

Canada, an Indispensable Partner? Perceptions from the Region

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The Asia-Pacific region has reemerged as a center for global commerce and trade, driven largely by the rapid growth of Japan, the Asian Tigers, China, India and, more lately, economies in Southeast Asia. These economic trends, however, must be couched with real concerns around the potential for conflict in the region, which features several potential flashpoints and the progress toward economic liberalization most acutely in China. In Southeast Asia, the story is much the same: great opportunities, but emerging –and likely long-term– political risk and uncertainty. The Association of Southeast Asian Nations (ASEAN) now has a combined GDP of more than US\$2.5 trillion and is home to more than 625 million people. Despite its astonishing story of change and growth, Southeast Asia’s upward trajectory and security are threatened by destabilizing developments and potential conflicts, especially in the South China Sea.

Canada must become more engaged through enhanced participation on political and security issues in the region in order to both profit from its economic dynamism and to ensure that Canadian interests in Asia are protected. As Canada’s former foreign minister John Baird once noted:

“We cannot afford to be a spectator. We know we have a contribution to make in shaping the future of Asia and Canada’s role in it. We know that Canada must take an active role in this part of the world. It’s simply not a choice; it’s not an option; it’s a national imperative.”¹¹⁴

With the largest growing middle class in the world, Asia’s economic markets are slowly changing from export-led to consumption-focused economies. Capitalizing on these economic opportunities in Asia remains crucial to Canada’s long-term prosperity as it seeks to diversify its traditional trade relationships away from North American and European markets. Accompanying this economic growth is an evolving geopolitical environment in which China is actively working towards changing the current status quo and the United States dominance of the region’s security and governance. While tensions have not yet escalated to a level equivalent to that of the Cold War, the rise of China and the relative decline of the US have amplified a number of “tripwires” in the region that could stall or upend the trajectory of Asia’s transformation. The most problematic of these spoilers are: potential conflict on the Korean peninsula, cross-strait tensions between China and Taiwan, and maritime disputes in the East and South China Seas.

Canada: A welcomed partner but comprehensive engagement necessary

Most states in Southeast Asia are favourable to Canada and welcome greater involvement

¹¹⁴ John Baird, “Address by Minister Baird to Canadian Council of Chief Executives,” Foreign Affairs Canada (September 24, 2012) <http://news.gc.ca/web/article-en.do?nid=696349>. Accessed 10 August 2017.

from Ottawa in the region's predominantly ASEAN-centric economic, political and security architecture. That said, there continues to be concerns that Canada's approach to Asia remains myopically focused on economic markets and less attuned to the political-security dynamics in the region. This "trade first" mentality is somewhat understandable. Like many other likeminded countries in Europe and elsewhere, Canada has a desire and indeed an imperative to enhance its economic footprint in the region. Too often, however, this approach has been viewed critically in the region. As political-security concerns in the region continue to increase in pace and scope, a more balanced approach will be necessary for Canada to nurture a sustainable and robust bilateral and multilateral relationship in Asia.

This was most visibly demonstrated when the former ASEAN Secretary-General Surin Pitsuwan noted in 2012 during his visit to Ottawa:

*"The goodwill is there. The name (Canada) is there. But you don't see the sustained effort of trying to project it out. Canada is appreciated. But it's not an active engagement that projects that quality out."*¹¹⁵

The call for "active engagement" from Canada especially derives from the increased concern about security issues in the region. The defence and security postures across the Asia-Pacific have been changing at a rapid pace, fuelled by emerging markets and latent historical rivalries that have been reignited. While North Korea remains the region's pariah and most pressing security concern, threat perceptions in ASEAN member states have evolved over the past few years because of China's aggressive attempts to change the status quo in the South China Sea. Last summer, the Permanent Court of Arbitration (PCA) in the Hague issued its ruling¹¹⁶ on the high-profile case brought forth by the Philippines concerning its dispute with China regarding the right of Manila to exploit natural resources in the Exclusive Economic Zone (EEZ) extending from territory claimed by the Philippines in the South China Sea. The long anticipated ruling awarded to the Philippines has been widely viewed by analysts and lawyers as an objective and authoritative denial of Beijing's expansionist territorial claims in the South China Sea based on its so-called "Nine-Dash Line".

China's recent land reclamation activities and militarization of maritime features in support of its expansive "Nine-Dash Line" have fundamentally altered the status quo in the region. While other states, including Vietnam and the Philippines, have also engaged in land reclamation, the pace of their construction and their manifest intent to militarize are not congruent with Beijing's efforts. According to a study by the Asian Maritime Transparency Initiative, run by the Center for Strategic and International Studies, Vietnam has only

¹¹⁵ Campbell Clark, "Canada Denied Seat at East Asia Summit," *Globe and Mail* (September 20, 2012) <https://www.theglobeandmail.com/news/politics/canada-denied-seat-at-east-asia-summit/article4558196/>. Accessed 10 August 2017.

¹¹⁶ "PCA Press Release: The South China Arbitration (The Republic of the Philippines v. The People's Republic of China)," Permanent Court of Arbitration (July 12, 2016) <https://pca-cpa.org/en/news/pca-press-release-the-south-china-sea-arbitration-the-republic-of-the-philippines-v-the-peoples-republic-of-china/>. Accessed 10 August 2017.

engaged in 120 acres of land reclamation in the disputed Spratly Islands, compared with 3000 acres of land reclamation by Beijing. Moreover, Chinese authorities called the PCA ruling a “waste of paper” and have indicated that they do not accept the court’s jurisdiction. Chinese authorities assert that China’s historical and sovereign rights should trump any determination made by the PCA. Indeed, there has been little indication that the decision has resulted in any fundamental geopolitical shift in Beijing’s calculations regarding the South China Sea.

Moreover, while Beijing remains unmoved by the PCA ruling, it simultaneously appears keen to take advantage of the ambiguity from the Trump administration with regard to its policy in the South China Sea. There is some concern in the region –which was on display during this year’s Shangri-la Dialogue– on the Trump administration’s over-concentration on tensions with North Korea and China’s “helpful” role in reigning in Pyongyang. This has led to anxiety that Washington might downplay Beijing’s other destabilizing actions in the East and South China Seas.

In addition to China’s assertive actions in the East China Sea, these moves have also concerned important regional allies to Canada such as Japan. Tensions in the Korean peninsula have only exacerbated a tense security environment and have entrenched a “security first” mindset in many of the states in the region.

Charting a principled course forward

While Canada is not a claimant in the South China Sea maritime disputes, it should not be hesitant to vocally oppose China’s militarization of the reclaimed maritime features, which have been authoritatively defined as illegal by an international court. Ottawa should also look to work with partners in the region –such as Japan, Australia, the US and India– to build maritime capabilities of ASEAN states in the region, including Vietnam, Indonesia, the Philippines and Malaysia.

Robust Canadian engagement in Southeast Asia –and the Asia-Pacific more broadly– cannot be seen as a choice or a luxury anymore. There remains a perception in the region that Canada is only interested in Asia because of mercantile interests. Canada’s increased economic engagement –highlighted by its efforts on the Trans Pacific Partnership (TPP) and bilateral free-trade negotiations with key partners– indicates a positive trend that is being noticed by regional partners. However, there remains a marked deficit of complementary efforts to balance our engagement, notably by helping to build governance capacity in the region or addressing its security challenges, ranging from traditional security threats such as terrorism to non-traditional ones like food security. Currently, less than one-third of Canada’s global diplomatic footprint in terms of staff can be found in Asia.¹¹⁷ This diplomatic posturing represents an outdated thinking of Canada’s strategic interests and further reinforces the image of Canada as pursuing an “economic silo” policy in Asia.

¹¹⁷ See, Canadian Government Offices Abroad, Global Affairs Canada (July 15, 2015) http://www.international.gc.ca/cip-pic/description_bureaux-offices.aspx?lang=eng. Accessed 10 August 2017.

From an economic perspective, Canada can continue to enhance its ties with ASEAN member states both bilaterally and through its efforts in regional architecture, including the Asia-Pacific Economic Cooperation (APEC), the Asian Development Bank (ADB) and potentially even the Chinese-led Asian Infrastructure Investment Bank (AIIB) –which Ottawa agreed to join earlier this year.¹¹⁸ From a trade perspective, Canada should look to continue taking a leadership role in pursuing the TPP negotiations, despite the absence of the US. The TPP would have connected Canada to critical markets in Southeast Asia, including Singapore, Malaysia, Vietnam, and Brunei. Perhaps even more critically, however, was the connection to larger regional economies, especially Japan (the third largest economy in the world and Canada’s second largest trading partner in the region after China).

Pushing forward a “TPP-11” will be difficult –considering the difficult concessions made largely because of US presence in the deal– but not impossible. The gains are not just economic however and will enhance Canada’s broader diplomatic and strategic commitment to the region. This is critical as many states in the region –including Japan and Singapore– question the consequences of the TPP’s failure. The US withdrawal from the deal has effectively provided an open causeway for China to promote its alternative economic and trade mechanisms for the region, including the AIIB, the Belt and Road Initiative and the Regional Comprehensive Economic Partnership. A ratification of the TPP-11 cannot undo the damage done by US retrenchment, but it can leave a golden-path opening for Washington to potentially return to the pact, if it wishes, in the coming years. It also sets out a marker for key rules and governance standards that Beijing and others in the region can aspire to in the coming years on critical areas such as digital e-commerce and intellectual property rights.

In order to address Asia’s transformation, Canada needs to ask itself some difficult questions and –more importantly– make hard policy choices on its global interests and where it should allocate its finite human and financial resources. Under the current fiscal constraints, it is challenging to suggest a rapid increase in manpower or funding to the Asia-Pacific region. With this consideration though, it is critical to analyze Canada’s commitments and engagements in other regions of the globe, including Europe, Africa, and even the Americas. Simply put, it is not a viable option to merely talk about rebalancing without attaching any firm and lasting financial commitment to the region –with 60% of the world’s population, using a simple formula, 60% of Ottawa’s diplomatic resources should therefore be allocated to the region.

Canada’s allies and partners are already rebalancing in a concrete fashion. The US pivot or “rebalance” had been a hallmark policy of the former Obama administration, which has identified Asia as the key region to US prosperity in the future. Under the Trump administration thus far, the core pillars of that pivot –minus the TPP and rise of protectionist

¹¹⁸ Nathan Vanderklippe, “Canada joins China-backed Asian infrastructure bank,” *Globe and Mail*, March 23, 2017.

<https://www.theglobeandmail.com/report-on-business/international-business/asia-pacific-business/canada-joins-china-backed-asian-infrastructure-bank/article34393706/>. Accessed 10 August 2017.

talk– seem intact. Similarly, Australia has been comprehensively stepping up its traditional engagement in the region through increased trade and investment, involvement on security issues, and also through people-to-people and business ties. An example of this is the New Colombo Plan¹¹⁹, which pledges more than AU\$100 million to encourage Australian students to study and undertake internships in Asia. To provide adequate resources for their countries’ pivot to the region, both the US and Australia have prioritized the recruitment of Asia specialists in their respective government apparatuses and allocated budgets to promote the learning of Asian languages in their schools and bureaucracies.

One of Canada’s main goals in the region is to become more involved in Asia’s governance bodies, namely through gaining membership in the leader-level East Asia Summit (EAS) and the ASEAN Defence Ministers Meeting-Plus (ADMM-Plus). ASEAN has indicated to Canada that membership to these increasingly influential bodies will require more “face time” from Canada in the region.¹²⁰ This leads to the question of our engagement in one of the most critical Asian multilateral fora, the Asia Pacific Economic Cooperation (APEC). Canada has been a member of APEC since its inception but has not hosted since 1997 in Vancouver (our first and only time as host). This situation contrasts with the majority of our traditional partners in APEC such as the US, Australia, Japan, and Singapore, which have all hosted the forum twice. If Canada wants to demonstrate its strong engagement and rebalance to Asia, it should step up to host APEC again in the near future.

Conclusion

Canada can –and should– be realistic about the extent of its contributions from both a strategic and resource perspective. Ottawa has interests in balancing its engagement in Asia and has a natural economic pull to China, being its second largest trading partner after the US. That being said, political-security concerns on Beijing’s behaviour in the region should not be overlooked. For now, Canada can regain crucial diplomatic currency by strongly advocating its principles and support for international law and peaceful dispute settlement. Finally, it is critical for Canada to invest and increase its equities in this region through sustained resources aimed at strengthening its diplomatic, business, and people-to-people footprint in the region.

¹¹⁹ See, New Colombo Plan, Australian Government Department of Foreign Affairs and Trade. <http://dfat.gov.au/people-to-people/new-colombo-plan/pages/new-colombo-plan.aspx>. Accessed 10 August 2017.

¹²⁰ Campbell Clark, “Canada Denied Seat at East Asia Summit,” *Globe and Mail* (September 20, 2012) <https://www.theglobeandmail.com/news/politics/canada-denied-seat-at-east-asia-summit/article4558196/>. Accessed 10 August 2017.