



CANADA-KOREA FORUM 9

Prospects for Deeper Cooperation on Energy and the Environment

October 3-4, 2011
Fairmont Palliser: Calgary, Alberta, Canada

Summary Report

Highlights For Action

1. There is significant opportunity to benefit economically, environmentally, and politically from a strong green growth strategy. The Forum discussed working towards the creation of a Tier One agreement for a Korea-Canada Green Growth Alliance. The Korea-Denmark GGA can serve as a guide in creating agreements that combine Canada's and Korea's strengths in the area of green economic development.
2. Both Canada and Korea have suffered from a lack of energy diversification: Korea remains dependent on few suppliers, and Canada exports almost all of its excess energy to the United States. Building the infrastructure to export energy to Asia would be a significant contribution to energy diversification efforts. We should consider working together to create the necessary infrastructure for Canada to provide Korea and other Asian countries with a stable source of oil and gas.
3. Canada and Korea both rely on nuclear energy as a source of clean and affordable power. Korea cannot realistically back away from nuclear energy. Through political cooperation and joint R&D, there is real opportunity for Canada and Korea to work together to foster safe and clean nuclear energy.
4. Korea's FDI to Canada is now equal to that of Canada's to Korea, and our trade volume is also nearly equal. We must now solidify trade agreements and other economic ties to ensure that FDI to and from each of our countries continues to rise. Finalizing a Free Trade Agreement (FTA) will be an excellent next step.
5. Korea and Canada were able to use their positions to support each other during the joint G20 meeting. We must now ask how we will continue doing this going forward. In what kind of global governance framework are we going to place the Canada-Korea relationship?

6. There has been a heavy emphasis on economics, but what emerged from the 9th Forum is that discussions should focus on the micro details of sustainability. Going forward, how can we, at the micro level, focus on the execution of sustainable economic, environmental, and political ties? What concrete initiatives can we take? This Forum has provided a wealth of starting points.
7. Canada and Korea need to continue to support each other as middle powers on the global stage. In the UN, G20, and on global bodies such as the IMF and the WTO, Canada and Korea should consider forming more natural and automatic partnerships.
8. We are in a period of power transition that has not been equaled in magnitude since the end of the Second World War. As world power shifts, Canada and Korea must find ways to forge partnerships that allow us to manage relationships with China and the United States.

Overview

The Asia Pacific Foundation of Canada (President: Yuen Pau Woo) and the Seoul Forum for International Affairs (President Dal-choong Kim) hosted the 9th Canada-Korea Forum in Calgary, Alberta on October 2nd and 3rd, 2011. The Canada-Korea Forum is a high-level, Track 2 dialogue on current issues that are important to both countries. Over the past decades, the Forum has been structured around topics that enhance cooperation in the economic, political, and security arenas. For the past few years, the forum has chiefly been concerned with preparations for the co-hosted G20 meetings in 2010. In addition to discussions on political and economic developments in the two countries, the 9th Canada-Korea Forum had a special focus on energy and the environment. The theme was “Prospects for Deeper Cooperation on Energy and the Environment”, which allowed the delegates to explore proactive responses to the reality of global energy constraints. Throughout the Forum, the delegates were able to clearly link current political and economic issues at the national, bilateral, regional, and global level to energy and the environment.

The event was co-chaired by Ambassador Sung-joon Yim, Distinguished Professor in the Graduate School of International and Area Studies at Hankook University of Foreign Studies, and by Professor Stephen J. Toope, President of the University of British Columbia. Mr. Michael Roberts of the Richard Ivey School of Business, and Professor Shin-wha Lee of Korea University served as program coordinators for the 9th Forum. The Forum received generous support and sponsorship from several concerned firms and organizations, including: Harvest Operations (Canadian Subsidiary of the Korea National Oil Company); Encana Natural Gas; The University of British Columbia; The Government of Alberta; POSCO Canada; The Embassy of the Republic of Korea; and, The Korea Foundation.

Energy was first discussed at the 8th Canada-Korea Forum, and since this is such an important and timely issue for both nations - Canada as a major supplier and Korea as a major importer - energy was made a central issue for this year’s Forum. An overall question was how Canada and Korea can cooperate to drive Asian energy relations. One of the goals of the forum was to help shape this discussion.

There is evidence that both Canada and Korea must look to markets beyond the United States. While there is no doubt that the United States will remain an extremely important market for both countries, prosperity and security will be found by diversifying into other markets. In fact, for Korea, China has surpassed the United States as the largest destination of exports. Canada and Korea should be looking for ways to help each other diversify into new markets.

Canada and Korea are ideally situated to capitalize on our economic and political complementarities. In this way, the 9th Canada-Korea Forum can become a new milestone in Canada-Korea tier 2 relationships. However, there is worry that the great momentum that was gained in Canada-Korea relationships during the preparations for the G20 meetings in Seoul and Toronto may be flagging. The 9th Forum looked for opportunities and strategies to reenergize this relationship. Canada and Korea have very similar international policy objectives; however, we have not been as successful as we could be at forming a joint voice on the international stage.

We have entered an era of global instability, both in terms of economics and security. Many developed countries are facing unprecedented financial challenges. The people of the Middle East have, through a mix of peaceful and violent revolutions, removed several political regimes. The relationship between the United States and China is being affected by shifts in economic and military power balances making East Asia less stable. Given China's proximity, history, and relationship with North Korea, the changing power dynamics between China and the United States is very important to Korea. There is certainly a possibility that if China perceives the North and South Korean relationship as a threat to regional security, it may begin to strongly assert its power over the region. On these regional and global security issues, Korea and Canada, as middle powers, can benefit from a strong relationship and unified voice.

Economically, Canada and Korea are continuing to become more equal. For the first time, Korea's FDI to Canada has exceeded Canada's FDI to Korea. In addition, exports to Canada from Korea stand at \$4.8 billion per year, and exports from Canada to Korea at \$4.3 billion. Given that we are becoming equal and complimentary partners, the delegates expressed the need to finalize the Canada-Korea FTA in order to further secure our economic and political relationship. Now that the Canadian beef issue has been solved, there is little left to negotiate.

Political updates

With Canada as an exception, the global political landscape has become quite unstable. Over the past year, the political environment in Korea has become very highly volatile. Political winds are blowing and people are looking for change. Internationally, we can expect political change in United States, China, Russia, and perhaps even Japan within the next year. The Middle East has also undergone massive upheaval. Thus, overall, we are entering a period of political uncertainty.

Canada

After several years of the political uncertainty of minority governments, Canada has elected a majority government and can expect a period of political stability. After several years of focusing on the day to day task of survival, the Government of Canada now has an opportunity to focus outward. As a result, our discussions on Korean politics were more internally focused, while the Canadian discussions were centered more on driving Canada's political relationships

beyond North America. The Forum provided some rich discussion about how that focus could include Asia and Korea.

While the rise of Asia has not gone unnoticed, Canadian leaders tend to see Asia through a China lens. In addition Canada's perspective on the importance of Asia displays regional differences. In Western Canada Asia is seen as a great opportunity, but in Central and Eastern Canada, Asia is a competitor to the Canadian manufacturing base. This makes developing Asian policies difficult for political leaders. As such, the Canadian group, through the work of the Asia Pacific Foundation of Canada, has engaged the country in a National Conversation on Asia.

Given the regional divide in Canada, it is not always easy to articulate the national interests of Canada. However, the delegates discussed the need to consider developing a statement about what is in Canada's national interests in terms of its relationship with Asian countries. This is important as an increase in relationships with Asian countries may exacerbate the existing political and economic regional divide, particularly if larger provinces experience a decline in political and economic power as a result.

Canada has a government that has the ability to plan for the long term, and hopefully the economic downturn in the United States will push Canadian policy makers to think outside of North America. This may be helpful in sharpening the Canadian global competitive spirit. However, Canadian policy makers still have what one Canadian delegate called a "blinding simplicity about Asia". Canadians tend to believe that they can just sell oil and gas to these growing economies although they have no strategy to get the gas to the coast, no strategy to get gas from the coast to other countries, and no strategy to develop trade relationships and opportunities with Asian countries. In fact, there is little support by the Canadian public to build the pipelines and other necessary infrastructure. Unfortunately, the window will not be open indefinitely; Asian countries are not willing to wait decades to secure their energy needs while Canadian policy makers debate.

There is a feeling that Canadian policy makers have taken too leisurely and complacent approach to developing trade agreements with Asia in the area of energy and resources, displaying a sense that "we have what they want" so the world will come to us. The government is looking towards Asia, but energy supply lines are not being built with a sense of urgency, and trade agreement are being pursued at an unhurried pace. For example, the Canada-Korea FTA has taken 7 years and has still not been ratified. There was a consensus that this is a flawed approach. In fact, given the lack of moment from the Government of Canada on securing Asian ties, the Provincial governments have tended to take leading roles.

Republic of Korea (ROK)

As Canada enters a period of political stability, Korea faces significant political instability. One delegate described Korea as being at a political crossroads. The current economic downturn, a sense of stagnation in the middle class, and social polarization has led to profound dissatisfaction amongst Korean voters. Recent polls suggest that 51% of voters do not support any of the existing parties, and that 62% of white collar workers support the so called "Third Way". Voters are rejecting the conventional political solutions of the left and right and

demanding a new direction for the country. As a result, the current parties are in chaos and are having difficulty fielding candidates from within their internal ranks.

There is a growing shift amongst Korean voters away from regional loyalty and a focus on security towards economic issues, such as rapid inflation, unemployment, and rising housing costs. The current byelection in Seoul exemplifies this where over 43% of voters indicated that the economy and inflation were their primary concerns.

The current Korean political landscape can be described as a reaction against party politics and party leaders. There is very little public support for any political party and the Presidential Office recently received a public approval rating of only 3%. As a result, political outsiders are beginning to emerge; candidates who can present themselves as outsiders are having an easier road to political office. The question remains whether Korea can thrive as a democracy while traditional political parties disintegrate.

The main threat to democracy in the ROK is no longer external, though such threats are real, or from internal subversion from the left or the right, but rather from the internal dynamics of democracy. Korean political parties face the challenge of securing enough support to govern in the face of increasing issue-focused independents. Restoring trust is complicated by the decline of the United States, which has traditionally been Korea's main political ally and economic partner.

Economic Update

Neither Canada's nor Korea's strong economic fundamentals has allowed either to escape the realities of the global economic downturn. Like other major economies, Canada and the ROK have faced challenges over the past year. However, both countries have sound financial institutions relative to many other major economies. In particular, Korea has seen a decline in short-term debt and an increase in foreign reserves, and Canada has maintained strong fiscal restraint with government budgets forecasted to return to breakeven by 2017. However, Canada faces a risk from rising household debt which has now reach U.S. levels, and Korea faces threats from inflation and currency fluctuation.

Throughout the Forum, the Canadian delegates bemoaned Canada's attitude of economic complacency, and envied Korea's aggressive attitude towards economic growth. The Korean delegates characterised Korea's urgency as coming from a strong sense that economic collapse is always around the corner if they do not continue to improve. As such, Korea has never been allowed to be complacent. Unlike Canada which can, when needed, fall back on its natural resources, Korea has had to rely on the dedication and ingenuity of its human resources.

Canada

The health of the Canadian economy is directly linked to that of the U.S. economy. While the percent of Canadian exports going to the U.S. has decreased nearly 10% over the past five years due to increased trade with other countries, exports to the U.S. still make up over 70% of all Canadian exports. The main stumbling block to a recovery in the United States and Europe seems to be the unsustainable levels of household and sovereign debt. Any recovery will be

limited until a scheme to transfer wealth from creditors to debtors is complete, and governments are able to narrow their fiscal deficits.

Canada also faces several long term economic challenges including low productivity, an aging population, increasing health expenditures, and persistent unemployment. Canadian labour productivity, though somewhat improving, still ranks amongst the lowest in the developed world. Not only are unemployment rates high, but the duration of unemployment is increasing. This is troubling because it means that people will need significant retraining to reenter the workforce. The Canadian population is rapidly aging, and while not as bad as Korea, the fertility rates amongst Canadian women remain somewhat low. As the population ages, so do expenditures on health care. While Korea spends 7% of its GDP on health care, Canada now spends 11%.

Republic of Korea

Korea has recovered from the global economic crisis better than most countries. During the crisis, its exports fell less than most other countries and its economy made the fastest recovery of any country in the OECD. There are a few reasons for this. First, many of Korea's major exporters increased their global market share, thus compensating for decreased global demand. Second, Korean exporters continued to shift from lower value added goods, such as clothing and textiles, to more sophisticated goods such as semiconductors and automobiles. Third, Korea has become less dependent on the U.S. market. Over the past ten years, Korean exports to the U.S. have decreased from 22% of all exports to 10%. At the same time, exports to China have increased from 10% to over 25% of all exports.

In general, Korea's outward FDI has been steadily increasing over the past decade. This is evidenced in the dramatic increase in the outward FDI from Korea to Canada over the past few years. FDI to Canada increased from \$48 million in 2005 to a record high of \$4.1 billion in 2009 with most of the Korean investment in Canada (88%) in the mining and quarrying industry. Korea is clearly targeting Canada's energy and resource industry.

A large economic threat for Korea stems from volatility in the stock market and currency market. Volatility in the stock market is less a result of fundamental business conditions of Korean listed firms, and more a result of foreign investors cashing out Korean holdings in order to shore up liquidity. Thus, stock market sell offs result in the removal of foreign investment from the Korean economy. Given the relative openness of the Korean economy compared to other Asian countries, foreign investors are easily able to remove their investments from Korea and thus do so when required by their personal liquidity needs.

Korea has been trying to overcome the economic disadvantages of large Won/Dollar fluctuation's by establishing payments with Chinese customers in Yuan. While this can be an advantage for Korean firms, much more work is needed. In particular, Korean business and policy makers desire that payments with China be allowed to be done in Korean Won. Despite such challenges, the Korean delegates see an inevitable trend towards the use of Asian currencies to settle accounts and thus a declining dependency on the U.S. dollar.

Energy

The production and consumption of energy has a significant impact on our environment and quality of life. We must accept that manmade climate change is a growing economic and political reality. Climate change and global economic development are putting strains on energy, food, and water. As the world's population continues to grow - forecasted to be over 8 billion by 2025 - the demand for energy, and the pressures on the environment that flow from the increased consumption of energy, will continue to escalate. In Korea, the cost of energy has risen fivefold since 1996. Meeting the increase demand for energy at affordable prices and being mindful of the environmental impact of energy production and consumption needs to be a main priority for all nations. The delegates strongly understand that international cooperation is essential and there is no shortage of opportunities for Canada and Korea to engage.

Korea and Nuclear Energy

In the ROK, nuclear energy is viewed as a necessity to meet local energy needs and contribute to a cleaner environment. Nuclear power has allowed electricity prices to remain quite stable in the face of rapidly rising energy prices. While Korea recognizes that it must continue increasing the safety of nuclear energy, they see no alternative source of energy that can meet their needs. Korea currently has the fifth largest nuclear generation capacity in the world; in addition to its current 20 nuclear reactors, 12 more reactors are being built. Korean participants noted that their government reaffirmed its nuclear strategy in mid-2011 and is unlikely to modify its plans even in light of the recent Japanese nuclear accident. There was a general sense that safety standards could be made more robust, but there would be no policy shift away from nuclear energy. The Korean economy cannot remain competitive without the nuclear contribution.

While nuclear energy poses risks, it does have environmental benefits. In comparison to other fossil fuels, nuclear energy is a lower emitter of air pollution and greenhouse gases. Thus, the South Korean government is strongly committed to safe nuclear energy as an environmentally green source of power. Currently nuclear energy produces 34% of all electricity in Korea, only surpassed by coal at 43%. Unlike Canada that is able to generate over 60% of its energy from hydro, Korean hydroelectricity accounts for less than 2% of electricity production. Korea is without oil, gas, coal, natural hydro sources, and available land. Thus, nuclear energy must be developed safely and securely.

The Korean government is actively participating in international events focused on enhancing the safety of nuclear energy. Korea will be hosting the second Nuclear Security Summit in Seoul in 2012 and will attend an extraordinary meeting of the Convention on Nuclear Safety. In addition, a preparatory committee for the 2015 NPT Review Conference will also take place in 2012. Through political cooperation and joint R&D, there is real opportunity for Canada and Korea to work together to foster safe and clean nuclear energy.

Green Growth

The Korean government has also launched a green growth strategy. The goal of this sustainable growth strategy is to continue to create an energy strategy that promotes economic growth and quality of life. The paradigm involves creating a low carbon economy through

energy conservation and greenhouse gas reduction, promoting Korea as a green energy industry hub, and greening existing high energy industries such as the automobile and steel industries.

A renewable production standard was passed by the National Assembly of the ROK in 2010, which sets quotas for the amount of energy that must be supplied from renewable sources. This quota has been established as 2% by 2012. While renewable sources remain a small share of the ROK's electricity generation, the Korean government plans to invest over \$8 billion into offshore wind farms. In addition, domestic firms are looking to increase investment in renewable energy businesses this year to double their exports of products in the sector.

As part of its commitment to green energy and energy efficiency, the Korean government built and launched a Smart Grid demonstration project on the Island of Jeju. This smart grid is a test base for what may be a national smart grid strategy. Korean participants saw renewables and the clean energy industry as having strong potential for R&D and business cooperation with Canada.

Canada, as an energy producer has an opportunity to contribute to energy supply and environmental protection through a production based approach. The challenges of sustainably developing of the Canadian oil sands are large but can be accomplished. The oil sands have a potential to serve a portion of the global energy need, and with commitment, there are real technological solutions. In general, the time to market for new technologies in the E&P industry is more than double that of most other R&D intensive industries. Even the pharmaceutical industry with its 15 year R&D to market average takes only half the time to commercialize a product as the E&P industry. As a result the technology used in the oil sands was invented in the 1950s.

However, some newer technologies, such as expandable tubulars are being developed at a significantly faster pace. This technology, which has now reached field testing only seven years after prototype, is expected to have a full commercialization period of less than 13 years. The development and commercialization of such technologies over shorter periods of time represents a key to developing the oil sands in an economically and environmentally sustainable fashion. There is opportunity for Korean businesses to participate in this industry.

In addition, through investment in infrastructure, Canada can more effectively use its natural hydro and wind supply to produce electricity. Currently, Canadian provinces with excess renewable electric energy potential do not have the infrastructure to export electricity to other provinces. In fact, in North America, the electric grids run north to south and not east to west. Overall, a lack of Canadian investment in infrastructure hinders Canada's ability to contribute to the green economy.

Energy Source Diversification

The South Korean government is also very interested in diversifying their sources of energy imports. While 70% of all Korean oil imports still come from five countries in the Middle East, this represents an improvement in diversification as a decade ago, virtually all oil imports were purchased from Saudi Arabia. Currently, Saudi Arabia makes up 32% of oil imports.

The main obstacle for Canada in supplying energy to Korea specifically, and Asia in general, is that Canada lacks the infrastructure to get gas and oil to the coast. Natural gas offers environmental benefits to Asia by potentially reducing carbon emissions and air pollution. Gas consumption has an important role in slowing the growth of coal use in Asia. However, until Canada is able to build the infrastructure to get the gas to the coast, this cannot be accomplished. As such, the Korean participants were enthusiastic about the potential BC LNG project.

There are real economic benefits for Canada and security benefits for Korea in creating a supply line for Canadian gas to Asia. Canadian energy producers could command a higher price if they were not almost exclusively reliant on the U.S. market. In the future, as more gas production comes online in Northern Canada, Canadian energy could end up competing in a North American market increasingly shaped by abundant, relatively-cheap shale gas. Korea and other Asian countries are looking for energy supplies now, and Canada could lose out if it does not act quickly.

Currently, the two Koreas and Russia are negotiating a gas supply line from Russia through North Korea into South Korea. While this plan faces several obstacles, it represents an opportunity for the ROK to secure a cheap supply of natural gas. The Korean delegates also believe that such a pipeline could have non-economic benefits in terms of improving North/South relations. It would also contribute to the ROK's policy of energy diversification.

Both Canada and Korea have suffered from a lack of diversification; Korea remains dependent on few suppliers, and Canada exports almost all of its excess energy to the United States. Building the infrastructure to export energy to Asia would be a significant contribution to both countries' energy diversification efforts. As a result of the lack of diversification, Korea pays a premium on its energy imports, and Canada exports its energy at a discount.

Global Effects of Energy Constraints

Overall, the conclusion from both sides is that most supplies of conventional energy resources, especially oil, are being depleted at a time when climate change is real and being exacerbated. Thus, in order to conserve energy and slow climate change, urgent action is needed. People are doing a good job at bringing climate change to the table, but not enough is being done to bring about results; postponing action will bring an enormous extra cost.

While work has been done on global climate change and climate change governance in the post-Kyoto era, there is no clear prospect for further international agreements on climate change. Much worse, however, is the governance of energy at a global level. Global energy governance is virtually non-existent. Without international action, we are on the verge of geopolitical conflict resulting from climate change and energy constraints. There is a real opportunity for middle powers such as Canada and Korea to push this agenda forward.

The delegates considered various initiatives and strategies that could be taken to move climate change talks from the discussion table into reality. There is a need to begin to institutionalize climate change efforts. Relying on the goodwill of individuals and corporations may not be

sufficient. However, this will require bringing the private sector and public sectors together for a joint dialogue. Climate change cannot be battled without the full support of the private sector.

It may be wise to begin with a more decentralized building-block approach that allows for incremental measures. The G8/G20 may be a good forum for pushing a framework to facilitate climate change and energy governance. Canada and Korea can play an active role as a knowledge hub of these institutions. This was exemplified with Korea's recent contribution to the Global Green Growth Institute (GGGI).

Green Growth Cooperation Opportunity

Canada and Korea have real opportunities to drive the green growth agenda. Korea has already developed a working framework for bilateral green growth initiatives. In his speech, Canada-Korea Forum Keynote Speaker, Dr. Soogil Young, laid out a strategy that is being employed by the Korea government. He believes that green growth can serve as a powerful new economic growth engine and contribute to effective global cooperation for climate change and sustainable development. The following is an excerpt from his keynote address that lays out an initiative for Canadian and Korean green growth cooperation:

Canada and Korea have not yet had opportunities to explore potential for cooperation on energy, green growth, climate change, and beyond. I believe that this forum can serve as the starting point for such exploration. I hope that this forum will in fact do so.

In this regard, our two countries may take the Korea-Denmark Green Growth Alliance that was formally launched in Copenhagen in May this year as a benchmark. On May 12 this year, on the occasion of Korean President Lee Myung-bak's state visit to Denmark, the two governments signed a Green Growth Alliance which consisted of 9 MOUs. Those MOUs paired the two governments, as well as specific R&D institutions, universities, and business firms from both countries as partners for policy, technological and industrial cooperation for green growth.

Also, both heads of state agreed to work together to promote the green growth paradigm at the global level. For this purpose, the two governments will collaborate to launch and hold the Global Green Growth Summit in Korea and the Global Green Growth Forum in Denmark annually. For the same purpose, the Danish government has joined the GGGI as a Partner Country.

I believe that it would be worthwhile for our two countries to consider forming a Korea-Canada Green Growth Alliance in the same spirit as the Korea-Denmark Green Growth Alliance. A follow-up project to this forum may explore the feasibility and desirability of such cooperative arrangement between our two countries.

Dr. Young lays the path for a powerful, realistic, and potentially profitable opportunity for Canada and Korea to cooperate to drive green growth. In doing so, we may both realize economic value, increased quality of life, and a more sustainable environment.

Regional and Global Governance

The global power dynamics are changing very quickly. In fact, while the Canada-Korea Forum used to speak at length about managing interests with United States, discussions are now moving towards managing relationships with China. One delegate pointed out that since 2008 there have been 25 books on the topic of power transition. While China is the focal point of this subject, there are power shifts that go beyond China. We are experiencing the biggest power shift since the end of the WWII.

Like Canada, Korea is now beginning to see itself as a medium sized open economy and a middle power. Korea and Canada need to ensure that as power dynamics shift, there is a place for middle powers (or tier 2 powers) at the table. Part of ensuring a place at the table is to solidify an agreement to promote the G20 as an integral source of global governance. Without that commitment, there cannot be a real role for the G20. Presently, the G20 is not taking a lead role in the current economic crisis. If G20 does not reassert its role to help the world economy recover, it will become less relevant.

Many delegates felt that Canada was not paying enough attention to the regional dynamics of East Asia. A question was raised to the relevant entry point for Canada in Asia. A Canada-Korea Free Trade Agreement was certainly viewed as a starting point. Currently, Canada seems most interested in involving itself with Asia through economic engagement. However, if Canada is to have a significant role, economic or otherwise, it will have to become more engaged in Asia politically.

Chinese intention is to counter American power by developing an East-Asian community. Japan, on the other hand, is not interested in a China lead East-Asian economy to counter the U.S. As such, there is a real struggle between the parties to define and map East-Asia as a political and regional group. That being said, several of the delegates indicated that it is only a matter of time before there is a tri-national economic East-Asian agreement. Engaging in the discussion now, may put Canada at the table going forward.

Bilateral Steps

It was agreed that Canada and Korea should be working collaboratively on a wide range of issues to ensure that the major players do not exclude us from the table. In terms of economic growth and recovery, we should continue to push the G20 as the major economic body. To ensure global financial stability, we should push for a strong and more multinational IMF. Both countries should remain active voices in the WTO to help fight against the prospect of protectionism in the face of global economic uncertainty. In terms of global security, we can support each other as we push to change the power structure of the Security Council at the UN.

Canada and Korea share many of the same international values and goals. We would benefit from forging a stronger and more automatic partnership on international bodies. Canada needs new allies as it works to preserve their place on the world stage. Korea is pushing for a more prominent place in global institutions. Canada should be there to support Korea's move into prominence, and Korea should be there to help Canada maintain its position.

R2P (Responsibility to Protect)

The nature of armed conflicts continues to change. Currently, there is far more death and destruction from internal conflict than external conflict. Internal conflict represents nearly all current war. They have been steadily increasing in number and percentage since the end of the WWII. There are currently over 40 internal civil wars (or conflicts) around the globe but only a few conventional international conflicts. In these internal conflicts, civilian are often the intended target (through ethnic cleansing, genocide, and mass rape) and represent over 90% of the victims.

In many ways, Canada gave birth to the idea and principle of R2P, but seems to have “orphaned” this global governance principle. Canada’s foreign policy tradition of global outreach and the championing of human rights is needed to drive the R2P principals. Korea has been trying to expand R2P through initiatives such as “friend groups” and “friend of R2P”. The world can utilize the Korean economic success story to help countries develop in a way that maintains social peace.

In areas of the world that are now emerging from major social unrest, there is value is prompting the “Asian way” of achieving development. Asian values of “society over self” and trust in the “developmental state” may represent models more suitable for newly developing societies.

Conclusions

This 9th Forum highlighted that Canada and Korea, as economic and political middle powers, stand to gain greatly from increased cooperation. There is great need for Canada to develop infrastructure to link its energy supplies to Asian markets. Korea can be an excellent and natural partner, and would gain from improved access to oil and gas. Canada and Korea can combine their natural and human resources to create sustainable growth through green initiatives. East Asian regional security can be enhanced by Canada and Korea supporting each other through global bodies such as the G20 and the United Nations. Through working together, Canada and Korea will be more successful at pushing their models of economic growth (which have allowed both countries to weather the global economic crisis better than most), advocating for stronger international financial bodies, and ensuring that smaller players get a voice at the negotiating table.

Korea and Canada were able to use their positions to support each other during the G20. Thus, the Forum raised an extremely important question. We must now ask how we will continue doing this going forward. In what kind of global governance framework are we going to place the Canada-Korea relationship?

Historically, there has been a heavy emphasis on economics, but what emerged from the 9th Forum is that the discussions should focus on the micro details of sustainability. What concrete initiatives can we take? As evidenced in this report, this Forum has provided a wealth of starting points.

Clearly Canada and Korea are both struggling with how to manage their relationships with China. While previous forums invested significant energy into managing relationships with the United States, we now must turn our attention to the new reality of a growing China

While Canada has tended to base its foreign policy with Asia on economic engagement, there is now significant potential for Canada to broaden its Asian engagement. Canada now has a stable majority government and should be able to reinvigorate its engagement in Asia.

Canada and Korea would benefit from supporting each other with a joint voice at international bodies. We rarely have different policy objectives and thus a natural and automatic partnership could benefit the foreign policy objectives of each country.

Future Agenda Items

While this forum has provided great potential for future discussion, there are other topics that could be added to the Forum agenda for discussion. In the future, the Forum may wish to take into consideration Canada's large Korean diaspora and how we can better engage this community to enhance our bilateral relationship. As we prepare for next year's forum, we should be mindful that there will be significant changes in national leadership in the ROK and throughout the world. What impact will this have on the Canada Korea relationships? Finally, 2013 will mark the 50th anniversary of Canada-Korea diplomatic relations. The Forum, which is scheduled to take place in Canada that year, should celebrate this as its theme.

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