



# Asia Beckons

## Will Canadian Companies Answer the Call?

### *Boards must add Asian expertise to capitalize on new global opportunities*

“Asia is not just the future, but the present” is a refrain often heard but, regrettably, seldom acted upon by Canadian businesses. As a commodity-based economy, our approach to Asia has historically been driven by input demand and global prices. This approach needs to change. By 2030, Asia is projected to represent between 45 and 50 percent of the world’s GDP. With approximately 4.5 billion people expected to be living in the Asia Pacific by 2030, the region also will be home to 66 percent of the world’s middle class. The Canadian opportunity goes well beyond the demand for resources and we need to be prepared to better engage with the region.

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Boards of directors are intricately involved in strategy setting and execution. So why are Canadian boards less focused on Asian strategies for their companies than the robust opportunities suggest they should be?

In the decades ahead, Asia will be a fulcrum of the global economy. The shift from Western OECD economies to Asia will continue due to the impressive growth rates, urbanization and rising middle class of emerging economies in the region—notably China, India, and Indonesia. This growth is spurring increased demand for energy, infrastructure, goods and services. However, when we look at Canada's share of exports and imports in key major Asian markets, in most cases, our share is diminishing. Free trade agreements and bilateral investment treaties are necessary but insufficient ways to secure and grow Canada's market position in Asia.

Canada is superbly, and in some cases uniquely, positioned as a nation to seize existing and burgeoning economic opportunities in Asia. We are simultaneously a Pacific and an Atlantic nation with advantageous trade routes to Europe, the Americas and Asia. Since 1981, Asian immigrants to Canada have accounted for more than half of

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all immigrants, and as of 2011 Asian visible minorities accounted for 12.7 per cent of Canada's population. Today, large immigrant populations from Asia closely tie Canada, especially its largest cities, to virtually every Asian country. Accordingly, Canada is uniquely able to provide a bridge between Western and Asian economies.

Another exceptional strength of Canada in engaging with Asia is the diversity and excellence of its Asian research capacities. Strong Asian research institutes are located across the country, and together these provide Canadians with access to a formidable knowledge base about Asia upon which businesses can build their strategies and policies.

Canada also provides truly exceptional resources for students from Asia wanting to learn English, live in a Western and tolerant society and develop the necessary skills to succeed in the West or back home. Asian foreign students are unique sources of current and future ties with Asia. As alumni, they provide powerful ambassadorial links between Canada and their countries, and they are vital skilled and bicultural potential immigrants.

Canada offers other advantages in engaging with Asia. Almost every Asian country is represented in Canada's largest cities by active Asian business associations. These associations are a valuable tool for promoting transpacific business, networking, and keeping abreast with market trends in Asia and Canada.

Canada's financial system, meanwhile, is famous for withstanding the shocks of the past recession. Our largest financial institutions are already well established and successful in Asia and major Asian financial institutions are similarly well established in multiple locations in Canada. This provides for

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solid financing capacity for Canadian businesses seeking to work in Asia, as well as for Asian businesses seeking to establish themselves in Canada.

Canada's public and private sectors have responded slowly to opportunities in Asia despite their strong position to do otherwise. Potential barriers include comfort with familiar Western markets and a lack of decisive corporate awareness of Asia, including an inability to build Asian markets through strategic intention, policies, and clear concrete actions.

Building Asian competency on Canadian boards of directors is essential if Canadian business is to become an important economic player in Asia. When we speak of the Asian competency of directors, we are thinking broadly and see such competency as evidenced by a person who:

- Has lived and worked or studied in Asia and/or speaks an Asian language
- Was born and raised in Asia or is part of the Asian Diaspora
- Has majored in Asian business, culture or languages at university
- Has served on the board of an Asian based company

There are easy and inexpensive methods for starting to build Asian awareness and competence on boards. For example:

- Start making use of the abundant human resources and materials across Canada for board education sessions, briefings and strategy-making
- Eat out! An essential component of many Asian business deals is eating meals with potential clients and partners. Canadian cities have good restaurants serving cuisine from across Asia, and sampling Asian cuisines at a special board dinner with a cultural talk on food and business etiquette is an excellent way to learn about a culture
- Visit a branch operation in Asia. If your company doesn't have one, visit an office of a major Asian supplier or customer
- Include Asian competency in your board skills matrix and put this competency high on your future director search criteria

We can keep the conversation moving forward on Asian competency on Canadian boards by working towards a survey to help us understand the extent of Asian competency among directors of Canada's largest corporations, and by holding regular roundtables on the topic. Information gleaned from such activities could help provide a baseline upon which courses of action to improve Asian awareness, competency, and efficacy of corporate directors could be built, contributing to the future prosperity of all Canadians. ■



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### *Asian Business Associations and Research Centres: Resources for Canadian Businesses and Boards of Directors*

#### **ACTIVE ASIAN BUSINESS ASSOCIATIONS:**

Almost every Asian country is represented in Canada's largest cities by active and important Asian business associations. The Canada-China Business Council (CCBC) and the Hong Kong-Canada Business Association (HKCBA) are among the most active and best known. Other notable examples include: The Canada-Singapore Business Association (CSBA); The Canada Korea Business Association (CKBA); The Japan Society Canada; and the Canada India Business Council.

#### **ASIAN RESEARCH CENTRES**

The following centres and institutes provide Canada with access to a formidable knowledge base about Asia upon which businesses can build their strategies and policies:

Centre for Asia-Pacific Initiatives at the University of Victoria

Institute for Asian Research at UBC

Asian Pacific Foundation of Canada

China Institute at the University of Alberta

Asian Studies Centre at the University of Manitoba

Asian Institute at the Monk School of Global Affairs

York Centre for Asian Research

Centre for East Asian Research at McGill University

Centre for Foreign Policy Studies at Dalhousie University