

# Canada China Business Council's 37<sup>th</sup> AGM & Policy Conference

Address delivered by

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# Thank you, Sarah, and thank you, everyone, for the warm welcome.

It is our honour, at BMO Financial Group, to sponsor this evening's Gala Banquet. It is the kickoff to a most timely annual meeting and policy conference for an organization that has earned the right to be the private sector voice of Canada-China business dealings, and we are proud to be associated with the Council and its members. In the nearly 40 years since its founding, CCBC has become the leading forum for people interested in the important bond that exists between China and Canada. Wang Junhao, thank you for your inspiring words. It is good of you to be with us this evening.

And Mayor Coderre, our congratulations to you on a historic trade mission on behalf of the city of Montreal. I know tomorrow will be an important day as, 30 years on, you and Mayor Yang Xiong renew the twin city status of Shanghai and Montreal.

In my brief remarks this evening, I want to focus on that bond and try to get beyond what I would characterize as rhetoric that surrounds any discussion about China these days.

I want to talk about the things that have made Canada's relationship with China unique, and how that special bond will continue to be advantageous for both nations in the years ahead – a goal that, I am sure, is shared by everyone in this room tonight.

We cannot ignore recent events in the world economy – in which China has had a huge and growing role. Since China was responsible for more than 20 per cent of global growth over the last decade, it is only normal that people will feel concern when that engine of growth slows.

But we need to take a longer view. As my colleague Kevin Lynch wrote recently, what group of experts – back in 1980, when China was just emerging from the Cultural Revolution – would have predicted that China would chalk up an unprecedented 35 years of growth that would make it the second-largest economy in the world? In a word: nobody.

And we would be wrong now to under-estimate China's ability to deal with the challenges of the next 35 years.

Specifically, is it really reasonable to be so apprehensive because China's economy is not growing at a double-digit pace? Even at 6 per cent growth, China would add \$625 billion to global demand next year – that's more than the U.S. will, even if it achieves a 3 per cent growth rate.

Simply put, it is still the case that China will probably become the world's largest economy in less than 15 years.

**So, when President Xi Jinping speaks about a “new normal”, this is the right way to look at the issue. The pace has changed, but the outcome hasn't.**

**The notion that China will play a diminished role in the growth of the global economy is clearly misplaced. The demands of a growing middle class in the world's most populous country will continue to be the major factor influencing the world's economic growth for the foreseeable future.**

And we remain very confident in Canada's ability to play a meaningful role in that future.

Why? Because of the special relationship that our two countries have forged together over 50 years of our shared history in modern times.

Canada's relationship with China is like no other. It is rooted in a tradition of being here – sometimes, when no one else was willing – and anticipating where the most good could be done.

In the Sixties, the Chinese people sought to increase food imports and Canada led the way with the first major wheat sale – Bank of Montreal, incidentally, played an important role in that landmark transaction.

In the Seventies, China sought greater acceptance in the world of international diplomacy and Canada led the way by being one of the first NATO allies to recognize the People's Republic – more than a year before the PRC was seated at the United Nations, and more than eight years before it was recognized by the United States.

More recently, when China had already begun its rapid industrialization, it sought to expand its range of trading partners – as our former prime minister, the Right Honourable Jean Chrétien, knows very well. Mr. Chrétien's government responded with the Team Canada trade missions, an approach which became the model for building bilateral trade ties between nations.

Over the years, Canada and Canadians have been reliable friends to China and the Chinese people – and this friendship has been reciprocated.

That is not to say that things remain the same. Societies evolve, business practices evolve – and friendships evolve.

But after 50 years, the fundamentals endure.

We have retained the willingness to speak directly to one another – not constrained by our involvement in multilateral organizations like the WTO, the GATT, or the G7, G8 or G20. Ours is a special, bilateral, relationship.

And we have never stopped listening to one another – which is the key to success in business, as it is in life itself.

**But the time has come to take another step. It is time for Canada and China, as nations, to do something unexpected: It is time for us to deepen that relationship.**

The world is in flux. China's economy is evolving and restructuring. Climate change is forcing us to reconsider our energy models. There are major geo-political shifts around the world, and both the Middle East and Asia-Pacific are at the centre of change.

Many would choose to adopt a "wait-and-see" attitude at moments like this, but I think this is precisely the moment when we could take action.

**Now is the time to take advantage of the change in leadership in the Canadian House of Commons and shift the nature of our official engagement with China – beginning with the pursuit of a bilateral free trade agreement between our two countries.**

Canada is a trading nation.

Through NAFTA, we have privileged access to the world's largest economy. Through CETA, we have gained access to the European trading bloc – something the U.S. is still negotiating.

**After the U.S. and the E.U., China is Canada's biggest trading partner. If we were to establish an FTA, Canada could become a valuable gateway to the Americas for China – and that would be of enormous benefit to both.** I expect everyone in this room can see the possibilities.

As all of you know, our relationship with China goes well beyond energy and natural resources – public perceptions notwithstanding.

In fact, our economies are complementary: there are significant areas of opportunity for both nations that would only be enhanced by a free trade agreement.

China faces the same environmental challenges as every other country in the world, but given China's sheer size, these challenges are daunting – especially dealing with that most precious of all resources: water. There is a clear opportunity for Canada's clean tech industries to help.

Canada is already a destination for the children of China's expanding middle class. Shouldn't Canadian students be studying in China as well? Imagine how much more we could do to encourage educational exchanges.

Chinese tourists are now among the world's most widely traveled, yet Canada is well down on the list of destinations for Chinese visitors. The beauty of the Rockies, the grandeur of Niagara Falls – we know these are places people want to see, but couldn't we do more to make it easier for them to do so, ensuring they are greeted in their own language? Providing signage to make them feel welcome?

In my own domain – financial services – we have already forged close relationships with China. Bank of Montreal (China) Co. Ltd. has been granted full banking powers in the PRC, and we have strategic partnerships with major Chinese banks to expand their presence in North America – but there is more that could be done.

**Perhaps the biggest opportunity for mutual benefit from a free trade agreement may be in the world of agriculture.**

For China, food security is a major policy focus – as it was in the Sixties. Improving the quality and the safety of food supplies are top priorities. Canada's expertise in food production, processing and packaging responds perfectly to these needs.

Canada was there when wheat was urgently needed. We opened the door to China when others wouldn't. And we have been good and reliable trading partners for years.

And if an FTA is going to happen – and I hope it will – I know that it will be thanks, in large part, to the people in this room who want to build on our historical relationship and contribute to growth in both our countries.

The Canada China Business Council prides itself on being our leading business, trade and investment facilitator and advocate – on providing unparalleled insight into Sino-Canadian trade and investment. Who better to lead the charge on this initiative than the members of the CCBC – the business leaders in this room?

And, given that we have a new government in Ottawa, what better time than now to move this forward?

It is the natural next step in the evolution of Canada's role as a free trader in the global marketplace.

And Sarah, I'm looking forward to discussing this and other important ideas at the policy conference tomorrow.

**Thank you.**