

B.C. just starting to tap into Asia's magnificent potential

Despite initiatives, B.C. could go much further in increasing business

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The Asia Pacific garnered special attention this year when the B.C. government released its long-term strategy in April for pursuing economic trade in the region.

The officials, business people and academics who collaborated on this so-called Asia Pacific Initiative



CREDIT:

Chinese couple from Beijing taking advantage of perfect Paris October weather to photograph each other near the Eiffel tower with the famous golden dome of the Hotel des Invalides in the background

love to tout B.C.'s natural advantages, from geography to demographics. And yet, the reality is that B.C.'s efforts to tap into Asia's dizzying trade potential are small and late in every way compared to peers such as Alberta, Washington State and Queensland in Australia.

And so, B.C.'s commerce with Asia was not so much about leaps and bounds in 2007, but more about baby steps.

Here's an update on some of the brighter moments, as well as a few setbacks, plus what to look for in 2008:

OASIS hits THE HKG-YVR TRAIL

From Vancouver, the most popular destination in Asia is undoubtedly Hong Kong. Airlines from other cities in Asia face all kinds of regulatory hurdles in getting to YVR more often, but the route from Hong Kong is wide open.

In late June, an upstart from Hong Kong -- Oasis Airlines -- arrived in Vancouver and proceeded to boost the number of people flying between the two cities by as much as 50 per cent.

With a slew of cheap \$200 one-way fares, Oasis is inspiring first-time travellers as well as repeat trip-takers, some of whom are making two or three trips in as many months.

Initially, it seemed your typical David-versus-Goliath corporate tale, but the Oasis frenzy is instead revealing an overall market that has considerable stretch to it. Indeed, rival Cathay Pacific Airlines responded with its own lower fares, but tellingly it also expanded its flights to Vancouver and will add more next year.

Most interestingly, Oasis is taking some travellers from Vancouver to Hong Kong as a launching point to other destinations in China and Southeast Asia, where demand is currently underserved by YVR. Oasis executives refer to this phenomenon as "self-hubbing" -- the practice of customers shopping around for the best deal from various locations.

Further down the chute in the same market, China Southern Airlines hopes to fly from its homebase in Guangzhou, China, just a skip from Hong Kong, to Vancouver by 2009.

THE LAST COUNTRY ON EARTH

Tourism markets as diverse as Nigeria, Ireland, France and the Philippines can all boast of one thing in common. In December, the U.S. joined their club, which, by now, is hardly an exclusive one. Canada is now infamously one of the last countries on earth without Approved Destination Status or ADS from China. Essentially, this is a green light that would allow Canada to market itself as a tourism destination to a whole new set of leisure travellers from China.

"The longer we go without ADS, the less useful it becomes for us because this is a preferential policy that is given out on a bilateral basis," said Yuen Pau Woo, co-CEO of the Asia Pacific Foundation. He estimated that while Canada has been waiting, between 80 and 100 other countries have received ADS. "Now, it's a question of playing catch-up rather than being ahead of the pack," said Woo.

At any rate, he emphasized that "the real prize isn't ADS. It's the overall outbound tourism market from China, which includes more than tour groups," but also those who travel for business, as individuals or to visit family and friends.

Woo said that as these other travelers have B.C. on their radar screens, "we need an immigration and visa regime that is as transparent and effortless as possible without compromising security."

Still, ADS remains an important goal for many B.C. tour companies who would like to promote specific products such as ski packages or group excursions for retirees.

Publicly, many are putting on a brave face and trying to do what they can with existing travellers from China such as the so-called MICE or those who come for Meetings, Incentives, Conventions and Exhibitions and then stay on to do a little sightseeing and shopping.

With talks on ADS stalled for a myriad of political and bureaucratic reasons at the federal level, eyes will be on Minister of International Trade and the Pacific Gateway David Emerson when he travels to China in January. He is expected to meet with officials there on the topic of ADS.

OFF TO SHANGHAI AND TOKYO

For more than a decade, B.C. has had minimal official trade presence in Asia. By comparison, competing jurisdictions have long had investment offices in key Asian cities. Alberta has five. Washington state has five. Queensland, Australia, has nine.

In April, the B.C. government filled this glaring void by appointing Victoria native and long time China resident John McDonald as its representative in Shanghai. In July, it named Avrom Salsber, who was previously a trade commissioner at the Canadian embassy in Japan, to a similar posting in Tokyo.

Since then, the two have been busy setting up shop and doing the legwork for various visits by government ministers as well as the premier.

"Doors were open that otherwise would not have been," said Minister of Economic Development Colin Hansen who visited China and Korea in June and Japan in September. "In the past, we set meetings with the help of [Canadian] embassy staff. They were good, but they didn't have the time that was really needed to follow up very quickly at a senior level."

The direct result, according to Hansen, is that "there are several key investments that we know are going to happen," even though, for now, he declined to name them or to give a timeline for when they might be announced.

In the meantime, the goal is to have one senior provincial government official in the Asia Pacific once a month, "either a deputy minister, a minister or the premier. As we build our contacts among the corporate and government communities in these centres, we have to have boots on the ground."

Observers also want to see money. "I think everyone is looking to the province for an investment of financial and human resources to implement the many great ideas that have been put out in the Asia Pacific Initiative," said Woo of the Asia Pacific Foundation. "We'll look for this in the next budget. Dollar commitments are an important sign."

Most of the province's efforts in Asia are driven out of the Ministry of Economic Development. It created a unit to deal specifically with the Asia Pacific, but has yet to really ramp up staffing there.

HELP WANTED, FAST

In June, The Wickaninnish Inn, an upmarket hotel in Tofino, said it was desperate for workers and turning to the Philippines for temporary staff. Other businesses in B.C.'s \$9.8 billion tourism and hospitality industry also said they were eager to employ workers from the Philippines.

But the time between an initial application for workers and actually having these cooks, room attendants and front desk staff arrive in B.C. is getting longer as other provinces and large national companies also look to the Philippines.

Offices at every step of the process have been adding staff only to face new bottlenecks. Last year, it took approximately four months to hire from the Philippines. This year, the Wickaninnish waited about nine.

Christine Stoneman of Victoria-based Chemistry Consulting works on behalf of the Wickaninnish, the Westin Bear Mountain in Victoria and other hotels at Whistler, plus a growing list of hospitality associations to bring workers from the Philippines. In early December, 18 workers under her watch finally arrived in B.C. "The dam broke a little bit then," said Stoneman. Stoneman said she still has 150 applications in the bureaucratic backlog.

CLASS IS OUT

For 20 years, North Vancouver-based Capilano College ran a graduate business program that was known for its emphasis on Asian languages and business culture, plus a unique 12-month overseas work placement. Over 400 alumni from what became the McCrae Institute of International Management went on to live and work in Asia. As B.C. aims to bulk up its soft connections to the Asia Pacific, this network of B.C. people with relevant skills and experience was a small example of something done right. Unfortunately, the program abruptly cancelled admissions this year, turning away new students for the first time since it was started.

Part of it was financial. The program lost some significant funding from the Canadian International Development Agency, which had backed it from the beginning. As well, competition has stiffened. Students interested in Asia and Asian students interested in Canada now have much more choice. Many are after a master's degree, which Capilano cannot offer yet, even though it would like to.

Lastly, those close to the program say that when Bob Bagshaw, who founded the program, retired a few years ago, it was a significant loss. Bagshaw was just one administrator, but in the program's best days, he shepherded each graduate to Asia, kept close tabs with frequent visits, and tirelessly promoted his students to employers in Asia and Canada.

Catherine Vertesi, a vice-president at Capilano College who oversees the program, said last week that the program will not admit a class for 2008, but is aiming to do so for 2009.

B.C. SKI SENSE IN CHINA

For years, Graham Kwan led Intrawest's strategy for breaking into China. When the company was sold to new owners who dropped China, Kwan quietly trucked along on his own to partner with a Macau-based firm headed by Lawrence Ho, the Canadian son of a casino tycoon who represents a new generation of Asian business leaders.

Together, they bought five ski resorts in China and are now the country's biggest ski resort owner and operator.

For B.C., the most interesting part is that their joint venture, Melco China Resorts, will likely be based in Vancouver. Kwan currently splits his time between home in North Vancouver and work in Beijing. The two executives that will flank Kwan in his role as chief operating officer at Melco are also ex-Intrawest executives with Vancouver ties.

Melco is in the process of acquiring a Canadian listing on the TSX Venture Exchange's NEX board via a reverse takeover of an existing, but inactive company. It recently told Forbes magazine that it hopes to complete this transaction within six months.

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