

Asia Pacific - Alberta Relations



This map is a generalized illustration only and is not intended to be used for reference purposes. The representation of political boundaries does not necessarily reflect the position of the Government of Alberta on international issues of recognition, sovereignty or jurisdiction.

This relations paper covers the Asia Pacific country relationships managed by Alberta Economic Development and Trade's Asia Pacific Branch. This includes Australia, New Zealand, China, Taiwan, Hong Kong, Japan, Korea, Mongolia, Indonesia, Malaysia, Singapore, Brunei, Philippines, Thailand, Vietnam, Laos, Cambodia, Myanmar and the island nations of Oceania.

DID YOU KNOW?

- The population of the Asia Pacific region is over 2.25 billion people.
- Levels of development and per capita GDP in the region range widely, from USD \$2,600 (Cambodia) to USD \$54,800 (Brunei).
- Alberta has a long history of cooperation with the Asia Pacific region, and has four sister province relationships in the area. These include:
 - Gangwon, Korea (since 1974)
 - Hokkaido, Japan (since 1980)
 - Heilongjiang, China (since 1981)
 - Guangdong, China (since 2017)
- Alberta's exports to the Asia Pacific have more than doubled over the past 15 years.
- PyeongChang, Korea hosted the 2018 Winter Games, and the next two Olympic Games will be held in the Asia Pacific region: Tokyo,

Japan (2020 Summer Games), and Beijing, China (2022 Winter Games).

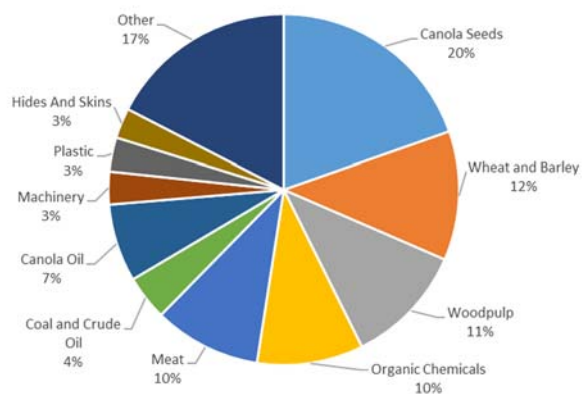
RELATIONSHIP OVERVIEW

- Alberta operates eight international offices in the Asia Pacific region, including locations in Beijing, Shanghai, Guangzhou, Hong Kong, Singapore, Tokyo, Taipei and Seoul.
- Mr. Ron Hoffmann, Alberta's Senior Representative for the Asia Pacific Basin, is based in the Alberta-Hong Kong Office.
- The Asia Pacific region contains three of Alberta's five top trading partners in 2017 (China, Japan and South Korea).
- Canada and several Asia Pacific countries, including Australia, Indonesia, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan, Vietnam and China are all members of the Asia-Pacific Economic Cooperation forum (APEC). Vietnam was the host country for APEC in 2017, and Papua New Guinea will host in 2018.
- Canada shares membership in the Commonwealth of Nations with several Asia Pacific countries, including Australia, Brunei, Malaysia, New Zealand and Singapore.
- The Canada-ASEAN Business Council has maintained an office in Calgary since 2015.

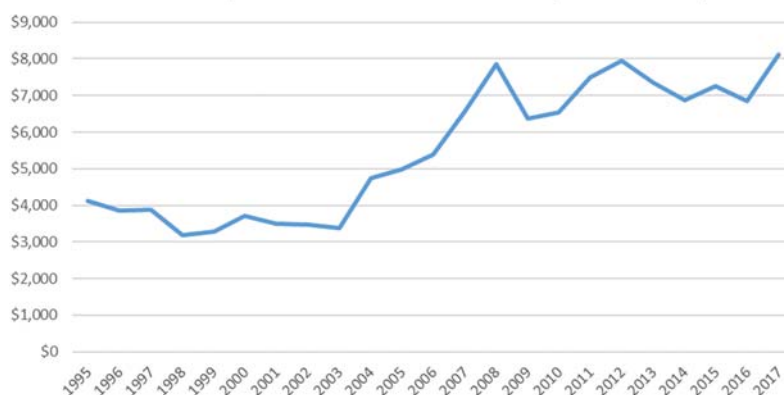
TRADE AND INVESTMENT

- In 2017, the Asia Pacific region represented 8.1 per cent of Alberta's exports, and 64.8 per cent of Alberta's non-U.S. exports.
- Alberta's exports to Asia Pacific were \$8.12 billion in 2017 and consisted primarily of canola, wheat and barley, coal and crude oil, organic chemicals, beef, pork and machinery.
- From 2013-2017, Alberta's direct imports from Asia Pacific averaged \$4.56 billion and consisted primarily of machinery and electrical machinery, iron/steel products, furniture, bedding, and plastic and rubber.
- Canada and South Korea concluded the Canada-Korea Free Trade Agreement in March 2014, which is Canada's first bilateral free trade agreement in the region. This agreement went into effect on January 1, 2015.
- The Asia Pacific region's rapidly growing middle class and demand for energy, agriculture and forestry resources, make Asia Pacific and Alberta natural partners for trade and investment.
- Japan, China, Korea and Australia are all significant investors in Canada. Between 2011 and 2015, Foreign Direct Investment (FDI) stocks from these countries in Canada averaged \$42.6 billion.

Alberta's Exports to Asia Pacific 2013-2017, 5 Year Average



Alberta's Exports to Asia Pacific 1995-2016 (CAD Millions)



- In March 2018, Canada became one of the signatories of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), as part of one of the largest trading blocs in the world. CPTPP countries represent 495 million people and have a combined GDP of \$13.5 trillion. The 11 member countries of the CPTPP are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

ENERGY

- The Asia Pacific contains some of the world's top oil and gas importers, including Korea, Japan, China and Singapore.
- Singapore is an important regional trading and pricing hub for many energy products and for energy-linked financial derivatives.
- Several of the world's top energy producers are also in the region, including China, Indonesia, Australia, Malaysia and Brunei.
- Sustained strong economic growth and reserve depletion has led to some nations, including China and Indonesia, to transition from being net exporters of crude oil to net importers.
- The Asia Pacific region contains some of the most important investors in Alberta's energy sector, including Japan, China and South Korea.
- Alberta energy exports to the Asia Pacific region averaged \$799.3 million per year between 2011 and 2015, and consisted mainly of coal and crude oil.
- In April 2017, Alberta signed an agreement with the Japan Oil, Gas and Metals National Corporation (JOGMEC) to focus on cooperation in the upstream of natural resources and related sectors.
- In April 2017, Alberta signed an agreement with China's National Development and Reform Commission – Energy Research Institute for collaboration in sectors related to sustainable energy development, renewable

energy development, energy efficiency and climate change research and policy development.

- In July 2017, Japan's Astomos Energy Corporation signed an agreement with AltaGas Ltd. to purchase Liquefied Petroleum Gas (LPG) through an under-construction propane export terminal in Prince Rupert, with the aim of beginning to ship LPG to Japan in 2019.

TOURISM

- Travel Alberta maintains in-market representatives in markets including Beijing and Tokyo.
- Direct air links from Alberta to the Asia Pacific include Calgary-Tokyo and Calgary-Beijing.

SCIENCE AND TECHNOLOGY

- Alberta has various science and technology agreements in the Asia Pacific including an MOU with the Guangdong Department of Science and Technology that was renewed in 2016.

FORESTRY

- Alberta forestry exports to the Asia Pacific region totaled C\$843 million in 2016, led by sales of wood pulp and lumber.
- Market trends in this region include a desire for healthy housing, government driven housing stimulus, and stricter energy and sustainability standards.
- The use of wood building materials is an established and expanding sector in much of East Asia, providing significant opportunities for Alberta's wood producers.

AGRICULTURE

- Alberta agriculture exports to the Asia Pacific totalled \$3.4 billion in 2016. Top exports included canola seeds (\$1 billion), wheat (\$464 million), beef (\$368.9 million), canola oil (\$352.4 million), pork (\$280.9 million) and raw hides and skins (\$200.5 million).
- In March 2017, Alberta Agriculture and Forestry led a trade mission to Thailand,

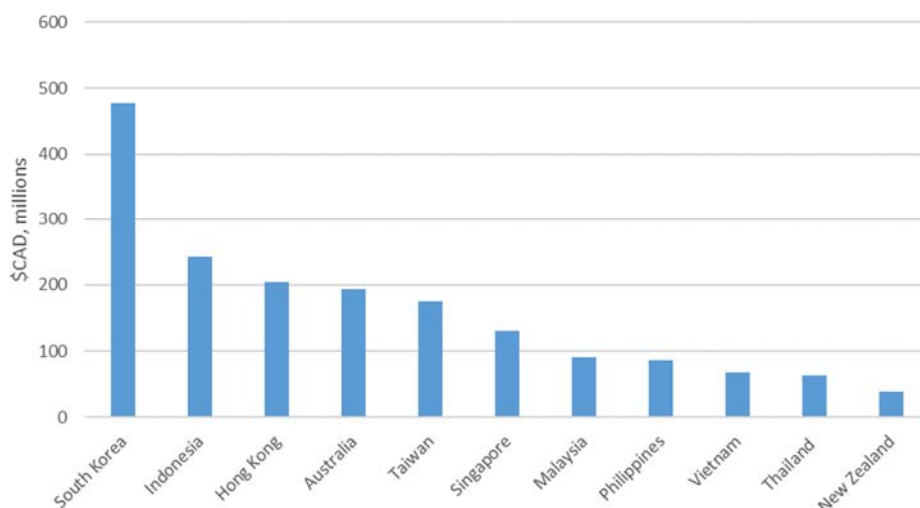
Vietnam and Cambodia focused on feed, feed ingredients and livestock nutrition.

- Agriculture and Agri-Food Canada's Minister MacAulay lead the largest-ever agricultural delegation to China in November 2016 to help advance Canada's key agricultural interests in this priority market.
- In November 2016 the Minister of Agriculture and Forestry led a mission to China and Korea to profile and advocate Alberta as a preferred supplier of agriculture and agri-food products as well as to promote market diversification within Alberta's forestry sector.
- In November 2015, Alberta's Minister of Agriculture and Forestry joined Alberta industry and business representatives to meet with key Japanese industry and government stakeholders to further Alberta's trade and investment interests in the agriculture and forestry sectors. The Minister also met with Hokkaido government officials and participated in events to commemorate the 35th anniversary of the Alberta-Hokkaido sister province relationship.

EDUCATION

- Advanced Education provides funding to Alberta post-secondary institutions through the Campus Alberta Grant for International Learning which allows institutions to develop short-term study abroad programs in other countries including Hong Kong, Taiwan, Japan, Korea, Indonesia, Malaysia and Singapore,
- Many students from the Asia Pacific attend K-12 schools in Alberta to learn English as a second language.
- Japan and China have each assigned a language advisor to Alberta. Special language advisors help enhance cultural ties, support curriculum development, and promote their respective language and culture in the province.
- Alberta's top source countries for international fee-paying K-12 students are China, Vietnam and Korea.

Alberta's Exports to Asia Pacific markets outside of China (\$3.29 billion) and Japan (\$1.72 billion) - 5 year average (2013-2017)



- Over the last 30 years, about 100 Alberta students have participated annually in short-term cultural exchanges with the Yamate Gakuin high school in Yokohama, Japan. The program also sees about 200 Japanese students come to Alberta schools annually for short-term visits during the spring.
- Alberta Education has led and supported several Study in Alberta missions to the Asia Pacific region since 2009 with the goal of telling Alberta's story and to raise the provinces' profile in key international education markets.
- Nine schools in China, Korea and Cambodia have received Alberta accreditation or pre-accreditation status. These international schools deliver Alberta's K-12 curriculum (programs of study, assessments, and learning and teaching resources) through Alberta certificated teachers, and provide their students with the opportunity to graduate with an Alberta high school credential.
- The University of Alberta (UAlberta) is engaged extensively across the Asia-Pacific region for student mobility, joint research, and training. China is a country of particularly strong activity. In addition to the activities noted in other country profiles, UAlberta offers research internships for students from select partner institutions, including in Australia, China, Korea, New Zealand, and Singapore.
- Also, UAlberta's Faculty of Physical Education and Recreation (FPER) offers a Play Around the World program in which students do a 3-month community service learning placement in Thailand or Cambodia, delivering play and physical activity to children of all abilities. In New Zealand, FPER plus the Faculty of Native Studies have strong mobility and research connections with the University of Otago. In addition, UAlberta has provided training to

petroleum geologists from Mongolia sponsored by their government.

EMERGING OPPORTUNITIES

- The Canadian federal government's announcement of its approval of the expansion of the Trans Mountain pipeline between Alberta and the Pacific coast through Vancouver, provides a major opportunity for Alberta oil producers seeking to diversify markets and send their products to Asia.
- Rapid industrialization and urbanization across much of the Asia Pacific region provides excellent opportunities for Alberta's environmental consulting and engineering firms, in areas such as waste-water treatment and sludge systems, soil remediation, purification systems for households and groundwater, training services and building products.
- Excellent opportunities for Alberta companies in relation to oil and gas equipment sales exist in countries across the region, including Indonesia, Malaysia and China. The rapid development of the region also has greatly increased the need for energy sources which provides massive opportunities for Alberta's products including Liquefied Natural Gas, coal and crude oil, to the extent that those products are able to reach Asian markets.
- Industrial diversification and efficient, modern infrastructure make countries like Malaysia, Singapore, Japan, Korea and Australia attractive destination for trade and long-term investment.
- Growing populations in the region are increasing the demand for medical and educational services. Increased government emphasis on healthcare in certain countries are bolstering this trend.
- The agri-food sector is a major focus for China, and across the region. Opportunities

exist in China alone for agricultural consulting services, food safety technology, livestock genetics, seeds and forage products, grains and oilseeds, raw hides and skins, equipment, high quality beef, processed canola and other food products.

- Forestry presents major opportunities in the region, with growing demand for Alberta products especially for the building sector in Japan, as well as Korea and China.
- The Canada-Hong Kong Foreign Investment Promotion and Protection Agreement (FIPA) entered into force on September 6, 2016. This FIPA establishes a framework for governing foreign investments between Canada and Hong Kong and provides Canadian investors operating abroad with additional legal protections.
- In March 2017, the Canada-Mongolia FIPA entered into force. This agreement sets out a framework of legally binding rights and obligations that will protect Canadian investors in Mongolia. The strong reciprocal protections in the FIPA will help Canadian and Mongolian companies deepen commercial ties with confidence and spur job creation.
- Hong Kong remains an important global hub for the financial services industry and is a key location in Asia for companies to look for investment financing. Other key financial centres in the region include Singapore, Shanghai, Beijing and Tokyo.