

Speech by Ken Sunquist
Assistant Deputy Minister for Asia & Africa
Department of Foreign Affairs and International Trade
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Introduction

- Congratulations to the North America Mongolia Business Council on your 20th anniversary. Over the past two decades, your organization has played a key role in promoting investment and trade between North America and Mongolia.
- The importance of the NAMBC's role will certainly grow in the years to come, as the economic surge of North Asia continues.
- I would like to briefly discuss three issues ... The rise of North Asia, the implications for Mongolia, and the Canada-Mongolia bilateral relationship.

Rise of North Asia

- North Asia comprises major economic powers: China and Japan, the world's 2nd and 3rd largest economies, as well as the Asian tiger economies of South Korea and Taiwan. Proximity to these markets will enable Mongolia to benefit from the region's rise.
- The region's economic prospects look very bright. The generally quick recovery from the world economic crisis has increased North Asia's economic clout.
- This rise of the region will not, however, be effortless. To reach their potential, North Asian countries will have to meet significant challenges, many of which are familiar:
 - China will need to engage in social and economic structural reforms. A major challenge will be to address growing income disparities.

- Japan will have to implement policies to spur domestic demand, and deal with the challenges of an aging population.
- Challenges related to the environment will loom large for all countries.
- The rewards of meeting these challenges will be huge for these Asian countries themselves and for their trading partners, including Mongolia and Canada.

Importance of North Asia to Canada

- Canada's strategy is to look at the rapid rise of Asia as an opportunity for and not a threat to our own prosperity.
- Our abundance of natural resources, highly educated work force, talent in research and innovation, and strong institutional infrastructure provides us with competitive advantages that will allow us to realize synergies with the Asian economic powers.
- To Asia, Canada represents an economic partner with extremely strong fundamentals: for instance, a recent World Economic Forum survey indicated that Canada has the world's soundest banking system.
- The North Asia region is extremely important to Canada's economic well-being. China is Canada's 2nd largest trading partner, with 2009 bilateral trade exceeding \$50 billion. Japan and Korea were Canada's 5th and 7th largest trading partners respectively. Japan ranks 6th in foreign direct investment in Canada.
- There is much potential for further enhancing our economic ties with North Asia. This potential spans the range of economic activity, including trade, investment and innovation.
- Our government is working to capitalize on these opportunities, as demonstrated by the number of senior-level visits in the last 12 months, with the highlight being the PM visit in December to China and South Korea.

- The Canadian Government is also involved in a range of initiatives aimed at enhancing North Asian economic relations:
 - The Asia Pacific Gateway initiative aims to provide companies with a highly efficient transportation network, facilitating global supply chains between North America and Asia.
 - We are engaged in a range of negotiations aimed at improving market access and investment conditions for Canadian businesses; for example, we are negotiating Foreign Investment Promotion and Protection Agreements with China and Mongolia, and a Free Trade Agreement with South Korea.
 - We have active bilateral agreements on collaboration in science and technology with China, Japan and Korea
 - We engage regularly in high-level policy dialogue with countries in the region- bilaterally with China, Japan, Korea, and Taiwan, and regionally through APEC. Through these efforts, we continue to work to foster policy environments in the region that are favourable to Canadian trade and investment.
- Included in the Canadian government's focus on Asia is our bilateral relationship with Mongolia.

Importance of Mongolia to Canada

- Some experts have predicted that Mongolia- with its huge deposits of natural resources- will become the next Asian tiger. Some have used the term "Mongolian wolf" to describe what could become the world's fastest growing economy.
- Mongolia is poised to feed the surging resource demand of North Asian supply chains, particularly through China.
- Importantly, Mongolia is a country that is making strides in developing its democracy and its systems of governance, which is critical for its long-term sustainable economic growth and political stability.

- Where does Mongolia fit into Canada's North Asia strategy? Our economic relations with Mongolia are already very strong: Canada is the largest investor in Mongolia's resource sector and the second largest investor overall.
- In September 2008, the Canadian Embassy in Ulaanbaatar was opened, allowing the Canadian government to further strengthen our commitment to fostering Canada-Mongolia relations.
- Our Embassy represents Canadian interests in a variety of capacities, including by providing support to Canadian companies in Mongolia.
- In a relatively short period of time, our Ambassador and Embassy staff have made significant inroads. I am proud to note that the Mongolian National Chamber of Commerce and Industry recently presented Ambassador Biolik with an award as the best ambassador of the year.
- And now the preconditions of the Oyu Tolgoi agreement involving Canada's Ivanhoe Mines have been met, and this historic project is ready to be implemented. This will take Canada-Mongolia economic relations to new heights.
- But the Canada-Mongolia relationship extends beyond our strong economic ties. We view Mongolia as an important political ally with whom we share much in common. We have a record of cooperation at the UN, and we have also collaborated on military peacekeeper training, in support of Mongolia's significant participation in UN peacekeeping missions.

Importance of Canada to Mongolia

- The many similarities between Canada and Mongolia provide a natural basis for our partnership: abundant natural resources, small populations, cold weather conditions, and our proximity to powerful neighbours.
- We welcome Mongolia's interest in Canadian policy and practice and the opportunity to work together to expand the scope of our bilateral relationship.

- Canadian companies in Mongolia will continue to play a key role in Mongolia's economic development. Our companies provide substantial tax revenues to the Mongolian government, train and employ Mongolian workers, and implement a range of Corporate Social Responsibility initiatives aimed at developing communities. They also drive the process of transfer of technology and expertise that is crucial for any developing economy.
- We regard Mongolia's democracy and political system as stable. However, the country seeks to develop swiftly, and will face challenges related to management of its resource wealth. The social tensions witnessed in recent public demonstrations underline the fact that Mongolia's long-term stability will depend on its ability to address widespread poverty and unemployment as well as environmental issues. The Mongolian government has already taken steps in the right direction by implementing legislation for the creation of a Human Development Fund for managing mining revenues.
- Mongolia's partners can also help in this regard. The Canadian government can help, through efforts to strengthen governance capacity. Investors can help, through adherence to the principles of Corporate Social Responsibility. In the long run, all of us benefit from a stable and prosperous Mongolia.

Future of Canada-Mongolia Relationship

- The future of Canada-Mongolia relations is promising, and we have many recent bilateral initiatives to point to as accomplishments
- For example, our governments recently signed a letter of intent aimed at facilitating sharing of expertise related to mining policy and practice. Cooperation has already begun under this initiative.
- Our governments are exploring potential projects involving the sharing of expertise related to uranium mining regulation, agriculture and agri-food, and human resource policy in the public service.

- We have also expanded our commercial relationship into the area of wood frame housing construction, a particularly promising market. In 2008, Mongolia officially adopted Canadian building code, including our standards on wood frame housing. Canada is assisting Mongolia to meet its housing shortage challenges by sharing Canadian technology for affordable, energy-efficient homes and also by assisting Mongolia to develop a workable mortgage financing system.
- I'm pleased to report that our governments have also made good progress in the negotiation of a Foreign Investment Promotion and Protection Agreement, a top Canadian priority in our bilateral relationship with Mongolia
- Canada is encouraged by Mongolia's commitment to democracy and open markets. But we also recognize the importance of continued advocacy aimed at ensuring that Canadian investors operate in a fair, open and transparent environment
- The Canadian government is very much engaged in efforts to this end:
 - Our Embassy in Ulaanbaatar continues to work in support of Canadian companies.
 - The Canadian government will continue to lend support to Mongolia in the development of its legal and regulatory systems.
 - And as I mentioned, we will continue to work toward concluding a Foreign Investment Promotion and Protection Agreement.
- Twenty years ago, Mongolia launched itself on a path to modernization and development. North Asia's rise will help accelerate this development.
- Though significant work remains to be done for Mongolia to realize its development objectives, much has been accomplished in the relatively short period of twenty years.

- Canada is proud to be a partner of Mongolia's, one of its "third neighbours." We see a bright future ahead for Mongolia and for our bilateral relationship.