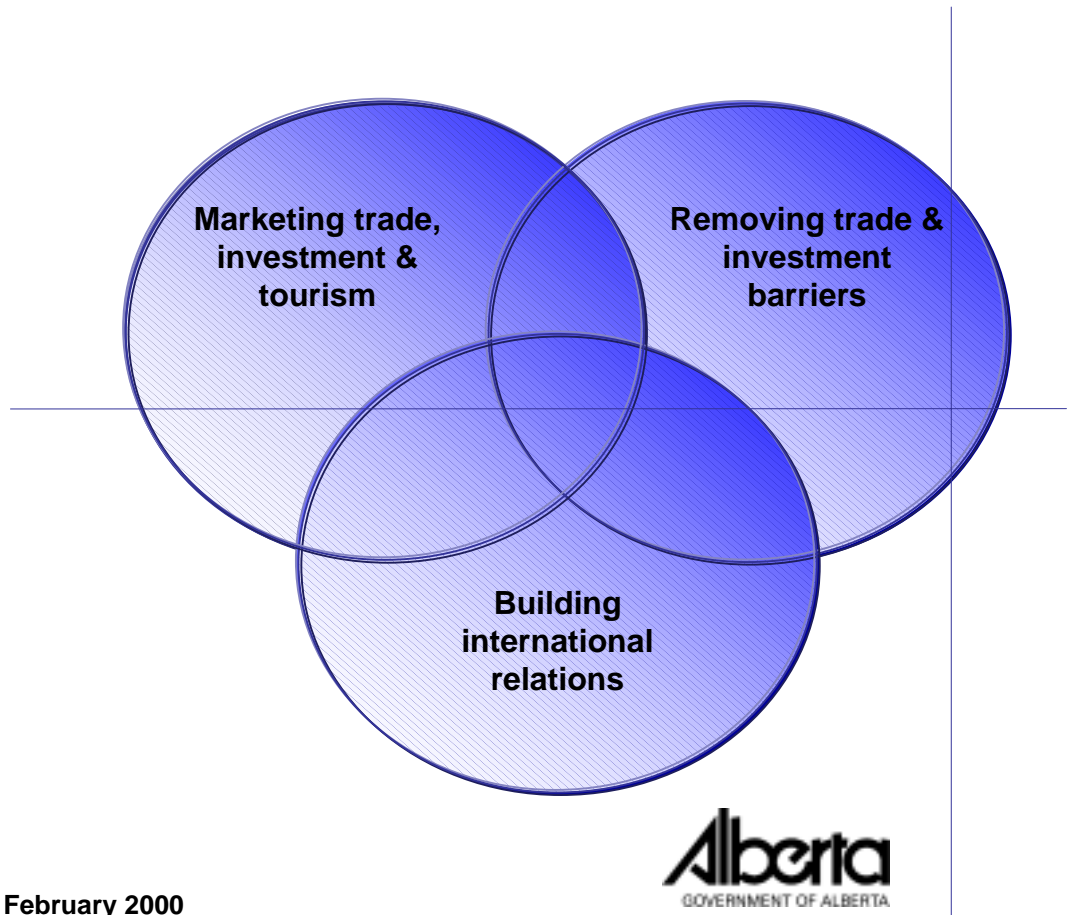


A Framework for Alberta's International Strategies



February 2000

Albertans in the global economy

Albertans are part of a fast-changing world. As globalization rapidly shapes the international marketplace, many geographic and political barriers to the movement of trade, services, information, people and culture are falling away. This is a time of opportunity and challenge.

Globalization has already had an enormous impact on individual Albertans, the private sector and the Alberta government. Since 1990, Alberta's exports have grown to **34** per cent of the province's gross domestic product, from **20** per cent. More than one-third of Alberta's total economic activity is now tied to exports. One in three Albertans earns a living through international trade. And foreign investment plays a major role in our province's economy.

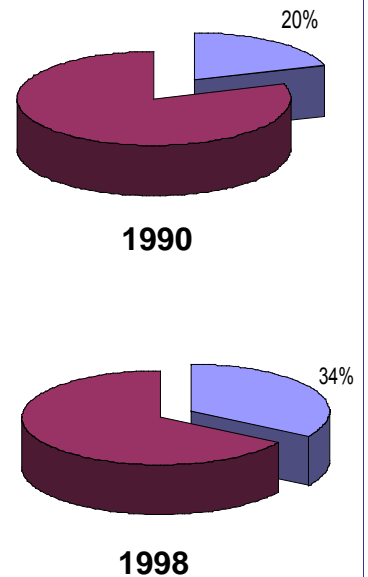
Canada's domestic market cannot possibly consume all its primary resource production. As the world's second largest natural gas exporter, sixth largest wheat exporter and 12th largest oil exporter, Alberta must export, to prosper. And we must also export our value-added goods and services, a major focus of our current economic growth.

Economic well-being is one obvious reason for strengthening international ties, but not the only one. Albertans originate from all over the world. Our strengths, skills and our collective sense of Alberta derive from this diversity. Through our international connections Albertans experience opportunities that foster our continued growth as a society, and at the same time, contribute to our global economy.

Achieving the Alberta government's goals for people, prosperity and preservation in a constantly changing world demands an effective and dynamic international strategy that makes the most of Alberta's strengths, focuses the efforts of international players in the province towards common goals, ensures cooperation among government departments and identifies appropriate government roles.

This *Framework for Alberta's International Strategies* is offered as a guide to the international role of the Alberta government and as a foundation for specific, individual strategies in the future.

Alberta exports as a percentage



Alberta's international activities: vision and principles

Over the last three decades, the Alberta government has pursued a consistent international vision of a globally competitive, internationally active province that is expanding its trade and investment to enhance the well-being of all Albertans.

Five important principles guide this vision.

- Alberta's future growth and prosperity are vitally linked to international trade and foreign investment.
- Global free trade is essential to achieve maximum benefits from this trade and investment.
- The key decision-maker on trade and investment is the private sector.
- Alberta's international relations must take the province's economic, social, ethical, environmental and multicultural strengths and values into account.
- Alberta strongly supports Canada's federal system and the essential role of provinces in establishing and pursuing Canada's international priorities.

Alberta's key international activities and policies

Alberta government departments have three key objectives in their international policies and activities: building international relations; removing trade and investment barriers and the marketing of trade, investment and tourism. Success in each depends on policies and activities – in Alberta and Canada – that ensure Alberta's competitive advantage.

Alberta's international co-operation activities

- Market and competitive intelligence
- Export readiness
- Educational cooperation
- Special relationships (“twinning”)
- International missions
- International aid projects
- Trade policy negotiations
- Foreign offices
- Science and technology cooperation
- Major international events
- Communications

BUILDING INTERNATIONAL RELATIONS

The direct approach works: Why is the Alberta government involved internationally? Doesn't Ottawa have responsibility for foreign affairs? Alberta strongly supports a unified Canada, believing that our country should speak with one voice, internationally. The federal government has an understandable inclination to focus on Central Canada, which has more than 60 per cent of Canada's population and physical proximity to Ottawa. Alberta's foreign offices and missions by the Alberta premier and ministers can tell the Alberta Advantage story better than the federal government. (In most cases, we carry out these activities in close partnership with Ottawa.)

Building strong relationships between Alberta and foreign governments is important. Decisions made by these governments affect our trade and investment prospects and the ability of our private sector to operate globally. Trade promotion that is designed to sell Alberta products and trade policy efforts that are aimed at the elimination of foreign trade barriers are more successful, where good relations exist between key economic partners. This is normally the focus of national governments. Alberta has demonstrated the vital role that provincial governments can play, however, in fostering favourable policy environments abroad, as in the 1999 case of the Seattle-area ban on foreign beef. The lifting of that ban was partly due to intergovernmental initiatives involving Alberta ministers and officials.

The United States continues to be the most important focus of Alberta's intergovernmental relations. As a land-locked province, we must ensure access for our goods and services to—and through—the United States, destination for 80 per cent of our exports. Premier Ralph Klein's focus on increased cross-border communication and informal trade dispute avoidance is a salutary example of Alberta's initiatives in this area.

Exerting an Alberta influence: Alberta actively seeks to influence Canadian foreign policy where it matters to us most. Where Alberta's interests coincide with federal interests, like NATO, nuclear policy, peacekeeping, land mines and international debates over human rights and democracy, we rely on the federal government to set Canadian policy and support Canada's diplomatic positions.

Alberta acts to influence Canada's position in areas of important, regional economic interest. Two good examples here are climate change and international negotiations to reduce greenhouse emissions and the negotiation of agricultural trade liberalization. Alberta believes in the need for a *formal federal-provincial agreement* that recognizes the provincial role in such negotiations.

Alberta encourages international partners: With their strong interest in international connections and the well-being of their global neighbours, Albertans want their government to reflect their concerns. Most activity in this area is funded privately, but some public funding is provided. Educational exchanges give our students and institutions an exposure to the outside world and may develop links with foreign students who later become key decision-makers in their countries. Alberta scientists, educators, business people and medical researchers draw on inspiration from other countries and inspire others, through events like World Petroleum Congress 2000, the 2001 World Championships in Athletics and exchanges like those sponsored by the Royal Tyrrell Museum, the Banff Centre and our universities and colleges. Albertans contribute more than \$15 million a year towards aid projects in developing countries and millions more for disaster relief. (This is matched by \$1.5 million annually in public funds from the Wild Rose Foundation.)

REMOVING TRADE AND INVESTMENT BARRIERS

Alberta's trade promotion efforts cannot succeed if barriers block our exports. Five basic tenets underlie Alberta's trade and investment policy. These are: open markets; reduced domestic and international barriers to trade; increased access to foreign investment; improved access to technology and the free flow of services.

Alberta plays a leadership role in Canada, on these international objectives. We are fully involved with the federal government, in developing Canada's negotiating position in international trade and investment negotiations, increasingly important now that negotiations go well beyond the old days of tariffs and import quotas and start to address domestic policy issues, legislation, regulations and standards.

Many of these new areas, including natural resource development and environmental standards, are partly or completely within provincial jurisdiction. Current Alberta priorities for the new World Trade Organization negotiations are to expand access for agricultural products, eliminate distorting agricultural subsidies and open up new opportunities such as consulting, engineering and environmental services, for Alberta service providers.

Government of Alberta's four major roles in international marketing

- Gathering market information
- Encouraging networks and market access
- Providing advisory and consultative services
- Promoting and communicating activities.

MARKETING TRADE, INVESTMENT AND TOURISM

The role of government in **trade** development has changed over the past three decades. Barriers to trade in bulk commodities like oil, gas, grains, petrochemicals or wood pulp have largely been eliminated. Multinational companies usually market these, making government assistance in marketing no longer necessary. Government assistance does have a place in some sectors, however. For instance, small and medium-sized enterprises can benefit from learning about exports and the differences in doing business beyond Alberta.

In some international markets, smaller companies that produce value-added goods and services stand to benefit from a government's ability to act as a "qualified reference". In international markets where the role of the foreign government in the economy is significant, Alberta firms find it worthwhile to have the Alberta government involved.

Investment creates jobs, generates growth, improves standards of living, enhances productivity, diversifies the economy and expands exports. Alberta has recognized and realized the benefits of foreign investment, and now has a much higher per capita investment ratio than elsewhere in Canada.

The role of the provincial government in investment attraction and retention is complex, requiring a different type of relationship building than in trade development. Developing export markets is done almost exclusively by the private sector. Investment attraction and retention is done mainly by governments seeking to diversify their economy. Governments must work “one on one” with individual companies, providing them with the information they need to make decisions on locating or expanding in Alberta and the impact on pre-existing Alberta business. Careful cooperation among various levels of government is often required.

Outward investment can also expand trade and increase investment in Alberta. Many Alberta companies find that investing in service or distribution centers in their export markets leads to trade expansion. Some Alberta energy companies have become major international players through exploration or development in foreign countries or by partnering with foreign firms on major projects. These activities create jobs in Alberta, often high-value ones.

Alberta's many **tourism** attractions and activities draw hundreds of thousands of foreign visitors annually. Almost one billion of the \$4.1 billion spent on tourism in Alberta in 1998 was spent by foreign visitors.

Tourism is vulnerable to changes in the international marketplace, but its potential for future growth is excellent. The increasing demand for vacation time, the high quality of Alberta's tourist attractions and favourable exchange rates are all taken into account in Alberta's new draft tourism strategy, with its strategies for increasing visitation from key overseas markets like the Asia-Pacific region, California and Texas.

Overall benefits of tourism are difficult to calculate, extending as they do beyond annual tourism expenditures. Foreign visitors tend to be more affluent, often influential individuals in their country of origin. Their first-hand experience of Alberta can be a highly effective way to advertise the province's strengths abroad.

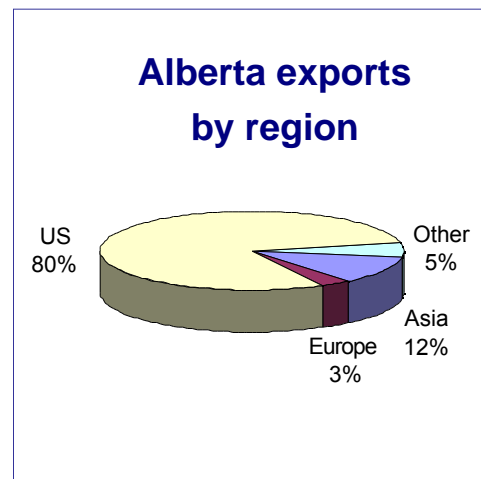
Geographic priorities by region

Alberta needs to focus its international activities on areas where the most value can be added on an ongoing basis. If we attempt to diffuse our activities too broadly, we will be less cost-effective. That is why geographic priorities have been established.

The United States will continue to be Alberta's most important investment and trading partner. Our closest neighbour is the destination of 80 per cent of our exports and provides two-thirds of foreign direct investment in Alberta. This strong flow of trade and investment will continue between the United States and Alberta, driven by the size and affluence of that country's economy, geographic proximity, similar operating conditions, ease of communications and many other factors.

As Europe, Asia, and Latin America move towards closer economic and political integration, the debate in Canada over closer Canada-United States integration is increasing. Alberta and Canada will have to address whether integration in certain sectors would lead to net benefits for Canadian citizens and companies.

The Asia Pacific region will remain Alberta's second largest export market for the foreseeable future. Over the last five years, four of Alberta's top five markets have been Japan, China, Korea and Taiwan. Asian investment and tourism have also grown rapidly in the last decade. In contrast, most other Canadian provinces are more reliant on trade with Europe. Alberta also seeks to reinvigorate relations with Europe, and to pursue trade with Mexico, South America, the Middle East, South Asia and South East Asia.



The role of the Alberta government

The Alberta government has a key role to play in developing international relations, promoting investment, and assisting the private sector to export. Our international policies and activities should aim to:

- Maintain the domestic policies that underpin the Alberta Advantage
- Remove international barriers to trade and investment
- Open foreign doors through political and governmental contacts
- Distribute marketing and competitive intelligence information
- Encourage networks that have the potential to enhance Alberta's exports
- Implement broad promotional and communications strategies
- Work with federal and municipal governments and the private sector
- Increase the international dimension of the education system and the business environment to make Albertans more “internationally literate”
- Develop international relations through education, culture, twinnings and other means, to support economic ties.

Be part of Alberta's new international focus

Government ministries have already begun to develop new approaches or action plans under this *Framework for Alberta's International Strategies*. Some examples include the International Marketing Strategy; the World Trade Organization Negotiating Position; the Twinning Policy Review; the International Education Strategy and the International Governance Office.

Hearing from Albertans is important part. For more information on the Alberta government's international activities and priorities please read *Alberta in the World*, on the following page. And for a more detailed description of this *Framework for Alberta's International Strategies* visit the International and Intergovernmental Relations website at <http://www.iir.ab.ca> or contact:

International Relations Section Alberta International and Intergovernmental Relations

12th floor, Commerce Place
10155 – 102 Street
Edmonton, Alberta
T5J 4G8

Tel: (780) 427-6543

Fax: (780) 427-0699

Email: international.mail@gov.ab.ca

For more information on Alberta's trade and investment priorities, consult the Alberta Economic Development website at <http://www.alberta-canada.com>



- ❖ Alberta has an area of 255,285 sq. miles or 661,190 sq. km - larger than France or Thailand
- ❖ Rocky Mountains in the west, prairies in the south, and forests in the north (covering more than 50% of the province)
- ❖ Population of 3 million, comparable to Singapore or Ireland. The cities of Edmonton and Calgary are home to almost 1 million people each.
- ❖ Albertans are Canadians first. They are committed to a united Canada, and to a federal system with strong provinces.
- ❖ Alberta plays a leadership role in Canada in advocating policies of free trade and open foreign investment

People and Places

Multicultural Strength ETHNIC ORIGIN OF ALBERTANS 1996 CENSUS

Ethnic Origin	Population (thousands)
British/Irish	1,198
German	531
French	307
Ukrainian	259
Dutch (Netherlands)	137
Polish	127
North American Indian	117
Norwegian	107
Chinese	98
Swedish	72
Italian	58
Russian	51
East Indian	47
Metis	46
Danish	46

Source: 1996 Canadian Census

- ❖ Alberta's multicultural population provides the province with valuable skills in foreign languages and business know-how
- ❖ Alberta schools teach 18 foreign and Aboriginal languages, including 7 languages taught in bilingual schools
- ❖ Immigration to Alberta since 1980 has come primarily from Asia

Sightseeing in Alberta

- ❖ Calgary Stampede, the world's largest rodeo, each July
- ❖ West Edmonton Mall, the world's largest shopping and entertainment centre
- ❖ Alberta restaurants serve over 35 different ethnic cuisines
- ❖ Banff and Jasper National Parks offer mountain wildlife and world class skiing
- ❖ UN World Heritage sites at Head-Smashed-In Buffalo Jump near Fort Macleod and Dinosaur Provincial Park (near Drumheller's Royal Tyrrell Museum)



Trade

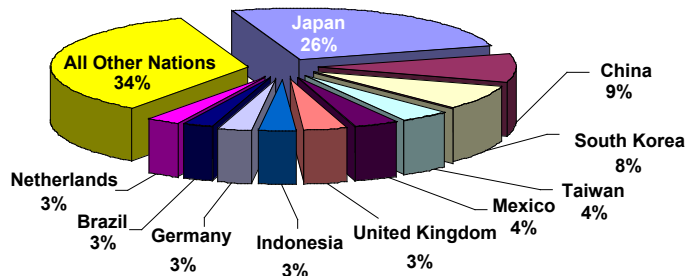
Top Alberta Exports**

**Based on average annual exports from 1995 to 1998

Ranking	Commodity	Value in Millions \$CDN	% of Total
1	Oil	7,900	25
2	Natural Gas	6,951	22
3	Petrochemicals	2,088	7
4	Natural Gas Liquids	1,659	5
5	Wheat	1,332	4
6	Wood Pulp & Paper	1,269	4
7	Telephone & Elec. Equip	1,208	4
8	Machinery & Equip., incl. Oilfield	789	3
9	Cattle	699	2
10	Coal	615	2
11	Softwood Lumber	588	2
12	Beef	576	2
	Other	5,596	18

- ❖ \$34 billion** in exports of goods (\$31 billion) and services (\$3 billion)—comprising 34% of Alberta's GDP, up from 20% in 1990
- ❖ 80% of Alberta's exports go to the U.S. - \$27 billion
- ❖ Over half of non-U.S. exports go to Asia - \$4 billion

Alberta Exports by Country excluding the United States**



International tourism was worth \$1.2 billion in 1998, over half from the United States.

Source: Statistics Canada & International and Intergovernmental Relations

ALBERTA'S TOP 10 EXPORT MARKETS

