market (e.g., the need for permits at the provincial level, including the need for French in Quebec). It's more about knowing and understanding the opportunities and how things work.”

Policy experts from India and Singapore noted that if Canada were looking to work with their country, there are some hurdles to be crossed in terms of their nation's foreign trade and investment regulations. “The Indian regulatory and business environment has permanently stunted a lot of SMEs. The average Indian business does not have a global outlook. There may be small niche businesses that can collaborate, but most would only have a rudimentary understanding of business in Canada. There is often a failure to think through the challenges to internationalization and growth. A lot of companies in India struggle with the issue of scale and it's only when you achieve a certain scale that global ambitions come into play,” said Pritika Hingorani, the IDFC Institute Director. Hingorani's thoughts are not without reason as India has a known history in terms of [protectionism](#) and high tariffs, which has led the country's reputation to be built up as “pro-investment and anti-trade.”

**Geographically**, the distance between Canada and each of the Asian countries surveyed was an important factor for almost all policy experts. The lack of a direct logistics gateway, which in turn affects the transportation infrastructure, makes engagement with Canada considerably more difficult and expensive

according to some of the experts. As noted by Taigen N.\*\* when discussing how engagement opportunities with Canada, particularly with regard to natural resources, can affect Japan: “Actually Japanese can benefit by importing directly from Canada than the US. As it takes less time to import from Canada, but if there’s no pipeline, we still have to go through the US and it takes extra time and more money too.”

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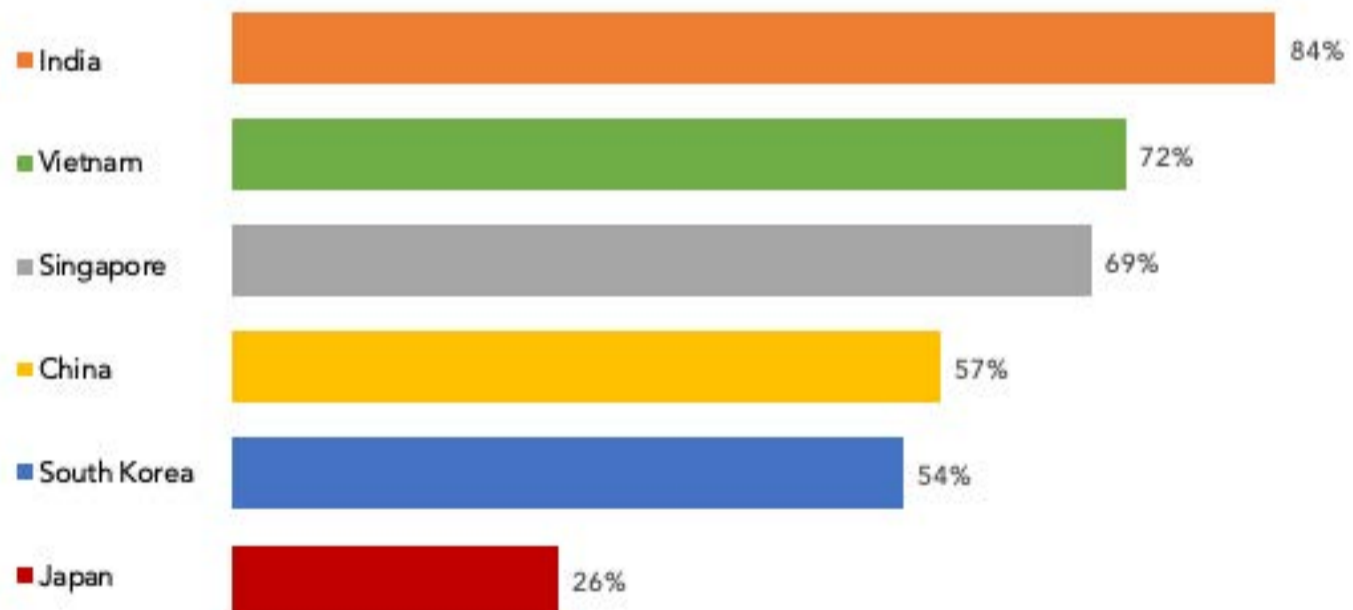
\* By request the name has been changed to maintain confidentiality of the interviewee.

## PRIORITIES OF ECONOMIC ENGAGEMENT

**B**usiness leaders from India and Vietnam perceive their countries' economic relations with Canada as important for the prosperity of their business sector. Respondents rated the importance of their country's economic relations with 9 or 10 international markets (excluding their own country), namely Canada, the United States, China, India, Japan, South Korea, Australia, the United Kingdom, the European Union, and Southeast Asia. For 84% of the Indian business leaders and 72% of Vietnamese leaders, Canada's economic relations with their respective countries is important for their sector (Figure 35). On the other side of the spectrum, only 26% of Japanese businesses place importance in their country's economic relations with Canada.

FIGURE 35

### Importance of economic relations with Canada



Question: Is your country's economic relations with the following countries or regions important or not important to your industry?  
 Base: n=6,600 (all respondents).

Exploring the respondents' attitudes toward different international markets tells another story as business leaders from some countries perceive all (or

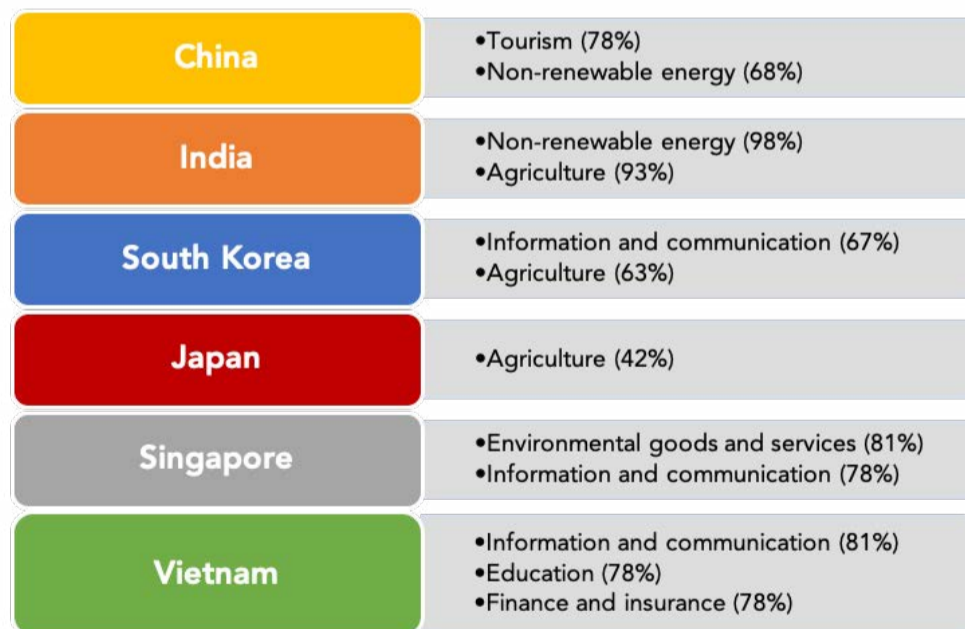


most) international markets as important for their country. Notably, even though a substantial share of respondents from India (84%), Vietnam (72%), and Singapore (69%) identify Canada as an important market, they also recognize other international markets and relations with them as important. Similarly, while only 26% of Japanese companies think their governments' economic relations with Canada are important for their sector, they are largely indifferent to other markets as well, such as Australia (28%), the United Kingdom (30%), and India (33%).

**Companies in the agriculture, tourism, and environmental goods and services sectors are the most likely to recognize the importance of their countries having good economic relations with Canada.** The importance of international economic co-operation with Canada varies not only by country but by sector of operation as well. Overall, the Canadian market is most important for the agriculture (63%), tourism (63%), and environmental goods and services (63%) sectors, and least important for the cleantech (56%) and health care (55%) sectors. The table below shows the sector for which the Canadian market is most important in each country.

FIGURE 36

*Top sectors to recognize the importance of their countries' economic relations with Canada for Asian markets*



**Question:** Are your country's economic relations with Canada important or not important to your industry?  
**Base:** All respondents (n=6,600).

*84% of Indian respondents valued their nations' economic relationship with Canada as 'important' for their sectors*



Source: Photo by Mango-Star Studio on Getty Images

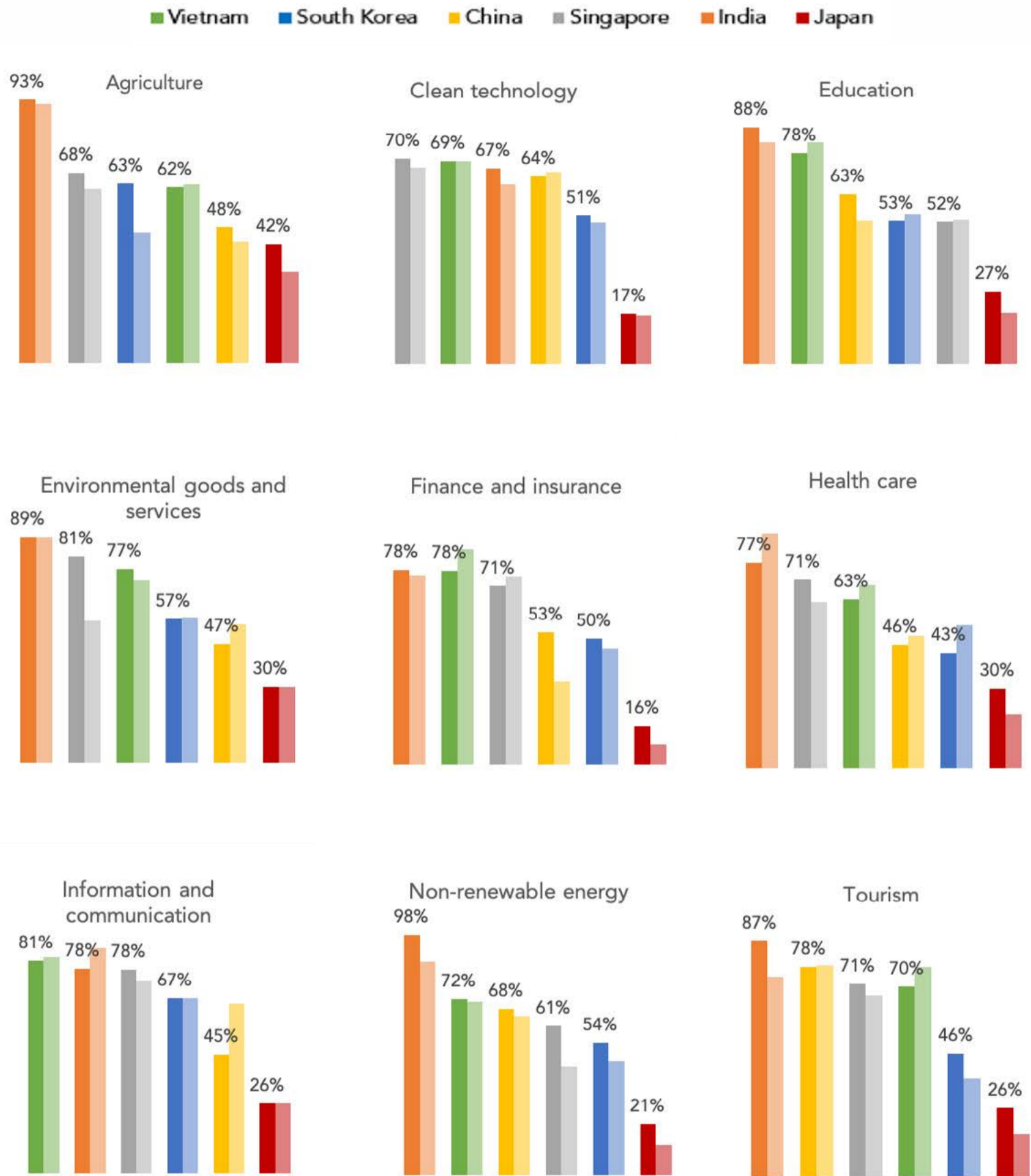
Furthermore, respondents were asked, in a separate question, whether they think their sector has the potential for international economic engagement with Canada. It was interesting to note that there is a strong positive correlation in responses regarding the “potential” and the “importance” of the Canadian market, meaning if respondents considered the Canadian market to be important, they were also likely to consider it as having great potential.\*

However, there are some notable differences in the number of respondents identifying a sector as “potential” and “important.” First, in the Chinese information and telecommunication sector, only 45% of companies think international co-operation with Canada is important, while 65% think there is potential for co-operation. The opposite is true in China’s finance and insurance sector, where the importance of co-operation with Canada is greater (53%) than the believed potential for economic co-operation in the sector (33%). Second, in Singapore’s environmental goods and services sector, Canada is deemed important by 82% of companies, but only 56% believe there is potential for economic engagement. Similarly, 63% of companies in the South Korean agriculture sector think co-operation with Canada is important, and only 46% believe there is potential for economic co-operation.

\* Correlaton is significant at the 0.01 level (2-tailed).

FIGURE 37

Across all sectors, Indian companies believe their country's economic relations with Canada are important for their industry



Q: Are your country's economic relations with Canada important or not important to your industry?

Q: Do you think your industry has potential or not for international economic engagement with Canada?

Base: n=6,600 (all respondents).

## Engaging with Indigenous Canada

Understanding of Indigenous people and their importance varies by country. In a similar train of thought, according to most policy experts, there is a resounding lack of knowledge among Asian countries about the Indigenous peoples of Canada and their importance. “China thinks of Canada as a white country. In China, Canada’s approach to Indigenous people is not the way things are handled. In China, the minorities have certain rights, but the approach is different. In China the emphasis is more on the political and education, and sometimes economic benefits,” said Jacob C.\*, a law professor. Some of the experts also made a direct correlation between education levels and knowledge about the Indigenous population, such as Alex Capri of the National University of Singapore, who said, “Only a very well-educated Singaporean person would have even heard about this issue.”

Indian experts also put forward a similar argument and pointed out how businesses often lack information about their own country’s Indigenous populations, let alone Indigenous populations in Canada. The Indigenous people in India, who are sometimes called *Adivasis* and are officially categorized as scheduled tribes and castes, are primarily associated with land and forestry resources in the country. But socio-culturally, Indians have very little knowledge about the Adivasi population and often fail to identify them as Indigenous to the land. Some of the islands in India, particularly within the Andaman and Nicobar Islands, still boast large Indigenous populations relatively isolated from the rest of society.

“I don’t think businesspeople are very knowledgeable. There’s a man from Mitsubishi who ran the LNG Canada in Alberta for about six years, and he was saying that even after six years there, he has a lot to learn about the politics of the Indigenous people,” said Satoshi N.\* of Japan. It is possible that larger trading organizations and business associations are better aware of the Canadian Indigenous businesses. Taigen N.\*, who is part of a large trading organization in Japan, reflected that they are aware of the Indigenous people of Canada. “In Japan we also have Indigenous people in Hokkaido, but for doing business or business processes I think in Canada they have too much power and the government pays too much attention to the Indigenous people. It affects business opportunities thus negatively affects [business].”

\* By request the name has been changed to maintain confidentiality of the interviewee.

South Korean professor Yeongkwan Song felt that knowing more about Indigenous people in Canada can be a learning point for their own country. “I don’t think Korean businesspeople would have much idea about this (Indigenous people). But it is an area in which Canada could usefully teach us about how to manage this type of internal conflict. The relationship between South and North Korea will be an issue for some time as we move to combine the two parts of Korea. We can expect conflict and turmoil and Canada’s experience could be very important.”

## FINANCIAL AND POLICY CHALLENGES

Some of the Chinese experts pointed out that dealing with Indigenous communities is a domestic issue in Canada and it should not interfere with international regulations. “In my opinion, it is more of a domestic issue, than an international issue. Canada can only have one investment rule, one investment policy. You can’t ask Chinese investment [companies] to deal with local Indigenous people. The Canadian government must solve the issue. If the Canadian government can’t solve it, how about Chinese businessmen? Sometimes, there are some reports about Indigenous [issues], territory [issues], and resources. We know that it’s very complex. In Canada, Australia, even the US. But I think this is an internal issue. If it can totally be open, then maybe Chinese firms can start investment,” said Chinese economist Stephen S.\*

Canadian court decisions and government policy changes have empowered Indigenous communities and given them key roles in natural resource development. Reflecting on that, Adam J.\* of China said, “It will increase the difficulty, risk, and cost of investment. The first problem is likely to be that the company can’t do it [the project] at all, because local residents don’t care about GDP and economic development. Second, local residents may make many demands, and the number of stakeholders will increase and costs will rise.”

## RELATIONSHIP BUILDING

Experts’ suggestions for relationship building ranged from sending Canadian representatives to the various Asian countries and providing details about Indigenous people and their businesses, to sending Asian students and youth to

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\* By request the name has been changed to maintain confidentiality of the interviewee.

Canada for education and exchange programs so that they bring back cultural expertise about Canada and join high ranks within the ministries of Asian countries and influence decision-making processes. “Given that both sides have Indigenous people, it should be easier to communicate on this issue. At the cultural level, Vietnam could work with Canada on sharing practices on mechanisms to support Indigenous groups. In the past years, Vietnam has started a number of programs on cultural exchange for youth, women, and ethnic minorities between Vietnam and ASEAN, Vietnam and Japan, and Vietnam and South Korea. Collaboration between Vietnam and Canada on Indigenous people may not be unprecedented,” observed Nguyen Anh Duong.

Furthermore, there was stress on devising a collaborative agenda to move forward – one that takes into account international viewpoints on trade and investment with Indigenous people.

“I was told that considering the energy issues, there’s a view from the First Nations and there’s a view from the environmental protectionists; there are also views from some developments. But no view from the international committee is included. So simply, I ask that all the views be put on the table so that we can take all of them into consideration. And because [of] that, I said it is very difficult to do [business] with Canada because it lacks a national energy strategy. It existed once, but it didn’t work because of the federal system,” said former Japanese ambassador to Canada, Kenjiro Monji.

## ENGAGEMENT AREAS

In terms of engagement areas, most Asian experts with some knowledge about Indigenous people in Canada suggested that energy and eco-tourism would be prime sectors to collaborate on. “Some Singaporeans want new experiences in life and will be interested to visit Canada’s Indigenous communities. For example, a winter excursion in the Yukon. The richest market segment in Singapore looks for exotic goods and ornaments. It could be natural salmon. There will be some niche markets,” said Carlos Kuriyama.

Teruko Wada of Keidanren further indicated that infrastructure development and improvement could also be potential areas of engagement. “Personally, I think it’s important to respect the cultures, but if they want to make money they have to compromise somewhere.”

## Approaches to Deeper Engagement

While the Asian countries surveyed in this project have very different socio-political environments and therefore have different approaches to deepen engagement, some of the common recommendations made by policy experts from each country can broadly be classified as follows:

- Conduct trade and investment missions (both to and from Canada);
- Reduce trade and investment barriers; and
- Enhance political friendships and bilateral partnerships.

It is pertinent to recognize that none of these categories are mutually exclusive, but rather they are interdependent. Conducting trade and investment missions from Canada to Asian countries not only increases market knowledge but also enhances political friendship, which can move beyond economic engagement. To provide more tailored suggestions for each individual country, the most common suggestions from policy experts representing each country have been outlined below.

### CHINA

Common recommendations from Chinese policy experts include enhancing mobility, bilateral talks and enhancing political friendship, conducting trade and investment missions, reducing trade and investment barriers, and reducing international policy complexities.

Enhancing mobility referred not only to easier visa processing systems for foreign workers and scholars, for both countries, but also investor visa programs that would allow for entrepreneurship and innovation in Canada. By way of example, experts referred to the Australian Significant Investor Program. Interestingly, Canada did have an immigrant investor program, but it was terminated by the Canadian federal government in 2014 as it [failed to generate sufficient economic benefits for Canada](#).

Understandably, enhanced mobility would also allow Chinese investors and workers to come to Canada easily. “We can conduct bilateral exchanges through two-track diplomacy. The first track is government-to-government, Ministry of Foreign Affairs to Ministry of Foreign Affairs; the second track is

through collaboration with Chinese universities,” observed Tom X.,\* a professor of Canadian studies in China. He also cautioned that the two countries’ political, economic, and people exchange relations are interdependent, and an imbalance on any one front can have effects on the others.

Further elaborating on collaboration and enhanced political friendship, economist Stephen S.\*\* suggested that both governments need to be more open to encourage investments in each country. “China should encourage more local companies to invest in or trade with Canada. It is very important for both governments to be open-minded and to encourage investment from the other side. Canada was a haven for multinational investment. But now Canada has changed [ruined] it. Both countries must welcome investment from outside world. If [investment comes] from US, Canada is very welcome. But if it is from China, it becomes a challenge. This is very important. It is the same for US, for EU, for Japan, but for China it became a big challenge. So it is important [for both governments] to encourage and facilitate investment. And the most important thing is to be open-minded. You mustn’t think about the differences between Chinese investment and US investment. Canada shouldn’t discriminate.”

## INDIA

Indian experts largely referred to bilateral talks and enhancing political friendship, enhancing mobility through visa and international mobility agreements, conducting trade and investment missions, government promotion, and reducing trade and investment barriers as possible approaches for deeper engagement. However, considering the tense political relations and the 2018 reception of Prime Minister Justin Trudeau in India, experts suggested a more strategic approach to engaging with the world’s largest democracy. “More policy discourse and signalling [of strategic intent] from Canada is needed especially in relation to India’s Act East Policy.\* Sharing of maritime expertise would be useful,” said Harinder Sekhon of the Vivekananda International Foundation.

Similarly, ambassador Neelam Deo suggested that Canada and India need to move forward and leave behind old issues, including discussion points for an FTA. “More fruitfully for both countries would be to agree to an investment

\* By request the name has been changed to maintain confidentiality of the interviewee

\*\* The Act East Policy aims to increase economic and military ties with the ASEAN countries and countries that are to the east of India.



protection arrangement for both countries. Maybe [collaborate] on IPR [intellectual property rights] – even IPR regimes have to change. You can't have a patent law that is 150 years old; it does not make any sense anymore, especially in areas like pharmaceuticals. More discussions on collaboration on space or new technologies and less on tariffs on beef (which should go away anyway). Both governments would do better to move on from old economic issues.”

The two countries need to work on their diplomatic relations with strategic intent and at the same time negotiate trade deals that are mutually beneficial, as opposed to agreements that seem to end at an impasse. Trade and investment missions may be an excellent way to demonstrate and build awareness about Canadian companies and opportunities. Pritika Hingorani, however, suggests that the missions should be more focused at the state level and occur in a more targeted fashion, rather than being generalized. Enhanced two-way mobility of workers and investors can further enable the two countries to build bridges.

## JAPAN

Quite a few of the Japanese experts emphasized on the need for the two countries to make use of their 90-year-old diplomatic relations and build on that. Similar to China and India, Japanese experts also suggested the use of trade and investment missions to build awareness and market knowledge about Canadian firms and opportunities.

Keidanren deputy director Teruko Wada suggested following in the footsteps of the United States and engaging at a more local level rather than nationally: “I recall that each US state would send delegations to promote themselves to Japanese businesses. And they also participate in trade shows throughout Japan (not just Tokyo). So if each province or state is interested, it could be good to bring a trade show around Japan, to local areas to show what business opportunities are there in Canada. And there are many competitive SME industries in Japan that may be located near Nagoya, Osaka, Kyushu, or Hokkaido. One state has done trade shows, once in Hokkaido, once in Sendai, Tokyo, Nagoya, Osaka, Kyushu, and Hiroshima, etc. They select the big cities in each area/region to conduct seminars on how attractive their state is [and what they offer], like no income tax or no need to pay VAT. In Japan, 99% of companies are SMEs located outside of Tokyo. They are competitive, they have great skills. They have a lot of room for growth. But they are bad at marketing. It's a pity.

They only look at the technology, but they do not have the business mind to sell the businesses. If they have people with good skills to help sell the business, they could expand. They have great engineers, but not great salesmen.”

Among other suggested approaches were government promotions of trade and investment opportunities, enhancing political friendships, and reducing trade and investment barriers. Former Japanese ambassador to Canada Kenjiro Monji suggested the reduction and removal of “administrative obstacles and red tape, like overly long assessments for environmental impact.” The CPTPP agreement arguably helps with this approach and also includes provisions for environmental protection.

According to some of the experts, the shared political objectives and policies can also lead to a collaborative role in multilateral partnerships, such as the WTO, G7, and G20, that play a key role in global environmental and security issues and aim to achieve global prosperity. “Of course bilateral co-operation is important, but on the other hand we need to maintain the rules and the [multilateral] framework, including the US and hopefully China. If you [Canada] can lead, we can co-operate. If we lead, we will need your co-operation,” observed Haru O.<sup>\*</sup>, a ministry official with expertise in foreign affairs.

## SINGAPORE

Singapore also benefits from the CPTPP agreement with Canada, which helps to reduce trade and investment barriers. Experts further suggested that Canada should engage in bilateral talks, build business-to-business connections, and develop market knowledge, which in turn directly relates to organizing trade and investment missions to Singapore.

Many of the Singaporean experts were of the opinion that instead of the governments being involved, it should be the businesses from each country exploring potential areas of engagement with each other. “Canada selects the high-value items (e.g., ice wine) that can be air flown and sold at a profitable price. These are niche rather than mass market opportunities; we need to find a way to show each [other] our respective niche opportunities. In science and nascent technology we have A\*Star (Agency for Science, Technology and

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<sup>\*</sup> By request the name has been changed to maintain confidentiality of the interviewee.

Research); it could liaise with counterparts in Canada. Don't bring in the government types because then you get bogged down in bureaucracy and sometimes there is no follow up to G-to-G MOUs [government-to-government memorandums of understanding]. Make direct connections to the vendors, hospitals, researchers, etc.," said Ong Keng Yong, the executive deputy chair at the S. Rajaratnam School of International Studies, Nanyang University.

Yusof Ishak Institute's senior fellow Malcolm Cook further suggested that Canada needs to take a more active role in multilateral partnerships, such as hosting the APEC summit, which Canada last hosted in 1997.

## SOUTH KOREA

Experts on South Korean international trade relations echoed the need for Canadian trade and investment missions coming to the country. "If Canada wants to differentiate itself from the US, [it should] conduct more formal business delegations, youth exchanges, more involvement to set different images and ideas," said Hyun Jung Je and Helen Oh of KITA. On the other side, professor Yeongkwan Song suggested that South Korea should also facilitate trade and investment missions to Canada for Korean companies.

As stated earlier, trade and investment missions are also related to enhanced mobility agreements and building market knowledge. The vice chair and CEO of the Federation of Korean Industries (FKI), Tae-shin Kwon, felt the same and said, "Canada should put more effort into its advertising and PR about the business climate in Canada. This is still not well-known to Korean businesspeople.

They should connect with private institutions like FKI and KITA, share more information and strengthen ties. The children of Korean immigrants in Canada may also be useful in developing the relationship." The Asian diaspora in Canada has been identified as one of its strengths and various experts touch on the possibilities it brings forth for deeper engagement, including building market knowledge, awareness, and networks.

South Korean experts also identified the strong presence of chaebol and other large business conglomerates (generally family owned) in their economy. While the Korean economy stands dependent on the chaebol, Tony Michell suggests that working with the chaebol, as opposed to running parallel or against it, will be beneficial for building bilateral partnerships, entrepreneurship, and innovation.

“One potential strategy would be for Canada to align with a single chaebol across all the relevant sectors, e.g., for SK Group [95 subsidiary companies] medical, electronics, culture, etc.”

## VIETNAM

Vietnamese experts had few – but very strong – suggestions for approaches to deepen engagement, the primary being the organization of trade and investment missions. “Canada could organize some business missions or allocate more budget from the Canadian government for market research surveys or for business trips to Vietnam. SMEs sitting in Canada and searching on the internet will never know what Vietnam is really like – if they just come one or two times and they will know. Some people think that Vietnam is still a poor country, or still at war,” said Nguyen Van Tuan of the Vietnam Chamber of Commerce and Industry (VCCI). He further added that in reciprocation, VCCI would also send visiting delegations to Canada as Vietnam aims to grow its business and international trade.

Considering the opportunities that CPTPP brings forth, Vietnamese experts further stressed entrepreneurship and innovation, wherein Canada invests in Vietnam, an economy that is heavily dependent on SMEs. Furthermore, bilateral talks and participation were other suggested approaches. “Our government will revise a lot of laws and regulations in order to make them more transparent and meet the requirements of the CPTPP. Canada could be a very good advisor on this process. We would also encourage the participation of the business community to help create a better business environment. Canada could help with [be included in] a drafting group. When Vietnam revised its SME laws, it had an expert from Japan sit on the drafting board. So why not Canada sends its experts,” said Le Thi Thu Thuy, the deputy director of Small and Medium-sized Enterprises Promotion Center and a member of the VCCI.

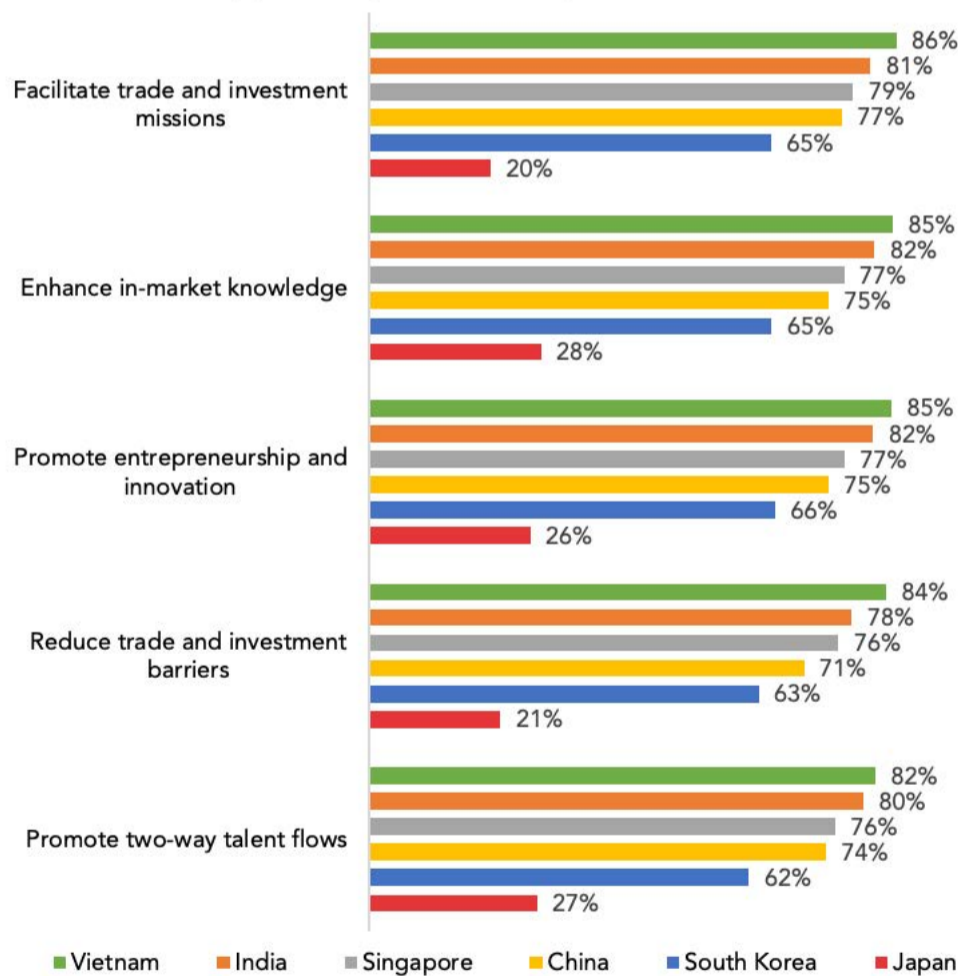
# ROLE OF GOVERNMENTS

## Expanded Trade: Policies and Concerns

**G**overnments play an important role in cross-country business relationships, with the power to incentivize trade and investment through tariffs, taxes, and other regulations, and the power to facilitate trade and investment through training and marketing, among others.

FIGURE 38

Support for policies to expand trade relations

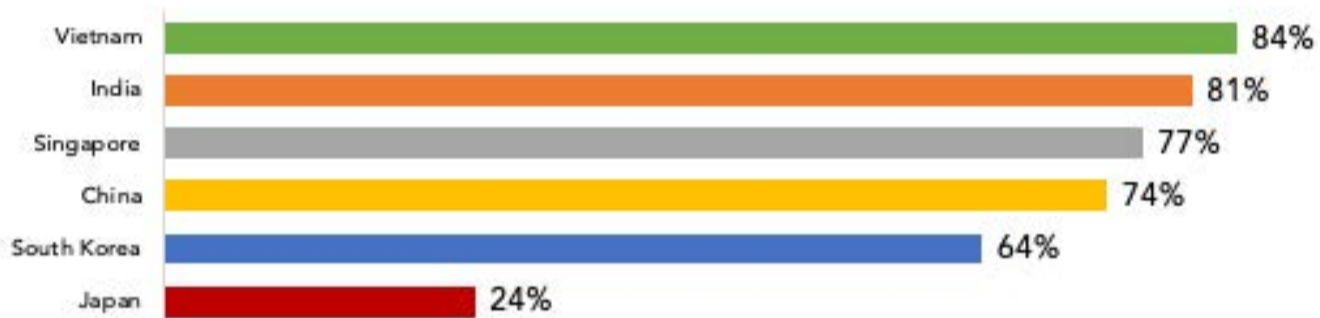


**Question:** Do you agree that the following measures be taken by governments to enhance the economic relationship between Canada and your country?  
**Base:** n=6,600 (all respondents).

**Most Asian business leaders expressed strong support for bilateral measures intended to enhance their countries' relationships with Canada.**

While the level of support varies greatly by country (Figure 39), there is barely any variation in support for the different policies within these countries (Figure 38). For example, Japan exhibits consistently low support for each policy, irrespective of its aim, while Vietnam exhibits strong support for all policies. An overall look at the cross-country variation in support for measures enhancing the economic relationship with Canada shows that a majority of companies in Vietnam (84%), India (81%), Singapore (77%), China (74%), and South Korea (64%) support such measures. For its part, support from Japanese companies is low, at 24%.

**FIGURE 39**  
Support for measures enhancing economic relations with Canada varies by country



**Question:** Would you agree or disagree that the following measures should be taken by governments to enhance the economic relationship between Canada and your country?  
**Base:** n=6,600 (all respondents).

On average, 69% of companies support enhancing in-market knowledge, 69% support promoting entrepreneurship and innovation, and 68% support facilitating trade and investment missions (Figure 40). Promoting two-way talent flows (67%) and reducing trade and investment barriers (66%) also receive similar, high support.

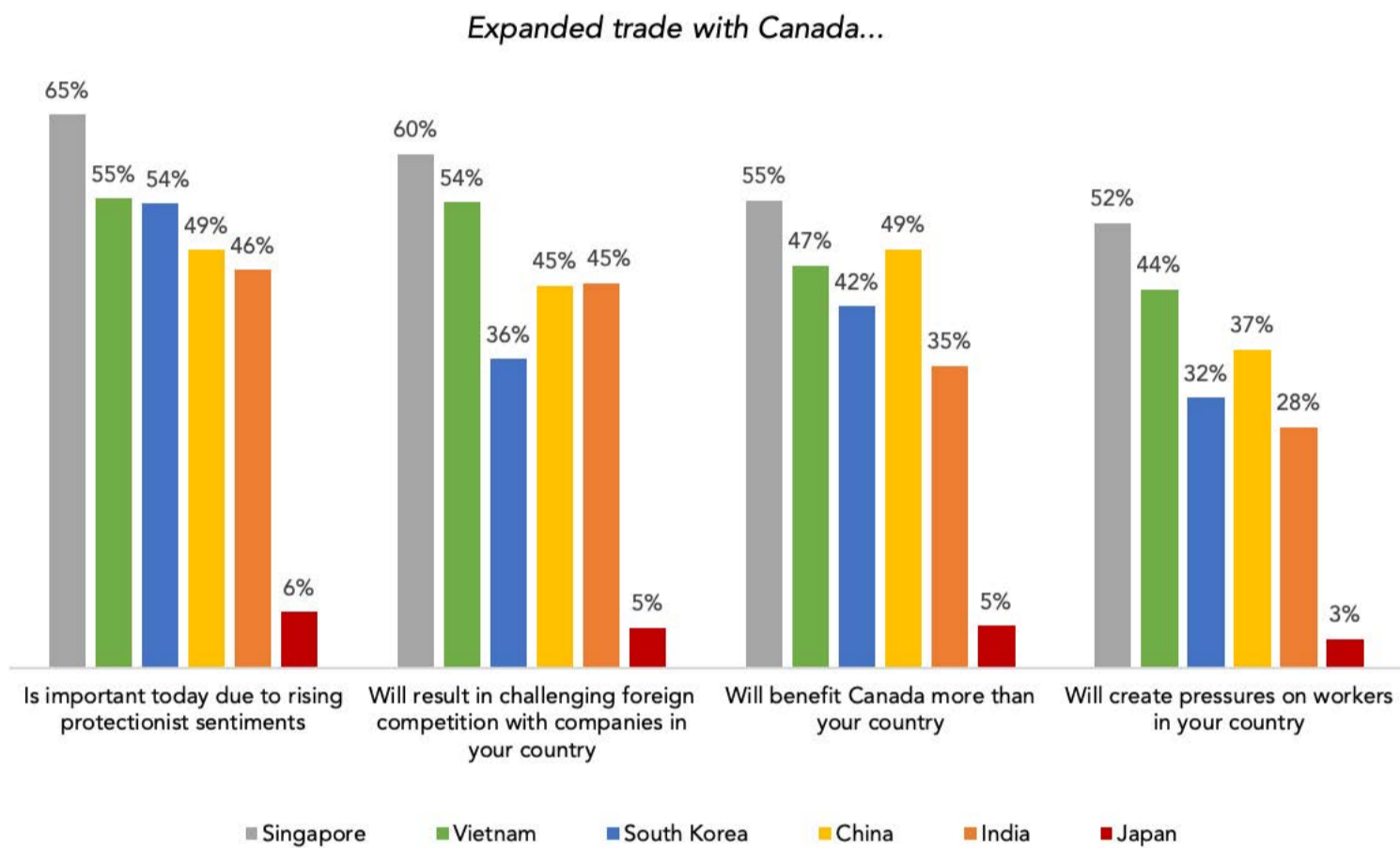
**FIGURE 40**  
Companies support measures to enhance economic relations with Canada, but are indifferent between various measures



**Question:** Would you agree or disagree that the following measures should be taken by governments to enhance the economic relationship between Canada and your country?  
**Base:** n=6,600 (all respondents).

**A closer look at companies’ concerns related to economic engagement with Canada could shed light on the variations in support for these policies, but that is not the case here.** In fact, Japanese companies are by far the least concerned about increased competition from Canadian companies (5%) and possible increased pressures on Japanese workers (3%). Also, only 5% of them are concerned that expanded trade would benefit Canada more than Japan (Figure 41).

FIGURE 41




**Question:** Your country has been seeking a stronger trade relationship with Canada. Do you agree or disagree with the following statements?

**Base:** n=6,600 (all respondents).

On the other hand, Singaporean companies are the most concerned, followed by Vietnamese and Chinese companies. Specifically, 60% of Singaporean companies are concerned that expanded trade with Canada will result in challenging competition for domestic companies, 52% of Singaporean companies share concerns about pressures on domestic workers, and 55% of Singaporean companies are concerned that Canada will benefit more from expanded trade than their country will. Finally, about 65% of Singaporean companies believe that expanded trade with Canada is important in light of the protectionist sentiments in the United States and Europe, whereas only 6% of Japanese companies agree with this.

## Free Trade Agreements

Of the six Asian countries considered for the business survey, only South Korea has signed a bilateral FTA with Canada thus far. The CKFTA became effective in 2015, and tariffs on trade have been removed progressively since then. Apart from that, Canada, Japan, Singapore, and Vietnam signed a mega free trade agreement – the CPTPP – in 2018, and the tenth round of negotiations for a proposed India-Canada Comprehensive Economic Partnership Agreements (CEPA) took place in New Delhi in August 2017.



*Tariffs on trade between South Korea and Canada have been gradually removed since the 2015 CKFTA*

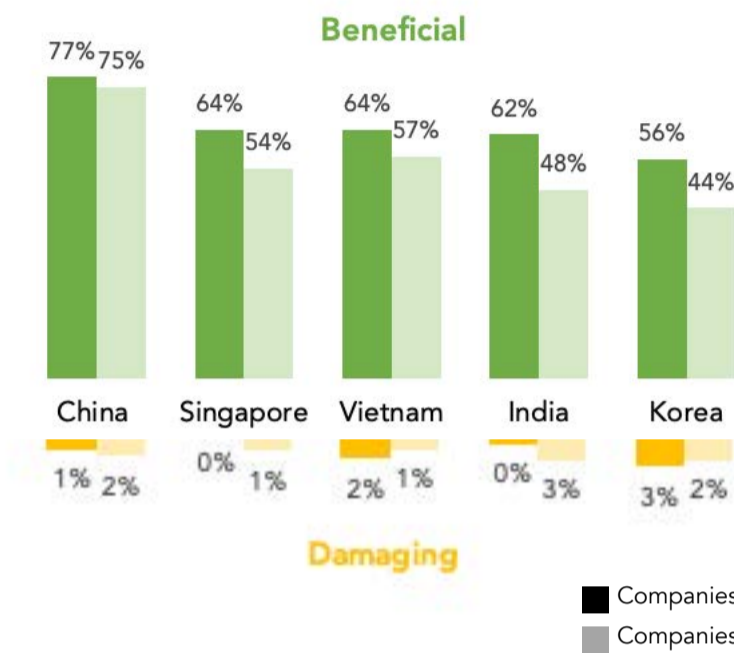
Source: Photo by Mango-Star Studio on Getty Images

**The majority of South Korean companies (56%) engaged in Canada, as of 2019, believe the FTA has a beneficial effect on their business.** On the other hand, companies engaged in the Canadian market from China (77%), Singapore (64%), Vietnam (64%), and India (62%) believe an FTA with Canada would be more beneficial for their business than Korean companies do (Figure 42). Across all countries, there remains a very low proportion of companies (ranging from 1% to 3%) that believe an FTA with Canada would be damaging to their company. Moreover, companies not engaged in the Canadian market also believe an FTA with Canada would be beneficial for their company, although 10 percentage points less in comparison to the Canada-experienced companies. The comparatively lower numbers for South Korea may be explained by South Korea's preference to invest in less-developed or under-developed countries, unlike Canada, as observed by one South Korean expert.



FIGURE 42

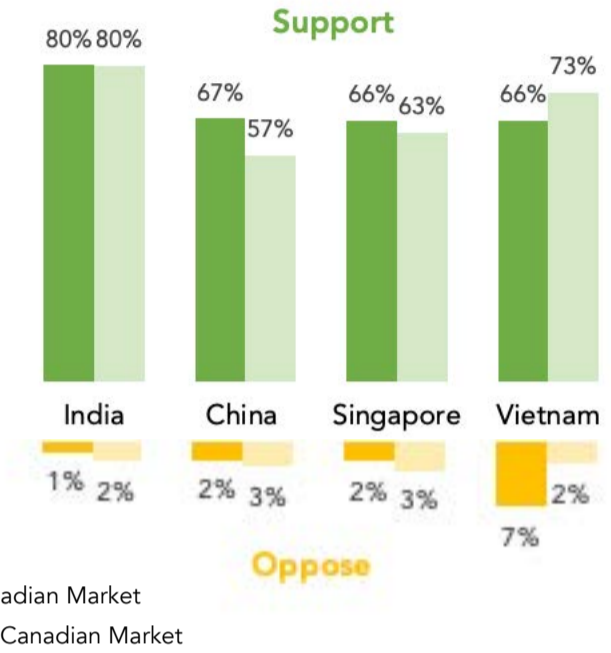
Companies anticipate an FTA between their country and Canada would be beneficial for their business



**Question:** Do you think that an FTA would be beneficial or damaging to the business of your company? (Bilateral for India and China/ASEAN-Canada FTA for Singapore and Vietnam/CKFTA for South Korea)  
**Base:** Companies engaged in the Canadian market (n=758) and companies not engaged in the Canadian market (n=5,737).

FIGURE 43

Companies would support their country entering into an FTA with Canada



**Question:** Would you support or oppose your country entering into an FTA with Canada? (Bilateral for India and China/ASEAN-Canada FTA for Singapore and Vietnam)  
**Base:** Companies engaged in the Canadian market (n=758) and companies not engaged in the Canadian market (n=5,737).

Lastly, Japan was excluded from this question as negotiations toward the Canada-Japan Economic Partnership [Agreement](#) have stalled. For their part, Vietnam and Singapore were included as Canada is contemplating an [FTA](#) with ASEAN.

Accordingly, support to enter into an FTA with Canada is high for companies engaged in the Canadian market, particularly those from India (80%), China (67%), Singapore (66%), and Vietnam (66%). However, there are significant differences in responses between the support for an FTA and the potential effect (beneficial or damaging) of an FTA. In India, about 20 (percentage) points more companies support an FTA than believe an FTA would be beneficial for their company.

As underscored by professor Debashis Chakraborty, India's current strength

lies in services, and a trade agreement that is not comprehensive enough will not be considered under the current circumstances. “India has a 19th century agricultural sector, a 20th century manufacturing sector, and a 21st century services sector. Consequently, the government’s priority is to promote the service sector and service exports. There have been some early stage negotiations, but the final agreement must be comprehensive. If it mainly includes merchandise trade, this would not properly address Indian apprehensions. India is not competitive in manufacturing or agriculture.”

Furthermore, the Indian government is [allegedly protectionist](#), particularly with regard to agriculture. [Past experience](#) has shown India that an FTA leads to losses for the domestic market, and that may explain why Indian businesses are less likely to think an FTA is beneficial but are open to considering the possibilities and thereby support it.

Professor Nilanjan Ghosh from the Observer Research Foundation said, “India should go for an FTA with Canada—*this is my strong position*. By contrast, India should have avoided such trade agreements with East Asia (Japan, Korea) and SE Asia (ASEAN). In all of these FTAs, India’s trade deficit jumped after implementation. By contrast, India enjoys a good surplus with Canada, and the US and Canada can be a good consumer of Indian products and services. Conversely, if there are some complementary products in which Canada has a comparative advantage, these can also benefit India, availing ourselves of cheap inputs, factors of production. Forty-five percent of India’s trade deficit is driven by China (no FTA with China). When we have an FTA, Indian consumers have definitely benefited, but India’s industry has lost out.”

When asked about the CEPA negotiations, experts did not express any positive feelings about it. “I believe that negotiations have stalled due to an over emphasis on the economic aspects of the relationship. The EU-India FTA has also stalled. Foreign partners must recognize that India is no longer a colonial country. The underemployed and rural communities in India must be part of India’s success story. The country should not be a dumping ground for products. Projects need to generate employment. Walmart walked away when it refused to source 30% of its products locally,” said Harinder Sekhon, a senior fellow at the Vivekananda International Foundation, an Indian think tank.

Concerns surrounding the trade deficit ([imports increased](#) substantially more than exports) have been driving much of the Indian government's current decisions with regard to future trade agreements – a sentiment that is best expressed in their exit from the Regional Comprehensive Economic Partnership (RCEP) in November 2019. Pending a formal withdrawal, India has shown [no signs](#) of coming back to the negotiating table. In February 2020, the finance minister of India, Nirmala Sitharaman, observed the negative effects of international imports on the domestic industry, and therefore the need to check on FTAs. In the same month, India also skipped an RCEP negotiation meeting in Bali, to which it had been invited by the ASEAN Secretariat. Amid slowing economic growth and the RCEP countries' position not to accept India's terms to join the partnership, it seems unlikely that India will be a part of this trade bloc any time soon. Experts note that as well as negotiating for favourable conditions within international trade deals, India also needs to [rework](#) its own tax codes to benefit the Indian businesses, manufacturing, and agriculture sectors.

Meanwhile, for China, the opposite is true. On average, companies are more likely to believe in the potential benefits (76%) of an FTA compared to companies supporting (62%) an FTA (see Figure 42 above). While most Chinese experts hold a similar view and suggest that a bilateral FTA is important for China, they also highlight that tenuous relations between the two countries since December 2018, which seems to have grown more tense, makes the FTA less of a priority for the Chinese government. At the time of the study (October 2018 to August 2019), the experts reflected that the Sino-Canadian relationship was quite good, considering the circumstances. Furthermore, they indicated that an FTA and keeping China as a trading partner were in Canada's interests, because while the trade value is not significant for China, it is definitely big and visible for Canada. Essentially, in the case of a trade fallout between both countries, the Chinese economy will not be as affected as the Canadian economy.

Yingyi M.<sup>\*</sup>, a research fellow, observed that “the negotiations on a China-Canada FTA have not yet officially started. The main obstacle is lack of mutual trust. Canada has its own terms, which requires including some non-trade

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<sup>\*</sup> By request the name has been changed to maintain confidentiality of the interviewee.


objectives [such as environmental standards, human rights, etc.] in the trade agreement. This will make the negotiation much more difficult.”

However, when discussing impacts on the Chinese economy, most experts underscore that a Canada-China FTA would be beneficial for both countries: “There is no problem [on the Chinese side with a bilateral FTA]. The products that Canada makes are ones that China is not good at producing. China is not good at producing wheat for example, [for] which there is huge demand. Another product in demand is dairy products. And Chinese consumers prefer imported brands because of food safety issues,” said law professor Jacob C.\* At the same time, experts point out that Canada has to be willing to relax some of its progressive trade agreement requirements as the Chinese government gradually works toward possible liberalization of its economy.

As an exception, Vietnamese companies that are not engaged in the Canadian market support a Canada-ASEAN FTA by eight more points than Canada-experienced companies (see Figure 43 above). In fact, Vietnamese companies engaged in the Canadian market are the most likely (7%) to oppose an FTA with Canada. This may be in part due to the CPTPP, which came into effect for Vietnam in January 2019, and finds a lot more support, as discussed in the next section. At the time of the study, Vietnam had yet to experience any advantages from the CPTPP, and many policy experts asserted that they are hoping the plurilateral agreement will be enough to pursue trade relations with Canada. However, when asked about the proposed Canada-ASEAN FTA, the experts indicated a preference for a bilateral FTA between Canada-Vietnam over the regional agreement.

“It is very hard for a third party to negotiate with the 10 members of ASEAN given their different levels of economic development. The aim should be to have a bilateral FTA first and then aggregate for the whole region in a Canada-ASEAN FTA. Still, it won’t be easy for Vietnamese products to penetrate the Canadian market without the proper quality and compliance with regulations,” said Nguyen Anh Duong, director of the Central Institute for Economic Management.

Singaporean policy experts echoed Vietnamese experts’ thoughts on the negotiation for a Canada-ASEAN FTA. Deborah Elms, the executive director



*Policy experts from Vietnam and Singapore expressed concerns at the prospect of negotiating a Canada-ASEAN FTA*

Source: Photo by Mango-Star Studio on Getty Images

of the Singapore-based Asian Trade Centre, stressed that the Canada-ASEAN FTA will end up as a 12-part negotiation between Canada, ASEAN, and the 10 ASEAN member countries. The “negotiation will be resource-intensive, time-consuming, and a total nightmare.” However, the experts also realize that the Canada-ASEAN FTA will be a significant step for Canada in entering the Southeast Asian markets, where the country has little presence. “Canada needs to diversify and is looking more to Asia now (also Latin America). Canada feels that Asia is something they did not take advantage of in the past. So now Canada wants to have more business opportunities in Asia. I think the Canada-ASEAN FTA is worth pursuing for better market access to the ASEAN economies not in the CPTPP,” observed Carlos Kuriyama.

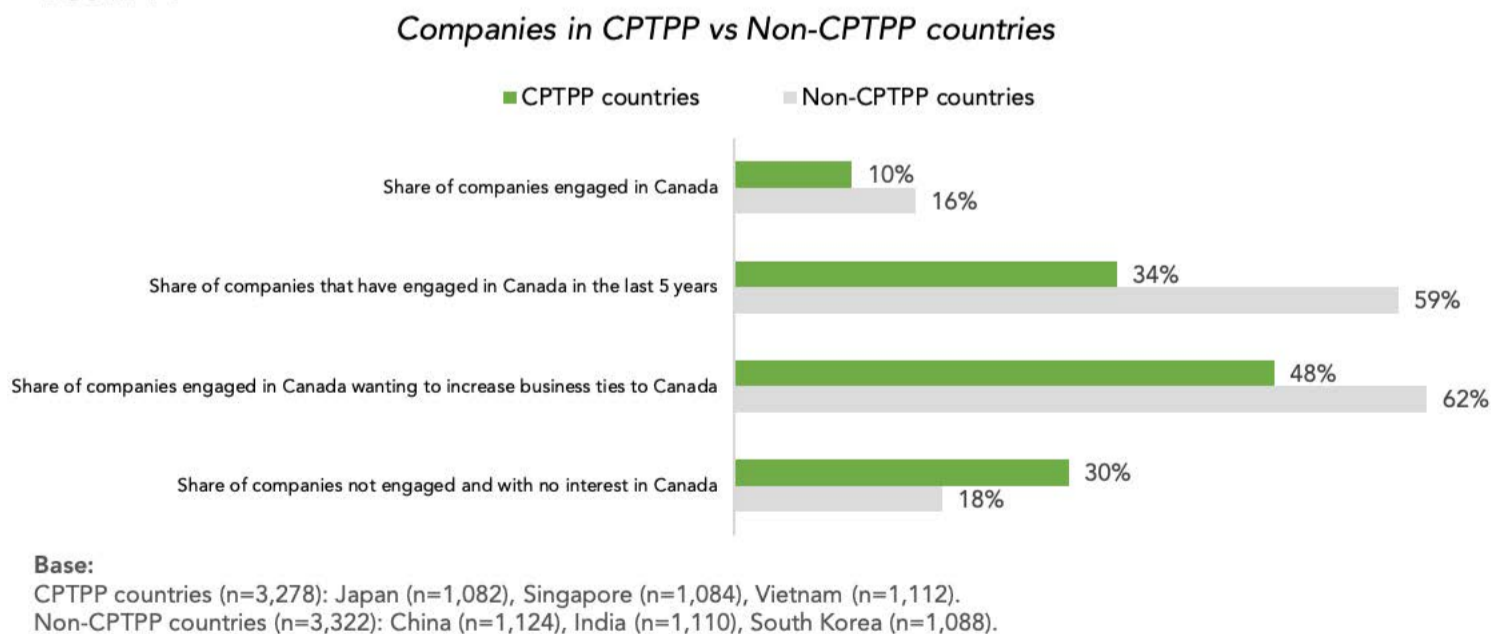
Some experts further suggested bilateral FTAs with some of the ASEAN countries as a first step toward the larger FTA with ASEAN. Meanwhile, others mentioned the expansion of the CPTPP to include interested ASEAN economies such as Thailand or Indonesia, as opposed to negotiating a separate FTA with ASEAN. A bilateral FTA with Singapore is perceived as redundant given the numerous bilateral FTAs that Singapore already holds, the existence of the CPTPP, and the ongoing negotiations for RCEP.

## COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP

In March 2018, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership was [signed by](#) Canada, Singapore, Japan, Vietnam, and seven other countries in the Asia Pacific in an attempt to enhance business-to-business relationships among the participant countries. The CPTPP came into effect on December 30, 2018, for six countries that first ratified the agreement, including Canada, Japan, and Singapore, and eliminated 89% of tariff lines between them. The CPTPP entered into force on January 14, 2019, for Vietnam.

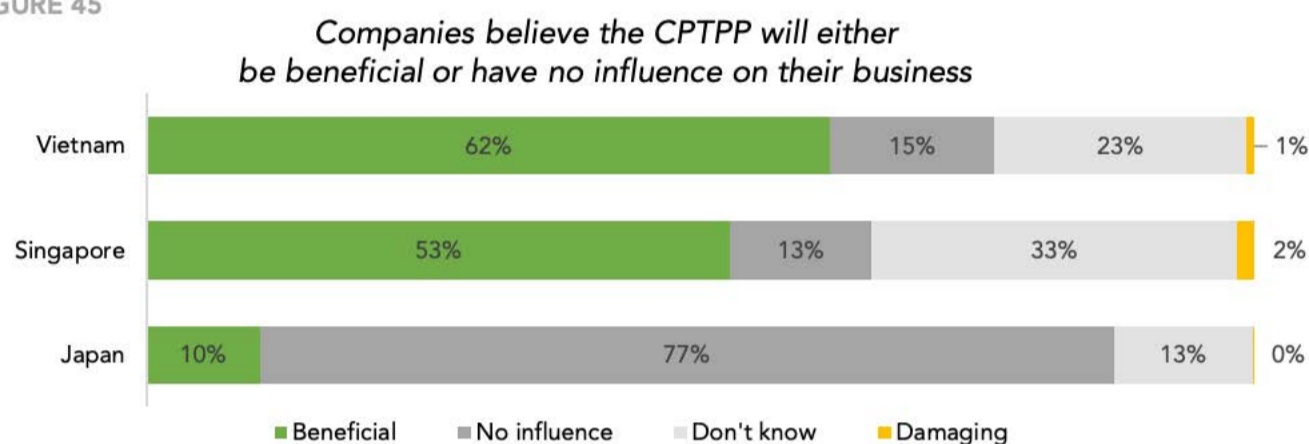
Since the survey was conducted only a few months after the ratification, the CPTPP is unlikely to have had major impacts on the business relationships with Canada for the participants, thereby affecting their perception of Canada for business among the CPTPP countries. It can be seen in Figure 44 that fewer companies from the CPTPP countries are engaged in Canada, and only 34% of the companies engaged in Canada from the CPTPP countries' have established relations in the past five years, while the rest established relations prior to 2014. It can also be seen that fewer companies from the CPTPP countries want to increase their ties to Canada, and when compared to non-CPTPP countries, more of them are not interested in Canada.

FIGURE 44



**Business leaders in Vietnam (62%) and Singapore (53%) are likely to think that the CPTPP will have beneficial effects on their companies.** By contrast, 77% of business leaders in Japan think the trade agreement will have no influence on their companies, and only 10% think it will be beneficial. Concurrently, only up to 2% of businesses think the CPTPP will be damaging for their companies.

FIGURE 45



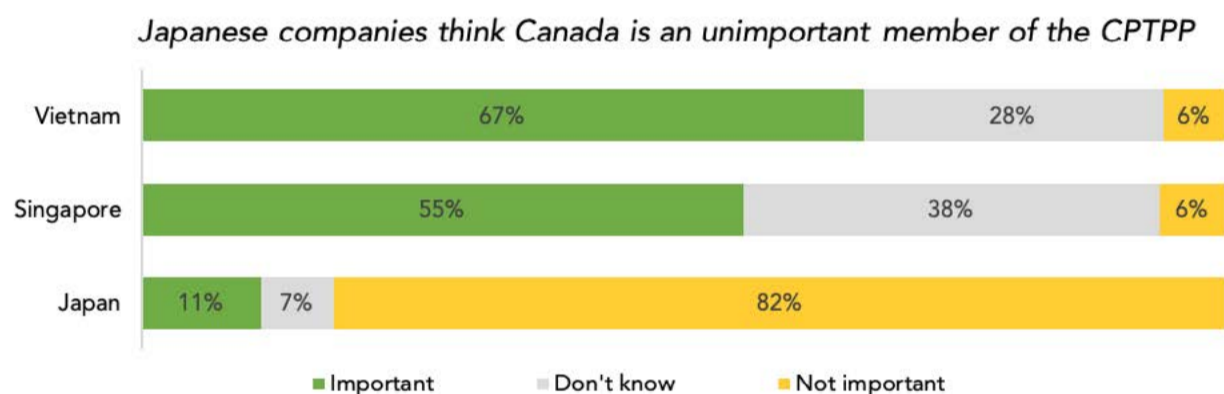
**Question:** Do you think the CPTPP will be beneficial or damaging to the business of your company?  
**Base:** All respondents: Vietnam (n=1,112); Singapore (n=1,084); Japan (n=1,082).

Before the agreement was signed, [the Government of Canada estimated](#) that the CPTPP would benefit Canada the most through an increase in exports to Japan as a result of reduced tariffs. Japanese experts added that Japan has been importing Canola seeds from Canada, and that there has been an increase in the import of beef and pork. However, the United States' exit from the TPP negotiations, followed by the various additions and negotiations made by the Canadian government to incorporate its progressive agenda, has left a [bitter taste](#) for the Japanese counterparts. But former Japanese ambassador Kenjiro Monji held up a positive attitude toward the agreement and its possible effects for Canada-Japan relations, provided some required amendments are made: "The problem is Canada is not well-known in Japan so people cannot imagine the merit of having CPTPP with Canada. So in that sense we have to make Canada more known to Japanese people... overall, CPTPP is good for both countries."

**While Canada is perceived as an important member of the CPTPP by Vietnamese (67%) and Singaporean (55%) companies, it is also perceived as an unimportant member by most Japanese companies (82%).** Interestingly,

APF Canada's [CPTPP Tracker](#) findings exhibit that in the first three quarters since the CPTPP was ratified, both imports (-2%) and exports (-4%) from Japan to Canada have decreased compared to the first three quarters of last year. Meanwhile, for Vietnam and Singapore, the change is ambiguous, as exports to Canada increased for Vietnam and decreased for Singapore, while the opposite is true for imports from Canada. Japan is the largest CPTPP importer of Canadian products, importing over 10 times more goods and services than Singapore or Vietnam. This points again at a well-established, mature economic relationship between Canada and Japan, and may help explain the marginal effect of the agreement on the Canada-Japan trade relationship. While it is too soon to draw any conclusion on the effect of the CPTPP and there may be other factors affecting fluctuations in trade, the low enthusiasm from Japanese companies toward the CPTPP and Canada does not suggest, any more than trade data, that the agreement will boost the growth of Canadian exports to Japan as initially forecasted.

FIGURE 46



**Question:** Is it important or not to have Canada as part of the CPTPP?

**Base:** All respondents: Vietnam (n=1,112); Singapore (n=1,084); Japan (n=1,082).

**In addition, there is variation across sectors toward both the perception of the CPTPP and Canada's importance within the CPTPP.** First, in Vietnam, companies in the non-renewable energy sector (69%) are the most likely to think the CPTPP will be beneficial for their companies (see Figure 47). The equivalent is true for companies in the finance and insurance sector in Singapore (62%) and companies in the agriculture sector in Japan (22%). By contrast, in Vietnam, companies in the tourism sector (50%) are the least likely to think the CPTPP will be beneficial for their companies, as are companies in the tourism sector in Singapore (46%) and in the education sector in Japan (2%). Interestingly, both the tourism and education sectors have been identified as priority areas of engagement for Canada by policy experts from all six countries.



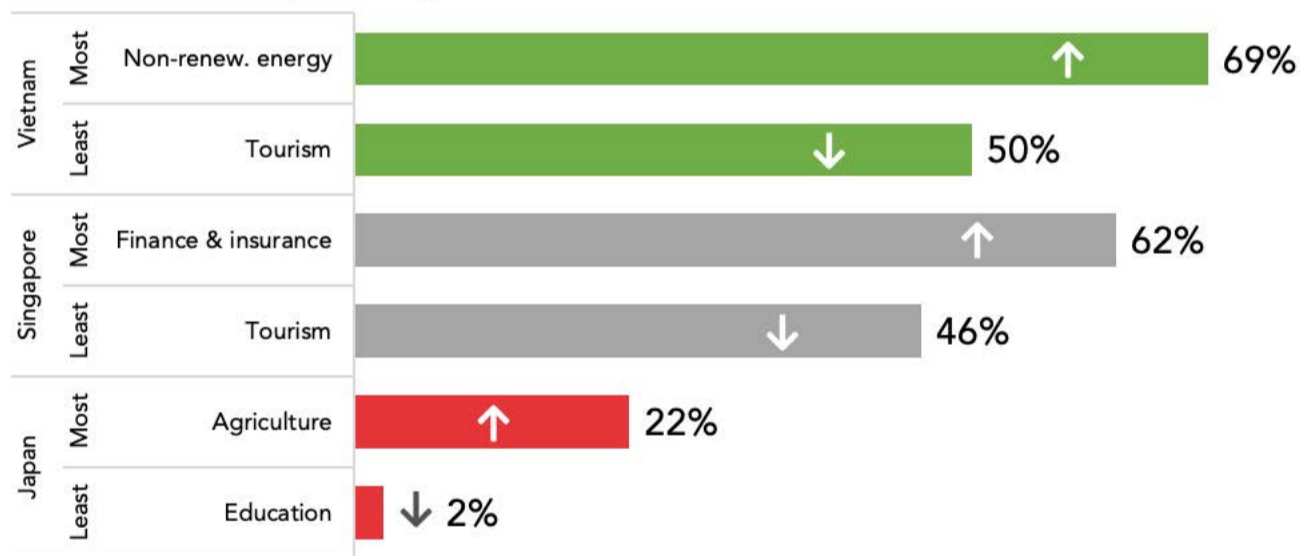
Second, Canada is seen as an important member of the CPTPP by the highest share of companies in Vietnam’s (79%) and Singapore’s (62%) finance and insurance sectors, and Japan’s (28%) agriculture sector (see Figure 48). The least likely companies to see Canada as important are in Vietnam’s tourism sector (59%), Singapore’s agriculture sector (48%), and Japan’s education sector (1%).

In the case of Japan, the results are noteworthy since within the given sample, it is the agriculture sector that finds the CPTPP to be beneficial and also perceives Canada as an important member in the plurilateral agreement, whereas various policy experts shared that there have been concerns surrounding how CPTPP may affect the Japanese agriculture sector as tariffs are lowered for both beef and canola oil imports from Canada. Natsuko U.<sup>\*</sup>, a government expert on Canada-Japan relations, said “...under the CPTPP, duty for canola oil will be abolished in six years so Canadian industry maybe more interested in exporting canola oil not just the seeds. But our vegetable oil companies would like to procure canola as seeds, not oil.”

FIGURE 47

**Perceptions of the CPTPP vary by country and sector**

*Most and least likely sectors to perceive the CPTPP as beneficial or somewhat beneficial*



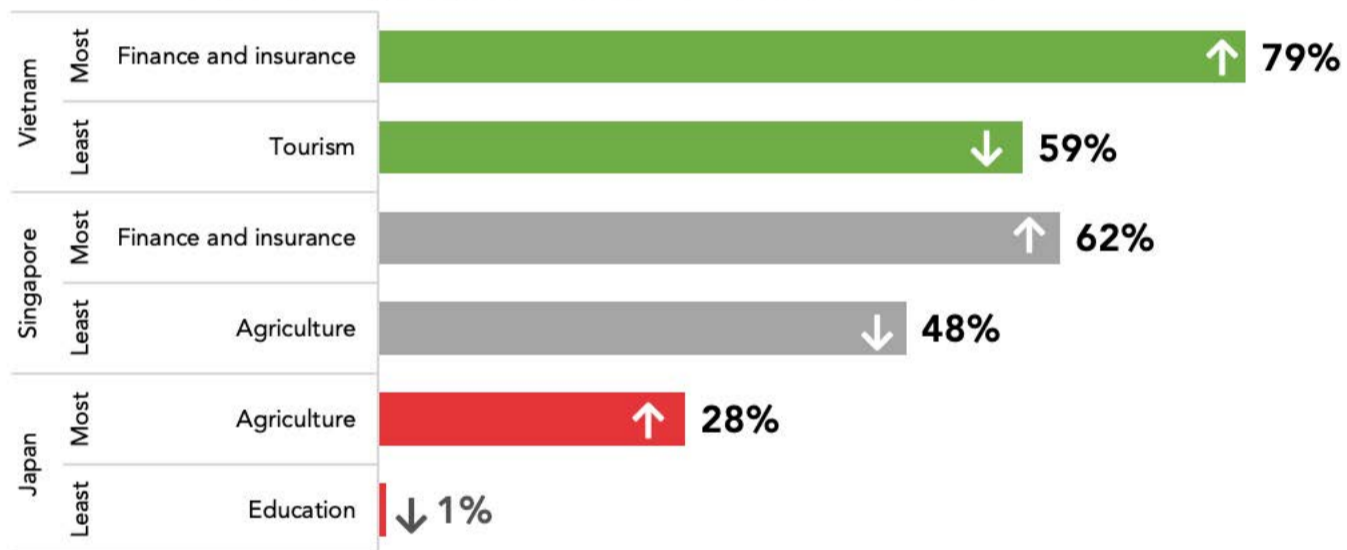
**Question:** Do you think the CPTPP will be beneficial or damaging to the business of your company?  
**Base:** All respondents: Vietnam (n=1,112); Singapore (n=1,084); Japan (n=1,082).

Singapore, on the other hand, is still testing the waters with the CPTPP. The agreement brings forth the possibility to expand into Canadian and Mexican markets, which is seen as a positive by most Singaporean experts. Talking

<sup>\*</sup> By request the name has been changed to maintain confidentiality of the interviewee.

about the Singaporean government’s reaction to the CPTPP and articulating the possible advantages there, Deborah Elms of the Asia Trade Centre said, “they [the government] only see two things that came out of the TPP. One is that we have picked up Canada and Mexico in the agreement, which is like having two more bilateral [FTAs], and the other is that they have slightly better market access than before. But for services the chief negotiator cannot articulate the benefits for Singapore. The view in the Singapore government is that this is just one of many FTAs that the country has signed. But it is not. First, it is by far the best. Second, it is much different from past agreements, which have been mostly lousy to be honest – very narrow and not business friendly. This government attitude has filtered down to business who are not well informed or enthusiastic.”

**FIGURE 48** *Canada's importance in the CPTPP differs by country and sector*  
*Most and least likely sectors to think Canada is an important member of the CPTPP*



**Question:** Is it important or not to have Canada as part of the CPTPP?  
**Base:** All respondents: Vietnam (n=1,112); Singapore (n=1,084); Japan (n=1,082).

Interestingly, South Korean policy experts expressed their government’s interest in joining the plurilateral agreement but, at the same time, many of the experts expressed hesitation on the grounds of [ongoing tensions](#) with Japan, which plays a large role in the CPTPP. Yeongkwan Song of KDI said, “Bilateral FTAs can be more limited in terms [of] rules of origin. The CPTPP has a much better reciprocal regime. The difference between these two agreements [CPTPP and bilateral FTA] is investment and the rules of origin, which are very important. The crucial way to deepen the bilateral relationship between Korea and Canada is for Canada to support Korea in its efforts to join CPTPP, which Canada can do because it is already a member. That is the priority right now.”

## Canada's Progressive Trade Agenda

Since 2015, the Canadian government has emphasized a progressive trade agenda (PTA) that involves incorporating labour protection and enforcing labour laws in countries that partner for trade and investment, respecting domestic environmental laws, and promoting gender equality. This move toward a more progressive agenda in its trade agreements was first seen in the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), which entered into force in September 2017, followed by the CPTPP in 2018 and CUSMA in 2019. The PTA today has evolved into supporting export efforts of small and medium-sized enterprises through grants and export promotion, connecting them to business accelerators and trade promotion opportunities that enhance the possibilities of expanding their market share within regions where Canada has secured free trade agreements.

Socio-culturally, each of the Asian countries studied here are very different from Canada, which in turn affects the reception of the progressive agenda within trade deals. In general, most policy experts thought that it made trade deals more confusing, and they felt that the Canadian government was mixing their political aims with their economic deals. As Chinese professor Tom X.\* puts it: “This issue is not easy to talk about. When talking about the trade process, political factors should not be involved. Economic diplomacy is more difficult to accomplish if it is confused with political diplomacy.”

Chinese experts emphasized that China was unlikely to give in to Canada's progressive trade agenda, particularly with regard to labour conditions and wages. Labour rights and working conditions were also highlighted as an issue by Indian, Singaporean, and Vietnamese experts. Meanwhile, Japanese experts found the progressive agenda irrelevant to economic relations and expressed a lack of understanding about the aims of such an agenda.

A former Japanese ambassador, Satoshi N.\*, said, “Sometimes I'm not sure to what extent I understand it. Environment, labour, culture, and inclusion. Inclusion is an interesting word because I've yet to come up with Japanese translation for that. Somehow the idea, as it sounds in Japan, doesn't exist

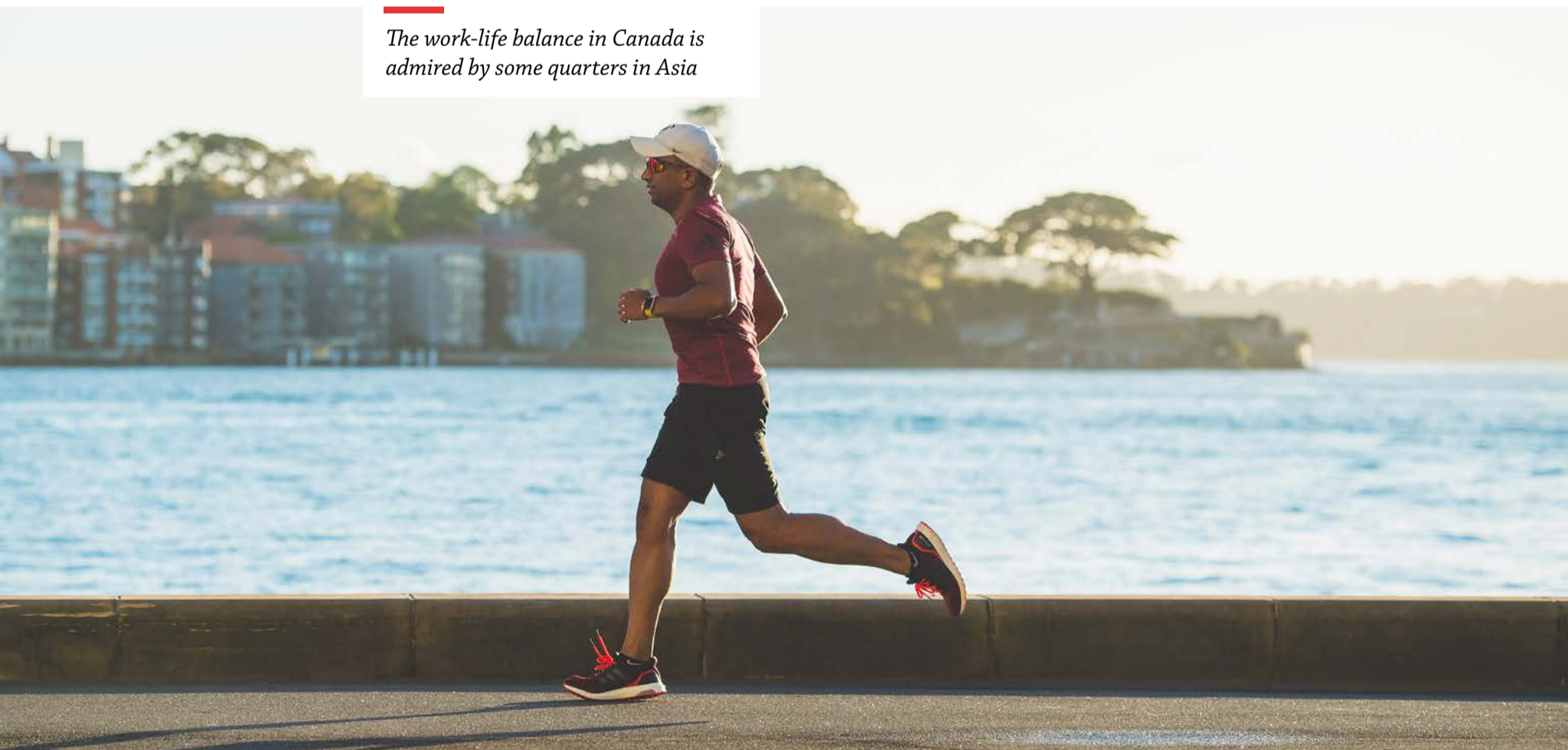
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\* By request the name has been changed to maintain confidentiality of the interviewee.

in Japanese. It has to be explained and you have to paraphrase it. But it is important. Environment: I think we do have sympathies. Cultural identity, it does need some explanation, we think about Quebec, when we talk about culture and that's something that we have to learn more about as we try to become [a] more diverse society.”

Compared to all the other countries, South Korean experts were more appreciative of Canada's PTA, and some even stated that the country needs to learn from the Canadian work environment, such as the emphasis on maintaining a work-life balance. While much favoured by labour organizations in South Korea, there is quite a bit of resistance from various South Korean businesses. Despite resistance, the government may accept the introduction of a progressive agenda, as observed by KDI managing director Tony Michell: “While the government would not be very excited about the introduction of PTA provision in trade agreements, they did accept a lot of this in the 2011 FTA with Europe. Canada could read the relevant Chapter 11 and ask Korea to follow these stipulations. Korea tends to be poor on implementation and got a shock when the EU insisted that Korea must sign up to the ILO's guidelines as promised, or be penalized.”

*The work-life balance in Canada is admired by some quarters in Asia*



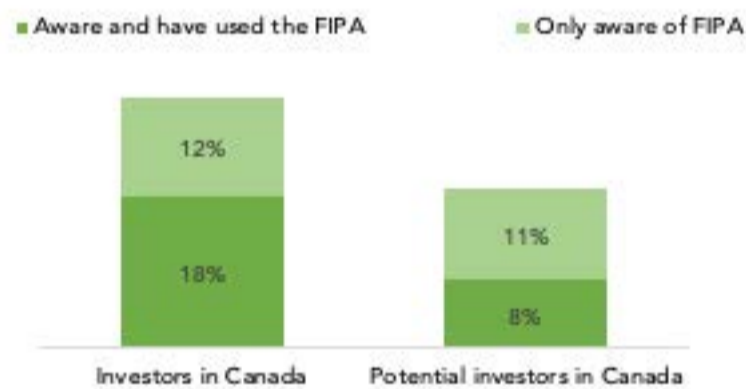
Source: Photo by Chanderr on Unsplash

## Foreign Investment Promotion and Protection Agreement

Canada and China co-signed a Foreign Investment Promotion and Protection Agreement (FIPA) in 2014, despite resistance from the Canadian public. We found that Chinese investors are mostly unaware of the agreement. Specifically, 30% of Chinese companies that invested in Canada and 19% of companies interested in investing in Canada are aware of the FIPA (Figure 49). Moreover, only 18% of Chinese investors and 8% of potential investors used the FIPA.

FIGURE 49

### Less than half of Chinese investors are aware of the FIPA



Questions: Were you aware of this agreement (FIPA)? & Has your company used this agreement?  
 Base: Chinese investors (n=50); Potential investors (n=96).

Almost half of Chinese investors do not know how the FIPA can help their business (48%). Still, 22% of investors think it can help create predictability, 13% think it can help defend investors' rights, 10% say it makes them more inclined to invest in Canada, and 8% think it can impose discipline on the Canadian government (Figure 50).

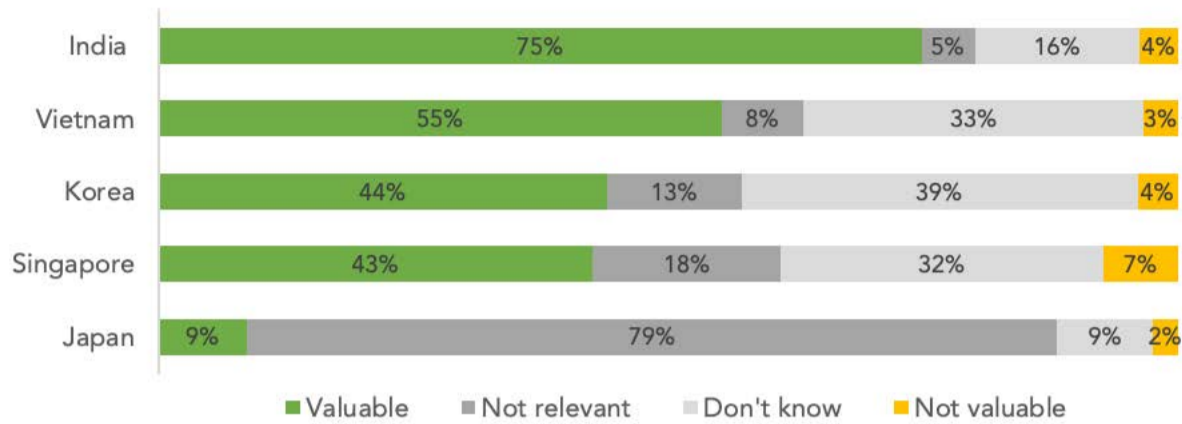
FIGURE 50

### Almost half of Chinese investors don't know how the FIPA can help their business



Question: How can this FIPA help your business?  
 Base: Chinese investors & Potential investors (n=146).

**FIGURE 51**  
*Most Asian businesses believe a FIPA with Canada would be valuable*



**Question:** Do you think a FIPA with Canada would be valuable or not valuable to the business of your company?  
**Base:** All respondents (n=6,600).

In Japan, again, about four out of five companies believe a FIPA would be irrelevant for their business. Nonetheless, as Canada considers pursuing stronger investment ties with the Asia Pacific region, it is important for the government to consider mutual benefits when embarking on such agreements. As professor Nilanjan Ghosh points out, India would be very much interested in finalizing a FIPA agreement with Canada, but then the agreement is likely to be focused on inward investment. “Given India’s poor experience with the trade benefits of FTAs, it is more interested in signing agreement that promote inward investment. Trade is good, but investment is better. India is looking to the example of Apple, which has started production in India [Apple started mass producing iPhones in India in 2019]. If Canada invests in India it will be a win-win for all, especially if these investments take place in the Eastern parts of India, which is more deprived in terms of standards of living, labour productivity, etc.”

## CONCLUSION

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**T**his project allowed a unique glimpse into Asian business leaders' and policy experts' views on engagement in the Canadian market and opinions about the Canadian business environment. The Canadian economy has survived significant blows due to the COVID-19 pandemic, and as our country seeks to rebuild its international trade and investment opportunities, this study provides a ready guide and insights for the Canadian government and businesses about potential market opportunities and approaches to deeper engagement with six Asian countries – China, India, Japan, South Korea, Singapore, and Vietnam. The report also touches on areas that are often overlooked, such as perceptions about business engagement with the Indigenous people of Canada.

The large scale of the study coupled with the comparative analysis at the country level provides a unique opportunity for the Canadian government and businesses to consider the areas of engagement, ways of enhancing engagement by identifying barriers, and understanding Asian companies' perceptions about the Canadian market and trade agreements.

In conclusion, it is pertinent to revisit the primary objectives of the study and situate them within the context of the research findings. This project was aimed at gauging Asian businesses' perspectives on Canada, identifying potential barriers to engagement, and informing policy-makers on approaches to deeper engagement with Asia. In doing so, we also discuss the possible ramifications for the Canadian government and businesses interested in collaborating with various Asian countries.

1. First and foremost, there is a **significant amount of interest in the Canadian market from China, India, South Korea, and Vietnam**. We find that a majority of the companies from these countries that are already engaged in Canada want to expand their businesses in Canada. Furthermore, Canada is considered an important international market by India and China. While fewer respondents from Japan consider Canada to be an important market, it is pertinent to remember Japan's

longstanding trade and diplomatic relations with Canada.

- a. Following from the above point, it can also be seen that developed economies such as Japan, South Korea, and Singapore show lower interest in Canada (compared to the other three countries). Nonetheless, Canada maintains good relations with each of these countries and it would be beneficial to approach these markets with strategic intent.
- b. On the other hand, developing economies such as China, India, and Vietnam are more aware of and interested in the Canadian market and business opportunities. While it gives Canada the opportunity to invest in growth, it can be more challenging to conduct business in these markets. Case in point is India, which is well-known for its protectionist trade agenda and [high tariffs that directly impede foreign trade endeavours](#).
- c. However, the gap that exists in enthusiasm toward business in Canada between Asian companies in developed and developing countries can be partially explained by the companies' levels of revenue. As we have seen (see *Lifespan of Engagement*), the higher the company's revenue (and size), the lower the interest in Canada, and the companies surveyed in developed countries earn higher revenue on average. Hence, if Canada wants to extend its relationships with the more developed economies, it may have to strategize ways to attract larger companies.
- d. Among the developing economies, both China and India play an important role for Canada. Not only economically, as both countries strategize for faster growth and profitable trade partnerships, but also politically as Canada is home to large immigrant populations hailing from both China and India. However, given the ongoing political turmoil with China (following the arrest of Huawei CFO Meng Wanzhou) and the growing social issues in India (following the dissolution of the state of Jammu and Kashmir and the controversial Citizenship Amendment Act 2019), both of which bring into purview



significant human rights violations, it is a crucial juncture for Canada to come up with ways to navigate these Asian markets without jeopardizing the Canadian values that stand to protect human rights.

2. Second, the report identifies some of the major barriers to engagement in Canada, according to Asian policy experts. Among them, **CUSMA** figures quite largely. Canada's current trade system is largely dependent on the United States, and following the CUSMA negotiations, Asian countries fear that Canada may have little control over its own relations due to Article 32.10, which allows the CUSMA partners – the United States and Mexico – to pull out of CUSMA in the event that either of them disapproves of any free trade relationship that Canada pursues with non-market economies. For example, if a Sino-Canadian FTA is finalized and the United States disapproves, it will be able to unilaterally pull away from the CUSMA agreement, which in turn leaves Canada's economic conditions vulnerable. A better understanding of Canada's position within CUSMA and its implications for other trade relations is pertinent to making a pathway for Asian trade and investment prospects in Canada. It is a vicious cycle wherein Canada needs to diversify its markets but is also tied by agreements with its largest trading partner. The other significant barrier to consider is the **lack of value chain complementarity**, as underscored by policy experts from India, South Korea, Singapore, and Vietnam. Future studies that draw on raw data, such as collected here, and historical trade and investment statistics can help identify the complementary areas of trade and investment – existing and potential – with these Asian economies. Canada needs to build up its relevance within the value chain networks in order to capture these markets.
3. Third, one of the primary concerns highlighted by Asian business leaders is the perceived complexity of conducting business in Canada (see *Approaches to Deeper Engagement*). This factor is further highlighted by the fact that the vast majority of Asian business leaders surveyed do not understand the **Canadian business operating environment** at all. While those engaged in the Canadian market have a slightly better understanding, it is notwithstanding the fact that there are many

who have only a partial understanding of the business environment.

Moving forward, this trend can be detrimental to trade and investment prospects. This finding calls for better and more accessible information on the Canadian business environment, a simplification of regulations and required compliance, and the establishment of directions to better business flows within the country.

4. Fourth, a point of note in this report is the emphasis on **trade missions** as a preferred method of increasing awareness about Canadian market opportunities. Many of the Asian experts indicate the lack of information about areas of engagement in Canada as a deterrent for trade and investment. Some also underscore the lack of Canadian presence on the ground in their countries, in comparison to other trading partners. Therefore, trade missions going both from Canada to Asia and vice versa can be extremely beneficial. However, experts caution that these missions need to have a more targeted approach. For example, if Canada were to attract AI investment and talent from South Korea, it should consider sending trade missions for that specific market to the city of Seoul. The city boasts some of the top AI companies in the country.
5. Fifth, trade missions also bring forth the importance of the various **trade agreements** between Canada and the six Asian economies studied here. There is a need to focus on building more awareness around how these agreements can enhance business opportunities for the countries involved. We find that even though Canada has an FTA with South Korea, the perception of benefits from the agreement is much lower for South Korean businesses compared to the expected benefits for businesses from the other markets that don't have an FTA with Canada yet. Policy experts believe this may be due to South Korea's focus on trading and investment in less-developed and growing economies rather than on developed ones such as Canada. Some experts also indicate a lack of knowledge about Canada. However, considering that South Korean economic growth is dependent on the export of manufactured goods, Canada can leverage its position as a country with natural resources and export primary products to the manufacturing industries in South Korea.

6. Sixth, and lastly, following from the point on building awareness and disseminating information about the Canadian business environment, it is imperative to build up and highlight resources that guide foreign countries and businesses in the processes for conducting business with **Indigenous communities in Canada**. Both Chinese and Japanese businesses seemed to be of the opinion that policies and regulations that govern trade and investment with Indigenous communities made matters more complex for collaborating with Canada, while others expressed an extreme lack of awareness about the communities and their importance for the Canadian economy. Experts suggest initiating programs that go beyond just resources, but rather introduce Asian countries to the Indigenous people of Canada. It may start with youth exchange programs, but can extend to conducting Asian business to Indigenous business exchanges. Considering international opinions on Canadian trade practices can be a novel approach to resolving the existing issues and enabling better investment in areas such as energy and eco-tourism.

The concluding remarks would be remiss in not addressing the interesting survey results from Japan. We find low support for trade agreements with Canada, which may in part stem from the fact that the two countries have longstanding relations that have existed without the presence of any trade agreement. But it is also important to note that the CPTPP negotiations underwent significant changes due to requests from Canada, and that has affected Japan's perceptions about the agreement in particular and the Canadian market in general. Additionally, policy experts indicated that Japan needs to know more about Canadian market opportunities to better engage and expand business. In fact, we find that almost 90% of all Japanese companies surveyed don't understand the Canadian business operating environment (see *Perceptions of the Canadian Business Environment*). Ironically, only 26% of Japanese companies identified lack of familiarity with the Canadian market to be a barrier to engagement, the least out of the six countries. To attract more Japanese companies, Canada would need to address the puzzling, yet definitive, bad perception of Canada among companies who are not interested in doing business in Canada (see *Perceptions of the Canadian Market*).

The report brings forth interesting results and factors that Canada needs to consider as it moves forward in its trade diversification. Canada is considered a prime destination for training and educating people, particularly in the areas of AI, technology, and life sciences. Additionally, services, natural resources, and agriculture are also seen as the main strengths of the country. Identifying areas of collaboration and investment can start with something as simple as analyzing similar strategies in the various sectors with the partner or potential Asian markets. For example, Singapore's Artificial Intelligence Strategy and the Pan-Canadian AI strategy are similar and can enable the countries to cooperate with each other on digital governance (see *Policy Experts on Potential Areas of Engagement*). Promoting these areas through marketing and awareness campaigns and adding in potential areas of trade and investment to the marketing strategy will be pertinent to the country's growth both in terms of the economy and politically within the Asia Pacific region.

## Acknowledgements

### STRATEGIC ADVISORS

**Stewart Beck**  
President and CEO  
Asia Pacific Foundation of Canada

**Dr. Jeffrey Reeves**  
Vice-President, Research  
Asia Pacific Foundation of Canada

### EDITORIAL REVIEW

**Dr. Charles Labrecque**  
Research Manager  
Asia Pacific Foundation of Canada

**Michael Roberts**  
Communications Manager  
Asia Pacific Foundation of Canada

### CREATIVE DESIGN

**Jamie Curtis**  
Graphic Designer  
Asia Pacific Foundation of Canada

### FUNDING PARTNERS

**Export Development Canada**

**Global Affairs Canada**

**Invest in Canada**

### RESEARCH TEAM

**Dr. Sreyoshi Dey**  
Program Manager, Surveys & Polling  
Asia Pacific Foundation of Canada

**Hugo Roy**  
Junior Research Scholar  
Asia Pacific Foundation of Canada

**Tracy Ly**  
Post-Graduate Research Scholar  
Asia Pacific Foundation of Canada

**Dr. Yushu Zhu**  
Assistant Professor, Urban Studies,  
Simon Fraser University  
Former Program Manager, Surveys &  
Polling  
Asia Pacific Foundation of Canada

### COMMUNICATIONS

**Michael Roberts**  
Communications Manager  
Asia Pacific Foundation of Canada

**Karina Kwok**  
Social Media and Communications  
Specialist  
Asia Pacific Foundation of Canada

EXTERNAL ADVISORY PANEL

---

**Donald W. Campbell**

Senior Strategy Advisor, Davis LLP  
Distinguished Fellow, Asia Pacific  
Foundation of Canada

**Dr. Jing Li**

Associate Professor of International  
Business, Beedie School of Business,  
Simon Fraser University

**Dr. Daniel Savas**

Visiting Professor, School of Public  
Policy, Simon Fraser University  
Distinguished Fellow, Asia Pacific  
Foundation of Canada

**Dr. Eric Werker**

Professor, Strategy / International  
Business, Beedie School of Business,  
Simon Fraser University

**Dan Ciuriak**

Director and Principal, Ciuriak  
Consulting Inc.  
Distinguished Fellow, Asia Pacific  
Foundation of Canada

**Dr. Patricia Nelson**

Senior Research Fellow, European  
Institute of Japanese Studies,  
Stockholm School of Economics  
(Sweden)  
Adjunct Fellow, Center for Strategic and  
International Studies (Washington, D.C.)  
Distinguished Fellow, Asia Pacific  
Foundation of Canada

**Hugh Stephens**

Vice-Chair, Canadian Committee  
on Pacific Economic Cooperation  
(CANCPEC)  
Associate Faculty, Royal Roads  
University  
Executive Fellow, School of Public  
Policy, University of Calgary  
Distinguished Fellow, Asia Pacific  
Foundation of Canada

## Annex A: Methodology (detailed)

### QUESTIONNAIRES

The questionnaire items were drafted using previous surveys conducted by APF Canada, various business surveys conducted by other organizations, such as the Canada China Business Council, and feedback from field experts and the funding partners. The questionnaire underwent further modifications following the initial launch of the survey. The final questionnaire used in the fieldwork and analysis came after multiple reviews.

### SURVEYS

**Target firms:** Domestically owned private and state-owned enterprises currently involved or interested in international trade or investment.

**Target sectors:** Agriculture and agri-food; non-renewable energy (e.g., oil and gas); clean technology (includes renewable and nuclear energy); environmental goods and services; education; finance and insurance; health care, medical, or biotechnology; information and communication technology; and tourism.

**Sample:** The sampling target for the surveys was set at 1,080 per country, equally divided (n=120) between the nine specified sectors (above) for an initial total target of 6,480 respondents. Each respondent represented a single business. Allocating an equal number of companies to each sector for each target country resulted in a uniform representation by sector, except in the non-renewable energy sector, where the sample targets were lowered for both Japan and South Korea. Meanwhile, Vietnam's state dominance in the energy sector led to a poor attendance of businesses at oil and gas trade shows and exhibitions, leading to a lower number than targeted.

**Data collection:** The survey was conducted at 105 different trade shows that occurred across the six Asian countries. Purposive and convenience sampling methods were used to approach approximately 8,710 people, out of whom 6,969 participated. After accounting for non-completes and possible duplication, 6,600 surveys qualified for the final analysis. The response rate

was 76%, and around 3% of the data (Singapore and Vietnam) was collected over email or through LinkedIn; the rest were collected in person.

**Data analysis:** The survey data was collected, cleaned, and coded by Intercedent Asia before being sent to the APF Canada research team for analysis. APF Canada’s research team used statistical programs in Stata and Microsoft Excel to analyze and visualize the data patterns and trends that have been presented in this report.

**Table 1: Survey Sample Distribution Across Country and Sectors**

Sectors	China	India	Japan	Singapore	South Korea	Vietnam	
Agriculture and agri-food	121	122	121	120	145	149	
Non-renewable energy (e.g., oil and gas)	136	122	58	127	67	81	
Clean technology (includes renewables)	123	124	129	104	122	124	
Environmental goods and services	132	121	137	102	132	159	
Education	123	113	127	126	121	100	
Finance and insurance	121	120	129	133	123	107	
Health care, medical, or biotechnology	121	120	124	120	132	145	
Information and communication technology	122	133	121	130	126	125	
Tourism	125	135	136	122	120	122	
<b>TOTAL</b>	<b>1,124</b>	<b>1,110</b>	<b>1,082</b>	<b>1,084</b>	<b>1,088</b>	<b>1,112</b>	<b>6,600</b>

## INTERVIEWS

**Sample:** Following the definition of policy experts as outlined in the Methodology section, the APF Canada research team identified potential interview candidates based on their background and accessibility for each of the six target countries. The list of candidates was then forwarded to Intercedent Asia. In addition to the candidates suggested by APF Canada, Intercedent Asia identified potential interview participants and approached them for the study. Letters of invitation from APF Canada were provided to the interview participants requesting them to share their expertise and knowledge in the area.

**Data collection:** Using convenience and snowball sampling methods, 10 policy experts were recruited from each country. However, the international tensions



between Canada and China negatively affected the recruitment efforts and the responses. Only eight respondents from China agreed to be interviewed for this study, and everyone requested to remain anonymous. This led to the collection of 58 interviews across the six countries. The respondents were provided three options in terms of being quoted in the study: free to quote, no comments to be attributed to individual or organization, and approval required before publishing attributed comments. All Chinese respondents chose the second option. All respondents from India, Singapore, and Vietnam agreed to be freely quoted. There were mixed responses from South Korea and Japan.

**Table 2: Interview Participants Distribution by Country and Affiliation**

	Universities/ Academics	Private/non-profit – Research institutions/ Organizations	Publicly funded – Research institutions/ Organizations/ Ambassadors	Total
China	3	5	0	8
India	3	7	0	10
Japan	0	3	7	10
Singapore	2	5	3	10
South Korea	3	4	3	10
Vietnam	2	3	5	10
<b>Total</b>				<b>58</b>

**Data analysis:** The interviews were transcribed and arranged according to interview questions by Intercedent Asia. After transcription, the raw files for the interview recordings and transcripts were shared with the APF Canada research team. Using QDA Miner, the APF Canada research team coded and categorized the interview data under broader themes following from past literature and objectives of the study. Respondents who requested anonymity or non-attribution were given pseudonyms and all identifying information was removed. Where required, approval was sought for publishing the verbatim quotes.

*Limitations*

- 1) Sampling bias:** There were many business leaders and companies who chose not to participate in the study; around 75% claimed their products and services were intended for a more domestic market. Since many of the companies that declined to participate in the surveys were also likely to have no interest in Canada, the “interest” for doing business in Canada as identified in this report may reflect an upward bias. Furthermore, the non-probability sampling methods adopted in this study directly affect the possibility of generalizing the survey findings. However, the study provides a unique insight into Asian business leaders’ and policy experts’ views on the Canadian market and business environment. Future studies modelled on the current research can help build on this understanding.
  
- 2) Questionnaire length:** The length of the questionnaire used for both the surveys and the interviews led to a higher drop-out rate. The survey questionnaire comprised 30 questions; each question further included multiple sub-sections. The structured interviews comprised seven broad questions, with 3 to 23 sub-questions. A shorter questionnaire should be considered for future studies to reduce the number of non-completes and rejections.
  
- 3) Sample recruiting:** Singapore, South Korea, and Vietnam have a smaller number of policy agencies and institutes, thereby leading to difficulty in the recruitment of policy experts for this study.

## Annex B: Demographic Data

**Table 3: Demographic Data of the Businesses Surveyed**

	Total	China	India	Japan	Singapore	South Korea	Vietnam
<b>Company size</b>							
Large	18%	24%	17%	22%	18%	10%	15%
Medium	28%	38%	29%	33%	23%	14%	31%
Small	54%	38%	54%	45%	58%	76%	54%
<b>Last year's global gross revenue</b>							
Pre-revenue	3%	3%	5%	0%	5%	6%	1%
Less than \$4.9M	16%	13%	29%	19%	15%	9%	13%
\$5M to \$9.9M	10%	12%	11%	18%	9%	7%	3%
\$10M to \$49.9M	11%	12%	9%	22%	6%	15%	4%
\$50M to \$99.9M	5%	5%	4%	6%	3%	10%	4%
\$100M to \$499.9M	6%	3%	3%	13%	3%	11%	4%
\$500M to \$999.9M	2%	1%	1%	4%	1%	3%	2%
\$999.9M or more	4%	5%	2%	9%	4%	5%	3%
Don't know	41%	47%	36%	9%	55%	35%	66%
<b>Share of international business</b>							
10% or less	44%	37%	34%	49%	22%	55%	68%
11% to 20%	10%	13%	13%	13%	9%	10%	4%
21% to 30%	11%	12%	15%	14%	11%	11%	5%
31% to 40%	5%	6%	9%	5%	6%	3%	2%
41% to 50%	10%	11%	7%	8%	16%	8%	6%
Above 50%	19%	20%	22%	10%	35%	13%	16%
<b>In what year was your company established?</b>							
Don't know	8%	3%	8%	2%	18%	16%	4%
Last 5 years	17%	16%	17%	10%	20%	18%	21%
5 to 10 years	17%	23%	17%	10%	14%	16%	20%
10 to 20 years	25%	35%	24%	16%	19%	21%	35%
20 to 50 years	23%	20%	26%	29%	22%	25%	18%
Over 50 years	9%	2%	7%	34%	7%	4%	3%
<b>Company description</b>							
Publicly listed	13%	13%	8%	14%	16%	15%	10%
Private shareholding	48%	43%	56%	80%	21%	34%	54%
Sole proprietorship	11%	10%	11%	0%	16%	25%	6%
Partnership	5%	7%	7%	0%	11%	1%	5%
Limited partnership	8%	16%	8%	1%	18%	4%	1%
Other	9%	4%	9%	4%	7%	12%	17%
Don't know	6%	7%	1%	1%	11%	9%	8%

**Table 3: Demographic Data of the Businesses Surveyed**

	Total	China	India	Japan	Singapore	South Korea	Vietnam
<b>Private or Government ownership</b>							
100% private	74%	72%	90%	96%	63%	66%	59%
<10% govt.	5%	4%	2%	2%	11%	7%	3%
10-50% govt.	2%	2%	1%	0%	2%	2%	3%
>50% govt.	3%	4%	2%	0%	3%	4%	6%
Don't know	16%	18%	5%	2%	21%	20%	28%
<b>Women-owned companies</b>							
0-35%	52%	43%	61%	89%	32%	42%	41%
36-50%	14%	18%	15%	3%	22%	9%	19%
51-64%	5%	7%	3%	1%	9%	3%	6%
65-100%	3%	3%	4%	0%	5%	3%	4%
Don't know	26%	29%	17%	7%	31%	43%	31%

Note: Interestingly, a high share of respondents (26.22%) seem not to know. At most, 22% of the Singaporean businesses said that their companies are 36%-50% owned by women.

**Respondent role in company**

Senior manager	46%
Prefer not to respond	24%
Staff member	11%
Executive position	11%
Founder/board	9%

**Respondent's no. of years doing international business**

<5 years	46%
6-9 years	15%
>10 years	24%
No response	16%

## Thank you to the Policy Experts and Business Leaders

We would also like to express our sincere gratitude to the policy experts who gave us their time and expertise without which this study would not have been complete. Please find below a list of all the policy experts interviewed in this study. The list excludes names of experts who requested to remain anonymous and/or withhold their names and affiliations. We also thank all the Asian Business Leaders who stopped and took the time to fill out our survey.

- **Adit Jain**, Chairman, IMA India
- **Alex Capri**, Visiting Senior Fellow, Department of Analytics and Operations, NUS Business School
- **Ambassador Ong Keng Yong**, Executive Deputy Chairman, the S. Rajaratnam School of International Studies, Nanyang Technological University; Ambassador-at-Large at the Singapore Ministry of Foreign Affairs
- **Anh Duong Nguyen**, Director of Department for General Economic Issues and Integration Studies, Central Institute for Economic Management (CIEM)
- **Carlos Kuriyama**, Senior Analyst, APEC
- **Debashis Chakraborty**, Associate Professor, Indian Institute of Foreign Trade (IIFT)
- **Deborah K. Elms**, Founder and Executive Director, Asian Trade Centre
- **Emily Fleckner**, former Economic Section Chief at US Consulate, HCM City (currently posted in Brunei Darussalam)
- **Dr. Harinder Sekhon**, Senior Fellow, Vivekananda International Foundation
- **Dr. Huynh Huy Hoa**, Director, Da Nang Institute for Socio-Economic Development
- **Hyun Jung Je**, Director of the Center for Trade Studies & Cooperation, Korea International Trade Association (KITA), and Helen Oh, KITA
- **Ian Eddie**, VinaCapital Professor of Private Equity, RMIT Vietnam University
- **Jonghyuk Kim and Jeewoon Rim**, Senior Researchers, Korea Institute for International Economic Policy (KIEP)
- **Kenjiro Monji**, Former Japanese Ambassador to Canada (2004-07)
- **Kensuke YANAGIDA**, Research Fellow, The Japan Institute of International Affairs

- **Kishore Mahbubani**, Distinguished Fellow at the Asia Research Institute (ARI), National University of Singapore (NUS)
- **Le Duy Binh**, Managing Director, Economica
- **Le Thi Thu Thuy**, Deputy General Director, Vietnam Chamber of Commerce & Industry (VCCI) - Headquarters
- **Linda Lim**, Professor Emerita of Corporate Strategy and International Business, Stephen M. Ross School of Business, University of Michigan
- **Dr. Malcolm Cook**, Senior Fellow, Institute of Southeast Asian Studies (ISEAS) - Yusof Ishak Institute
- **Manu Bhaskaran**, Founding Director and CEO, Centennial Asia Advisors
- **Maria Esperanza Alconcel**, International Trade Expert
- **Michael Trueblood**, Director of USAID's Economic Growth & Governance Office
- **Dr. Nakgyoon Choi**, Senior Research Fellow, Korea Institute for International Economic Policy (KIEP)
- **Neelam Deo**, former Indian Ambassador to Denmark and Ivory Coast, Executive Director, Gateway House
- **Nguyen Van Tuan**, Director of International Relations, Vietnam Chamber of Commerce & Industry (VCCI), Ho Chi Minh City Branch
- **Nguyen Viet Khoi**, Associate Dean and Associate Professor, Vietnam National University
- **Dr. Nilanjan Ghosh**, Senior Fellow (Professor) and Head of Economics, Observer Research Foundation
- **Nirupama Soundararajan**, Senior Fellow & Head of Research, Pahle India Foundation
- **Dr. Phung Duc Tung**, Institute Director, Mekong Development Research Institute
- **Pritika Hingorani**, Director, IDFC Institute
- **Dr. Ram Singh**, Professor and Head of the Department (Trade Operations & Logistics), Indian Institute of Foreign Trade (IIFT)
- **Ryohei Yamada**, General Manager, North America & Latin America Department, Global Economic & Political Studies Division, Mitsui & Co. Global Strategic Studies Institute
- **Sangbum Kim**, Professor, Seoul University
- **Dr. Saon Ray**, Senior Fellow, Indian Council for Research on International Economic Relations (ICRIER)

- **Shahid Ahmed**, Professor, Department of Economics, Jamia Millia Islamia
- **Steven Okun**, Senior Adviser, McLarty Associates
- **Tae-shin Kwon**, Vice Chairman and CEO of the Federation of Korean Industries (FKI) and KERI
- **Teruko Wada**, Deputy Director of the International Affairs Bureau, Keidanren (Japan Business Federation)
- **Tony Michell**, Managing Director & Professor, Korea Associates Business Consultancy (KABC) and KDI International School of Policy and Management
- **Dr. Yeongkwan Song**, Dept. of Economic Policy and Strategy, Korea Development Institute (KDI)
- **Young-Joon Kim**, Professor, Sangmyung University



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