

Queen's Park
Premier to highlight old ties on China visit

By MURRAY CAMPBELL

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The old hands advise Canadian companies looking to trade with China that it's important to take the long view and work at building a long-term relationship. In that regard, Dalton McGuinty has a leg up as he seeks to boost Ontario's trade with China on a 10-day mission starting this weekend.

More than 30 years ago, the McGuinty household in suburban Ottawa, already crowded with the future Ontario premier, his parents and nine brothers and sisters, opened its doors to three Chinese exchange students. The three were part of the first class of nine students that China allowed abroad in 1973 to study. One of the nine, Lu Shumin, is now the Chinese ambassador to Canada. Mr. McGuinty recently dined with him. One of the boarders at the McGuinty house is back in China, and the Premier hopes for a reunion next week.

Roots don't get that much deeper, and Mr. McGuinty intends to let everyone know this. "I'm going to do what I can to tell that story over and over," he said, noting that Canada established diplomatic ties with China in 1970. "Anything we can do that distinguishes us from others by way of our long-term relationship . . . is going to be helpful."

And God knows that Ontario needs all the help it can get. Twenty years after former premier David Peterson led the last major Ontario trade mission to China, business between the two jurisdictions is floundering. "When this thing comes awake, the potential is enormous," he said in 1986. But the "thing" is still napping.

Imports from China have more than doubled in the past five years -- to \$12.2-billion -- but Ontario's exports have nudged upward only slightly and, indeed, exports to Hong Kong have fallen. The value of exports to China (including Hong Kong) in 2004 was \$1.8-billion -- not impressive considering that China's economy has been growing at 9 per cent annually.

Mr. McGuinty is leading a 125-person delegation that will travel to Beijing, Hong Kong, Shanghai and Nanjing before returning on Nov. 15. More than 80 businesses, trade organizations and universities have signed up for the mission, each paying its own expenses. For the Premier, the initiative was inevitable. "You cannot not have a China strategy today," he said. "It's such a powerhouse of an economy with a tremendous population, a burgeoning middle class."

That's good boilerplate, but the challenge facing Ontario is that every other advanced economy in the world recognizes this as well and is trying to get a piece of the action. "It's just amazing the number of delegations that probably go to China on a daily basis," Economic Development Minister Joe Cordiano said.

How to break through? Well, for a start, Ontario plans to drop the old Team Canada technique where company representatives signed pre-negotiated deals for the cameras. "I know that kind of trip has been made in the past and you orchestrate signatures, you prepare all these things in advance," the Premier said.

"If you want to establish a good relationship with the People's Republic of China, stop thinking about it in terms of one-offs and start thinking about a long-term relationship that involves a continuing effort."

Mr. Cordiano said the focus is on reciprocal investment from which trade deals will follow. He said Chinese investors see Canada as a treasure trove of natural resources but know little about its research capabilities, particularly in the life sciences and automobile technology. Mr. McGuinty will be bragging about his commitment to innovation and the province's well-educated work force. To that end, the Ontario delegation plans to tout the province's expertise in advanced-material manufacturing and design. The recent start-up of the MaRS research facility in Toronto, which mixes researchers and financiers, will be touted.

The minister says that success won't be measured in the number of deals signed during the mission but rather in the commitments secured for return visits from potential Chinese investors. "This stuff takes time," he said. "You can't just say we'll be there, sign contracts and then everybody goes home."

Saskatchewan Premier Lorne Calvert, who just returned from an Asian trade trip, endorses Ontario's approach. "Relationship-building is key," he said. "It doesn't lend itself to the quick photo-op signing opportunities."

mcampbell@globeandmail.ca