

CANADIAN CHAMBER OF COMMERCE IN JAPAN  
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# THE CANADIAN

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## Asia Pacific Region to avoid recession, but other challenges loom

The Asia Pacific region will experience slower economic growth in 2008, but is likely to avoid a sharp downturn due to the sub-prime mortgage crisis in the US, according to the Pacific Economic Cooperation Council's (PECC) annual State of the Region Report.

PECC forecasters expect 4.9 percent real GDP growth for the region as a whole in 2008, rising to 5.2 percent in 2009. This forecast assumes that the United States will not enter into a recession and that a recovery in the housing sector will take place in the second half of 2008.

The report also includes the findings of PECC's annual survey of opinion leaders in the Asia Pacific region. Survey respondents identified high energy prices, water pollution and global warming as the top three risks to economic growth in the region.

The following excerpts are from the executive summary of the State of the Region Report. The full report can be found at [www.pecc.org/sotr](http://www.pecc.org/sotr).

At the start of 2008, the economic outlook for the Asia Pacific region is more uncertain than it has been since the 1997-98 Asian Financial Crisis. With the full consequences of the sub-prime loan problem in the United States still playing out, the

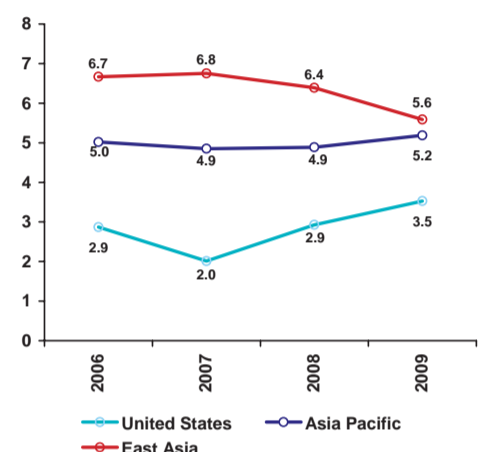
potential for turbulence in the financial markets to spill over into the real economy remains a serious concern. Notwithstanding these and other risks, the economic outlook for the Asia Pacific region is cautiously optimistic.

We expect real GDP growth of 4.9 percent in 2008 for the region as a whole, picking up in 2009 to 5.2 percent. The current slowdown in the United States is not expected to turn into a full-blown recession. Barring further shocks, a rebound in the US housing sector could begin as early as the second half of 2008. The Chinese economy will continue to expand at double-digit rates through 2009, led by private consumption and investment, while Japanese growth is expected to dip below 2 percent in the next two years.

Inflation is on an upward trend for the region as a whole, with prices in China showing the sharpest increase over the last year. Consumer prices for the region will climb a projected 2.5 percent in 2007, accelerating to 2.7 percent in 2008, in spite of falling US inflation and persistent deflationary pressures in the Japanese economy.

Despite repeated "last ditch" efforts on the part of the US, EU, India and Brazil, the Doha Development Round appears to be no closer to completion

Chart 1: Real GDP Growth (%)



Graph: PECC

at the end of 2007, more than a year after its scheduled completion date.

Respondents to the PECC opinion poll chose the Doha Round as the most important item for APEC Leaders to tackle at their recent Sydney meeting. The second most important issue was the establishment of a Free Trade Agreement of the Asia Pacific (FTAAP), suggesting that opinion leaders are pushing for more trade liberalization in the region, and that they do not necessarily see a contradiction between multilateral and regional efforts.

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## Mission accomplished: OCCI Trade Mission visits Canada

By Carlos Ramirez

On November 4, 2007, a trade mission from the Osaka Chamber of Commerce and Industry (OCCI) arrived in Canada to tour facilities and meet with officials in the life science sector. Officially named the North American Business tour, the main purpose of the mission was to familiarize itself with the life science industry in Canada and seek new business opportunities in this market.

In all, 13 people from nine companies and organizations participated in the five day long business trip to Quebec and Ontario. OCCI Vice Chair and Itochu Corporate Senior Advisor Makoto Kato headed the delegation.

The Ontario portion of the mission was lead by Robert Ulmer, Counsellor at the Ontario International Marketing Centre in Tokyo. Mr. Ulmer believed that the visitors were unmistakably pleased with what they saw.

"Before arriving, the general perception of Canada was that the natural beauty of the country was its major feature; but after visiting research centres, universities, hospitals and government agencies, the potential for innovative research and collaboration were clearly recognized."

Yumiko Nagoshi of OCCI's International Division concurred with Mr. Ulmer's view. "Since the

Canadian Government has shifted its importance to innovation in the latter half of the 1990s, Toronto and Montreal have now become the fourth and fifth largest life science cluster in North America.

"Besides the life science sector, Toronto is also strong in the ICT sector such as film and animation, and Montreal is strong in the sectors of aviation and energy-related industries. The Canadian government calls these advanced industries 'knowledge-based industries,' and they are now becoming a big presence in North America, and that has changed our impression of Canada as a country of [only] beautiful nature, agriculture and natural resources."

In Montreal, in addition to visiting organizations related to the life sciences field, the delegation paid a courtesy call on Air Canada in the hope of reviving the non-stop Osaka-Toronto route from Kansai International (KIX) and to propose more flights between KIX and Vancouver.

The strong Canadian dollar also had a lasting impression on the participants. According to Ms.

Nagoshi, "this also showed the strong confidence of the Canadian people towards their economy."

While there were no contracts signed, there are ongoing information exchanges between industry officials. Also discussed was potential investment from Japan to Canada in the life science sector.

Overall, the Osaka delegation were very impressed with the development of life sciences in Canada and clearly believed there were lessons to be learned from the Canadian experience.

"We would like to see Canada as a model in promoting Osaka as a leading bio-cluster in Japan," said Ms. Nagoshi.

**使命は果たされた: 大商カナダ貿易使節団**  
2007年11月4日、大阪商工会議所(大商)の貿易使節団が生命科学分野の施設見学および当局との会談のために訪加した。正式名称は「北米事業ツアー」で、主な目的はカナダの生命科学産業に触れ、同市場における新たな事業チャンスを見出すことにあった。7ページに続く

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