



# CANADA-ASIA AGENDA

## Membership has its Privileges: Refocusing Canadian Attention to Regional and Global Governance

By Yuen Pau Woo

As new players, particularly from Asia, crowd for a spot in the emerging and existing institutions for global and regional governance, Canada's position and status is in flux. While Canada boasts membership in some of the most exclusive clubs, recent failures, such as at the UN Security Council, point to the need to re-evaluate four key assumptions about Canada's place in the world.

Just when Canadians were starting to forget about the protest-ridden G20 meeting in Toronto earlier this year, the same group of 20 leaders from major economies will gather in Seoul this week, barely six months after the Canadian meeting. Immediately after, nine of the kindred – including Prime Minister Harper -- will hop over to Yokohama, joining the leaders of another 12 economies for the annual APEC Summit.

The close proximity of these major gatherings, not to mention the overlap in representation and purpose, raise important questions about the rapidly changing structure of global governance and Canada's place in the evolving international architecture.

In light of Ottawa's recent failure to secure a seat on the United Nations Security Council, the issue of Canada's place in regional and global groupings has come into sharper focus.

Member	GDP \$billion (PPP, 2008)	In G8?
European Union	14,794	Yes
United States	14,256	Yes
China	8,765	No
Japan	4,159	Yes
India	3,526	No
Germany	2,806	Yes
United Kingdom	2,139	Yes
Russia	2,110	No
France	2,108	Yes
Brazil	2,013	No
Italy	1,740	Yes
Mexico	1,466	No
South Korea	1,364	No
Canada	1,281	Yes
Indonesia	962	No
Turkey	880	No
Australia	851	No
Saudi Arabia	593	No
Argentina	581	No
South Africa	493	No

Together, member countries represent:

- 85%** of the world's gross domestic product,
- 80%** of the world's trade (including EU intra-trade)
- 66%** of the world's population.

Amid the bickering over what went wrong with the Security Council bid, however, there has been relatively little discussion on Canada's position in the changing international environment and how it will force us to make strategic choices about the direction of global governance, and our role in existing and new institutions.

Table: The East Asia Foundation. 'The G-20: A Primer,' *Global Asia*, Fall 2010. GDP stats sourced from IMF World Economic Outlook, 2009.



### About The Author

Mr. Woo is President and CEO of the Asia Pacific Foundation of Canada. Mr. Woo is on the management board of the National Centre of Excellence in Immigration Research at UBC and Simon Fraser University (Metropolis BC), and is an advisor to the Shanghai WTO Affairs Consultation Centre and the Asian Development Bank. He is also on the International Advisory Council of the Asia Society in New York, a member of the Greater Vancouver Advisory Board for the Salvation Army, and a board member of the Mosaic Institute. He was educated at Lester B. Pearson College, Wheaton College, the University of Cambridge, and the University of London.





Canada failed to secure seat as non-permanent member of UN Security Council in October 2010. United Nations, New York, 2010.

A mature discussion on these issues will require a frank re-assessment of four key cherished assumptions about Canada's place in the world.

First, the cliché about Canada joining any club that will welcome Ottawa's membership is no longer valid. The mood of recent Canadian governments has not been in favour of joining international organizations for the sake of joining, but the reality is that there aren't many international clubs of value that would welcome Canada as a member. The UN Security Council bid is a stark reminder of this point, but there are other examples, including the East Asia Summit and the Trans-Pacific Partnership. Even in the case of clubs that we are *bona fide* members of, such as the ASEAN Regional Forum Dialogue Partners, new iterations of these groupings can result in Canada being squeezed out. For example, a recent meeting of defence ministers in Hanoi included all the ASEAN countries and their dialogue partners (China, India, Japan, South Korea, Australia, New Zealand, Russia, and the United States), but not Canada.

Second, in some circles the assumption remains that Canada is already a member of the most important clubs, and can therefore be selective about joining upstart organizations. Most prominently, our membership in the G8 is seen as the pinnacle of diplomatic exclusivity. It is reflected in the primacy that Ottawa gave the G8 over the G20 when the two groups met in Ontario earlier this year, and in the continued emphasis that is placed on the G8 as a going concern, with an importance and role that is distinct from the G20.

Canada is of course also a member of the G20, which again reinforces the sense that we are already in the top tier of global governance, and that we are at liberty to enjoy the best of the old and the new. That we were host to both the G8 and G20 meetings this year is seen as proof of Canada's ability to straddle and influence both organizations.

In fact, our hosting of the G20 was mostly a compromise that arose from a prior commitment to host the G8 meeting in Canada. It is not clear that Canada would have hosted the G20 had timing discrepancies due to Washington's Nuclear Security Summit in April left an opportunity for Canada to step in as an interim host for G20. Backroom negotiations may have won Canada co-hosting duties, but it may have come at the annoyance of Koreans and others attempting to elevate the status of G20 beyond the G8 as the premier forum for global economic discussions.



Leaders gathered in Toronto for the G20 Summit on June 26-27, 2010. Department of Foreign Affairs and International Trade, 2010.

Likewise, our membership in NAFTA is seen as an example of Canada already belonging to the most important clubs. The privileged access we have enjoyed in the US market has been a boon for the Canadian economy. The importance of this special relationship, however, has been eroded by the thickening US-Canada border since 9/11 and, more fundamentally, by the recent economic malaise in the United States that is likely to persist into the foreseeable future.

Furthermore, with the United States in recent years pursuing free trade agreements with other countries, especially in Asia, Canada's trade preferences in the American market are rapidly being eroded.

What is most telling about the diminution of our special relationship with Washington DC is not that the Americans are seeking closer trade and investment relations with other countries (that is to be expected), but that in at least one instance, the United States is standing in the way of our ability to join other trade agreements. It is widely believed that Canada has been blocked from entry into the Trans-Pacific Partnership (TPP) trade agreement in part because of opposition from the United States, along with Australia and New Zealand. As Peter Clark, Canada's former trade negotiator, rightly notes in his recent piece in the *Financial Post*, "NAFTA leaves little for Washington to gain from Canada in the TPP. But the U.S. is pressing to reopen its unsatisfied list of NAFTA demands -- including such "untouchables" as Canada's farm supply management."

Canada's Free Trade Agreements with Asian Countries		US Free Trade Agreements with Asian Countries	
India	Comprehensive Economic Partnership Agreement (CEPA) negotiations in progress. (Joint Study Group report released September 2010.)	Australia	FTA agreement in force since 2005.
Singapore	FTA negotiations began in 2001.	Singapore	FTA agreement in force since 2004.
South Korea	FTA negotiations launched in 2005.	South Korea	FTA negotiations began in 2006 and signed in 2007. Not formally approved, still under negotiation.
		Malaysia	FTA negotiations began 2006.
		Thailand	FTA negotiations began 2003.

Agreement Pending  
 Agreement Concluded

A third assumption that requires unpacking is Canada's commitment to multilateral trade liberalization. NAFTA notwithstanding, trade policy mandarins have long pledged their allegiance to the WTO and to the principle of global trade liberalization. This faith in Geneva, coupled with the belief that we are already party to the one preferential trade agreement that really matters, has made it very difficult to broach the idea of FTAs with other countries, especially emerging markets. After a decade of deadlock in the Doha negotiations, the number of true believers has fallen, but Canada still does not have a single free trade agreement in Asia – a region that has seen explosive growth in the number of FTAs, both among Asian countries and between Asia and the Americas/Europe. Canada's share of Asian imports in 2008 was a meager 1 percent, which is well under our global share of nearly 3 percent.

Fourth is a sentiment that Canada should only participate in international clubs where members have shared values such as democracy and respect for human rights. One strand of Canadian reaction to our failure in the UN Security Council vote is that we should be glad to not have been elected into a council by unscrupulous vote-selling member countries, a number of which are flagrant violators of human rights. For example, an editorial in the *Globe and Mail* pronounced that "Canadians need not be dismayed by their

country's failure to win a temporary seat on the United Nations Security Council. Billions of people around the world have been increasingly dismayed by the failure of the UN to live up to the lofty ideals ... " Canada's 'principled' approach -- exemplified by claims of having the "toughest sanctions in the world" against Burma and refusing interaction with North Korea, make for good copy but it remains questionable if these policies have had any impact, and if Canada has cut itself off from opportunities to engage with regional and international initiatives that could lead to real change.

This notion is behind the discussion a few years ago about the need for Canada to put more emphasis on international alliances with like-minded nations, especially democratic countries. The archetypal country in Asia for membership in this kind of club was India, and there was much talk in 2006-7 about the common values that made for a special relationship between Ottawa and New Delhi. That India in all likelihood voted against Canada's bid for a seat on the UN Security Council, motivated perhaps by Ottawa's position on UNSC reform, should put to rest any simplistic notion of common values as the sole basis for international partnerships, let alone global governance.

Even given our loss on the UN Security Council seat, one might reasonably argue that 2010 was a good year for Canada on the international stage. After all, the G8/G20 meetings in Ontario were landmark international events and they produced very respectable outcomes in comparison to other high-level international gatherings. The most important point about Muskoka/Toronto, however, is not that the "steering committee of the world economy" came to Canada, but that it likely will not come back again for another 19 years.



Seoul holds the G20 Presidency and hosts the Leaders' Summit on November 11-12, 2010. G20 Seoul Summit, 2010.

In the interim, the balance of power in the world economy will continue to shift towards emerging markets, especially in Asia. If the G20 survives, Canada will have, in relative terms, a smaller weight in the group than it had in 2010, and hence less influence. If the G20 does not survive, there will be another club of major nations that will assume global leadership, with no guarantee that Canada will be in at the table. Where Canada falls in the fluid landscape of international governance architecture will depend on whether we see the country as part of an inevitably fading *ancien regime* or as contributing to, and participating in – indeed experimenting with – new institutions and institutional forms.

In this regard, there is no region more active in institutional experimentation than Asia, with its growing array of groupings that, while taken individually appear to lack focus and organizational depth, are gradually coalescing towards a coherent regional architecture. The East Asian Summit, ASEAN plus Three, ASEAN Defence Ministers Meeting - Plus, and Trans-Pacific Partnership are examples of institutional experimentation and consolidation in the region -- and Canada is absent from all of them.

Whatever may become of these groupings, and of the G8, G20 and APEC, it is safe to assume that Asia will increasingly be in the driver's seat when it comes to new international governance architecture. Ottawa's neglect of new and emerging institutional arrangements in the region will render Canada a less effective player in the Asia Pacific, and a smaller role on the world stage.

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