

Re-energizing Canada-Asia Relations: Defining an Asian Strategy

*Report of a Workshop held at the Asia Pacific Foundation
Vancouver, British Columbia
March 31 – April 1, 2011*

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The Institute of Asian Research, the Security and Defence Forum at The University of British Columbia, the Asia Pacific Foundation, the Norman Paterson School of International Affairs, The Centre for International Governance Innovation (CIGI) and the Munk School of Global Affairs organized a joint “think-in” on defining a national strategy to re-energize Canada-Asia relations. The event was designed as an “intra-Canadian discussion” with an excellent set of participants, most with extensive experience in Asia and all with a deep interest in Canadian foreign policy. There was considerable, but not total, agreement on the way forward.

The meeting was triggered by the need to extend the discussion generated in the volume *Canada Among Nations 2009-10: As Others See Us*, produced jointly by the Norman Paterson School of International Affairs and CIGI, which contained a wide-ranging discussion about Canada’s relations with the Asia Pacific region.

The event received financial support from the International Development Research Centre and the above supporting institutions.

The goal of the gathering was not to revel in the glory of past accomplishments or lament past failings, but to take a sober look at how changes in the global distribution of economic and political power demand a new understanding of Asia and its global role, and a new strategy for advancing Canadian interests and involvement.

While there was not complete agreement on all of the matters discussed in this report, it reflects the broad consensus.

Context

The essays in *Canada Among Nations* discuss some of the major changes underway in the international system, many of them connected to a trans-Pacific power shift that was thrown into high relief by the financial crisis of 2008. In general terms, Asia was the “last in” and “first out” of the crisis. The Asia essays in the volume underlined that the Canadian policy response to the rise of global Asia often has been incoherent and inadequate. While Canadians might be doing well in Asia, Canada as a whole is not. Absolute trade has increased, but Canada’s relative share continues to decline. In terms of diplomatic visibility and influence, Canada has become invisible and largely irrelevant. In Asian eyes, Canada is likely to be compared not to Australia or the United Kingdom, but to Spain or Poland.

Anecdotal evidence runs in the same direction. Academics and diplomats from Australia, for example, have offered to help us re-engage with Asia. At meetings with Asian diplomats and think-tank leaders, the

recurrent questions are as follows: Why did Canada lose interest in the region? What is Canada’s policy and strategy for dealing with the key issues given rise to by Asia? Aspects of Canadian society and occasional foreign policy forays by Canada in other parts of the world (including Afghanistan and Libya) attract positive attention. But in foreign policy terms, Canada has largely fallen off the screen.

Domestically, while the public seems to have registered the growing importance of Asia, until relatively recently, few national leaders have enunciated a policy response that acknowledges that Canada has key interests beyond bilateral relations with the United States. It is not surprising that in a recent APFC poll, Asia practitioners indicated that 86 percent of respondents believe that Ottawa’s top policy priority for 2011 should be developing a foreign policy strategy specifically for Asia.

Canada’s Conservative government during the period, in a minority position in Parliament, concentrated on a small number of priorities and with a rhetorical focus on the Americas and an emphasis on a foreign policy featuring “freedom, democracy, human rights and the rule of law.” The inconclusive and confusing priorities of the last stab at a comprehensive foreign policy review — the International Policy Statement of 2004 — did not produce the kind of thinking and focus necessary to produce an Asia strategy.

The Rise of Asia and Canada’s Response

As we look to the future of Canada’s relations with the region, the following general considerations should be taken into account.

- (1) The significance of Asia’s rise is much bigger than the growing size of individual economies or the power of individual countries. It signals a power shift that has implications for regional and global order. Talk about a “Beijing consensus” might be overblown, but values and institutions that were once seen as built on universal foundations are now facing profound challenge.
- (2) Key Asian countries are not just playing more important roles and asserting their own interests in international institutions; they are also shaping rules in existing institutions and building separate ones. It remains to be seen if China, in particular, is destined to modify, overhaul, reshape or replace the institutional order constructed after WWII.
- (3) Asia does not have the kind of supra-national institutions that have emerged in Europe, but the level of economic integration measured in terms of trade, investment and production, and transportation exceed that of North America and Europe. Asian regionalism matters, and may be as important to the world in the first half of twenty-first century as European integration was in the last half of the twentieth century.
- (4) Asia, especially China, has gone global. On all major global issues, Asia’s influence and importance is growing.
- (5) At the governmental level, Canada’s policy response to the scope and scale of the challenge posed by global Asia has been inadequate. Canada is not a player in Asian regionalism and is a second- or third-tier participant in Asia Pacific initiatives. It is on the outside looking in, despite past investments, composition of the Canadian population and economic interests. It has failed to complete a bilateral trade agreement with any Asian country. Woody Allan’s aphorism doesn’t play in Asia: to be effective in Asian regionalism means not just showing up, but bringing something to the table.

(6) Canadian leadership in track-two policy networks is sporadic in the economic realm and almost moribund in the political security domain save for small-scale activities in South Asia.

(7) In an Asian context, states and relationships matter in both economic and diplomatic terms. Policy needs to be more than setting a regulatory framework that allows business and civil society players to pursue their specific agendas. Multiple sources of initiative, leadership and involvement are necessary, but federal government leadership is essential.

(8) Enhanced bilateral relations with China and India are necessary, but not sufficient for Canadian success in Asia.

Some Key Questions for the Future

The following questions guided much of the discussion during the workshop.

(1) How should we assess and respond to the rise of China? Is it possible to encourage China to become an engaged, “responsible stakeholder” in international security and economic arrangements or is China likely to reshape those processes in its own image or build new ones?

(2) Is Sino-American conflict inevitable? If not, what can be done to forestall it and assist in a peaceful power transition? What is the future of the US-led alliance system and forward deployment in Asia?

(3) How would a higher priority accorded Asia affect relations with the United States? What are the strategic and commercial implications of direct exports of Canadian energy to Asia? And how will deeper economic and human flows with Asia affect current thinking about a common security perimeter with the United States and the activities likely to follow from the February 2011 declarations on US-Canadian Border and Regulatory Cooperation? How does the growing push to trade diversification play with what one former cabinet minister has called the “post-NAFTA narrative?”

(4) What are the entry points into Asian regionalism? Should such engagement take place bilaterally and/or with regional FTAs/EPAs? Is the Trans-Pacific Partnership essential to Canada in both economic and political terms? What is to be done in APEC and the ARF, the two major, albeit only modestly effective, trans-Pacific institutions of which we are a part? Where do Canadian interests and Asian concerns coincide in track-two processes in areas including anti-terrorism, South China Sea, human security and disaster relief? Who are our best partners in getting back into the game?

(5) Is collaboration with ASEAN a necessary pathway for renewed engagement in the multilateral architecture including the East Asia Summit process? Would it be better to encourage a “concert of powers” headed by the United States, China, Japan and India?

(6) How should Canada pursue its values and interests in a region characterized by new configurations of power and institutions, and political challenges to some of the basic tenets of a liberal international order? Is the narrative of universal values in areas including human rights, democracy and free markets still compelling?

(7) What kinds of bureaucratic structures and resources are required to articulate and implement a national strategy for the Asia-Pacific region?

Key Points from the Discussion

Again, while there was a strong consensus the status quo is not an option in our approach to Asia and on the pressing need to upgrade our relations, bilaterally and institutionally, agreement on how to do so was not complete on some points

We have lost ground at a time that virtually every other country in the world is ramping up connections. We need to be more aware of the costs of inertia and the degree to which our economic interests will suffer if we do not keep pace.

Canada should work on joining regional institutions and processes that are going to be game changers in the region. Bilateral initiatives and common participation in new institutions for global governance including the G20 are valuable, but not sufficient. Because of the emergence and consolidation of new institutions (“the thickening Asian noodle bowl”), Asia qua Asia is becoming more globally significant. Accordingly, the sum of individual country policies needs to be accompanied by an Asia strategy.

The costs of not participating in the Trans-Pacific Partnership are significant. Eventual entry will involve domestic policy changes related to supply management and intellectual property. Otherwise, we will be “pedalling backwards” and missing the opportunity to upgrade an outdated NAFTA.

Canada should press to join the East Asian Summit (EAS) process at least in the role of observer and supporter. The EAS is a significant regional grouping with an important role to play in advancing closer regional integration and cooperation, at a time of deepening economic integration and continuing security tensions. Canadian participation would send a signal to Asia that Canada is back in the game and to Canadians that new multilateral and transnational processes in Asia are important to them.

“Warm economics” in our relations with key countries in the regions will also require sustained levels of political engagement, including on security matters, which are a major focus of growing concern as global military and political power shifts and China becomes an increasingly important regional and global player.

Canadian small- and medium-sized businesses will require a proper incubation and support strategy if they are to make inroads into doing business with the major economies of the Asia-Pacific region.

Energy, resources and food security will increasingly define and drive our partnership with the region, especially with China. We will need to better define our interests not only as we engage with Asia in these areas, but as Asia quite literally comes to us with growing levels of Chinese, Japanese and Korean investment in the Canadian economy.

ASEAN and the ASEAN Regional Forum and now the ASEAN Defence Ministers Meeting also serve as doors to broader regional engagement. The time is right for a deepened and more sophisticated interaction with ASEAN and key Southeast Asian partners as part of a broader regional offensive.

Track-two processes including the Pacific Economic Cooperation Council and the Council for Security Cooperation in Asia Pacific remain important channels for regional engagement. There are major opportunities for burnishing Canadian credentials by re-casting earlier Canadian-led efforts to create an inclusive process for addressing issues of concern in the South China Sea. It is important for Canada to continue to invest in these kinds of ventures, which bring academic, business, diplomatic and other civil

society groupings together in forums for sustained dialogue and discussion. Special attention is needed to bring a wider set of parliamentarians into these processes.

The Asia Pacific Gateway may have been the most important Canadian policy initiative in the past seven years. It is now time to extend the Gateway strategy in the direction of building relationships and stimulating a Gateway economy connected to transportation infrastructure and supply chain facilitation. The next steps should also include creating the infrastructure and political consensus for energy exports to Asia.

Bilateral relationships remain important. Expansion of relations goes beyond facilitating transactions and will demand senior political leadership. The countries identified for special attention as important in their own right and as regional players include China, India, Japan, South Korea, Indonesia and Australia.

Going Forward

An Asia strategy can't be created on a stand-alone basis. It must connect to bilateral priorities in Asia and with the United States. And it intersects in many places with national policies in areas including energy, transportation, foreign investment, immigration and international development. However, an Asia policy and an Asia strategy would have the potential for focusing the debate in all of these areas, if Asia moves from afterthought to the forefront of our attentions.

The election of a majority government on May 2nd provides the opportunity for a more coherent and integrated Asia policy that will include expanded bilateral relations and a re-energized engagement with regional processes in Asia and across the Pacific. Leadership at the highest levels will be needed to create and sustain a national strategy that is coherent, consistent and enjoys all-partisan support.

The Asia Pacific Foundation's National Conversation on Asia has the potential to play a valuable role in stimulating discussion, raising awareness and devising a new narrative for Canada's role with an ascending Asia.

On behalf of the participants,

Paul Evans, Fen Osler Hampson and Paul Heinbecker

June 14, 2011.

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MARCH 31 – APRIL 1, 2011

SCHEDULE

**THURSDAY, MARCH
31ST**

*Main events at UBC; Dinner downtown hosted by the Centre for
International Relations*

12:30 - 2:00 **“Human Security, NATO and the Middle East: A Discussion on Canada’s Role in North Africa”**

Luncheon session at the Liu Institute for Global Issues
Led by Fen Hampson and Paul Heinbecker

3:00 - 4:30 **“Canada’s Asia Pacific Gateway: What’s Next?”**

Seminar at the Institute of Asian Research, Conference Room #120, C.K. Choi Building
Featuring John Higginbotham, David Gillen and a UBC study team working on the issue

6:30 - 8:30 **Dinner Downtown**

Terminal City Club, Terrace Room B
Remarks by Peter Harder and Amitav Acharya

FRIDAY, APRIL 1ST

Boardroom, Asia Pacific Foundation of Canada

08:30 - 1:15 **Roundtable**

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