



Thomas d'Aquino
President and Chief Executive
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January 13, 2005

The Right Honourable Paul Martin, P.C., M.P.
Prime Minister of Canada
Government of Canada
Office of the Prime Minister
Langevin Block
80 Wellington Street
OTTAWA
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**OFFICIAL VISIT TO ASIA
JANUARY 15-23, 2005**

Dear Prime Minister,

As you make your way later this week to countries stricken by the earthquake and tsunamis of December 26, the members of the *Canadian Council of Chief Executives* (CCCE) join me in expressing our sympathy for those affected by the disaster and our determination to do our part in rebuilding, both in the short term and over the long haul.

The outpouring of generosity from Canadian individuals, communities, enterprises and governments has been impressive, and for that we should all be proud. Your meetings with public and private leaders during your visit will serve to underscore Canada's desire both to help those affected deal with the critical needs of today and to be a genuine partner in longer-term reconstruction and economic growth.

Your commitments to a five-year aid program and to a debt payment moratorium for the affected countries are steps in the right direction, but private sector investment also will be needed to reduce poverty and improve people's standard of living in the years ahead. Public and private efforts must go hand in hand to drive economic development, and we hope that your visit will mark the beginning of an enhanced effort to bolster Canada's economic, social and cultural ties with the affected region.

More broadly, your Asian trip will highlight what we see as important progress in strengthening Canada's relationships with three of our most important partners in the continent: Japan, China and India.

Japan: For nearly a quarter century, the Council has been engaged in fostering closer Canada-Japan relations. CCCE members have met with their Japanese counterparts virtually every year, either on business missions to each other's countries, or in various international and bilateral business fora.

In particular, the CCCE has worked to develop and promote stronger Canada-Japan trade and investment links, including extensive research and consultation with our Japanese counterparts, the *Nippon Keidanren*.

Next week, you are scheduled to meet in Tokyo with Japanese Prime Minister Junichiro Koizumi to discuss practical ways to revitalize our bilateral economic relationship, and the CCCE believes that the time has come to negotiate a broad economic framework agreement.

Over the past year, we and *Nippon Keidanren* have worked closely to lay the groundwork for such an agreement, which could address a wide range of important issues. In our view, potential elements of a Canada-Japan economic framework agreement include: a resolution to bilateral social security matters and taxation issues; greater regulatory convergence; trade facilitation and investment promotion; and sector-based trade liberalization in areas such as information and communications technology, air transportation, e-commerce, food safety, energy and natural resources, the environment and tourism.

A framework with all or some of these elements should have ongoing input and advice from the private sectors of each country. This in our view will be critical to the successful conclusion of an enhanced economic arrangement between Canada and Japan. Such a mechanism, with direct business input, also would ensure that steady progress on a yearly basis is made on priority matters. In these efforts, the CCCE stands ready to act as interlocutor on behalf of the Canadian private sector.

In addition to the specific areas it addresses, a Canada-Japan economic framework should include a commitment to engage in a joint study on the costs and benefits of broader trade and investment liberalization between our two countries and of the major barriers that remain to be addressed. This study should be not just an academic exercise but a practical assessment of the benefits of further liberalization to both Canada and Japan and a realistic profile of the costs.

China: One conclusion that has emerged from our extensive discussions with *Nippon Keidanren* is that China is having an immense impact on both of our economies, and a meaningful discussion about our respective relationships with China therefore will be essential to a successful framework agreement between Canada and Japan. This reinforces the importance for Canada of strengthening its bilateral ties with China as well.

Your official visit to China this month, in addition to the business mission that will be led by Minister of International Trade James Peterson, represents excellent timing. In this regard, the CCCE welcomes recent reports that Canada and China may conclude a foreign investment promotion and protection agreement.

China is a top priority for the Canadian business community and the CCCE intends to mount a CEO mission to several Chinese cities later this year. One of the key objectives of this mission will be to explore the possibility of a stronger, more formalized Canada-China economic partnership.

India: Finally, India represents another important priority for member chief executives of the CCCE. Your official visit to India will signal Canada's re-engagement with a country that has embraced greater economic openness as well as democracy as keys to its future success.

In the years ahead, Canada must continue to work with India to strengthen our economic and cultural ties. The CCCE, for our part, has an excellent and longstanding relationship with our counterparts in the *Confederation of Indian Industry*, and we intend to build on this relationship in exploring ways to expand the economic links between our two countries.

All three of these bilateral relationships are important to Canada's future, but the extent of your Asian trip also highlights the need to consider our country's strategy for the continent as a whole. To be blunt, Asia has become a hotbed of trade and investment liberalization, one that is leaving Canada behind.

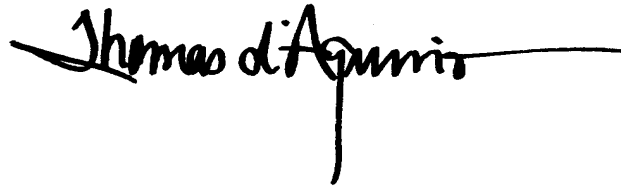
Most recently, for instance, China and the member countries of ASEAN (which include tsunami-stricken nations of Indonesia and Thailand) announced their intent to negotiate a free trade agreement. The members of the CCCE believe that Canada should consider pursuing a liberalization strategy with members of ASEAN as quickly as possible in order both to serve the economic interests of Canadians and to reinforce the long-term impact of our aid efforts in the region.

The Right Honourable Paul Martin, P.C., M.P.
January 13, 2005
Page 4

Your government currently is carrying out a sweeping review of Canada's international policies, one that recognizes the complex links between trade and investment, diplomacy, development and defence. Canada's response to the tsunami disaster involves all four of these pillars, and so must our country's strategy for the long term, both in Asia and globally.

Canada needs a cohesive set of policies to deal with both the crises and opportunities of a more integrated world. Our country's global influence and impact will be determined by how well we address this challenge and we in the business community are determined to do everything we can to help forge a strategy that will contribute to both a stronger Canada and a better world.

Prime Minister, on behalf of all of the members of the *Canadian Council of Chief Executives*, please accept my best wishes for a productive Asian visit. We look forward to working with you and your government on these and many other issues during 2005.

A handwritten signature in black ink that reads "Thomas d'Aquino". The signature is written in a cursive style with a long horizontal line extending to the right and a vertical line extending downwards from the end of the signature.