

## Highlights of Craig Wilson's Commentary

Mr. Wilson began by acknowledging that he is sympathetic to many of the arguments and opinions presented by Hugh Stephens. However, he sees a number of different pressures and opportunities for Canada in the context of China and its SOEs. These differences led to some added thoughts on the way forward for Canada.

- Looking at a number of major global trends and the maturing of China's economy it is evident that if Canadians want to ensure a prosperous future for our next generation we must engage with the rapidly growing developing countries, and especially China.
- Engaging with China will require engaging with their State Owned Enterprises (SOEs) since they are major players in China's exporting and investing world.
- The predominance of SOEs in China's economy is a legacy of 1000s of years of SOEs in China, and its recent communist philosophy of state ownership of all productive resources. As China has gone through the transformation to a market economy, these SOEs have been and are being restructured into entities that increasingly look and behave like more conventional western multi-national corporations. While this transformation is far from complete, Chinese SOEs now and in the future will present both a challenge and an opportunity to Canada. Canada needs to ask: how can we engage China's SOEs to our advantage?
- The central challenge for Canada is not the existence of Chinese SOEs; rather it is the absence in Canada of a coherent well thought out strategy and policies built on our strengths and our goals and our aspirations together with the creation of the means to achieve them in the context of our relationship with an increasingly important China.
- One of the challenges for Canadians dealing with Chinese enterprises is that personal relationships more important in business dealings in China than in the west. It is also true that the rule of law is less well developed and enforced than in the west. Figuring out how to work in this environment is key, as is the need for a strategy to limit the potential for arbitrary or unfair conduct on the part of SOEs or the Chinese bureaucracy.
- In this context, one clear policy goal for Canada should be the signing of a Canada-China Investment Agreement that would protect Canadian investors in China from arbitrary expropriation or commercial discrimination.

Notes by Roy Atkinson