

PRESS RELEASE

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CAD\$11 billion and more: Real-life cases on how ASEAN businesses can benefit from a potential ASEAN-Canada FTA

New report launched today explores the “Canada advantage” for businesses in ASEAN looking to engage with Canada.

[Singapore, 23 August 2018] Today, the Canada-ASEAN Business Council (CABC) announced the release of The Canada Advantage, a report highlighting the benefits for ASEAN businesses through increased economic engagement with Canada.

The Canada Advantage is a collaboration between the CABC, the University of British Columbia (UBC) and the National University of Singapore (NUS), with the support of the International Development Research Centre (IDRC). The report seeks to address how ASEAN-based companies can benefit from the Canada trade opportunity, and specifically from the implementation of an ASEAN-Canada Free Trade Agreement (FTA).

The report builds on the momentum of The ASEAN Advantage, an earlier CABC joint report, which estimated that an ASEAN-Canada FTA can add an additional CAD\$11 billion to ASEAN-Canada bilateral trade by 2027, compared to the baseline case.

The Canada Advantage report was launched at an event sponsored by AirAsia that gathered government officials from ASEAN and Canada, business leaders, professionals, and academics. The event included a presentation by the UBC and NUS research team on the report’s findings, a panel discussion on ASEAN-Canada trade and the upcoming official ASEAN-Canada meetings in Singapore as well as a fireside chat with AirAsia’s Deputy Group CEO (Digital, Transformation, Corporate Services) Ms Aireen Omar and CAE’s Vice President and General Manager – Asia Pacific Mr Alexandre Prevost on the future of aviation to ASEAN-Canada trade.

Key findings of the report

The Canada Advantage features an analysis of eight priority sectors in which Canada offers strategic advantages to ASEAN firms that may be looking to expand or invest abroad: Automotive, Oil and Gas, Cleantech, ICT, Agri-food, Banking and Finance, Aerospace and Aviation, and Biopharmaceuticals.

The report highlights that Canada offers a business climate with low business costs and more robust investor protections relative to most other G7 economies; this presents attractive opportunities for ASEAN-based firms looking for a gateway to the North American market.

According to the report, Canada has the strongest cost advantage relative to the US among G7 countries. It has ranked 2nd best in the G7/G20 for favourable business environment over 5 years. It also offers high level of investor protection, ranking 2nd in the G7 and 7th out of 127 countries.

The Canada Advantage report goes beyond the two-way economic benefits and examines fascinating stories of how ASEAN businesses from various industries are already engaging with Canada, and how an ASEAN-Canada FTA would meaningfully grow opportunities further.

One of the case studies is Dan-On Foods, a Vietnamese manufacturer of nut-based products, that is using Canada as a brand innovation hub to jump-start its global business.

Another example is TradeGecko, a Singapore-based software-as-a-service company, that is leveraging Canada's deep talent base and favourable business conditions to gain a global competitive advantage.

Toward an ASEAN-Canada FTA

At a time of increased global trade challenges, the CABC has been active in fostering closer economic relations between Canada and ASEAN. In view of the upcoming AEM – Canada Consultations on September 1 in Singapore, the CABC urges ASEAN and Canada to accelerate their partnership towards meaningful and mutually-beneficial ASEAN-Canada trade relations.

Mr Wayne Farmer, President of the CABC, said, “There has never been a more important time for ASEAN and Canada to seize the moment.”

“The foundation for the trade relationship is solid—ASEAN and Canada are two trade-dependent regions with complimentary economies and deep people-to-people ties,” he said.

“Furthermore, amidst a backdrop of persisting protectionist trends elsewhere in the world, an important window of opportunity has opened for both parties to meaningfully grow and diversify their trade relationships,” he explained.

Released ahead of the 7th ASEAN Economic Ministers (AEM)-Canada Consultations in Singapore, the Canada Advantage report aims to drive support and awareness for an ASEAN-Canada free trade agreement.

Key ASEAN-Canada trade facts

- Canada is forecasted to have the highest real GDP growth in the G7 in 2017-2019.
- Canada has the highest level of R&D investment in Higher Education across the G7.
- ASEAN remains a strategic trading partner for Canada - ASEAN is Canada's sixth-largest trading partner.
- ASEAN-Canada trade relations continue to grow: In 2017, ASEAN-Canada trade stood at CAD\$23.2 billion, increasing from CAD\$21.6 in 2016.
- In March 2018, Canada signed on to the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) along with Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.
- Canada has diplomatic representation in all ten ASEAN nations, including a dedicated Canadian Ambassador to ASEAN, based in Jakarta.

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