



# VANCOUVER

*and the opportunity of an emerging*

# PACIFIC NEXUS



SPEAKER



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# The idea of an emerging Pacific nexus is not dead. It is very much alive and continuing to grow.

THANK YOU to the sponsors of this event for such a successful day.

There has been a remarkable job by speakers, some of whom look like they've rehearsed speech or given one once before they got here.

That's a bit of a joke, as this is the second Vancouver-gateway-to-Pacific-Rim event in as many days in Vancouver.

And that is not a bad thing.

It is a sign that an idea that has been floating around foreign policy, trade and business circles for some time is starting to *concretizar* – or materialize.

So, again hats off to Paola, the Latinocouver team and the Vancouver chapter of the Canadian International Council for the vision to put this together.

I want to take about 12 minutes to not so much tie up the day's events but rather to lay out where we go from here.

I want to leave you with more than “Wow that was a neat discussion and some interesting ideas.”

Paola and her team have done a remarkable job of timing.

Bringing forward an emerging idea. An opportunity.

That puts us in an odd position for Canada.

Discussing an opportunity – a potential idea, an emerging idea as opposed to what we normally do and have become accustomed to, especially with Asia policy, and that is trying to catch up with an idea that our competitors have already seized upon and are far ahead of us.

So, let's touch briefly on

- Why this idea is now gaining traction
- The opportunity for Canadians
- And finally, what it will take for Vancouver, for western Canada and for all of Canada to seize the opportunities.

I think this last point is the most crucial.

First, as mentioned, this idea of a Pacific Rim nexus has been around for a while. Most notably as the defining foreign policy doctrine of the Hillary Clinton State Department under then-president Obama.

*(ah the good old days, right?)*

The policy, the U.S. Pacific Pivot (often erroneously and unfortunately called the Asia Pivot) was that the U.S. would use its strong political relationships and trade agreements with countries on this side of the Pacific as leverage to create a new pan-Pacific trade regime based on the rules that the U.S. helped to spread on this side of Pacific.

That idea has not died with Donald Trump, as many think.

Just two weeks ago, Chile and the Pacific Alliance took the step of inviting the TPP signatories and China to Vina del Mar to decide what to do about the U.S. withdrawal from the pact.

By deciding to continue discussions, the group decided that the pact is not dead.

If it were, there would be no further discussions.

So this idea of a pan-Pacific trade pact is far from dead.

Moreover, the Pacific Alliance countries have decided to open the block to associate members on both sides of the Pacific.

So this idea of an emerging Pacific nexus is not dead, killed by Donald Trump. It is still very much alive and I would argue continuing to grow.

And with it the idea of a centre, a hub, a nexus for pan-Pacific trade lives on or rather through hard work and fortune, it appears to have been reborn and fallen into the lap of Canada.

The hard work that the Harper government did in strengthening relations with countries like Columbia and in having Canada at, not the first meeting of the Pacific Alliance, but rather at the

meeting to decide to create the alliance is now merging with the hard work that we hope this current government will do in finally getting serious about opening Asia.

The early signs are promising with this government, but only time and results will tell for sure.

Right now though with the announcement that the Trudeau government will be taking a 'slow approach' to talks with China, it's looking like one step forward and two steps back.

But still, there is an opportunity – but that's only the half of it.

The other half, the secret sauce or ingredient X that makes this more than a distant possibility, is fortune in the form of our friend to the south.

Thanks to Donald Trump, the U.S. has gone from our major competitor for this opportunity to the leading advocate for us to take this opportunity from them.

The U.S. president may cause us endless heartache on some issues, but his chaos and disruption are also creating opportunity for us.

But only if we take the steps to seize it.

That goes for immediate opportunities like pulling talent and business from Silicon Valley and Seattle as much as for slightly more distant opportunities like the one we're discussing today, establishing ourselves as the nexus, the HQ central, for pan-Pacific trade in goods and services.

The same things that will help us profit from the opportunities that the U.S. is creating are the same things that will help us win the race for becoming the pan-Pacific gateway, at least on this side of the ocean.

It's things like improving our visa policy to move business people in and out of Canada. As smug as we get vis-a-vis the Americans, we need to remember that it was Canada, not the U.S., that was the last APEC economy to pass legislation authorizing the APEC Business Travel card.

How the hell a country falls behind the U.S. in movement of business people is not only baffling, it should replace our complacency with worry.

But, this is what happens when we leave things, important things for our competitiveness, to government.

And that is the final point I'd like to leave you with.

Having this opportunity may have fallen on our laps but realizing it, won't.

There are other cities that are or will be thinking the same thing, seeing the same opportunity as Vancouver. Many have the same advantages, Calgary, Toronto, Seattle, San Francisco, San Diego, Miami. All could make claims as strong as YVR for being a centre for services for HQ for moving goods.

So, what do we need to do?

A lot, but I'd highlight three things in particular for this room.

First, events like this are crucial.

It's not just or even primarily the conversations that we have in this room. It's the perception it has created that this city is actively thinking about, discussing and working on this idea of Vancouver as a nexus for pan-Pacific trade.

It's me going back to Calgary and saying "Wow, two events in Vancouver, those guys are so far out ahead."

Perception may not be reality but it is a path to get there or to keep your competitors one step behind.

Second, you have to keep this up.

These efforts cannot be stop and start.

If they are, you lose credibility.

What the decision-makers need to see is that the jurisdiction has *long-term* focus, *long-term* discipline and *long-term* rigour to do what is necessary to justify a *long-term*, large-scale investment.

But, our engagement is *short-term*, it comes and goes with the election cycle, or worse, the government project funding cycle.

If we are going to break through these constraints, or actually worse than constraints, these fatal flaws, we are going to have to break through reliance on government to lead and fund.

If this is left in the hands of government it will fail, for the reasons I've mentioned – short-termism, stop-start of the election and project funding cycle and for a host of other reasons.

Third and finally, it is going to have to be led by the private sector, with the government following, being brought along, cajoled when it strays and prodded when it drops the ball on things like the APEC business travel card.



Who takes the lead, who provides the funding, the political capital? Those firms that stand to benefit from Vancouver becoming the nexus for pan-Pacific trade. I won't name them, I don't think I have to and besides I'm from Calgary so I'd probably get it wrong.

But what is clear is that the private sector here in Vancouver is going to have get up off its..... and take the lead, invest, put money and political capital on the table.

We've heard from the Vancouver airport and how they have taken up this challenge - something I learned this morning. So, our hats are off to them for their initiative and their success so far.

To conclude, we, or you, and it appears YVR airport, might have an advantage over Seattle, San Francisco and others, but it will not last forever.

That goes for the opportunity that we have, that you have here in Vancouver, to seize becoming the gateway between Asia and Latin America. It goes for taking the opportunities that U.S. immigration and visa policy create for building a tech centre in Vancouver, it goes for the opportunity for the port to become the dominate Asia -Americas trade hub thanks to the inability of the U.S. to fund strategic trade infrastructure while we forge ahead with a second Building Canada fund.

Opportunities abound, but they will not be realized by sitting back and waiting for government to take the lead.

If in the years or decades ahead these opportunities do not come to Vancouver but instead go to a Seattle or a Toronto, then we won't be able to blame the government.

Instead, it will be the business community and people in this room.



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