



COLLECTION

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Symposium on Canada's Indo-Pacific Strategy



THE INSTITUTE FOR
PEACE & DIPLOMACY

THE INSTITUTE FOR PEACE & DIPLOMACY

is a non-profit and non-partisan North American international affairs think tank operating in the United States and Canada dedicated to promoting dialogue, diplomacy, prudent realism, and military restraint—principles we believe are the four cornerstones of sustainable peace in an increasingly complex and dynamic international system.

Founded in 2019, the Institute (IPD) encourages policymakers, and leaders in government, civil society, and business community to adopt a more restrained and open-minded approach in managing the strategic challenges and geopolitical risks of the 21st century.



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About

With the release of the Government of Canada's finalized Indo-Pacific Strategy, the Institute for Peace & Diplomacy has turned to experts and stakeholders across the country to provide a cross-partisan and cross-industry assessment of its effectiveness at addressing core national priorities. These include the strategy's strengths and its weaknesses in addressing the future of Canada's trade, key diplomatic relationships, and broader foreign policy principles.

In this symposium, read insights from Canadian ex-diplomats, industry leaders, and policy academics on the future of the country's engagement in Asia.

Wayne Farmer: President, Canada-ASEAN Business Council

Assistant Professor, Chinese University of Hong Kong, Shenzhen

Susan Gregson: Former Assistant Deputy Minister, Asia Pacific, Global Affairs Canada; Advisor, Institute for Peace & Diplomacy

Stephen Nagy: Senior Associate Professor, International Christian University, Tokyo; Fellow, Canadian Global Affairs Institute

Michael Harvey: Vice President, Policy & International, Canadian Chamber of Commerce

Hugh Stephens: Former Assistant Deputy Minister, Policy & Communications, Global Affairs Canada; Distinguished Fellow, Asia Pacific Foundation of Canada

Andrew Latham: Senior Fellow, Institute for Peace & Diplomacy; Professor, Macalester College

Jean-Francois Lépine: Ancien Représentant du Québec en Chine

Sharon Zhengyang Sun: Trade Policy Economist, Canada West Foundation; Distinguished Fellow, Asia Pacific Foundation of Canada

Anton Malkin: Associate Fellow, Institute for Peace & Diplomacy;



Wayne Farmer

PRESIDENT, CANADA-ASEAN BUSINESS COUNCIL

"By accelerating the Canada-ASEAN and Canada-Indonesia free trade agreements currently being negotiated, in addition to more access to regional multilateral agreements such as the RCEP, Canada will now have the chance to correct its history of under trading with the region."

The official release of the Government of Canada's much anticipated Indo-Pacific Strategy, including the commitment of C\$2.3 billion to be spent across a variety of economic, developmental, and security-related initiatives, marks a groundbreaking moment in the relationship between Canada and the fast-growing economies of the Association of Southeast Asian Nations (ASEAN). This strategy signifies that Canada is deeply committed to reaping the benefits of deeper relations with ASEAN, which is quickly emerging as a global hub for trade, exchange, and innovation.

Investment and commitment to increasing Canada's presence in the region, including with the establishment of a Canadian Trade Gateway and the first ever Indo-Pacific Agriculture and Agri-Food Office, will contribute to stronger economic relationships with ASEAN nations and support the necessary diversification that Canadian exporters need to remain competitive and hedge risk in light of global geopolitical volatility.

According to the C.D. Howe Institute, the Canada-ASEAN FTA is projected to see bilateral trade increases of up to \$4.3 billion. By accelerating the Canada-ASEAN and Canada-Indonesia free trade

agreements currently being negotiated, in addition to more access to regional multilateral agreements such as the RCEP, Canada will now have the chance to correct its history of under trading with the region.

The increased presence of Canada in the Indo-Pacific and the elevation of Canada's status to ASEAN's Strategic Partner may also advance Canada's standing in the shifting balance of power. The strategy will allow Canada to develop a unique foreign policy strategy predicated upon fundamental values and areas of superior expertise, such as clean and renewable energy, agriculture, and inclusive trade. As a result of this, Canada may be seen in a new light as a key economic and strategic ally by key growing economies in the region such as Vietnam, and Indonesia — which will not only open new doors for the Canadian private sector, but will provide accrued economic benefits that will benefit all Canadians in the long-term.



Susan Gregson

FORMER ASSISTANT DEPUTY MINISTER, ASIA
PACIFIC, GLOBAL AFFAIRS CANADA · ADVISOR,
INSTITUTE FOR PEACE & DIPLOMACY

"One thing is certain: China is not going away. And Canada is not moving out of the North American neighborhood, where our interests, values, security, and economy are so closely intertwined with those of our neighbor to the south."

The language to describe China's disruptive behaviors is notably and unsurprisingly stark. This was to be anticipated, not only because of the long shadow cast by China's engagement in hostage diplomacy with respect to the two Michaels, but also due to the increasingly frequent reports of cyber attacks, surveillance of Chinese citizens in Canada, the allegations regarding police activity in Canadian cities, and the accusations of interference in the latest federal elections. Canadians are concerned about China's human rights abuses within its borders, including in Xinjiang, Tibet, and Hong Kong, and by the recent reiterations of the intent to bring Taiwan under mainland control.

What is important for Canada's long-term navigation of our relationship with China is this: What's next? Will we be able to engage China in dialogue on climate change or the Arctic, or other issues of concern to the international community, and for which there are no solutions without China? Our bilateral dialogues have been on ice for several years since the hostage crisis. Will any of them be revived and if so, when and how? Of course, there are ongoing conversations between officials on

areas of mutual concern, but at what point will senior officials and leaders be ready or able to resume constructive dialogue and conversations? Minister Joly has declared that she does not believe in an empty-chair approach to international relations. What about the Chinese side?

One thing is certain: China is not going away. And Canada is not moving out of the North American neighborhood, where our interests, values, security, and economy are so closely intertwined with those of our neighbor to the south. Canada must maintain a focussed approach to China that advances and protects Canada's long-term diplomatic, security, economic, and people-to-people interests while furthering our aspirations and goals in the region. This will necessarily involve a dispassionate but engaged approach to China that includes regular and ongoing strategic conversations.



Michael Harvey

VICE PRESIDENT, POLICY & INTERNATIONAL,
CANADIAN CHAMBER OF COMMERCE

"There is no greater contribution that Canada can make to peace and security in the Indo-Pacific than providing our allies the food, fuel, and fertilizer that they need."

The Indo-Pacific Strategy is an important step towards broadening and deepening our economic engagement in the region. There are very positive announcements in the Strategy, particularly the opening of the first Agriculture and Agri-Food Office in the region, as well as the announcement of the Canadian Trade Gateway in Southeast Asia and the new Indo-Pacific Trade Representative.

Where we really need to step up as a country is in terms of exporting our natural resources. There is no greater contribution that Canada can make to peace and security in the Indo-Pacific than providing our allies the food, fuel, and fertilizer that they need. There is of course economic opportunity for Canada in this, but I believe there is also a moral imperative to displace producers who do not come anywhere near our environmental, ethical, and human rights standards.

At the end of the day, making a difference in the Indo-Pacific begins in our own country. It is our inability to get the needed trade-enhancing infrastructure built that discourages the investment that would lead to greater exports. We often say that "the world needs more Canada" but we need to produce more Canadian resources to meet that demand.

I would also note that much of that needed investment in Canada comes from human talent and financial capital originating in the Indo-Pacific. We need to create the opportunities that will attract that talent and capital to improve our standard of living in Canada.



Andrew Latham

SENIOR FELLOW, INSTITUTE FOR PEACE & DIPLOMACY · PROFESSOR OF POLITICAL SCIENCE, MACALESTER COLLEGE

"Optimally, China's rise ought to result in a carefully calibrated balancing dynamic that blunts Beijing's more dangerous power plays and nothing more. And that may well be the outcome of the balancing efforts of Canada and other Indo-Pacific countries — a stable international order in which Beijing's bid for dominance is blunted."

What to make of Canada's new Indo-Pacific strategy?

On one reading, it is simply a prudent reaction to the objective threat posed by China's growing power to Canadian interests at home and abroad. As Beijing has become more assertive, and even belligerent, Ottawa could have chosen to ignore those pressures and persisted with the approach it adopted when China was weaker and less ambitious. But to its credit, it didn't. Instead of persisting with the approach of nearly unqualified engagement and accommodation adopted during the era of peak globalization, the Liberal government of Justin Trudeau read the new geopolitical table correctly and acted accordingly, crafting a strategy document that reads almost as a case study in carefully calibrated balancing.

So far, so good. But that may not be the end of the story. For, as international theorists from Thucydides to Machiavelli to Morgenthau have reminded us, the realm of international politics is one governed as much by passion as by reason. And therein lies the rub.

Optimally, China's rise ought to result in a carefully calibrated balancing dynamic that blunts Beijing's more dangerous power plays and nothing more. And that may well be the outcome of the balancing efforts of Canada and other Indo-Pacific countries — a stable international order in which Beijing's bid for dominance is blunted. But there is a danger inherent in this dynamic — the danger that restrained balancing will spiral into something far less restrained and far less balanced. Already, the air in the Global West is thick with references to Cold War 2.0, the autocracy/democracy divide, and calls to "contain" China. Combine these tropes with even the most earnest desire to pursue a restrained balancing strategy, and perhaps throw in a dash of moral panic for good measure, and the result could easily be the kind of unrestrained, full-spectrum competition that not only led to obscene expenditures of blood and treasure during the Cold War, but brought us to the brink of Armageddon on more than one occasions during that "long, twilight struggle."

That, I would suggest, is not where we want to go. Let's hope that Canada's new Indo-Pacific strat-



egy, whatever the merits and demerits of its particulars, doesn't augur such a dangerous strategic spiral.



Jean-François Lépine

ANCIEN REPRÉSENTANT DU QUÉBEC EN CHINE

« L'arrogance de la Chine a révélé la faiblesse de notre stratégie face à l'Asie, ce continent dont la ministre Mélanie Joly, reconnaît maintenant l'importance. La nouvelle Stratégie Indo-Pacifique propose donc, dans ce contexte, de recentrer nos efforts dans cette région. »

La nouvelle Stratégie Indo-Pacifique du gouvernement d'Ottawa était attendue depuis longtemps. Pendant des décennies, après sa reconnaissance diplomatique de la Chine, le Canada a développé une relation avec l'Asie qui était caractérisée par une attention démesurée à l'endroit de la Chine. La renaissance de l'économie chinoise et le mirage des possibilités infinies de ce grand marché en émergence nous ont mené à concentrer nos efforts sur ce pays au détriment des autres alliances toutes aussi porteuses que nous aurions pu développer dans cette région qui progressait pourtant au même.

Un peu comme les grandes puissances occidentales ont tout misé sur la Chine aux 18^{ième} et 19^{ième} siècles, quand l'Empire du Milieu dominait la région asiatique et se percevait comme le centre du monde. Mais la Chine, arrivée à une certaine maturité, est devenue moins docile, encore une fois, au point où la nouvelle Stratégie Indo-Pacifique la qualifie de puissance perturbatrice.

Les deux dernières décennies, sous les gouvernements Harper et Trudeau, ont révélé notre manque de préparation face à cette nouvelle Chine,

plus combative et conquérante. Les maladroites du Premier ministre Trudeau en particulier, à ce chapitre, ont été critiqués. La crise des relations Canada-Chine culminant, en décembre 2018, avec l'arrestation de la directrice financière de Huawei, Meng Wanzhou, qui plaçait le Canada dans une situation sans issue, avec les conséquences que l'on connaît pour Michael Kovrig et Michael Spavor.

L'arrogance de la Chine a révélé la faiblesse de notre stratégie face à l'Asie, ce continent dont la ministre Mélanie Joly, reconnaît maintenant l'importance. La nouvelle Stratégie Indo-Pacifique propose donc, dans ce contexte, de recentrer nos efforts dans cette région. Pour faire contrepoids au pouvoir chinois, nous voulons maintenant investir davantage dans nos relations avec d'autres partenaires de la région Indo-Pacifique, – l'Inde, par exemple, -dont l'avenir est aussi prometteur, mais que nous avons négligés, en termes relatifs, depuis des décennies.

La Stratégie est donc bienvenue. Mais elle arrive tard. Le défi sera dans son, et dans les moyens que nous y mettrons. Ce que jamais nous avons fait dans le passé.



Anton Malkin

ASSOCIATE FELLOW, INSTITUTE FOR PEACE & DIPLOMACY · ASSISTANT PROFESSOR, CHINESE UNIVERSITY OF HONG KONG, SHENZHEN

"While many countries in the Indo-Pacific have a long history and present-day commitment to carefully compartmentalizing national security and economic issues (not to mention economic interests and political values), Canada's Indo-Pacific strategy does not see a clear separation between the two."

With respect to developing a clear-headed technology policy, Canada's Indo-Pacific Strategy is characterized by two underlying tensions that will, sooner or later, need to be resolved. The first is a tension between seeking technological resilience while limiting our options to achieve this resilience. As global value chains become increasingly politicized and as national security becomes increasingly important in the development and commercialization of both tangible and intangible technology assets, Canada cannot assure that the market will meet all its technological needs. As we increasingly choose to limit ourselves to R&D, supply chain, and licensing partnerships that exclude Chinese participation, our range of choices and bargaining power in the global marketplace declines. Given that we have few independent technological resources at our disposal, this puts us at a disadvantage relative to our own "near-shoring" partners—especially those partners in the Indo-Pacific—that have limited or, in some cases, no plans to distance themselves from Chinese technology.

The second tension is our intention to engage

more actively in the Indo-Pacific region while avoiding doing business with Chinese technology firms. In ASEAN countries in particular, where Chinese telecommunications equipment, e-commerce, and other ICT-related technologies are common, closer economic engagement while seeking technological distance from China is going to prove to be difficult. While many countries in the Indo-Pacific have a long history and present-day commitment to carefully compartmentalizing national security and economic issues (not to mention economic interests and political values), Canada's Indo-Pacific strategy does not see a clear separation between the two. Decoupling, friend-shoring, and values-based trading blocs are very lofty aspirations, and policymakers in Ottawa should note that these are not goals that their partners in the ASEAN and wider Indo-Pacific region share.



Stephen Nagy

SENIOR ASSOCIATE PROFESSOR, INTERNATIONAL CHRISTIAN UNIVERSITY, TOKYO · FELLOW, CANADIAN GLOBAL AFFAIRS INSTITUTE

"Canada's Indo-Pacific Strategy (CIPS) communicated the position that China is part of the Indo-Pacific region, not the other way around."

Canada's Indo-Pacific Strategy (CIPS) communicated the position that China is part of the Indo-Pacific region, not the other way around. By way of numerous examples, it explicitly highlighted the challenges associated with authoritarian China's rise and its long-term efforts to erode away the rules-based system that has been the cornerstone of Canada's peace, prosperity and stability in the post-WWII era. These included China's disregard for UN rulings on disputes in the South China Sea, and its actions to further militarize that region and challenge navigation and overflight rights, coercive diplomacy and non-market trade practices, arbitrary detention, and its efforts to block the UN High Commissioner for Human Rights' report on the situation of Uyghurs in Xin-

jiang. Simultaneously, CIPS has also not ruled out cooperation with China on global issues such as climate change, biodiversity loss, global health and nuclear proliferation.



Hugh Stephens

FORMER ASSISTANT DEPUTY MINISTER, POLICY & COMMUNICATIONS, GLOBAL AFFAIRS CANADA · DISTINGUISHED FELLOW, ASIA PACIFIC FOUNDATION OF CANADA

"It is important for Canada to continue to deal with China in areas that meet Canadian interests, while protecting Canada and Canadians from domestic threats and political interference. Fortunately, the Strategy provides this flexibility."

A number of commentators have rightly praised the strategy for its broad reach, encompassing an “all of government”, indeed an “all of Canada” approach to the region as well as a significant five year financial commitment extending across various spheres. Its focus on ASEAN centrality as well as highlighting the role of North Pacific partners, the Republic of Korea and Japan, as well as India, marks both an inevitable shift in emphasis away from China given the bilateral tensions of recent years as well as concerns about Chinese intentions and actions, as well as a recognition of the importance of diversifying relationships.

That said, the recognition within the strategy of the important role played by China with respect to issues of importance to Canada, climate change being one example, as well as the importance of the Chinese market and its role in supply chains, is welcome despite the somewhat provocative language used in the Strategy to describe Canada’s view of China’s position in the world. While there is a change in tone vis a vis China (apparently the Strategy is informed by a “clear-eyed understanding” of a global China—one cannot help but wonder if our previous posture could be described

as “blurry eyed”?), it is important for Canada to continue to deal with China in areas that meet Canadian interests, while protecting Canada and Canadians from domestic threats and political interference. Fortunately, the Strategy provides this flexibility.

An important element of the Strategy beyond the commitments to greater engagement in the region through military, diplomatic, economic, energy and infrastructure investment is the area of people-to-people and institutional connections. The Regional Engagement Initiative through which “Canadian sector leaders, subject matter experts, academic and civil society groups” will be able to build new networks and create partnerships is a key and welcome component. Adding resources to strengthen the sinews of think-tank, Track 2, specialized technical working groups and other such fora is a key building block that will complement other aspects of the Strategy and provide both Canadian presence in the region and strengthen Canadian understanding of the region. However, there are no details at this point as to how the program will be administered. It will be important to move to the implementation phase



quickly in order to mobilize the resources in the civil society/think tank/academic community in Canada who are ready and eager to participate in and contribute to achieving the goals of the Strategy.



Sharon Zhengyang Sun

TRADE POLICY ECONOMIST, CANADA WEST
FOUNDATION · DISTINGUISHED FELLOW, ASIA
PACIFIC FOUNDATION OF CANADA

"Without explicit and real investment in time and resources at every level on China, Canada will fall behind our allies who are also our competitors in China and in the region."

Canada's long-awaited Indo-Pacific Strategy, which commits to increased presence and investment in the fastest growing region, is a good and necessary start for a country where trade accounts for 60.9% of its GDP. Early assessment of the strategy shows some promising commitments to increasing engagement with the region. This includes new Team Canada Missions, the Canadian Trade Gateway in Southeast Asia and increasing trade infrastructure capacity through the National Trade Corridors Fund. Most importantly, there is no explicit language of decoupling from China with emphasis that China is too big to not engage economically.

While there is no decoupling, Canada is not looking to expand its relations nor pushing to increase trade with our second largest trade partner. There is no investment nor resources committed to China – it is not part of the new Team Canada missions, neither is there an increase in visa-processing capacity for student permits or renewing student permits, as there is for India, Pakistan and the Philippines. This is concerning as education is the largest Canadian export to China in 2019, estimated to be **\$5.72 billion**, supporting 57,000 jobs. China's trade with Canada has **grown** at an

average of 12% per year over the last two decades. As a growing global hegemon that is the largest trader and investor in South, East and Pacific Asia as well as North America, the Middle East and Africa, even if one runs away from China, one runs into China. Without explicit and real investment in time and resources at every level on China, Canada will fall behind our allies who are also our competitors in China and in the region.

Finally, what applies to China in the strategy should apply to other South-east Asia nations. Issues of human rights, forced labour, SOEs and unfair trade practices exist in countries such as India, the Philippines and Myanmar, but were not discussed in the strategy. India's tariffs on Canadian peas in 2017 had similar if not worse effect as China's canola ban, and these issues persist today. India also has its own human rights issues, ranking 119th on the Human Freedom Index. The FTA negotiation stalls with Indonesia on addressing labour standards also demonstrates the difficulty and the reality in engaging these issues in the region. Canada needs to approach South-east Asia nations in an equally realistic and clear-eyed assessment.

About Us

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