

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
 MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. 03-07-98-0010
 Your File/V/Réf.

DATE 14 May 1998

TO/DEST. Corporate Services and Economic Development Committee

FROM/EXP. Regional Clerk

SUBJECT/OBJET **CANADA/TAIWAN BUSINESS ASSOCIATION ANNUAL
 MEETING-: MAY 30-JUNE 2, 1998- WESTIN HOTEL**

REPORT RECOMMENDATION

That the Corporate Services and Economic Development Committee recommend Council approve a grant in the amount of \$30,000 for the Canada/Taiwan Business Association Annual Meeting.

BACKGROUND

April 2, 1997 a letter was sent from the then Regional Chair to Mr. Tom Appleton, Chairman of the Canada-Taiwan Business Association inviting the CTBA to hold their 1998 Annual Meeting in Ottawa. The letter also included a copy of the attached report which was approved by Regional Council on 26 October 1996. The report made mention of the need to offset CTBA meeting expenses estimated to be \$30,000. The letter of invitation was presented at the CTBA's June 1997 Annual Meeting in Winnipeg and accepted. Plans for the 1998 meeting proceeded with the Regional Municipality of Ottawa-Carleton acting as host and the assumption by the CTBA that the RMOC, as the host municipality, would offset meeting expenses in the amount of \$30,000. It has been recently determined that the RMOC has not set aside \$30,000 for this purpose.

FINANCIAL IMPLICATIONS

The financial implications listed in the report submitted by Councillor David Pratt were based on figures used for CTBA Annual Meetings in 1997 and 1995 by host municipalities, Winnipeg, Manitoba and St. Andrews, New Brunswick respectively. These costs totaled approximately \$30,000. The following breakdown of costs was contained in the Pratt report:

Golf Tournament	5,000
Barbeque Dinner	6,000
Pre-Conference City Tour	3,000
Chair's Welcoming reception and dinner	15,000
Spouse's tour	<u>1,000</u>
Total	\$30,000

The RMOC working group, including representatives from the CTBA and OED, planned this year's meeting agenda according to these estimates. Additionally, planning took into account the experience of recent years as follows:

- the event attracts approximately 200 delegates.
- Delegate fees are about \$400.00 and cover the costs of meals and conference materials.
- Delegates are responsible for their own hotel accommodation and travel costs.

CONCLUSION

Work on the 1998 Meeting began in July 1997 between the RMOC, as the host municipality for 1998, OED and the CTBA. This work is ongoing and to date over 75 Canadian and Taiwan business delegates have registered for the 1998 Meeting. In order to meet the objectives set out by RMOC in extending the initial invitation, it is recommended that \$30,000.00 be set aside to offset meeting expenses as detailed above.

Approved by
M. J. Woollam

MJB

16. **INVITATION TO THE CANADA-TAIWAN BUSINESS
ASSOCIATION TO HOLD THEIR 1999 ANNUAL MEETING
IN OTTAWA-CARLETON**

COMMITTEE RECOMMENDATION

That Council approve that an invitation be extended to the Canada-Taiwan Business Association to hold their Annual General Meeting in Ottawa-Carleton in 1999, and that the support of Ottawa-Carleton Economic Development Corporation and Ottawa Tourism and Convention Authority be sought in terms of bringing this event to our community.

“CARRIED” with Councillor Legendre dissenting.

DOCUMENTATION:

1. Councillor David Pratt's report dated 04 Oct 96 is immediately attached.
2. Extract of Draft Corporate Services and Economic Development Committee Minute, 15 Oct 96, immediately follows the report and includes a record of all votes.

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
Your File/V/Réf.

DATE 04 October 1996

TO/DEST. Co-ordinator
Corporate Services and Economic Development Committee

FROM/EXP. Councillor David Pratt

SUBJECT/OBJET **INVITATION TO THE CANADA-TAIWAN BUSINESS
ASSOCIATION TO HOLD THEIR 1999 ANNUAL MEETING IN
OTTAWA-CARLETON**

REPORT RECOMMENDATION

That the Corporate Services and Economic Development Committee recommend Council approve that an invitation be extended to the Canada-Taiwan Business Association to hold their Annual General Meeting in Ottawa-Carleton in 1999, and that the support of Ottawa-Carleton Economic Development Corporation and Ottawa Tourism and Convention Authority be sought in terms of bringing this event to our community.

BACKGROUND

In January of this year, I participated in a private trade delegation to Taiwan and Hong Kong. During that visit, I had the opportunity to meet with Taiwanese government officials from the Ministry of Foreign Affairs, the Ministry of Economic Affairs and the China External Trade and Development Council. I also had the pleasure of meeting on several occasions with Mr. Hugh Stephens, Director of the Canadian Trade Office in Taipei (CTOT). This experience spurred my interest in further contacts from an economic development standpoint between Ottawa-Carleton and Taiwan.

Why should we in Ottawa-Carleton be interested in Taiwan? The Taiwanese are our seventh largest trading partners (we trade more with Taiwan than we do with France). To quote from a briefing document provided by the CTOT, "With US \$94 billion in foreign currency reserves (second largest in the world), a CDN \$330 billion economy and a per capita GDP of over CDN \$16,000, Taiwan boasts one of the world's fastest growing economies. Taiwan has allocated tens of billions of dollars to a range of projects in infrastructure, environment, transportation, telecommunications, information technology, electronics, machinery, aerospace, chemicals, health care and advanced materials sectors over the next several years."

There are tremendous opportunities for Ottawa-Carleton businesses in Taiwan especially in the area of high technology, and in particular, communications, information and environmental technology. Last year, for instance, Nortel signed a \$200 million contract with the Taiwanese. There are other local companies doing business in Taiwan and all predictions seem to point in the direction of a growing demand for Canadian high technology products and services. It is important to point out that this Region has taken some initial steps toward a stronger relationship with the Taiwanese. In 1994, Chair Peter Clark signed a Memorandum of Understanding with the Institute for Information Industry in Taipei. A copy of this MOU is attached. In addition, last year, the Regional Chair headed a trade delegation to Taiwan which, in my view, was very successful in continuing to nurture the relationship with the Taiwanese.

The Taiwanese are also interested in us. They are attracted to Canada for a variety of reasons including tourism, education, immigration and investment. In fact, the CTOT processed 100,000 visitors' visas to Canada last year, the largest number from any Canadian mission abroad. Locally, in early September, OCEDCO played a leading role in hosting a delegation of presidents of Taiwanese venture capital and computer companies: collectively these individuals represent a very significant source of international investment capital. They have extensive investment in California's Silicon Valley, and perceive the Ottawa-Carleton region as an emerging hub of business and investment opportunity. The mission's purpose was to look at investment opportunities in the Ottawa-Carleton region. The Specific Investment Opportunities Program brought 10 local companies forward to make investment presentations to the delegation. After a networking luncheon between companies and the delegations, the Taiwanese were taken on a bus tour of March Road companies, such as Newbridge, as well as a stop at Corel.

Hosting the Canada-Taiwan Business Association (CTBA) Annual General Meeting would provide an excellent opportunity to showcase all Ottawa-Carleton has to offer to some of the most high profile business people in Taiwan. It would also confirm this Region's strong interest in further developing our ties at both the private and public sector level and could lead to the identification of new export markets for local companies.

The mandate of the CTBA is to assist Canadian companies, especially the Small and Medium Size Enterprises (SME's), to enter or expand their presence in the Taiwan market and take advantage of the Taiwan connection to venture into other emerging markets of the Asia Pacific. The sectors of immediate emphasis for the CTBA are natural resources, coastal industries and marine technology, telecommunications/information technology, environmental protection, agriculture and agrifood, and transportation and tourism. The CTBA also provides a high level of service and support to Canadian businesses keen on accessing the Taiwan market in other sectors of the economy.

The annual meetings of the CTBA alternate between Canada and Taiwan. Last year, the meetings were held in St. Andrews, New Brunswick and attracted prominent business and government representatives from both countries. Those in attendance included the Honourable

Lin Chen-kuo, the Minister of Finance for Taiwan; the Honourable Doug Young, Minister of Transport; the Honourable Roy MacLaren, Minister of International Trade; the Honourable Frank McKenna, Premier of New Brunswick; Mr. Theodore Cheng, President, The International Commercial Bank of China; Mr. Laurent Beaudoin, President and CEO, Bombardier, to name just a few.

This year the annual meeting was in Taipei and attracted an equally prominent group of public and private sector representatives. The 1997 CTBA meeting will be held in Winnipeg, and of course, the following year, 1998, it will return to Taiwan. The next available meeting in Canada is 1999. The annual meetings of the CTBA appear to be bigger and better every year which is perhaps a reflection of the growth in trade between the two countries. Since the first CTBA meeting in Vancouver in 1986, trade between Canada and Taiwan has increased by 130 percent. And for the first time ever in 1995, Canada enjoyed a trade surplus of \$160 million US.

FINANCIAL IMPLICATIONS

The cost of hosting this three-day event for Ottawa-Carleton in 1999 would be between \$30-40,000 depending on the range of activities the Region wished to offer delegates. It is important to mention that Canadian cities seeking to host the Annual General Meeting of the CTBA typically seek corporate sponsorship in order to offset the costs. These sponsors can significantly reduce the expense to the hosting city and are often involved in staging events of their own such as industrial tours. In recent years, the event has attracted approximately 200 delegates. Delegate fees are about \$400 and cover the costs of all meals and conference materials. Delegates are responsible for their own hotel accommodation and travel costs. The following is a rough breakdown of the costs that are anticipated for the hosting of the 1997 CTBA meeting in Winnipeg which are generally consistent with the costs of holding the meetings in St. Andrews in 1995.

Golf Tournament	5,000
Barbeque Dinner	6,000
Pre-conference Tour	3,000
Welcoming Reception and Dinner	15,000
Spouse's Tour	<u>1,000</u>
Total	\$30,000

Attached for further information and reference is an Economic Briefing Paper, Department of Foreign Affairs and International Trade; and a Memorandum of Understanding, Institute for Information Industry and OCEDCO.

*Approved by
Councillor David Pratt*



OTTAWA-CARLETON ECONOMIC DEVELOPMENT CORPORATION



資訊工業策進會

Kuo Yun

Vice Chairman & President

INSTITUTE FOR INFORMATION INDUSTRY

MEMORANDUM OF UNDERSTANDING

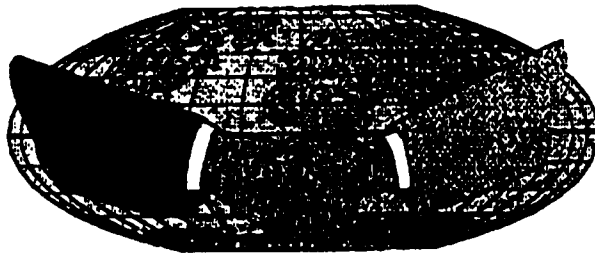
between

Institute for Information Industry (III)
(Taipei, Republic of China on Taiwan)

and

Ottawa-Carleton Economic Development Corporation
(OCEDCO)
(Ottawa, Canada)

**FOR THE PROMOTION OF BUSINESS DEVELOPMENT
IN THE FIELD OF INFORMATION TECHNOLOGY**



ARTICLE I. Purposes

The parties to this Memorandum of Understanding, having met and agreed that both the needs and capabilities of the organizations are in harmony, have signified their intention to pursue opportunities to work together to encourage:

- 1. Trade opportunity development in the Taiwan area for Metro Ottawa-based companies, and in the Metro Ottawa for Taiwanese companies.*
- 2. Alliance opportunities between Taiwanese companies and Metro Ottawa companies to develop the information technologies.*
- 3. Cooperative distribution arrangements involving companies from the Taiwan area and from the Metro Ottawa area, which may include penetration of third country markets.*
- 4. Investment from Taiwan into Metro Ottawa information technology companies seeking capital to expand their products and markets.*
- 5. The establishment of an active presence of Metro Ottawa companies in the Taiwan area and of Taiwanese companies in the Metro Ottawa area.*
- 6. Interaction between other institutions and organizations concerned with information technology in the Metro Ottawa area, and their counterparts in the Taiwan area.*
- 7. The provision of business information and assistance for information technology companies*
- 8. The development of friendships and increased knowledge of each other's cultures and traditions.*

ARTICLE II. The Importance of the Offices

The parties recognize that valuable services and essential participation in the success of this MOU will be provided by the Canadian Trade Office in Taipei, and the Taipei Economic and Cultural Office, Canada.

ARTICLE III. Other Organizations Of Interest

The parties recognize that there are other organizations in both countries which can be involved in contributing to the success of this relationship.

1) Metro Ottawa area

OTTAWA CARLETON RESEARCH INSTITUTE

A partnership of businesses, post secondary institutions, federal laboratories and regional government joined together for the promotion and execution of advanced technology research and development in microelectronics, communications, and computer technologies and bioscience. OCRI is a key organization in the development of "information highway" technologies.

CABINET

A network of smaller information technology companies joined together to foster joint market penetration, cooperative bidding and information sharing.

2) Taiwan area

INFORMATION SERVICE INDUSTRY ASSOCIATION OF ROC.

TAIPEI COMPUTER ASSOCIATION

Associations dedicated to the development of information technology companies in the Taiwan area with emphasis on product development, trade development, and high standards of intellectual property protection.

ARTICLE IV. Methods of Implementation

The parties intend to pursue the objectives of this MOU through the following activities:

- 1. Exchange of regular information on business opportunities, new product developments, company success stories, and information technology requirements. It is anticipated that the proposed National Information Infrastructure plan of Taiwan will offer many attractive opportunities for business cooperation.*
- 2. Organizing of business missions by OCEDCO from Metro Ottawa area to the Taiwan area, and return missions to the Metro Ottawa area involving III and appropriate companies.*
- 3. OCEDCO will provide to III regular information on investment opportunities in the information technology sector.*
- 4. The parties will encourage alliances between companies to work together in pursuing business opportunities in other countries.*
- 5. The parties will encourage the highest of standards in the protection of intellectual property rights of companies.*

ARTICLE V. Non-exclusive Relationship

The parties agree that this MOU does not restrict in any way the rights and desires of the parties to pursue other business relationships.

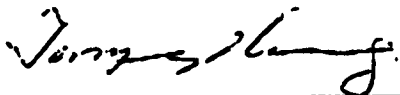
ARTICLE VI. Term of this Memorandum of Understanding

The parties agree that this MOU will enter into force upon signature and will continue until such time as one of the parties wishes to terminate the agreement, upon giving six months written notice. The parties further agree to carry out an annual evaluation at each anniversary of the signing, and will consider modifications to enhance the effectiveness of the relationship.

Signed in Ottawa, Canada, in duplicate, in the English language,
this 2nd day of August, 1994.

For the

Institute for Information Industry



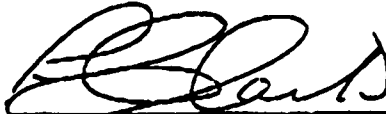
Dr. Tai Yang Hwang, Vice-President

For the


Ottawa-Carleton Economic
Development Corporation



John Pigott, 1st Vice-Chairman
of the Board of Directors



Peter Clark, Honourary Chairman,
and Chair, Regional Municipality of
Ottawa-Carleton



Keith McGruer, President and
General Manager

ECONOMIC SETTING

- The world's 19th largest economy - income per capita over US \$ 13,500.
- Average GDP growth of 6.5 % since 1987; 6.1 % in 1995
- 1995 exports up 20 % - high-tech, capital goods larger than low tech
- 1995 imports up 22 % to US \$ 103 billion - one of Asia larger cash markets
- Trade and investment shifting from US/Japan to China/ SE Asia
- World's second largest foreign exchange reserves at US \$ 92 billion
- Canada's 7 th largest trading partner; Canada is Taiwan's 9 th largest market

STRUCTURE

Taiwan has the broadest industrial structure of the four Asian dragons, liberalizing and internationalizing its economy to become a driving engine of regional economic integration. Steady economic growth has averaged 8.3 % annually for the past three decades, and 6.5 % since 1988. Its economy is roughly half Canada's, while outstanding debt is 13 % of GDP (versus our 93 %).

Exports grew 11 % annually since 1970, while savings at 24 % of GDP underpinned the growth in GDP per capita to US \$ 13,500 by 1995. With the second largest foreign exchange reserves in the world at US \$ 92 billion, Taiwan's economic success will continue for the medium term.

The burgeoning Taiwanese export sector is lead by small and medium size enterprises (SME's), different than other Asian competitors. The major export commodities are shifting up the value-added scale from petroleum products and plastics to computers. Taiwan claims its electronics industry is now the world's top supplier of network cards, motherboards, monitors, signal graphics generators, hand-held scanners, switching power supply and computer mice. Taiwan intends to build upon this success with further investments in information technology.

ECONOMIC POLICY

Taiwan is increasingly a developed country. Pro-business policies have succeeded in transforming the economy toward capital

and technology-intensive industries, while maintaining full employment. The government is beginning to put in place the trappings of a modern industrialized society, from universal health care and unemployment insurance to social security.

Taiwan's leadership has made a significant shift toward stronger engagement with the mainland and is committed to industrial and infrastructure upgrading and to enhancing Taiwan's investment climate. The policy vehicle is to establish Taiwan as a credible regional operating centre (ROC) in six key sectors: machinery; offshore shipping; air; telecommunications; finance; and media.

Announced priorities for the coming year include starting 12 major public construction projects (including industrial-commercial zones, the high-speed railroad, and water resource development); encouraging greater private sector participation to speed up infrastructure projects; faster privatization of government enterprises, substantial liberalization of the service sector; and an annuity pension plan for the nation's elderly.

Globally competitive across a wide range of industrial goods in manufacturing, electrical machinery, textiles, and electronics, Taiwan has put in place strong incentives to upgrade investment in its vibrant small-medium size business sector. It is privatizing substantial proportions of industry still under government control from primary industry (China Steel) to financial services and insurance.

The rapid rise in wages has encouraged the exodus of labour-intensive industries since the late 1980's, and many of these overseas production bases are now threatening their Taiwanese-based competition. Of concern are drops in competitiveness in sectors such as textiles, garments, leather products, bamboo, wooden/rattan furniture. Mainland China's products, often from Taiwanese investments, have replaced Taiwanese bicycles, sewing machines, nuts and bolts, and food products, both locally and in export markets.

TRADE AND INVESTMENT

Foreign trade will grow 12 % this year to US \$ 225 billion, making Taiwan 14 th among the world's traders. Imports should increase 15 % to reach US \$ 120 billion as the economy liberalizes. It is a market with growing consumer purchases and imports as per capita incomes of US \$ 13,500 annually. Taiwan is Canada's 7th largest trading partner and we are Taiwan's 9th largest export market. The bilateral relationship is expanding quickly, with exports in 1995 up 27 %.

Hong Kong has surpassed the USA as Taiwan's largest foreign export market, generating a \$ 20 billion surplus that pays for the large deficit Taiwan has in trade with Japan. South-East Asian trade is growing rapidly, as is trade with Europe from a smaller starting point. Trade with the rest of the world is about in balance, so Taiwan's surplus with the US roughly equals Taiwan's overall trade surplus each year.

Growing integration with the mainland is the most significant development and the two-edged sword that the leadership must address. Taiwanese exports via Hong Kong are greater than imports by a factor of 7, so any arbitrary cutbacks would significantly affect Taiwan's surplus. Many of these goods are then reexported to the US market, limiting the PRC's ability to interfere.

Outward investment from Taiwan has been primarily directed toward mainland China and South East Asia. While overall investment in South East Asia is larger at some Cdn \$ 34 billion, investment in mainland China still reaches over Cdn \$ 28 billion.

Investment in South-East Asia typically is by larger state-supported firms, while investment in the mainland comes from SME's and personal stakes by larger firms that are short-term, rather than a long-term commitment.

Industrial Policy

Taiwan's industrial development policy focuses on six sectors - foreign trade, investment, industrial technology, energy, marketing and small and medium-size business. Plans anticipate a division of labour with mainland industries and importing raw materials, semi-finished products and specialists from the mainland to assist in developing local industry. It also calls for sharper tariff cuts for ten years on information products, e.g. 3-5 % annually, and on key parts inputs by 3 per cent, plus other measures to cope with the impact on local industry of joining the WTO.

Government is strongly involved in technology acquisition and dissemination. The Asia Pacific Investment Company is an example of a vehicle to source key foreign technology and build strategic partnerships, as well as to cut Taiwan's chronic trade deficit with Japan. The fund (capitalization Cdn \$ 50 million) pressured major corporate players from Japan and the US to start-up. It's first investment will be a fifth generation DRAM plant in Hsinchu Science and Industrial Park.

The close relationship between government planners and key industrialists, and general commitments towards value-added idea industries means a shift from hardware to reducing transactions costs, facilitating business ventures and improving the investment climate.

Extract of Draft Minute
Corporate Services and
Economic Development Committee
15 Oct 1996

INVITATION TO THE CANADA-TAIWAN BUSINESS ASSOCIATION TO
HOLD THEIR 1999 ANNUAL MEETING IN OTTAWA-CARLETON

- Councillor David Pratt's report dated 04 Oct 96

Councillor Pratt stated he believed this initiative was important for continued economic development and referenced the Regional Chair's visit to the East in 1995. The Councillor believed there was more the Region could be doing with the Taiwanese in terms of trade and pointed out the same interest had been expressed by the Taiwanese regarding relations with Canada.

Councillor Stewart inquired if there would be a requirement to endorse a financial commitment at this point and pointed out the inability of Council to precommit future Council budgets. Chair Clark confirmed a financial commitment was not required and explained it was more a question of whether there was political support to have the Association hold their meeting in Ottawa-Carleton.

Councillor Legendre referenced the report recommendation and the concept the Ottawa-Carleton Economic Development Corporation (OCEDCO) and Ottawa Tourism and Convention Authority (OTCA) support be sought. He suggested this step and support should be the first step or action taken prior to Committee and Council considering of the report. Councillor Legendre believed it more appropriate to refer the item to those economic development agencies, and if they agreed it was useful that an invitation be extended from Council, that the request and suggestion come from OCEDCO and OTCA.

In response, Councillor Pratt explained he originally suggested in the spring of 96 that a representative of OCEDCO or OTCA attend the Festival Canada which was held in Taiwan in April 96. He believed this would have provided for an opportunity to gather information and to be in a position to put in a bid for the next year's event. The Councillor further explained Winnipeg acted quicker and was the successful candidate to hold the event in 1997. As an alternative, Councillor Pratt explained he further investigated the subject matter and confirmed OCEDCO was fully aware and supportive of the initiative. Councillor Pratt stated it was a political decision of whether Council extend the invitation to the Association, and noted the approved Council resolution would significantly represent the Region's support to bring the event to Ottawa-Carleton in 1999.

Extract of Draft Minute
Corporate Services and
Economic Development Committee
15 Oct 1996

The Committee then considered the report recommendation.

That the Corporate Services and Economic Development Committee recommend Council approve that an invitation be extended to the Canada-Taiwan Business Association to hold their Annual General Meeting in Ottawa-Carleton in 1999, and that the support of Ottawa-Carleton Economic Development Corporation and Ottawa Tourism and Convention Authority be sought in terms of bringing this event to our community.

CARRIED