



CANADA-ASIA AGENDA

International Strategy for Asia: Positioning Canada in Asia and the World

By Daniel Savas

Canadians engaged in Asia are convinced that Canada's position and relevance in Asia in the coming decades will help shape and define a new role for Canada in global affairs. The time is ripe for Canada to build a comprehensive strategy for Asia. In the latest Points of View Asia-Pacific opinion panel, Canadian Asia practitioners share their initial thoughts on how they envision an international strategy on Asia taking shape and the potential benefits for Canada.

With a majority mandate from the Canadian people, the newly re-elected Conservative Government can and should take the opportunity to define a clear position and role for Canada in Asia. With Asian countries continuing to outpace the rest of the world in economic growth; with China, India, South Korea, and Indonesia playing more important roles on the international stage (e.g. G20, IMF, World Bank); and with security concerns continuing to beset the region (e.g. North Korea, South China Sea), the time is right for the federal government to pursue a more focused Asia agenda, one that will ensure Canada is well-positioned to benefit from coming shifts in the global power structure.

The new federal government has been sending the right signals recently. Its June 3rd Throne Speech commitment to complete a comprehensive economic arrangement with India by 2013 represents a solid step in the right direction. And, Foreign Affairs Minister Baird's recent trip to China is

a strong signal to that country and to the region that Ottawa understands the importance of Canada-Asia relations. These are important and positive developments.

The Asia Pacific Foundation of Canada believes now is the time to build upon this momentum and take the next step: develop a comprehensive strategy for Asia, one that spans the economic, political, and security issues that bind Canada-Asia relations.

For the past decade, Canada has lacked the necessary strategic focus and long-term commitment to ensure success in Asia. Canada needs a strategy that positions Asia at the centre of public policy efforts rather than as a niche activity for a few line departments. The challenge is how to build upon our historical ties and current relationships with Asian countries to further Canada's interests in the region and globally. What better way than to ask Canadians



About The Author

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engaged in Asia, people on the ground practicing Canada-Asia relations and doing business in Asian countries? In its most recent *Points of View Asia-Pacific* survey of Canadian Asia practitioners, the Asia Pacific Foundation of Canada finds that those on the front line in Asia see great advantage in the development of an international strategy for Asia.

Points of View Asia-Pacific is an opinion panel of the Asia Pacific Foundation of Canada. It comprises 620+ individuals who are engaged in Asia through their professional, research, or personal interests. More than 80 percent of panellists have business or professional interests in Asia, and 70 percent have worked in Asia. As members, these individuals have consented to receive invitations to participate in regular ongoing APF Canada surveys on issues related to Canada-Asia relations. Data collection for the current survey occurred between May 5th and 17th, 2011. A total of 198 people completed the survey questionnaire. The margin of error for the total sample of 198 is $\pm 6.9\%$, 19 times out of 20.

View Asia Through a Global Lens

Canadians engaged in Asia are in tune with the changes going on in Asia and therefore appreciate the potential global opportunities for Canada in pursuing a focused strategy for the region. They feel it's important to see Asia through a global lens, because they're convinced that Canada's position and relevance in Asia over the coming decades will help shape and define a new role for Canada in global affairs; 86% believe that having a strong position in Asia would help reinvigorate Canada's position on the global stage

Disappointingly, however, most Asia practitioners see Canada falling behind as the centre of global power takes on a distinctly Asian scope. More than two-thirds do not feel Canada has a strong political-diplomatic (69%) or economic influence (67%) in the region; and on key foreign policy dossiers (e.g. trade, investment, defense/security, human rights), less than half of Asia practitioners surveyed feel Canada has well-defined positions for Asia. And, the general consensus is that Canada's influence in Asia has been on the decline for the past decade (70%).

In this light, the vast majority of Canadians engaged in Asia believe that developing an international strategy for Asia is crucial for Canada's role and influence in the region

(94%). Canada should look to be on the radar screens of key decision makers in China, India, South Korea, and Indonesia when important global issues such as nuclear non-proliferation, climate change, human rights, and global governance, are discussed at international forums. Our country's recent failure to secure enough support in the international community for a seat on the UN Security Council gave many observers reason to speculate, rightly or wrongly, on Canada's declining relevance in the world. In a July 2011 *Globe & Mail* op-ed article, Gordon Smith, former Deputy Minister of Foreign Affairs, suggested that in the context of "summit musical chairs", Canada risks being marginalized, even excluded, from key international organizations (e.g. G20, East Asia Summit, Trans-Pacific Partnership). For this reason, Canada needs to build solid support from key countries in a rising Asia through stronger Canada-Asia relations, and an Asia focus in our foreign policy.

Reframe Canada-U.S. Relations Through Asia

Asia practitioners believe strongly that Canada's involvement in Asia has real potential to reframe Canada's relations with the United States. Being more relevant in Asia for these practitioners means Canada can and should pursue its own strategic interests in Asia (81%) in areas such as trade, security, and human rights. They believe engaging more actively in Asia can enhance Canada's position with the United States (74%). By espousing strong, independent positions in Asia, Canada will be noticed and taken more seriously by American administrations that far too often pay little attention to Canadian assertion of its own interests. Putting more emphasis on Asia could mitigate the impacts of this indifference. It's not about shifting allegiances, but rather gaining greater leverage and influence with a close ally with whom we share so many common interests.



John Baird, Canada's Foreign Affairs Minister, meets with U.S. Secretary of State Hillary Rodham Clinton in Washington, D.C., on August 4, 2011. Photo credit: DFAIT

Asia practitioners feel confident that pursuing opportunities in Asia will benefit Canada without fear of losing influence in the United States (74%). Securing free trade relationships with Asian countries, seeking new and enhanced market access for our natural resources (oil, natural gas, trees), building relationships for the development of clean energy technology to promote environmental stewardship in Asia, are examples of initiatives that serve Canada's strategic economic and political interests and help build credibility for our positions in the U.S. Recent reports of China surpassing the U.S. as Canada's number one customer for our lumber exports highlight the ramifications for Canada on the softwood lumber file. Some suggest this could make it more difficult for American forestry companies to accuse Canada of dumping product into the U.S. market. True or not, the growing importance of China as a customer of Canadian products will help reframe discussions with the U.S. on this contentious issue. Increased oil exports to China could have a similar reframing impact, opening discussions on pending pipeline developments, North American energy infrastructure projects, and carbon reduction strategies.

Importantly, however, Asia practitioners in Canada do not see or want Asia replacing Canada's historic relationships with Europe and the U.S.; 52% believe Canada should continue to develop economic relations with Asia, but without tilting our foreign policy efforts away from the U.S. and Europe. It's not about ignoring our past allies or allegiances, or significantly altering how we interact with them, but rather maturing these relationships and developing new ones.

Steps Forward to Engaging Asia

While some Asia practitioners see Canada's role in Asia tied mostly to our economic interests in the region (35%), this perspective is not as compelling for others. Instead, many believe that Canada's success in Asia will be determined and measured beyond direct trade and investment balance sheet considerations. This requires a re-examination of how we engage with Asia at the regional and domestic levels.

Canada's Asia practitioners don't see it necessary to re-invent the wheel to achieve gains in Asia. An international strategy for Asia should take full advantage of existing channels of influence in regional organizations and bilateral relations. For example, greater emphasis should be placed on working within regional institutions in Asia as a means to secure a more influential role in the region. Currently, Canada is an official member of APEC, a dialogue partner with ASEAN, a member of the ASEAN Regional Forum, and is involved in a number of Track II forums. Asia practitioners give strong support to engaging in these multilateral institutions (78%). However, they fear Canada could spread

itself too thin if it tries to join every institution (65%). Thus, they feel priority should be given to three institutions – G20 (76%), APEC (74%), and ASEAN (64%). Working within the G20, for example, particularly with 6 key Asian members (China, India, Japan, South Korea, Indonesia, and Australia)



Minister of Foreign Affairs John Baird at the 18th ASEAN Regional Forum in Bali Indonesia in July 2011. Photo credit: DFAIT

On the bilateral front, Canada has made important strides in the past few years in enhancing relations with key Asian countries. Obtaining Approved Destination Status from China, and committing to a Comprehensive Economic Trade Arrangement with India are two key examples of success in Canada-Asia relations. However, the most recent trade data (2010) reveals a trade imbalance with the region – Canadian exports make up but 1% of Asian imports while Asia's products comprise 20% of Canadian imports (mostly from China – 11%). Much more can and should be done to establish a greater Canadian presence in Asia. In this regard, Canada's Asia practitioners single out China (95%), India (87%), Japan (77%), and South Korea (68%) as priority countries for enhanced bilateral relations, confirming what Canadian officials already realize: Canada can ill-afford to ignore these key players on Asia's stage.



Minister of International Trade and the Asia-Pacific Gateway Ed Fast meets with Indo-Canadian business leaders in Toronto in July 2011. Photo credit: DFAIT

Policy Priorities Should Marry Economic Relations and Public Education

From a policy perspective, Canada needs to be active on multiple fronts and in both directions across the Pacific. For Asia practitioners, expanding the Asia-Pacific strategy to include encouraging Asian companies to station their regional head offices in Canada is but one example of a policy priority that makes sense and will benefit Canada. Doing so could build and solidify relationships, and bring Asian dollars into Canada with positive economic impacts for Canada (jobs, infrastructure, tax dollars). Recent high profile proposed acquisitions in the oil and gas sector by Chinese multinationals (e.g. OPTI) are the tip of the iceberg of attracting foreign investment and firms to Canada. Asia practitioners are, however, somewhat hesitant in their support for Asian investment in Canada by state-owned Asian companies looking to invest in Canada (48%). This means policy makers need to be sensitive to these concerns when it comes to attracting Asian, especially Chinese, foreign investment to Canada.

In turn, Canada should be directing more attention across the Pacific. Doing business in Asian markets is challenging and difficult due to bureaucratic and socio-cultural barriers. Asia practitioners suggest that Canadian SMEs need support to help facilitate their entry into Asian markets (82%), including establishing on-the-ground contact networks and facilities to promote Canadian business. Doing so would pay dividends through job creation in Canada to service Asian clients. With the right mix of incentives and policy initiatives, Asia practitioners strongly believe that a comprehensive strategy for Asia would make a difference to the work they and their companies do in Asia (80%).

Still, on the domestic policy level, it's also about changing mindsets, not just pocketbooks. This means raising the level of "Asia consciousness" among the Canadian public as a whole. The fact that only 26% of all Canadians considered Canada part of the Asia Pacific in a recent Asia

Pacific Foundation general public survey has perplexing implications for success in Asia. Indeed, those Canadians most involved with Asia, i.e., the Asia practitioners, believe that true success will only come about if all Canadians gain a greater appreciation of Asian cultures, values, and the importance of the region (74%). They are thus in strong support of public education to teach Canadians about Asia and Asian languages (85%).



The Asia Pacific Foundation's National Conversation on Asia is driven by one main underlying premise: having Canadians engaged in and about Asia will only make it easier for Canada's leaders to make the decisions needed to ensure we reap the benefits from our relations with the region.

With Asian countries establishing themselves more fully as key actors on the world stage, Canada's Asia practitioners – those closest to the action in Asia – believe more than ever that Canada needs to consider how to re-position itself in Asia to maintain influence in a crowded global arena. Moving Asia more to the centre of Canadian foreign policy is an important step, because it would have the advantage of building relevance for Canada in Asia and globally, of helping re-frame our relationship with the United States, and of generating public support for future action in the region. Fearful of a decline in Canadian influence in Asia, Asia practitioners therefore stand firmly behind the idea of an international strategy specifically for Asia.

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