

Speaking notes for the Honourable Ed Fast

Minister of International Trade

At the Joint Business Luncheon

**With the Canadian Chamber of Commerce, the Makati Business Club
and the Management Association of the Philippines**

Manila, Philippines

July 22, 2014

Canada 

CHECK AGAINST DELIVERY

Thank you for that very warm introduction.

I'm pleased to be here, and to speak with such a distinguished group as this one.

For many years the Canadian Chamber of Commerce has been a strong voice for deepening our trade and investment ties here. Julian (Payne), thank you for the outstanding leadership you have demonstrated in promoting the Canada-Philippine relationships.

I also want to extend my appreciation to all the other members of the Chamber who could join us today. I'm looking forward to meeting with you during your trade mission to Canada in August.

Of course, my very warmest greetings go out to the members of the Makati Business Club and the Management Association of the Philippines, both of which have played such an instrumental role in helping to find ways to strengthen the Philippine economy. Thank you for recognizing the role that Canada can play as a trusted economic and development partner for the Philippines.

Promoting that partnership is a goal all of us share, and certainly one of the reasons I'm here on this trade mission. The last time I was here, I had the distinct pleasure of accompanying Prime Minister Stephen Harper on his visit to the Philippines in 2012.

And, on behalf of Prime Minister Stephen Harper and the Government of Canada, I want to pass along very best wishes, and my sincerest hope that our two countries will continue to work together to strengthen our bonds of friendship and partnership, including our commercial relationship, over the coming months and years.

On behalf of all Canadians, I also want to extend our deepest condolences to the families and friends of the victims of Typhoon Yolanda last November and Typhoon Glenda which hit the country last week. I would be remiss if I didn't also pass on my condolences to all within this country who lost friends and loved ones in the downing of the Malaysia Air flight in the Ukraine.

Canada has stood by the Philippines in the past, and we will continue to do so in the wake of all such tragedies.

Friends, the Canada-Philippines partnership goes back well over a century. Let me tell you how important the Philippines is for Canada. It was in 1896 that Sunlife of Canada branch office opened here in Manila. And Canadian insurer Manulife was soon to follow.

Since that time, our economic partnership has flourished, and today, our bilateral merchandise trade is more than \$1.7 billion and trending upwards. Indeed, just last year our bilateral trade increased by 15 percent. We recognize that the Philippines has one of the fastest-growing economies and represents tremendous opportunities for Canadian businesses bold enough to recognize them.

I took note of the Philippine Development Plan 2011-2016, which strives to improve job creation and economic outcomes for this country.

But Philippines also has significant economic challenges, including a significant deficit in rail, road and port infrastructure, an investment environment that remains unfamiliar to Canadian investors, and regulatory and trade facilitation challenges that still represent significant hurdles for Canadian business people.

I am here to say that Canada offers many of the solutions to those challenges. Yesterday and today, I had the opportunity to meet with a number of my ministerial counterparts in the Philippine government to discuss mutual matters of interest, including ways in which we can eliminate some of the tariff and non-tariff barriers between our two countries.

My good friend, Gregory Domingo, Secretary for Trade and Industry, and I both agree that freer and more open trade can help drive prosperity in both of our countries, and I look forward to continuing my work with him to promote Canadian interests here on the ground.

After all, Canada is a world leader in so many areas. I mentioned infrastructure. Canada has some of the world's best technology and expertise when it comes to

things such as developing waste management, water and wastewater treatment, airports, railway cars and “green buildings.”

Canada also has world-class expertise in renewable energy, information and communication technologies, agriculture and agri-food and defence equipment.

In fact, our two countries recently signed a \$105-million contract for Canada to supply eight specialized helicopters manufactured by Bell Helicopter Canada Ltd. That contract was one of the outcomes of the Memorandum of Understanding between the Canadian Commercial Corporation and the Department of National Defense of the Philippines.

And let me add that Canada remains a strong supporter of the ambitious Philippine defense modernization program, a program in which we believe Canadian defence and security companies will play a significant role.

Of course, Canada is the world’s undisputed leader in the mining industry, with close to 50% of all mining activities around the world being led by Canadian companies. The Philippines just happens to be one of the most geologically rich places on earth, and responsible mining represents a significant opportunity for this country to drive economic growth.

Canada wants to be a partner in that endeavour. But we have also highlighted for our Philippine partners that investment requires a welcoming environment, one which is transparent, fair and recognizes the unique nature and cycles of the mining industry.

I have shared with my ministerial counterparts some of Canada’s best practices in this industry, including Canada’s very clear expectation that Canadian companies doing business abroad do so ethically, in accordance with the highest standard of corporate social responsibility, and in a manner that reinvests in the very communities in which those Canadian companies do business. After all, that is the Canada brand!

Canada represents an ideal partner for the Philippines. We’re a country that has dramatically reduced taxes on our companies, our job creators. We’re among the

best educated countries in the world, with a deep and rich talent pool. We have the soundest banking system in the world, and fully expect to return to balanced budgets next year, the first country in the G7 to do so. We have also worked hard to create a transparent and fair investment and regulatory environment for foreign investors.

But even more important is the Philippine diaspora within Canada, now numbering close to 800,000 people. Indeed, over the last three years, the Philippines have represented the largest source of immigrants to Canada. The Filipinos who have made the journey to Canada have helped to enrich our collective lives in so many different ways, including socially, culturally, politically and economically.

On the economic side, remittances by Canadian-Filipinos back to the Philippines are in the order of \$2 billion a year, representing close to 1% of Philippines total GDP. That is a very significant contributor to the Philippine economy.

Canada and the Philippines are also valued partners within the UN, APEC and the World Trade Organization, where we work very closely together to find new ways of eliminating tariff and non-tariff barriers within the global economy.

It would be a big mistake to understate the value of trade to our economies. In Canada, one in five jobs depends on trade, and 60% of our GDP is related to our trade activities. And when I speak of trade, I don't just refer to the trade in goods. More and more, it is services such as engineering, ICT, digital media and design that represent a significant high-value component of Canada's trade flows. Canada believes that increased trade between our two countries would be a "win-win" for everyone.

Today, Canada-Philippine trade is in the order of \$1.7 billion, a good start but relatively modest compared to its underlying potential.

Last month, our government announced key amendments to our Air Transport Agreement with the Philippines to help further strengthen our commercial and people-to-people ties. Under these amendments, the number of flights between

our two countries will rise from 7 to 14, and airlines from both countries will now be permitted to “code-share” with other airlines.

This development is sure to increase the connectivity between our two countries, improving tourism, business and student travel in the years to come. In fact, the Philippines is the only ASEAN country to offer direct flights between ASEAN and Canada. With close to 430,000 one-way trips in 2013, the Philippines is Canada’s 14th largest air travel market, just behind Japan.

Our two countries have also established a joint commission for bilateral cooperation in order to increase collaboration in a wide range of areas including trade and investment, development, foreign and domestic policy and security.

Well over a decade ago, Canada and Philippines brought into force a FIPA to ensure that investment by companies from our two countries is protected against discrimination.

On the development side, Canada recently added the Philippines as one of 25 countries of focus for the Government of Canada’s international development efforts. 90% of our development assistance is focused on those 25 countries and we expect that this will greatly benefit Philippines as it continues to build its democratic, governance, economic, defence and security capacity.

Since 2009, we’ve helped the Philippine government improve its investment climate by supporting the streamlining of business registration procedures, and the development of public-private partnership projects in infrastructure.

We’ve also contributed to improve access to skills, technology, finance and markets for more than 14,400 micro-entrepreneurs and farmers.

Most recently, Canada and its donor partners within Canada announced over \$170 million in assistance to the Philippines in supporting rescue and relief efforts in response to Typhoon Yolanda. We are also providing \$250,000 to address the impacts of the more recent Typhoon Glenda.

Today, I am very pleased to announce new funding support under the IFC’s Agribusiness Development Initiative. \$10 million in Canadian funding will support

smallholder farmers in the Philippines to enhance their business management skills and financial literacy, and access better farming practices and markets for their products.

We believe that it is essential to help farmers improve their livelihoods by expanding their access to inputs, farm management practices, finance and agricultural infrastructure assets through public-private partnerships so that they become important engines of economic growth in their communities.

I would be remiss if I didn't highlight Philippines active role in the larger South East Asian region. As one of the 10 partner countries in the Association of South East Asian Nations, or ASEAN, Philippines is one of the economic growth leaders in the region.

Canada is immensely proud of its 37 year relationship with ASEAN as a dialogue partner. Our bilateral trade with this region is in the order of \$17 billion a year, and has grown by over 30% over the last five years, at a time when bilateral trade flows elsewhere around the world have stagnated. ASEAN now has become a leading destination for Canadian investment, presently at about \$6 billion in the region.

Not long after I was appointed Minister of International Trade, I travelled to the region and heard loud and clear that relationships and sustained face-to-face contact matters if you want to have credibility in this region. Previous Canadian governments had neglected the region. I took that message to heart and that's why I've made 15 visits to the region since I was appointed three years ago. Let me assure you, Canada is back.

In fact, I will be back next month in Naypidaw for more engagement with my ASEAN colleagues as part of the Canada-ASEAN dialogue.

One other item of note. Last month I was very pleased to host an incoming trade delegation from ASEAN. They call this a roadshow, when ministers and other officials from ASEAN travel to a partner country to see for themselves what that country has to offer in terms of investment and trade opportunities. I was very

pleased that my friend, Adrian Cristobal, Undersecretary of Trade and Industry for the Philippines, was able to join me in Canada.

I am confident that the visit of 5 ASEAN ministers and a number of deputy ministers was able to highlight the tremendous strengths that Canada offers as a trusted economic partner for the Philippines.

Meanwhile, organizations like the Chamber of Commerce and the Canada-ASEAN business council are active and growing in the Philippines. In fact, CABC will hold their AGM in Manila next month.

These and other trade promotion efforts are contributing to impressive trade results. And let me assure you, the Government of Canada, through its Trade Commissioner Service, Export Development Canada and the Canadian Commercial Corporation, are eager to help Canadian exporters and investors do business with the Philippines.

Meanwhile, vibrant private sector organizations like the Chamber and CABC provide forums for networking and information sharing.

If you haven't already done so, I'd encourage you to explore how these resources might be of assistance to you.

Clearly, Canadian and Philippine businesses have recognized the value of closer commercial relations between our countries. As I mentioned earlier bilateral merchandise trade between us has increased 30 percent over the last five years and the stock of known ASEAN foreign direct investment in Canada has more than doubled.

Conversely, ASEAN is a leading destination for Canadian investment in Asia, more in the ASEAN region than in China and India combined, with about \$6 billion of stock.

Let me close by saying this: The Philippines and Canada have a very special relationship. Beyond the large Filipino diaspora present in Canada; beyond simply Canada's support for the Philippines as it grapples with natural and man-made

disasters; as Canada's trade minister, I strongly believe that we can raise our economic partnership to a whole new level.

Thank you.