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## **Report of the Canadian Parliamentary Delegation respecting its participation at the Co-Chairs' Annual Visit to China**

**Canada-China Legislative Association**

**Beijing, Shanghai, Wuxi, Nanjing  
People's Republic of China  
August 30 to September 6, 2014**

# Report

## Overview

The Canadian Co-Chairs of the Canada-China Legislative Association (CCLA), the Honourable Victor Oh, Senator, and Ms. Wai Young, M.P. conducted the CCLA annual Co-Chairs visit to China from 30 August to 6 September 2014. As part of their visit, the Co-Chairs travelled to Beijing, Shanghai, Wuxi and Nanjing and met with Chinese members of the CCLA and other high-level officials from the National People's Congress, officials from the Central Committee of the Communist Party of China as well as representatives from the Jiangsu People's Congress. The Co-Chairs also met with representatives of the Canadian business community in China, particularly those active in the forestry and oceans technology sectors. As part of the visit's focus on environmental technology, the Co-Chairs visited several sector-related Chinese enterprises and met with government and industry representatives in Wuxi and Nanjing. The Co-Chairs also discussed China's financial reforms over the course of their meetings. Overall, the Chinese officials warmly welcomed the Co-Chairs and repeatedly called for continued Canada-China relations at the legislative level as well as for stronger bilateral commercial relations, particularly in terms of Canadian technology and technical expertise. The Co-Chairs were accompanied by Ms. Natalie Mychajlyszyn, Analyst from the Library of Parliament and Advisor to the Association.

## Objectives

- 1) To continue the renewal and reinvigoration of the CCLA relationship;
- 2) To promote friendship and the normalization of regular opportunities for dialogue with Chinese counterparts;
- 3) To learn more about Chinese-Canadian business, cultural and political links, and to promote enhanced cooperation at all these levels (selected themes: green technology and financial reforms) ;
- 4) To apprise the Chinese of the political situation in Canada; and;
- 5) To discuss the objectives and parameters for the 19<sup>th</sup> Bilateral meeting scheduled to take place in China in the first half of 2015.

## Beijing

### 1. Briefing with Canadian embassy officials

The Co-Chairs were briefed by the Chargé d'affaires Sarah Taylor on China's domestic priorities. She highlighted the prominent role of President XI Jinping in directing the program of political, economic and social reforms, such as the anti-corruption and anti-trust campaigns, the pace of urbanization, tax reform, the challenges in their implementation, and their impact on political power bases across China. With respect to the emphasis on rule of law reform, Ms. Taylor noted that this was the main theme for the Fourth Plenum of the Central Committee of the Communist Party of China (CPC)

scheduled for October 2014. She also noted potential changes being discussed that would strengthen oversight mechanisms for China's state budget, including possibly a role for the National People's Congress (NPC).

Ms. Ling Wang (Counsellor and Head of the Economic and Finance Section) briefed the Co-Chairs on China's current economic issues. These include the slowing economy, efforts to sustain economic growth with various stimulus policies, the dilemma of choosing between a lower, but stabilizing target rate of growth of 5% and a higher but unstable target of 7.5%, and the challenge of introducing economic reforms at the same time. She also highlighted various financial issues relating to China's currency, the banking sector, the growing middle class, and changes in the property market including property registration and the possibility of property taxes, as well as the search for foreign RMB (pronounced "renminbi", the official currency of the People's Republic of China) hubs. Overall, Ms. Wang indicated that the inter-related nature of the various reforms – political, economic, and social – adds to the complexity of the situation in China.

The current state of Canada-China relations, notably regarding trade in natural resources and energy, was also discussed. Other embassy officials who participated in the briefing include Mark Selby (First Secretary – Political), Jennie Chen (Counsellor and Head of the Political Section), and Josiane Simon (Senior Trade Commissioner).

## 2. Meeting with Mr. CHI Wanchun, Vice Chair of the NPC Foreign Affairs Committee and Chinese Chair of CCLA

The Co-Chairs met for nearly three hours with Mr. Chi to discuss a variety of issues relating to Canada-China relations, legislative exchanges, and opportunities for deepening ties by way of cooperation in green development, energy and finance. The discussions also included Mr. LI Lihui, member of the NPC Financial and Economic Affairs Committee and member of CCLA; Mr. LU Jianping, member of the NPC Foreign Affairs Committee and vice-chair of CCLA; and Mr. SUN Qin, member of the NPC Environmental and Resources Protection Committee and member of CCLA.

Mr. Chi noted the positive momentum in Canada-China relations in recent years and the role that CCLA is playing with respect to building the mutual trust and understanding necessary for deepening bilateral ties. He also highlighted the importance of CCLA exchanges in presenting to Canadians and fellow Canadian parliamentarians a different perspective on today's China and the opportunities it presents. Mr. Chi in particular pointed to the record of recent high-level visits to China by Canadian officials, including the Governor General, the Prime Minister and Cabinet Ministers, as evidence of the growth in Canada-China relations.

Mr. Li gave a presentation on current developments in China's economy and its banking industry. In particular, he noted that while there has been an increase in economic and financial cooperation between Canada and China in recent years, more cooperation – such as in developing transparent market regulations and the role of the NPC's legislative responsibilities in this respect, improving the financial market system, and establishing a RMB hub in Canada – would be mutually beneficial.

Mr. Sun gave an overview of China's energy landscape and the government's priority in promoting green development. He referred to several targets for reducing the proportion of

coal in China's energy mix and increasing natural gas, nuclear, hydro, wind and solar power. He emphasised the importance of partnering with other countries such as Canada in order to achieve these targets. Another important part of China's green development is environmental protection and Mr. Sun indicated that cooperation with Canada offered mutually beneficial opportunities in this respect.

Mr. Lu, also a former Vice-President of Xinhua News Agency, emphasised the modernization of China's culture as a result of its economic growth and the opportunities in terms of presenting another facet for deepening cooperation between China and Canada.

Senator Oh and Ms. Young emphasised the win-win opportunities that open up as the longstanding friendship between both countries deepens. They discussed Canada's past and present cultural and people-to-people connection with China and how they serve as additional foundations on which to promote continued engagement. Greater exchanges between museums and sharing of exhibits as well as promotion of the film industry were opportunities discussed. The Co-Chairs noted the role that their visit and the upcoming bilateral visit play in terms of strengthening understanding among their parliamentary colleagues. They emphasised Canada's leadership in green technology and financial regulation and agreed that there were many opportunities for cooperation in these two areas, particularly with respect to sharing of knowledge and expertise. At the same time, they noted the mutual benefit of improving understanding of China's investment climate for Canadian commercial enterprises.

### 3. Meeting with Mr. ZHANG Ping, Vice-Chair of the Standing Committee of the NPC

Mr. Zhang noted his appreciation for CCLA's contribution to Canada-China relations and mutual understanding. He highlighted the positive momentum in the bilateral relationship and referred to several recent and upcoming high-level visits and meetings as evidence of this momentum. He also emphasized the growth of cooperation and trade between the two countries in education, health, science and technology, culture, energy, natural resources, and justice issues. In this respect, he noted the commercial complementarity between the two countries. He noted that even though the two countries may not agree on all matters, a long-term strategic perspective would serve to address problems that arise and allow the countries to ride out the difficult times while not undermining the positive relationship. He concluded that upcoming activities in the Canada-China relationship and the frequent CCLA visits will engender a new momentum in the bilateral relationship and strengthen its potential to achieve higher levels. He also encouraged CCLA to consider visiting new places and more remote parts of China such as in the west in order to obtain a more complete understanding of China's priorities and identify opportunities for cooperation. He looked forward to another opportunity to visit Canada.

The Co-Chairs expressed their appreciation for Mr. Zhang's comments regarding the role that CCLA plays in deepening bilateral relations and mutual understanding between Canada and China in general and between legislative bodies in particular. They noted China's trade priorities and indicated their commitment to assist in this regard in order to promote Canada-China commercial relations. They also noted the increase in people-to-people ties and mutual understanding occurring, in part, as a result of the growing number of Chinese tourists to Canada.

#### 4. Meeting with Ms. WU Xiaoling, Vice-Chair of the NPC Financial and Economic Affairs Committee

Ms. Wu primarily discussed China's efforts in establishing RMB hubs in foreign countries and the conditions conducive to such a move. Such conditions include the level and quality of financial and economic activities with the country in question, the presence of Chinese banks, a stable political environment, the degree of trade and investment relations as well as the quality of political relations. She summarized the advantages and disadvantages of an RMB hub in eastern Asia, Europe, and North America. She expressed her hope that the Foreign Investment Promotion and Protection Agreement between Canada and China would be ratified and take effect soon. She noted the role that parliamentary dialogue can play in navigating issues between Canada and China. She also expressed her hope that a free trade agreement could be negotiated between Canada and China, particularly in light of growing protectionism globally and the stalled efforts of a global trade liberalization agreement.

The Co-Chairs noted the current presence of various Chinese banks in Canada and those likely to open in the future. They also noted the potential for and advantages of increased Chinese investment in Canada, especially given the focus on economic priorities in Canada, the complementarities between the two countries, Canada's strong banking sector, and the increased number of free trade agreements between Canada and countries around the world, including in the Asia-Pacific region. They expressed their commitment to bring a parliamentary delegation to China to improve mutual understanding between the two countries and to strengthen their appreciation of the opportunities today's China offers Canada. In this respect, they noted the advantages of taking the parliamentary delegation to central and western parts of China.

#### 5. Meeting with Mr. ZHANG Junsai, Director General of the Administrative Bureau of the Diaoyutai State Guesthouse and former Chinese Ambassador to Canada

The Co-Chairs discussed with Mr. Zhang the state of Canada-China relations, opportunities arising from the complementarities between the two countries, recent developments in China's foreign commercial relations and the importance of parliamentary exchanges and dialogue in order to strengthen mutual understanding, particularly among parliamentarians with little knowledge and experience of today's China. Their discussions also emphasized the need to highlight to all stakeholders the mutual benefits of deepening bilateral relations. They acknowledged that the two countries may have different business cultures, but such differences have not precluded and should not preclude commercial success. In this respect, many commercial opportunities exist in terms of infrastructure and non-energy commodities, such as timber, pork, beef, canola and wheat.

#### 6. Meeting with Mr. ZHENG Xinli, Permanent Vice-Chair of the China Center for International Economic Exchanges and former Vice-Minister of the Policy Research Office of the CPC Central Committee

Mr. Zheng and the Co-Chairs began by referring to his March 2014 visit to Canada during which agriculture featured prominently. Their discussion emphasized the complementarities of the two economies, the strong people-to-people ties, and the potential for growth in trade. They also noted the importance of reciprocal openness to investment. In this respect, as China's investment in Canada grows across a range of

sectors, so will trade, not only in commodities but also in equipment, technology and expertise. They acknowledged the importance of high-level visits and meetings in deepening relations and promoting commercial ties. Mr. Zheng and the Co-Chairs discussed the reforms being considered for China's banking sector. They also discussed the opportunities for financial cooperation between the two countries, notably in light of Canada's strong banking principles, China's interest in establishing foreign RMB hubs including in Canada, and the potential consequences of such cooperation for increased bilateral trade. In this respect, they exchanged views on the conditions for establishing a foreign RMB hub. They also discussed opportunities for deepening ties in the agriculture sector and the growing interest of Chinese students to study in Canada because of the calibre of Canadian universities and colleges.

#### 7. Meeting with Vice-Minister YU Hongjun of the International Department of the Central Committee of the Communist Party of China

Mr. Yu began by emphasizing that Canada and China, being separated only by a body of water, were practically neighbours. He highlighted the longstanding friendship between the two countries, which has only deepened with the passage of time. He noted that the full potential of the bilateral relationship remains to be fulfilled, but that the over forty different kinds of mechanisms for exchanges and dialogue among various stakeholders is moving relations in a positive direction. He also highlighted the importance of people-to-people ties, including tourists and student exchanges, in creating a base on which to expand cooperation and trade. Mr. Yu expressed his satisfaction with the relationship in general and with the progress in political ties in particular, as evident in the number of recent and regular high-level visits and meetings between the two countries. He emphasised the complementarity of the economies of the two countries, and the potential for expanding trade to unprecedented levels. He acknowledged the contribution of CCLA to the friendly relations between Canada and China. He also announced his upcoming return visit to Canada as head of a delegation from the International Department. He provided an overview of the main functions of the International Department and its ties with political parties around the world. He reiterated that Canada's friendship with China was highly valued.

The Co-Chairs reiterated the importance of people-to-people and cultural links as well as the economic complementarities between the two countries. They highlighted the role that increased investment can play in growing trade between the two countries. They expressed their commitment to continue leading parliamentary delegations to China in order to increase knowledge and awareness of today's China. They also emphasized the strength of Canada's banking and health care systems as additional advantages for increasing cooperation with China in those sectors. Other sectors promoted include agriculture and energy. They looked forward to welcoming Mr. Yu in Canada in October 2014.

#### 8. Canada-China Business Council

The Co-Chairs attended a luncheon organized by the Canada-China Business Council at which the Department of Natural Resources Canada and China's Tianjin Binhai New Area signed a Memorandum of Understanding on the development and implementation of the Sino-Canadian Low-Carbon Eco-District Demonstration Project. The Honourable Greg

Rickford, Canada's Minister of Natural Resources, was the keynote speaker. The event was attended by over one hundred representatives of various Canadian and Chinese enterprises. The event provided the Co-Chairs with an opportunity to engage with these representatives on topics relating to Canada-China commercial relations.

#### 9. Canadian Embassy Wood Promotions Event

The Co-Chairs attended an event organized by the Canadian Embassy and at which Canada's wood industry was promoted. Minister Greg Rickford was among the speakers at the event. Over fifty representatives from various Chinese government, research and business communities participated. These include the Ministry of Housing and Urban-Rural Development and its Department of Building Energy Efficiency and Science & Technology, the Beijing Science and Technology Construction (Group) Co., Ltd., the National Building Materials Group, Chinese Society for Urban Studies, the Chinese Academy of Building Standard Design, the North American-Sino Wood Industry Investment Association, Beijing Aolin Shidai Homes LLC, Jiamu Wood Frame Construction Company, China-Canada-Cano Construction Material Inc., and the Research Center of Modern Green Development Co., Ltd. The event provided the Co-Chairs with an opportunity to engage with these representatives on topics relating to Canada's wood industry and China's priorities in this regard.

### **Shanghai**

#### 10. Oceanology International China

The Co-Chairs visited over twenty Canadian exhibitors at the Oceanology International China trade event promoting marine technology, ocean science, and strategies for managing the world's oceans. This was the second year Canadian companies participated in the three day event . These companies were largely from Atlantic Canada and British Columbia, and covered a range of expertise, including ocean observation, subsea robotic system, oceanographic survey equipment, sonars, and sensors. Notably, Canada organized its own pavilion and had the most prominent location in the exhibit hall. There were approximately 300 companies with exhibits at the event. Companies from China, France, the United Kingdom, Norway, the United States, Germany and Japan among many others also had exhibits.

### **Wuxi, Yixing- Jiangsu Province:**

#### 11. Site visit: Lingtai Environmental Protection Equipment Co. Ltd.

The Co-Chairs toured the facility of Lingtai Environmental Protection Equipment Co. Ltd which specializes in water treatment. Guided by its president, Mr. LING Qing Cheng, the tour included demonstrations of the water treatment process, and an explanation of the equipment and expertise necessary to carry out the process. One of the highlights of the site visit was an overview of the partnership between the Chinese company and Boydel Wastewater Technologies Inc. of British Columbia which specializes in electrochemical wastewater treatment devices. Specifically, Lingtai Environmental Protection Equipment Co. is serving as the distributor of Boydel Wastewater throughout China.

## 12. Yixing Industrial Park for Environmental Science and Technology, Administrative Committee

Mr. PAN Quanhua, Vice Director of Yixing Industrial Park, and Mr. YANG Yong, Assistant Director, Investment Promotion Bureau of Yixing Industrial Park (the Park), provided an overview of the Park's history and its evolution into a focal point for the province's research for environmental protection and its commercial application. The Park entails several enterprises, such as Lingtai Environmental Protection Equipment, as well as several colleges and universities. Notably, the Park's activities and its partnerships with foreign companies for new technology are covered by a rigid application of intellectual property rights, and the policy includes for the exposure of any companies that violate these rights. Approximately 70% of the Park's research and development focuses on water treatment. The Park's activities have contributed to Jiangsu province's reputation as a leader in environmental protection in China. In terms of a Canadian presence in the Park, the Co-Chairs were informed that there was one company from British Columbia that was interested in a partnership, but the terms of the arrangement were not suitable. In general, Canadian investment in the area is not high. The Park's leadership noted that they remain very interested in Canadian technology.

### **Nanjing- Jiangsu Province:**

#### 13. Site visit: Jiangsu Delin Environmental Protection Co. Ltd.

Guided by its president, Mr. HONG Linchen, the Co-Chairs toured the facility of Jiangsu Delin Environmental Protection Co. Ltd. The company specializes in the research and development of water quality monitoring and in establishing water quality standards. It is partly funded by the Chinese government. In his presentation, the president described various award-winning projects the company has and is undertaking with partners at the national and provincial level, including many universities. In this respect, many university students receive invaluable research and development training working with the company. Among the priorities of these projects are heavy metal and e-coli detection, which have emerged as problems in many parts of China. The company's products are found across China and around the world. One of the highlights of the site visit was an overview of the partnership between the company and McMaster University that has led to many positive outcomes, including the creation of a joint venture— known as Foresee— which focuses on international technology transfer and the commercialization of their products. In this respect, Mr. Hong noted the importance of such partnerships in raising awareness of different business cultures. In proposing advice for other companies interested in joint ventures with Canada, Mr. Hong offered that a past relationship built on trust and honesty was particularly important for success.

#### 14. Meeting with Mr. HUA Fenglin, Director of the International Cooperation Center, Jiangsu Province, Department of Environmental Protection; Ms. HA Mingrong, Director, Foreign Trade Administration Department, Nanjing Municipal Bureau of Commerce; Mr. HUANG Qian, Director, Foreign Affairs Department, Nanjing Municipal Bureau of Commerce

Mr. Hua began by highlighting recent partnership activities between Jiangsu province and Canada regarding environmental protection, including Canadian participation at the 2013



Nanjing International Environmental Protection Industry Expo and high level visits by Canadian provincial officials. He emphasized Jiangsu province's progress in reducing environmental pollution and in the protection of the biosphere. He provided an overview of innovations undertaken in this regard, including the establishment of provincial regulations and legislation. Other measures include improving standards for air, soil and water quality, setting low levels of acceptable carbon emissions, promoting knowledge on clean production methods, and punishing companies that do not meet these standards. He noted that the province's leaders have set significant targets for confirming Jiangsu as China's most environmentally friendly and aware province of China. The province's priorities in this regard include reducing air pollution and promoting waste water management. Mr. Hua discussed the challenges that have arisen, such as the continued dependence on coal-fired power plants and the slow implementation of regulations and legislation.

Presenting on behalf of the Nanjing Municipal Bureau of Commerce, Ms. Ha began with an overview of two-way trade between Nanjing and Canada, which, at nearly US\$1 billion in 2014, has increased 38% from 2013. In terms of overall trends, she noted that Canada-Nanjing trade represents only 2% of Nanjing's total trade. She noted that Nanjing's primary exports to Canada include textiles, laptops and air purifying equipment, while Canada's primary exports to Nanjing include natural resources, coal, and chemical products. She expressed an interest in seeing trade between Canada and Nanjing increase, and suggested that Canada consider following the example of other countries such as South Korea, Japan, Spain and the United States who have a high level of participation and visibility in various trade promotion activities in the province. She acknowledged the challenges of getting local companies to accept and participate in provincial plans that are designed to implement priorities set at the national level. As an example, Ms. Ha referred to the priority of reducing car emissions, which could only be achieved if the auto and fuel industries made the necessary changes.

The Co-Chairs expressed their commitment that an environmental protection and sustainable technology mission from Jiangsu province would be welcomed in Canada. In this respect, they noted the complementarities between environmental protection as a priority in Jiangsu and the availability of Canadian expertise to meet that need. One possible area for an exchange of knowledge and expertise is soil regeneration and post-harvest waste management methods that have minimal impact on the environment and that can be efficiently converted into fuel. A planned November 2014 visit by Canadian universities to Nanjing participating in a technology information sharing fair on these topics was acknowledged to be an important first step. The parties also discussed the consultation process of priority-setting at each level of authority, and the opportunities available for redress if targets and priorities are deemed to be unacceptable. In general, the Co-Chairs noted the numerous opportunities for greater cooperation between Canada and Jiangsu province in the environmental technology sector and the role that CCLA could play in facilitating these opportunities.

15. Meeting with Mr. GONG Pixiang, Vice-Chairman of the Standing Committee of the Jiangsu Provincial People's Congress (JPPC); Mr. KONG Xinning, Member of the Standing Committee of the JPPC and Vice-Chairman of the Foreign Affairs Committee of the JPPC; Ms. GUO Minwen, Member of the Foreign Affairs Committee of the JPPC

Mr. GONG began by commenting on Canada's importance in the Asia-Pacific region, and stressed that the Co-Chairs' visit was evidence of the progress in Canada-China relations. He emphasized the role that exchanges between the NPC and the Canadian parliament play in strengthening bilateral relations. He noted that there were over 2000 investment projects in Jiangsu involving Canadian companies, and cited the partnership between Delin Environmental Protection Co. Ltd. and McMaster University as a model to be followed. He expressed his strong interest in more cooperation between Canada and Jiangsu province on environmental protection initiatives. He commented that such initiatives will become especially important to Jiangsu and China in order to realize their social and economic development priorities.

The Co-Chairs highlighted the friendly relations between Canada and China, and notably between Jiangsu and Ontario. They noted the potential of CCLA in playing a more significant role in deepening ties and mutual understanding between Canada and China because of the strong knowledge and interest of China among its membership. They highlighted the strong and ever-growing people-to-people ties between Canada and China, notably among tourists and students. They also emphasized the growing trade relationship and the number of regular high-level visits to China and to Nanjing as evidence of deepening relations. Because of its growth and priorities, they noted the commercial opportunities that Jiangsu province offers Canadian companies in a variety of sectors, but especially in environmental technology and waste water management.

## **Conclusion**

The CCLA Co-Chairs' visit to China achieved its objectives to both renew and solidify the long-standing relationship with Chinese counterparts in the National People's Congress and provincial congresses. A key outcome of this visit was the identification of opportunities to mutually benefit from broadening business opportunities between the two respective countries, and in particular in the environmental protection and banking industries. The Co-Chairs visit, at a time of intensification of high level exchanges between Canadian and Chinese leaders, further confirmed the value and need to maintain dialogue and collaboration between the legislative branches and the opportunities available to parliamentarians to discuss and further joint interests including the growing trade relationship and the people-to-people ties that bind Canada and China.

The level of engagement from the Chinese side showed that the Canada-China relationship continues to be an active and important inter-parliamentary exchange.

Respectfully submitted,

Hon. Victor Oh  
Cho-Chair, Canada-China  
Legislative Association

Wai Young  
Co-Chair, Canada-China  
Legislative Association

## Travel Costs

<b>ASSOCIATION</b>	Canada-China Legislative Association
<b>ACTIVITY</b>	Co-Chairs' Annual Visit to China
<b>DESTINATION</b>	Beijing, Shanghai, Wuxi and Nanjing
<b>DATES</b>	August 30 to September 6, 2014
<b>DELEGATION</b>	
SENATE	Hon. Victor Oh, Senator
HOUSE OF COMMONS	Ms. Wai Young, M.P.
STAFF	Ms. Natalie Mychajlyszyn, Analyst from the Library of Parliament and Advisor to the Association
<b>TRANSPORTATION</b>	<b>\$20,259.32</b>
<b>ACCOMMODATION</b>	<b>\$5,265.04</b>
<b>HOSPITALITY</b>	<b>\$0</b>
<b>PER DIEMS</b>	<b>\$2,209.97</b>
<b>OFFICIAL GIFTS</b>	<b>\$806.38</b>
<b>MISCELLANEOUS / REGISTRATION FEES</b>	<b>\$2,179.99</b>
<b>TOTAL</b>	<b>\$30,720.70</b>