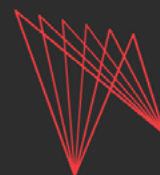




STRATEGIC REFLECTIONS | VOL. 2

Indo-Pacific Outlook 2026



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INTRODUCTION

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The Indo-Pacific remains central to the changing international order. Military build-ups continue, flashpoints around Taiwan and the South China Sea remains active, and the contest over frontier technologies has not only sharpened but is reshaping how states approach strategy and their alliances more broadly. Two meetings between presidents Trump and Xi lowered the temperature on trade, but their meetings left the deeper and the unresolved questions over security, technology, and Taiwan's situation untouched. While Europe remains absorbed by the war in Ukraine and the prospect of renewed confrontation with Russia, and the United States continues its crusade against the multilateral institutions that long framed the postwar period, the Indo-Pacific is where the economic and technological architecture of the next era is being shaped.

For Canada, this reality underscores the need for deeper engagement with the specific dynamics shaping the region. As Ottawa is considering the next phase of its Indo-Pacific Strategy, it is more important than ever to hear directly from regional experts who can offer grounded perspectives on issues of critical importance. Their analyses identify concrete challenges and opportunities, offering insight into what Canada can do to strengthen its engagement with the Indo-Pacific, as well as how it can refine and build upon what it is already doing.

These Strategic Reflections brings together contributions from our 2026 Indo-Pacific Research Fellows, who offer timely analyses of fast-moving developments in security, economics, and technology across the region. Part of the Asia Pacific Foundation of Canada's Indo-Pacific Initiative programming funded by the Government of Canada, this fellowship, now in its second year, is designed to deepen partnerships and engagement between Canada and countries in the Indo-Pacific, build Canadian knowledge of the region, and strengthen trust and regional networks.

Together, these essays highlight both the opportunities and challenges that Canada must navigate as it advances its Indo-Pacific Strategy. They span hard security and emerging technology, as well as the economic and institutional dimensions of the region. Drawing on this diversity of regional perspectives, the Fellows identify where Canadian engagement is already welcomed, where it can be deepened, and where greater caution or adaptation is needed, offering practical recommendations to help inform Canada's continued approach to the Indo-Pacific.



The World's Most Contested Information Space: What Taiwan's Experience of Chinese Cognitive Warfare Offers Canada

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On August 4, 2026, Canada's Foreign Influence Transparency Registry came into force, more than two years after Parliament passed the Countering Foreign Interference Act. The registry is a genuine step forward, but its first commissioner has been candid about its limits: it makes lawful influence visible and leaves covert operations, including co-ordinated disinformation, to other agencies. The gap matters because the Hogue Commission concluded in January 2025 that information manipulation, foreign or domestic, poses the "single biggest risk to our democracy." Canada now has an instrument for registering agents. The battlefield Justice Marie-Josée Hogue identified as primary, the information space itself, remains thinly defended.

No democracy knows that battlefield better than Taiwan. The Varieties of Democracy project has rated Taiwan the economy most affected by foreign disinformation for

11 consecutive years, as of its 2024 release, with nearly all interference originating in the People's Republic of China. What Taiwan offers Canada, however, is not primarily a toolkit. It is a diagnosis. Beijing's cognitive warfare aims less to implant particular falsehoods than to corrode trust in government, the military, allies, and among citizens themselves. This cognitive warfare is, at bottom, trust warfare. Taiwan treats it as a chronic condition of an open society, managed through speed, transparency, and civic capacity distributed well beyond the state. By contrast, Canada has so far treated it as an episodic espionage problem, managed through secrecy and, when secrecy has failed, through leaks and a commission of inquiry. The contrast is not between vigilance and complacency

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but between two theories of where resilience comes from. Three Taiwanese design principles for a resilient information space transfer well to the Canadian context. One hard-earned warning comes with them.

An Industrialized Assault on Trust

The scale of the campaign against Taiwan resists easy summary. In January 2026, Taiwan's National Security Bureau (NSB) reported that intelligence agencies had identified more than 45,000 inauthentic social-media accounts and over 2.314 million pieces of disinformation in 2025, up from 2.159 million a year earlier. The organizational findings matter more than the raw volume. The Chinese Communist Party's (CCP) Central Publicity Department, China's Ministry of Public Security, and other party, state, and military organs now contract marketing and technology firms that build databases of bot accounts, automate their management, compile polling data on Taiwanese candidates, and operate fabricated news sites dressed as neutral international outlets. The NSB names three marketing firms, Haixunshe, Haimai, and Huya, as the operators of those sites. Paid commenters work in more than 20 languages across more than 180 platforms, with artificial intelligence (AI) generating content and data analytics deciding who receives it. Stories are laundered through content farms, which repackage them as clickbait, and through what the NSB calls cover channels, lifestyle and entertainment accounts that build a local following before pivoting to politics, so that by the time a narrative reaches a Taiwanese dinner table it carries no visible foreign fingerprint. This is less a troll farm than an industrial supply chain.

Two developments stand out. The first is the turn to AI. During Taiwan's January 2024 elections, Microsoft's Threat Analysis Center documented what it described as the first observed use of AI-generated content by a nation state to influence a foreign election: a fabricated election-day audio recording of Foxconn founder Terry Gou endorsing a candidate, videos fronted by AI-generated news anchors, and mass-produced memes attacking the eventual winner, Lai Ching-te. The second is the fusion

of information operations with military coercion. During the People's Liberation Army's April 2025 exercises, hackers hijacked accounts on Taiwan's popular PTT forum to spread false claims that China had blockaded natural-gas shipments and that warships had entered Taiwan's contiguous zone. The information operation is no longer a commentary that follows grey-zone pressure. It is planned and timed as part of the operation itself, released alongside the ships and aircraft to shape how Taiwanese interpret what they are seeing. Nor was 2024 a ceiling: the NSB's latest report describes AI-generated content and data-driven precision targeting as routine features of the 2025 cognitive-warfare campaign against Taiwan.

Strategic logic determines what defence must look like. Research on China's domestic propaganda apparatus found that the regime does not argue with critics online — it distracts and floods. The cognitive-warfare campaign against Taiwan follows the same insight. Few of the 2.3 million pieces of disinformation are meant to be believed individually. Their cumulative purpose is to exhaust attention, blur the boundary between authentic and manufactured discourse, and entrench the three narratives the NSB has flagged as Beijing's priorities: the U.S. will abandon Taiwan, the Taiwanese military cannot defend it, and President Lai is failing Taiwan. A citizen, in Taipei or Toronto, who believes nothing is nearly as useful to Beijing as one who believes everything, because a society that cannot agree on facts cannot mobilize, deter, or sacrifice. The aim is not to win the argument but to drown it. Even authentic grievances — such as a food safety scare or a delayed arms delivery — are harvested and amplified into exhibits for a master narrative of governmental failure at home and abandonment by allies abroad.

How Taiwan Responds

Taiwan's model rests on a premise many democracies find counterintuitive: the most attacked information space on earth chooses to censor less, not more, and to place much of its defence outside government.

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The first pillar of the model is speed coupled with transparency. Taiwanese agencies have developed a rapid-rebuttal doctrine, popularized by former digital minister Audrey Tang as "humour over rumour," which commits ministries to answering viral falsehoods within roughly two hours, often with shareable memes designed to travel as fast as the rumour they correct. The design insight is temporal: a correction that arrives a day late is archaeology, while one that arrives inside the sharing window might outrun the lie. Tang was equally explicit that Taiwan would counter disinformation without censorship or takedowns, that is, without blocking speech before it is published or ordering it removed afterward, making a deliberate contrast with the punitive statutes then spreading across Asia. Attribution follows the same principles of speed and transparency. The NSB publishes annual public analyses of Chinese tactics, referred more than 3,200 pieces of disinformation to agencies for real-time response in 2025, and held over 80 exchanges with international partners on Beijing's cognitive warfare. The operating assumption in Taipei is that a classified influence operation protects no one but the operator.

The second pillar is a verification ecosystem the government does not own. The Taiwan FactCheck Center, MyGoPen, and the crowdsourced Cofacts chatbot, built by civic hackers to work inside the LINE messaging app (where a lot of Taiwanese disinformation circulates beyond researchers' view), form a civilian early-warning network. During the 2024 elections, Doublethink Lab's Foreign Interference Monitoring Hub co-ordinated these groups and academic researchers and identified 1,638 accounts posting more than 7,500 co-ordinated messages on the eve of the vote, pushing a fabricated story about an illegitimate child of Lai's through a Cambodia-linked

network. Platforms removed much of the content quickly, in part because the case was assembled by independent researchers rather than the ruling party. Independence is the point: when the referee is not the incumbent, debunking cannot easily be recast as self-protection. Freedom House has credited precisely this civic engagement for Taiwan's resilience under the heaviest CCP influence efforts anywhere in the world.

The third pillar treats literacy as permanent infrastructure rather than as a one-off public-awareness campaign. Media literacy has been part of Taiwan's 12-year compulsory curriculum since 2019, and a 2023 Ministry of Education white paper carried it beyond the classroom with a competency framework centred on recognizing false information, teacher training, and lifelong-learning programs for civil servants and public libraries. The wager is generational, and it rests on technique rather than the claim: citizens trained to recognize engagement bait and co-ordinated amplification do not need each individual falsehood corrected — and against a flood, that is the only seawall that holds. Civil society has extended the principle to build whole-of-society resilience. The non-profit Kuma Academy has trained roughly 80,000 civilians in first aid, evacuation, and the recognition of hostile information operations. Lai's Whole-of-Society Defense Resilience Committee, created in 2024, links such groups to government planning. Law plays a role, but a narrow one: the 2020 Anti-Infiltration Act criminalizes election interference financed by hostile external forces, and a 2024 anti-fraud statute compels platforms to remove verifiably fraudulent deepfake advertisements. Taiwan has conspicuously declined to legislate truth itself: no minister can declare a statement false and order its correction, as in Singapore, and a 2022 proposal to give regulators broad

powers over online content was withdrawn within weeks after public backlash.

The record is impressive without being triumphant. Lai won the elections in January 2024 despite an unprecedented barrage of disinformation, and voter turnout remained robust, though the ruling party lost its legislative majority and governs a divided polity. Yet narratives questioning American reliability retain measurable traction, and counter-disinformation work has itself become a partisan battlefield: opposition voices deride it as “green camp censorship,” a jab at the ruling Democratic Progressive Party (DPP) and its allies; some ruling-party supporters stretch the cognitive-warfare label too far to cover ordinary domestic criticism; and even the Anti-Infiltration Act remains contested by the opposition Kuomintang. Taiwan manages the condition. It has not cured it. That honesty belongs in any lesson drawn from the case.

Canada Is on the Same Map

Canada is not Taiwan. It faces no blockade scenarios and no missile force across a strait. But the cognitive-warfare playbook already deployed against Canadians is recognizably the one refined against Taiwan, and it concentrates its attacks in places Canadian institutions see least. The comparison is not alarmist. It rests on Ottawa’s own public record.

The playbook was visible by 2021, when Conservative Member of Parliament (MP) Kenny Chiu lost his seat in British Columbia amid a WeChat campaign that misrepresented his proposed foreign-agent registry as an instrument to suppress Canadians of Chinese descent. In 2023, Global Affairs Canada’s Rapid Response Mechanism detected a WeChat operation targeting MP Michael Chong, sponsor of a

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parliamentary motion recognizing the Uyghur genocide, and then a “spamouflage” campaign that flooded the accounts of dozens of MPs, including the prime minister and the opposition leader, with bot comments and likely deepfake videos. By March 2025, a second spamouflage wave doxed and deployed sexually explicit deepfakes against Chinese-language commentators in Canada who had been critical of Beijing. During the 2025 federal election, the government’s interagency Security and Intelligence Threats to Elections (SITE) Task Force publicly attributed a WeChat information operation centred on Prime Minister Mark Carney to Youli-Youmian, the platform’s most popular news account, which Canadian intelligence linked to the CCP’s Central Political and Legal Affairs Commission. Amplified articles drew 85,000 to 130,000 interactions and an estimated one million to three million views. The same account had previously targeted Chong and Chrystia Freeland, then a candidate for the Liberal leadership, in January 2025.

One detail carries much of the analysis: the Carney operation pushed both flattering and hostile narratives.

Beijing was not picking a winner. It was cultivating confusion and leverage over how the more than one million WeChat users in Canada perceive their own country’s politics. Three signatures of the campaign should look familiar to Taipei. The operations run in diaspora languages, on a platform whose closed groups are moderated by Tencent from Beijing, beyond Canadian transparency rules and largely invisible to English- and French-language media. By SITE’s own account, the platform remains poorly understood by information-integrity

researchers — a blind spot Beijing appears to exploit deliberately. The operations punish policy positions, such as a registry bill or a genocide motion, rather than parties. And their greatest damage falls on diaspora communities, which lose three times over: targeted first, harmed

most, and then treated with generalized suspicion in the national debate.

Canada's institutional reflex, meanwhile, has been the inverse of Taiwan's: intelligence gathered quietly, surfaced through leaks to journalists, and adjudicated through a two-year public inquiry. Hogue found no evidence that foreign interference altered the overall result of any federal election, and she observed that while the targeting of parliamentarians dominated headlines, misinformation and disinformation pose a greater danger, even as the federal security and intelligence machinery struggled to share intelligence internally, let alone with voters. Secrecy punctured by disclosure consumes public confidence in almost exactly the way cognitive warfare is designed to. Much of Canada's trust deficit on this file is self-inflicted.

Three Lessons and a Warning

Three Taiwanese design principles to mitigate foreign interference can be adopted by Canadian institutions.

First, make speed and publicity the default. Taiwan answers falsehoods in hours and names its adversary's tactics in annual public reports. Canada has shown it can do the same: the SITE briefings on the Carney operation, delivered mid-campaign, exposed the operation without destabilizing the vote, exactly the departure from past reticence that Hogue demanded. That practice should be institutionalized through the standing body Hogue recommended to monitor the domestic online information environment and an unclassified annual assessment of foreign information operations based on the NSB model, so that disclosure no longer depends on leaks or the electoral calendar. A standing public record would also give journalists, researchers, and party officials a shared evidentiary baseline. Silence protects sources, but it also cedes the narrative, and when the truth eventually arrives by leak, it burns the trust it was meant to protect.

Second, build verification capacity at arm's length from government, in the languages in which foreign interference actually operates. Taiwan's fact-checkers are effective because they are credible, and credible because they are not the state. Canada's equivalent ecosystem is thin overall and nearly absent in Chinese, Punjabi, Farsi, and other diaspora languages in which foreign state operations concentrate. Insulated public funding, philanthropy, and university partnerships can change that, and a seed exists: the University of Ottawa's Information Integrity Lab co-hosted a 2024 conference with Taiwanese practitioners on defending elections from disinformation. The organizing premise must be that diaspora communities are on the front lines of cognitive warfare and should be resourced, not watched. The chief victims of the March 2025 deepfake campaign were Canadians of Chinese descent who have criticized Beijing. They are allies in Canada's defence, not suspects.

Third, treat literacy as infrastructure. Taiwan added media literacy to the compulsory curriculum and kept it there across three electoral cycles. In Canada, education is provincial jurisdiction, which makes this a co-ordination problem rather than an impossibility. Hogue's report itself identified digital literacy as a pillar of any durable response. Literacy and transparency also sit comfortably with the freedom of expression guaranteed by the Canadian Charter of Rights and Freedoms, in a way that

In Taiwan, cognitive warfare has become contested vocabulary, invoked across the aisle to delegitimize opponents, and each partisan use devalues the term for the genuine article.

regulating the content of speech never will: they add skills and information to the public sphere rather than subtracting speech from it. A federal-provincial framework on information literacy would cost little and compound over a generation.

The warning matters as much as the lessons. In Taiwan, cognitive warfare has become contested vocabulary, invoked across the aisle to delegitimize opponents, and each partisan use devalues the term for the genuine article. Canada's foreign-interference debate has already displayed the same tendency. The safeguard is procedural: attribution by non-partisan bodies, on published evidence, at arm's length from the government of the day, with the label of foreign interference reserved for state-linked manipulation rather than disagreeable domestic speech. A concept that explains everything will end up protecting nothing.

From a Contingency to a Teacher

The channels for learning already exist. Canada became a full partner of the Global Cooperation and Training Framework in 2024, with the United Kingdom following in 2025, and the Canadian Trade Office in Taipei co-hosted the framework's September 2025 workshop on media literacy and democratic resilience with participants from

26 countries. Canada's Indo-Pacific Strategy commits Ottawa to exactly this kind of co-operation.

What remains outstanding is a change of perspective. Taiwan appears in Canadian policy as a semiconductor supplier, a flashpoint, and a contingency to plan around. It should also appear as a teacher: the democracy with the deepest field experience against the adversary that Canada's own public inquiry identifies as the most active source of interference in its politics. Nor need the relationship run one way: Canada brings G7 convening power, leverage over digital platforms, and research capacity that Taiwanese civil-society groups actively seek.

The registry that opened this summer will tell Canadians who is lawfully influencing them. It cannot answer the harder question Hogue posed: how can a democracy defend the trust on which everything else runs? Taiwan's answer, imperfect and continuously stress-tested, is that trust is defended in public, at speed, and by citizens as much as by the state. The world's most-attacked information space is also its most experienced teacher.



How Strengthening Indonesia-Canada Economic Relations Serves Canada's Strategic Interests

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*Photo by Dave Chan/AFP via
Getty Images*

Why Indonesia Matters to Canada in a Fragmenting Global Economy

Indonesia and Canada are navigating a global economy in which the distinction between economic policy and geopolitical strategy has become increasingly difficult to sustain.

The “failure” of the World Trade Organization (WTO) Ministerial Conference in Cameroon in early 2026 to deliver a meaningful breakthrough in addressing the increasingly fragmented global trade environment further weakened confidence in the multilateral trading system. At the same time, the increasingly routine use of unilateral trade barriers, most notably the U.S.’s “reciprocal tariff,” has reinforced the economic and political pressures facing middle powers. Indonesia’s Agreement on Reciprocal Trade (ART) with the U.S., signed in February 2026,

illustrates the asymmetric bilateral trade relations and demonstrates how agreements between larger and smaller economic powers can extend into areas of domestic policy that would traditionally fall outside the scope of trade relations, thereby constraining the smaller partners’ policy space. The recent turmoil in the Canada–U.S. tariff negotiations also reflects this dynamic.

This global economic environment strengthens the case for Canada to diversify its economic and strategic partnerships. Canada has already sought to deepen its engagement in the Indo-Pacific, but Indonesia offers a particularly important opportunity given its economic size, role within ASEAN, resource endowments, and growing importance in regional supply chains. Indonesia has advanced its own diversification agenda, including efforts to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

and Organisation for Economic Co-operation and Development (OECD), as well as the expansion of its economic co-operation network. At the same time, Indonesia has pursued its downstreaming strategy aimed at moving beyond the export of raw materials by promoting domestic processing and manufacturing. These initiatives create opportunities for Canadian companies and institutions to become part of Indonesia's broader economic transformation.

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Anchored in the Indonesia–Canada Comprehensive Economic Partnership Agreement (ICA-CEPA), a deeper bilateral relationship could serve Canadian interests through several interconnected channels: expanding Canadian trade and investment in Southeast Asia, including opportunities in Indonesia's growing downstream industries; strengthening critical-mineral supply chains; and enabling Canada and Indonesia to work together as middle powers to support a more open and predictable global trading system.

Turning Indonesia's Supply-Chain Needs into Canadian Opportunities

Indonesia's exposure to concentrated sources of supply, combined with its efforts to diversify suppliers, creates opportunities for Canada to become a more important and reliable

economic partner. Fertilizer provides a clear illustration. In 2025, Canada was Indonesia's largest supplier of potassic fertilizers, accounting for around 40 per cent of imports worth slightly more than C\$2.1 billion. Because fertilizer availability directly affects agricultural productivity, this trade relationship has implications for food prices, inflation, and broader economic stability. Canada could become even more significant during periods of supply disruption, when access to reliable, secondary suppliers becomes critical. More broadly, establishing contingency arrangements for essential commodities such as fertilizer and coal could give Indonesia greater flexibility during prolonged disruptions, while creating opportunities for Canadian suppliers to play a larger role in strengthening the resilience of Indonesia's supply chains.

For Canada, this relationship offers more than an export opportunity. Indonesia's need for reliable and diversified sources of essential commodities creates a basis for longer-term commercial relationships in which Canadian suppliers could become part of Indonesia's broader economic-security strategy. Machinery, electronics, and vehicles provide another area of potential. These high-value products account for almost a third of Indonesia's total imports, and Indonesia's downstreaming strategy is likely to further increase demand for high-quality machinery, equipment, and intermediate goods. At the same time, diversifying suppliers has become an important policy priority as Indonesia seeks to reduce excessive dependence on individual markets. For example, around two-thirds of Indonesia's imports of machinery and mechanical appliances come from China.

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Despite these complementarities, bilateral economic relations remain modest relative to their potential. Neither Indonesia nor Canada is among the other's top trading partners, but the trajectory is promising. Despite the trade uncertainty of the past year, Indonesia–Canada trade reached approximately C\$6.2 billion in 2025, an increase of 26 per cent from 2024. Investment has also been growing. Canadian investment realization in Indonesia increased by 34.9 per cent in 2025 to approximately US\$526 million, making Canada one of the faster-growing sources of investment that year. Nevertheless, Canada still accounted for only around 1.1 per cent of total foreign investment in Indonesia, while Singapore, Hong Kong, and China together accounted for more than 63 per cent of inflows. These figures point to significant room for Canada to expand its commercial and investment presence in Indonesia as both countries seek to diversify their economic partnerships.

Using ICA-CEPA to Expand Canada's Economic Footprint

Signed in Ottawa on September 24, 2025, during Indonesian President Prabowo Subianto's visit, ICA-CEPA represents Canada's first bilateral trade agreement with an ASEAN member and one of the most comprehensive economic agreements Indonesia has concluded. Canada completed its ratification in May, while Indonesia completed parliamentary consultation on the agreement in May and is proceeding with its ratification through Presidential Regulation. Both countries are expected to complete their respective domestic processes by the end of 2026, allowing the agreement to enter into force thereafter.

For Canada, the significance of ICA-CEPA begins with enhanced conventional market access but extends well beyond tariff reduction. Once fully implemented, more than 95 per cent of Canadian exports to Indonesia will benefit from reduced or eliminated tariffs. This directly improves the competitive position of Canadian producers in a large and growing market.

The more significant strategic opportunity, however, lies in using improved market access to build a stronger presence of Canadian firms in Indonesia's broader supply chains. Indonesia is seeking to diversify suppliers and

attract investment in higher-value activities, creating opportunities for Canadian companies not only to strengthen their participation in Indonesia's supply chains but also to contribute to the development and diversification of critical mineral value chains. Trade agreements are not simply mechanisms for lowering tariffs, but they can also create more predictable conditions for investment, technology spillover, services, and long-term commercial partnerships. Therefore, ICA-CEPA provides Canadian companies with an institutional framework through which they can participate more deeply in Indonesia's economic transformation.

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ICA-CEPA also positions Canadian firms to meet Indonesia's own rising demand. Indonesian demand for technology, industrial equipment, agricultural products, and services provides opportunities for Canadian firms across multiple sectors. Preferential access under ICA-CEPA could therefore provide Canadian businesses with a stronger foothold in Southeast Asia at a time when access to some major markets has become increasingly exposed to political and regulatory uncertainty.

Lastly, the environmental provisions of ICA-CEPA provide a longer-term dimension to the relationship. By establishing a framework in which both parties commit to prevent the weakening of environmental protections, the agreement provides a basis for closer alignment on sustainable production and trade. For Canadian companies operating in sectors such as mining, clean technology, and agriculture, this framework could support the development of higher-standard supply chains, while helping Indonesian producers meet increasingly demanding requirements in other advanced markets. These provisions are an important complement to the traditional commercial benefits, which help strengthen the quality and durability of the economic relationship.

Building a Canada–Indonesia Partnership on Critical Minerals

Critical minerals provide perhaps the clearest avenue through which Canada could develop a strategically important economic partnership with Indonesia. Indonesia is the world’s largest nickel producer and has made nickel downstreaming a central pillar of its industrial strategy. However, the policy has also faced criticism over its limited spillover into the broader domestic economy, as well as concerns over governance, environmental impacts, and social disruption. These challenges have pushed Indonesia to pursue its downstreaming ambitions in a more sustainable and inclusive manner. Indonesia is therefore seeking to move further up the value chain into battery materials, electric vehicles (EV), and other advanced industries, while ensuring that the benefits of its mineral resources are more broadly captured by the domestic economy.

Canada’s critical mineral resources and economic capabilities are particularly complementary in this regard. Its substantial reserves of lithium and other minerals required for EV battery production provide inputs that complement Indonesia’s strength in nickel. Canada also brings capital, mining expertise, technological capabilities, and experience with responsible resource development.

These differences create scope for the two countries to develop complementary roles across the battery and low-carbon technology value chain, rather than competing for the same mineral resources or the same stages of production.

ICA-CEPA provides an institutional foundation for this co-operation. It establishes Indonesia’s first bilateral critical-minerals dialogue within a CEPA framework and builds on an earlier Indonesia–Canada memorandum of understanding covering ESG standards, emissions reductions through clean technologies, and mining-related trade and investment.

Critical-minerals governance is increasingly shaped by minilateral arrangements, producer and consumer coalitions, and emerging standards on environmental and social performance. Canada has been an active partner in building co-operation between both producing and consuming countries, giving it an important role in shaping the emerging governance architecture for critical minerals. This creates an opportunity for Canada and Indonesia to move beyond a conventional buyer-seller relationship. Both countries have an interest in shaping the standards and rules that will govern critical-mineral markets. Canada brings to the table its experience in responsible mining, supply-chain governance, and engagement with consumer markets, while Indonesia brings the perspective and market weight of one of the world’s largest producers. A structured partnership would allow Canada to strengthen its engagement with a major resource-producing economy while contributing to a more diversified and resilient critical-minerals ecosystem.

Advancing Middle-Power Partnership for a Stronger Trading System

The strategic value of Canada–Indonesia economic relations extends beyond bilateral commerce. Canada’s exposure to an increasingly fragmented global economy cannot be addressed by simply deepening individual bilateral relationships or expanding its network of

plurilateral platforms. A more durable strategy requires a broad portfolio of relationships that includes major powers while strengthening ties with other middle powers.

Beyond bilateral relationships, the WTO remains crucial in maintaining the rule-based trading system that provides predictability for global trade. Indonesia has a direct interest in preserving and strengthening the WTO and restoring an effective dispute-settlement mechanism. Canada has similarly played an active role in efforts to reform the multilateral trading system, including through the Ottawa Group on WTO reform. This creates a natural basis for co-operation.

Ahead of the WTO-reform agenda in the 15th Ministerial Conference in 2028, Canada and Indonesia could work together on issues including decision-making, dispute settlement, subsidies, development, economic security, and other emerging trade issues. They could also support clearer rules for open plurilateral agreements and explore the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) as an alternative appeal system created for WTO members to maintain functioning dispute settlement among willing members. On subsidies and national-security measures, both countries could support greater transparency, notification, peer review, and clearer rules that distinguish measures supporting sustainable development from those that distort competition.

For Canada, engagement with Indonesia and ASEAN could help ensure that WTO-reform discussions are not framed solely around the interests of advanced economies but also reflect the concerns of major emerging markets. Such co-operation could strengthen Canada's ability to engage with ASEAN while reinforcing its broader Indo-Pacific strategy. For Indonesia, co-operation with Canada could provide another avenue to shape emerging global economic rules without becoming overly dependent on any single major power. The two objectives are therefore mutually reinforcing.

From Trade Agreement to Strategic Partnership

A stronger Canada–Indonesia economic relationship could advance several Canadian strategic interests at once. Greater Canadian participation in Indonesia's food and fertilizer supply chains could create new export opportunities while strengthening Canada's position as a reliable supplier. More Canadian investment could deepen Canada's economic presence in Southeast Asia. Co-operation on critical minerals could strengthen supply-chain resilience and create opportunities for Canadian firms in the clean-technology economy. Joint engagement on emerging standards could also increase Canada's ability to shape the rules governing new areas of trade and investment.

The strategic potential of the relationship, however, will depend on whether Canada and Indonesia can translate the formal commitments of ICA-CEPA into sustained commercial engagement. A trade agreement does not automatically generate investment or market share. Canadian firms will need greater awareness of opportunities in Indonesia, while government institutions will need to help address information gaps, financing constraints, regulatory barriers, and the practical challenges of operating in the Indonesian market.

Approached in this manner, Indonesia could become more than an additional export market for Canada. The relationship could serve as a practical model for middle-power economic co-operation: using trade agreements to expand market access, investment partnerships to build supply-chain resilience, critical-minerals co-operation to support the clean-energy transition, and multilateral co-ordination to strengthen Canada's influence over the rules governing an increasingly fragmented global economy.

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Canada–Viet Nam Climate Resilience and Trade Co-operation: The Role of CPTPP in Shaping Bilateral Trade and Sustainable Development

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Photo by Thompson Le on Unsplash

The relationship between Canada and Viet Nam is entering a new phase in which trade, investment, the energy transition, and climate resilience are increasingly interconnected. Viet Nam has been Canada's largest trading partner within the Association of Southeast Asian Nations (ASEAN) since 2015, while Canada's engagement with the Indo-Pacific has expanded significantly in recent years. At the centre of this relationship is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which provides a rules-based framework for trade and investment while also incorporating environmental, labour, and sustainable-development considerations. As both countries pursue ambitious climate objectives, the CPTPP can serve not simply as a mechanism for expanding merchandise trade but also as a platform for deeper co-operation in clean technology, renewable energy, resilient infrastructure, and sustainable value chains. This potential is reinforced

by the two countries' strengths. Canada's strengths lie in agriculture, agri-food, natural resources, clean technology, engineering, infrastructure, and advanced services, while Viet Nam is one of Asia's most dynamic manufacturing and export-oriented economies, with growing demand for energy, infrastructure, digital services, environmental technologies, and sustainable production systems. The opportunity, then, is to move beyond a conventional trade relationship toward a broader partnership in which economic integration supports climate resilience and the transition to low-carbon development. Canada's strengths lie in agriculture, agri-food, natural resources, clean technology, engineering, infrastructure, and advanced services, while Viet Nam is one of Asia's most dynamic manufacturing and export-oriented economies, with growing demand for energy, infrastructure, digital services, environmental technologies, and sustainable production systems.

The opportunity, then, is to move beyond a conventional trade relationship toward a broader partnership in which economic integration supports climate resilience and the transition to low-carbon development.

CPTPP as the Foundation for Economic Integration Between Canada and Viet Nam

The CPTPP has substantially strengthened the institutional framework governing Canada–Viet Nam trade. According to the [Government of Canada](#), the agreement provides enhanced market access and a rules-based environment for exporters and investors, and has progressively eliminated tariffs across a wide range of goods, including agricultural products, seafood, industrial machinery, chemicals, plastics, metals, and minerals. This liberalization is particularly relevant because the two economies have complementary trade structures: Canada’s exports to Viet Nam have traditionally included agricultural and agri-food products, fish and seafood, fertilizers, metals, minerals, and machinery, while Viet Nam’s exports to Canada have included electrical and electronic equipment, textiles and apparel, industrial products, footwear, and seafood. The CPTPP therefore creates opportunities for both countries to deepen existing comparative advantages while encouraging firms to diversify into higher-value products and services.

The agreement also extends beyond tariff reduction. It provides stronger investment protections, greater transparency, improved access to services, and new opportunities in areas such as financial services, environmental services, business services, and government procurement. These provisions matter for climate-related co-operation because many clean-energy and infrastructure projects require long-term investment, technology transfer, engineering services, and predictable regulatory conditions. The CPTPP’s [environment](#)

[chapter](#) is particularly significant. Chapter 20 explicitly recognizes the importance of mutually supportive trade and environmental policies and commits parties to maintaining high levels of environmental protection, effectively enforcing environmental laws, and avoiding the weakening of environmental standards to attract trade or investment. It also provides a framework for co-operation on marine pollution, biodiversity, ozone-layer protection, and other trade-related environmental concerns.

For Canada and Viet Nam, this creates an important institutional bridge between trade liberalization and climate policy. The CPTPP is not a climate agreement in itself, but its environmental provisions can complement bilateral and regional climate initiatives by establishing common expectations for sustainable economic activity.

Climate Resilience as a Shared Strategic Priority

Climate change presents different but interconnected risks to Canada and Viet Nam. Viet Nam is highly exposed to rising sea levels, coastal flooding, extreme weather, drought, and changing rainfall patterns — risks that bear directly on agriculture, fisheries, manufacturing, logistics, urban development, and energy infrastructure. The World Bank’s [Viet Nam 2045: Growing Greener Report](#) highlights the scale of the challenge and the need to integrate adaptation and mitigation into the country’s development strategy. Canada faces a different risk profile, including wildfires, floods, extreme heat, and changing precipitation patterns, and has developed a [National Adaptation Strategy](#) to strengthen resilience alongside its commitment to achieving [net-zero emissions by 2050](#).

These parallel challenges create a basis for co-operation. Canada's experience in climate adaptation, clean electricity, sustainable resource management, environmental monitoring, and resilient infrastructure can complement Viet Nam's rapidly expanding demand for climate solutions. Additionally, Viet Nam's experience with high-density urban development, coastal adaptation, renewable-energy deployment, and rapidly changing industrial value chains offers opportunities for Canadian firms and institutions to develop practical solutions in one of Asia's most dynamic markets. Climate resilience should therefore be treated as an economic issue as much as an environmental one. Investments in resilient infrastructure, renewable energy, energy efficiency, sustainable agriculture, and disaster-risk management can reduce economic losses while creating new markets for technology and services.

The Energy Transition: A Central Area for Bilateral Co-operation

Energy is likely to become one of the most important areas of Canada-Viet Nam co-operation. Viet Nam's rapid industrialization has generated strong growth in electricity demand. At the same time, the country is seeking to reduce its dependence on fossil fuels and expand renewable energy as part of its long-term Just Energy Transition and net-zero ambitions. The Canadian Trade Commissioner Service's assessment of Viet Nam's energy market points to significant opportunities in renewable power, electricity infrastructure, energy efficiency, and smart-grid technologies. Canadian companies can add value through specialized technologies and expertise in energy storage, grid modernization, offshore wind, energy efficiency, and clean-energy engineering. A concrete example is Concordia University's ongoing collaboration with Ho Chi Minh City University of Technology and Hanoi University of Science and Technology on solar energy and net-zero building technologies, demonstrating Canada's potential to contribute through technology, research, and knowledge transfer.

Viet Nam's Just Energy Transition Partnership (JETP) also creates a broader framework for mobilizing international support for the country's energy transition. Not simply a matter of replacing coal with renewable electricity, the program requires investment in transmission networks, grid flexibility, energy storage, demand management, industrial decarbonization, skills development, and social protection. An analysis of Viet Nam's JETP highlights the importance of ensuring that affected communities and workers are not left behind. A key challenge, however, is translating the C\$21.48 billion in JETP commitments into concrete projects, given the scale of Viet Nam's overall energy-transition financing needs. The U.S. withdrawal from JETP in March 2025 has added to this challenge, but increases the importance of remaining partners, including Canada, in sustaining momentum and mobilizing finance. Canada can contribute to this agenda through technology, finance, expertise, and institutional co-operation, focusing not only on exporting equipment but on building long-term partnerships with local firms, universities, financial institutions, and public agencies. Such an approach would increase technology diffusion and strengthen Viet Nam's domestic capacity to manage the energy transition.

The two countries can also exchange lessons in electricity-system development. Canada is itself examining how to expand and modernize its electricity infrastructure as electrification accelerates. Discussions around national electricity integration in Canada highlight the importance of transmission capacity, interconnection between power plants and power grid systems, system co-ordination, and investment in reliable low-carbon electricity. These issues are equally relevant to Viet Nam as it seeks to integrate increasing amounts of renewable energy into its power system.

Clean Technology and Sustainable Value Chains

The next stage of Canada-Viet Nam trade co-operation should place greater emphasis on clean technology and sustainable value chains. The CPTPP can support this

shift by reducing trade barriers and creating a predictable environment for cross-border investment and services. Canada's [Indo-Pacific cleantech innovation program](#) provides a mechanism for Canadian clean-technology firms to explore opportunities in waste management, wastewater treatment, sustainable construction, low-carbon transport, digital technologies for climate monitoring, and climate-smart agriculture, supported by the CPTPP's [environment provisions](#).

Trade co-operation can also contribute to the decarbonization of manufacturing supply chains. Viet Nam has become an important production base for electronics, machinery, textiles, footwear, and other manufactured goods. As global buyers increasingly demand lower-carbon production and stronger environmental standards, Vietnamese exporters will face growing pressure to demonstrate sustainability throughout their supply chains. At the same time, Vietnamese manufacturers can become more competitive in global markets by adopting cleaner production methods. Canadian firms can help address this challenge and opportunity by providing energy-efficient solutions, environmental certification, renewable-energy integration, and low-carbon industrial technologies. This creates a potential "trade-climate nexus" in which environmental upgrading strengthens rather than undermines international competitiveness.

Toward a Climate-Smart Canada-Viet Nam Partnership

The future of Canada–Viet Nam economic relations should therefore be defined by a broader concept of sustainable trade. The objective should not simply be to increase the volume of bilateral trade, but to improve the quality and resilience of that trade.

First, both governments should use the CPTPP more actively as a platform for "green trade and investment." This could involve greater promotion of environmental services, clean technologies, sustainable infrastructure, and climate-related financial services.

Second, bilateral co-operation should strengthen the connection between trade and climate finance. Viet Nam's energy transition requires substantial investment, and Canadian businesses and financial institutions could potentially contribute capital, expertise, and risk-management capacity. Canada could build on existing instruments such as FinDev Canada's C\$104-million climate-linked [loan to VP Bank](#), while directing future financing toward projects aligned with Viet Nam's JETP priorities, including renewable energy, grid infrastructure, and energy storage. Public-private partnerships could be particularly useful for renewable energy, electricity infrastructure, climate-resilient transport, and sustainable urban development.

Third, co-operation should focus on knowledge and institutional capacity. Climate resilience depends not only on technology but also on standards, regulation, workforce skills, data, and effective institutions. Joint research, university partnerships, technical training, and business-to-business networks can therefore generate benefits that extend beyond individual commercial projects.

The private sector will be central to this agenda. [Export Development Canada's perspective on doing business in Viet Nam](#) illustrates the growing importance of understanding Viet Nam's business environment and identifying sector-specific opportunities. Canadian companies will need to develop long-term local partnerships rather than view Viet Nam simply as an export destination. Vietnamese companies, in turn, can benefit from Canadian expertise, investment, and access to international markets.

Conclusion

Viet Nam's role as CPTPP Chair in 2026 — together with the October 2025 meeting between Canadian Prime Minister Mark Carney and Vietnam's then-prime minister, Pham Minh Chinh, which focused on expanding trade and co-operation in areas such as energy and critical minerals — provides an important political opportunity to advance this agenda. The priorities are clear: renewable energy, resilient infrastructure, clean technology, sustainable supply chains, climate finance, and knowledge exchange. The CPTPP can provide the rules and market access, while bilateral and Canada–ASEAN co-operation can provide the broader institutional and diplomatic framework.

A climate-smart Canada–Viet Nam partnership would therefore transform trade from an end in itself into a mechanism for sustainable development. Existing initiatives illustrate how this partnership can translate policy commitments into practical support for businesses. The Trade for Resilient, Inclusive and Sustainable Economic Growth (TRISEG) project supports Vietnamese small and medium-sized enterprises (SMEs), particularly

businesses led by women and under-represented groups, in accessing Canadian and international markets. The Advancing Growth, Innovation and Leadership for Enterprises (AGILE) project has a Matching Grant Facility to provide technical assistance and grants to climate enterprises to help mobilize private capital. Canada's growing commercial presence in Viet Nam, facilitated by Export Development Canada's representation in Ho Chi Minh City, can further strengthen these connections by providing Canadian firms with market knowledge, financing, and business networks on the ground. By combining Canada's technological, financial, and institutional strengths with Viet Nam's economic dynamism and strategic position in Southeast Asia, both countries can strengthen resilience while creating new opportunities for businesses and communities. The long-term success of this partnership will depend on whether trade and climate policies are pursued as complementary objectives rather than separate agendas. In this respect, the CPTPP offers an important foundation — but the next step is to translate its rules into deeper co-operation that delivers measurable economic, environmental, and social benefits.



The Hits and Misses of the ASEAN Summit

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Photo by Daniel Ceng/Anadolu via Getty Images

On May 8, 2026, Southeast Asian leaders met in Cebu, Philippines, for the 48th Association of Southeast Asian Nations (ASEAN) Summit under the chairship of the Philippines. The timing of the meeting came amid a wide array of geopolitical and economic challenges in the region and the international system. Consequently, ASEAN leaders were able to forge a joint statement addressing several of these issues, including the energy crisis caused by the conflict in the Middle East, maritime co-operation, and regional resilience. While the summit devised new plans, the region faces challenges in operationalizing them ahead of the upcoming ASEAN Summit in November.

The Energy Crisis

The war in the Middle East took centre stage due to its impact on energy and food supplies across the world. The

joint statement indicated that ASEAN was continuing to monitor the situation. It also highlighted the right of transit passage in straits used for international navigation and trade. This reflected the fact that the Strait of Hormuz, through which over 20 per cent of the global oil supply had passed, was constrained amid the conflict. Furthermore, the joint statement called for key energy-centric initiatives on petroleum security and cross-border electricity trade.

The fact that most ASEAN countries are net energy importers puts the entire region in a reactive position in the face of such structural shocks. Therefore, the most practical step for ASEAN would be to invest seriously in forward-looking mechanisms that would help soften the blow of threats beyond its control.

The fact that most ASEAN countries are net energy importers puts the entire region in a reactive position in the face of such structural shocks.

While ASEAN governments were able to weather the crisis in the short term by diversifying and reducing reliance on individual suppliers, there is no quick fix, given the long-term nature of the problem. Moreover, although the ASEAN Leaders' Statement on the Response to the Middle East Crisis outlined certain initiatives, it will still take some time for these plans to become operational. For instance, the ASEAN Petroleum Security Agreement (APSA) is a practical framework that would enable member countries to share energy resources during supply-chain disruptions. In fact, the 2025 renewal expanded its scope to include natural gas, making APSA even more vital given the region's high demand for natural gas. While an ASEAN declaration during the summit called for its swift ratification, the realities on the ground make implementation difficult. The varying capabilities of ASEAN countries to store, process, and share energy products constitute the most significant obstacle to such an agreement materializing. Unless there is integrated reform in each ASEAN member's energy sector based on APSA, it is unlikely that a collective position will be taken anytime soon, further adding to the region's energy vulnerability.

While new initiatives have their challenges, existing mechanisms do as well. The ASEAN Plan of Action for Energy Cooperation (2026–2030) is an ambitious roadmap that aims to achieve a 30 per cent share of renewable energy in total primary energy supply and a 45 per cent share in installed power capacity by 2030. However, due to policy heterogeneity, financing gaps, infrastructure constraints, and a growing reliance on fossil fuels, such ambitions will be challenging to achieve. This is where regular evaluations from ASEAN are needed. A common problem with ASEAN mechanisms is that they lack rigorous, effective reviews, making it difficult to meet targets within specific timeframes. Thus, alongside introducing initiatives, ASEAN must prioritize thorough

and regular reviews of established mechanisms, especially in energy-resilience matters, to identify and address short- and mid-term gaps.

Maritime Security Remains Controversial

Maritime security co-operation was another important agenda item of the summit. This was evident in the adoption of the ASEAN Leaders' Declaration on Maritime Cooperation and the plan to establish a maritime centre in the Philippines, which would serve as a hub for harnessing intra-regional maritime co-operation. Moreover, the joint statement noted that efforts are underway to finalize the Terms of Reference and Concept Paper for the ASEAN Coast Guard Forum (ACF) to establish it as a sectoral body of the bloc. Under the Philippines' chairship, it is refreshing to see a renewed push toward ASEAN-centric co-operation at sea, given the challenges brought by China's expansive claims over the South China Sea and the plethora of non-traditional threats, including illegal, unreported, and unregulated fishing, piracy, drug and human trafficking, and environmental degradation.

Despite these pronouncements, maritime security remains a controversial concept for ASEAN due to varying threat perceptions, alignments, and capabilities.

Despite these pronouncements, maritime security remains a controversial concept for ASEAN due to varying threat perceptions, alignments, and capabilities. Moreover, there is a perspective that maritime security is predominantly

an issue for maritime Southeast Asian states. This is incorrect. Southeast Asia's maritime domain is the lifeline of all Southeast Asian countries, given the presence of vital sea lines of communication, undersea cables, and resources that even mainland Southeast Asian states depend on. Accordingly, the region comprises various critical maritime zones, ranging from the Strait of Malacca and the South China Sea to the Gulf of Thailand and the Sulu-Celebes Sea. The security of these spaces also determines the economic and security prospects of the countries in the region. Therefore, maritime co-operation should not be driven by threat perception but by the convergence of ASEAN members' interests to protect their shared waters in accordance with international law.

Unfortunately, due to decades of inattention to maritime security issues, uneven resources and readiness, and a lack of political will, ASEAN maritime security co-operation has been underwhelming. Nevertheless, there have been occasions when this interest was reinvigorated, such as during Indonesia's chairship in 2023, when the first-ever exclusively intra-Southeast Asian maritime exercise took place in the Natuna Sea. There are several ways to bolster intra-ASEAN maritime security

co-operation, including joint patrols, interoperability exercises, joint research missions, and even joint exploration. However, many of these can only be done with political will, which is often lacking among ASEAN members amid concerns about China's objections. Nevertheless, this could be slowly cultivated through confidence-building measures that the new maritime centre could

facilitate and catalyze. Moreover, in June, the Philippine Coast Guard led the finalization of the concept paper and terms of reference for the ASEAN Coast Guard Forum (ACF) during the 5th ACF High-Level Meeting. These documents serve as foundational guidelines for the ACF's mandate, scope, organizational structure, and future trajectory. Once operationalized, the ACF can play an effective role in pursuing ASEAN's

commitment to a comprehensive and integrated maritime security strategy against a plethora of sea-borne threats. In this light, ASEAN countries must also work toward shared messaging whenever violations are committed in the maritime domain vis-à-vis the United Nations Convention on the Law of the Sea (UNCLOS).

In its general sense, the maritime centre is intended to support maritime co-operation, crisis co-ordination, and regional stability, particularly as Southeast Asian states confront increasingly complex maritime and security concerns. If properly institutionalized, the maritime centre can serve as an important foundation for regional maritime co-ordination and the protection of trade routes and vital maritime zones.

Mixed Results for the Mainland

Among the other issues tackled at the ASEAN Summit were the uneasy peace along the Thailand–Cambodia border and Myanmar's internal political stability. Consequently, the meeting yielded mixed outcomes.

One of the defining moments of the summit was a trilateral side event featuring Philippine President Ferdinand Marcos Jr., Cambodian Prime Minister Hun Manet, and Thai Prime Minister Anutin Charnvirakul. The candid meeting between the three leaders opened the door to an honest review and evaluation of the situation along the Thai–Cambodian border since the cessation of violence in December 2025.

The meeting resulted in a shared commitment to dialogue, restraint, and the peaceful resolution of differences. This personal diplomacy reflected the Philippines' capacity to contribute to regional issues over which it traditionally had little influence. Nevertheless, it is important to note that this could only have happened because of Marcos Jr.'s efforts to build personal rapport with both leaders over the

past year. While the situation remains fragile, the trilateral meeting shows Manila's intent to punch above its weight on Southeast Asian issues.

A solution in Myanmar must begin with broad conflict de-escalation on the ground, which requires, at the very least, a ceasefire between the junta and the ethnic armed organizations.

On the other side of the spectrum, however, the situation in Myanmar remains difficult. The joint statement noted a deep concern over the continued escalation of conflict and the concerning humanitarian conditions in Myanmar. ASEAN members also lamented that they have made little progress in improving the situation in the Southeast Asian state. Moreover, ASEAN member countries have not yet reached a consensus on the results of the recent election, which further cemented the junta's rule.

There is still a long way to go before Myanmar can be integrated into ASEAN's official and high-level meetings. A solution in Myanmar must begin with broad conflict de-escalation on the ground, which requires, at the very least, a ceasefire between the junta and the ethnic armed organizations. In practice, the regime is unlikely to reduce its airstrikes, release high-profile political prisoners, or allow aid into opposition-held areas. Additionally, external support for the regime from major powers like China and Russia makes it difficult for ASEAN to impose costs on the junta. Furthermore, ASEAN members have varying approaches to dealing with Myanmar, making it difficult to develop an effective, consensus-based strategy. Therefore, the limits of the Philippine chairship are quite understandable and not surprising in this regard.

Preparing for the November Summit

The 48th ASEAN Summit addressed wide-ranging issues with direct political, economic, and security implications for the region. While there have been attempts to tackle critical challenges in energy and maritime and border security, outcomes remain elusive due to the complexity of the geopolitical landscape. These trends provide a window into the upcoming ASEAN Summit in November. The Philippine chairship has endeavoured to maximize its role to steer the bloc through this difficult time. There have been efforts to leverage existing ASEAN mechanisms, but there have also been attempts to include more novel approaches and negotiations.

Among these is the evasive Code of Conduct (CoC) on the South China Sea, on which Manila seeks to conclude negotiations by the end of 2026. Several uncertainties make meeting this timeline and achieving this feat difficult. First, there are still disagreements among stakeholders over the framework's geographical scope. Second, it is uncertain whether the CoC would be binding based on the principles of UNCLOS. Third, even if negotiations for the CoC conclude, there are still looming concerns about its enforcement due to the clear power asymmetry between China and Southeast Asian states. Furthermore, the growing trust deficit in the region due to Beijing's unilateralism and arm-twisting complicates the effective operationalization of a CoC in the South China Sea.

For the Philippines, the success of its chairship will not be based so much on the contributions it has made, but rather on whether these developments and trends are continued by succeeding chairs. This is the reality of ASEAN.



When Speed Runs Out of Ammunition: The First AI War, the Korean Peninsula, and Directions for South Korea-Canada Co-operation

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Photo by Rita Willaert via Flickr

Introduction

At the time of writing, the Iran War is not over. Ceasefire terms have been agreed, abandoned, and contested again, and the fighting has not stopped. The war's significance, though, was settled early: this was the first war in which the most militarily powerful state in the international system compressed its entire decision-making cycle, from tactics to strategy, through artificial intelligence (AI) decision support. AI had been used in earlier conflicts in Ukraine and Gaza, but what was demonstrated in this case differs in kind — a shift comparable to the English longbow at Agincourt in 1415 or predicted fire at Cambrai in 1917. The age of AI war has begun.

The greatest change of this age lies in speed. Past a certain tempo, speed does not merely accelerate the same process; it changes the process. This paper advances the hypothesis that the revolution in speed is itself a central reason the war has not ended. Three characteristics of an AI war explain why: (1) excessive speed creates the illusion that wars can be won without ground forces, making the decision for war too easy; (2) it hollows out the function of human oversight, so that one wins battles yet loses the war, and; (3) it rapidly exhausts munitions and long-range strike capacity, sharply degrading the ability to sustain combat.

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This paradox of speed operates most acutely on the Korean Peninsula, where strategic depth is limited, and decision timelines are radically compressed. The first two of the three problems discussed above concern the art of employment. They are hard to overcome, and they cannot be settled by any one country acting alone. The third is different. It does not yield to command judgment because it is fundamentally a question of industrial capacity — one that can be addressed only in peacetime. That is where South Korea and Canada have work to do together, and where this report arrives after asking what the Iran War revealed about the future of war conducted with AI and what those lessons imply for peace and security on the Korean Peninsula.

The First AI War: The Paradox of Speed in the Iran War

A TACTICAL REVOLUTION

Tactically, the Iran War was a revolution in speed. In the initial 38 days of major combat, U.S. forces struck more than 13,000 targets — on average, one strike every four minutes. This tempo was possible because of AI decision support, above all the Maven Smart System, which compressed the Observe, Orient, Decide, Act (OODA) loop from hours to minutes, drawing on scores of distinct data streams and carrying them through to command execution. What this tempo produced was without precedent: as of the April 8 briefing at the close of those 38 days, U.S. Central Command assessed that roughly 80 per cent of Iran's air defences had been destroyed and more than 2,000 command-and-control nodes eliminated, while most of Iran's senior leadership was killed, including Supreme Leader Ali Hosseini Khamenei.

THE STRATEGIC REVERSAL

Measured against Washington's own declared objectives — destroying Iran's missile stockpiles, its navy, and its path to a nuclear weapon — the picture inverts. Iran preserved roughly 70 per cent of its ballistic-missile

arsenal in deep underground bases that no conventional munition could reach. Its regular navy was annihilated, yet its “mosquito fleet” of small boats and shore-based missiles controlled the Strait of Hormuz, imposing trillions of dollars in global economic losses. The nuclear program was delayed perhaps six months, while the death of the country's supreme leader removed the *fatwa*, or religious ruling, against nuclear weapons and empowered the hardliners. The June 2026 ceasefire memorandum was the documentary evidence of the reversal: after 13,000 targets and the elimination of Iran's leadership, Washington accepted terms that conceded what the tactical result had won, and the memorandum did not hold. The most successful air campaign in modern history purchased strategic concession.

WHY DOES SUCCESS REVERSE?

Strategy, as Edward Luttwak taught, does not follow the linear logic of ordinary life: it unfolds against an adversary possessed of will, and success pushed past the “culminating point of victory” turns into its opposite. That accounts for much of the conundrum, and nothing here displaces it. What it does not account for is what military AI adds — a mechanism I call the *paradox of speed*, which operates along three pathways.

First, speed makes war look winnable at a distance. At sufficient tempo, decapitation appears to substitute for the ground campaign that is never launched, and a war that looks cheap is easier to begin. Fewer than twenty American combat deaths in five months represents a genuinely new mode of war. But this is not a measure of how well the war was fought; it reflects the fact that no ground forces were committed. And that is precisely why the war has not yet ended. Richard Fontaine has characterized this approach as the anti-Powell doctrine, trading large ground forces for short, sharp actions to pursue “good enough” outcomes. Air and naval fires alone terminate neither an adversary's capability nor its will. The coercion literature has found little evidence that air power ends wars on its own — and decapitation in particular has a poor record — while the limits of bombing as a

substitute for ground operations were documented long before the AI era. Wars do not end without ground forces.

Second, speed erodes deliberation. When the tempo is one strike every four minutes, how much prudence can any human in the loop actually exercise? Targeting cells that once required more than 2,000 staff now run on roughly 20. The human in the loop remains the formal locus of authority but no longer supplies its substance — an arbiter reduced to a “rubber stamp.” Intoxicated by tactical success, commanders lose strategic prudence and underestimate the adversary’s capacity to respond. Washington did not anticipate that Iran would be able to control the Strait of Hormuz.

Third, and least anticipated, speed exhausts stockpiles and erodes war-fighting endurance. The cost asymmetry of the Iran War was striking: US\$4-million Patriot PAC-3 interceptors against Shahed-class drones costing between US\$20,000–50,000, an exchange ratio on the order of a hundred to one. U.S. Secretary of War Pete Hegseth stressed that the U.S. had committed only 10 per cent of its forces, yet missile inventories were depleted by more than 30 per cent overall — the new Precision Strike Missile almost entirely, and THAAD and Patriot missiles, for which there are no substitutes, by more than half. Reconstituting these stocks will take from one year to more than four.

The consequence reaches well beyond the Middle East. The interceptors and precision munitions spent against Iran are the same stocks on which American deterrence of China and North Korea depends, and they cannot be in two theatres at once. Until they are rebuilt, a “window of vulnerability” is open in the Indo-Pacific, and the “critical but more limited U.S. support” promised to allies in the 2026 National Defense Strategy (NDS) will be limited

less by will than by arithmetic. In AI-tempo precision warfare, even a superpower turns out to be hollow at the sustainment layer.

Implications for the Korean Peninsula

THE SHIFTING U.S.–CHINA BALANCE

How will this war change the geopolitical landscape of the Indo-Pacific? Begin with the wider picture. The U.S. remains the only power able to project force globally; its lead over China in aircraft carriers and, above all, in aerial refuelling tankers makes that plain. In the Western Pacific, however, that primacy is already shared, thanks to China’s historic success in investing in “strategic substitution” and anti-access/area-denial capabilities. And at the AI frontier, the performance gap between the leading American and Chinese models has narrowed this year to under three per cent, even as the U.S. retains its lead in computing power and infrastructure.

The Iran War adds a major caveat to this story. Rebuilding munitions, missile defence, and carrier availability takes time, and for that period, a gap opens between the intent declared in the 2026 NDS — to concentrate on the Western Hemisphere and then the Indo-Pacific rather than Europe or the Middle East — and the forces actually available to act on it. In August, the last carrier based in Asia departed for the Middle East, leaving the Western Pacific without one. The U.S. Navy can close that particular gap by deploying a replacement, but the deeper constraint is the one the munitions figures already showed: running the fleet above its sustainable rate now builds a maintenance debt to be paid down over several years, through only two carrier shipyards. Declared priorities and deployed forces are moving in opposite directions.

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The May summit between U.S. President Donald Trump and Chinese President Xi Jinping showed what that costs in practice. Trump arrived carrying the ongoing war, depleted magazines, and the need for a result before the midterms; Xi arrived with his leverage intact — rare earths, supply chains the U.S. cannot quickly replace, and expanding military activity around the Taiwan Strait. Washington obtained visible commercial results, but Beijing pushed Taiwan and North Korea off the agenda.

That the Iran War has tilted the axis of the balance toward China is worth stating carefully, because the shift is not one of aggregate power. China has grown no stronger through a war it did not fight. What changed is the arithmetic of simultaneous conflict — and what allies and adversaries read from it. The interceptor and precision-strike stocks that would defend Taiwan, Japan, and Korea were spent in the Middle East and will take years to replace. A power that cannot credibly sustain two theatres at once must choose between them, and the knowledge that it must choose is itself leverage for whoever is not being chosen. Beijing has been content to let the inference spread: that Washington is distracted, that its allies are unsettled, and that it is no longer the decisive power in the Western Pacific. An assessment of that kind does the work of a fleet without the cost of one.

The implications for the South Korea–U.S. alliance follow directly. Washington’s focus on China is not new, but the Iran War has removed the slack that allowed it to be pursued without asking much of allies. With two theatres no longer sustainable at once, moving the centre of gravity from “burden sharing” to “burden *shifting*,” and changing the mission of U.S. Forces Korea along with it. What Washington may ask of Seoul is already visible, and it is worth reading the requests in ascending order of political cost: shipbuilding and vessel maintenance and repair, and munitions production; then rear-area basing and integrated missile defence; and ultimately military support in a Taiwan contingency. The sequence matters more than the list. Washington will ask for the first tier, which is cheap to grant and already under way. The infrastructure created by the first tier of requests makes the second and

third set of asks assumed rather than negotiated. The risk is that South Korea comes to function not as a theatre defending the peninsula but as a supporting theatre for American strategy toward China.

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Seoul’s difficulty is that the two contingencies are not separable. A Taiwan crisis would draw American attention, munitions, and shipping away from the peninsula at exactly the moment Pyongyang’s incentive to act is highest: the optimal moment for coercion is during such a crisis, not after it. Participation in a Taiwan contingency would therefore not reduce peninsular risk but raise it — and abstention would not preserve the alliance’s willingness to underwrite South Korean defence. The question cannot be answered yes or no. What Seoul can change is the currency in which it contributes.

WHAT PYONGYANG LIKELY LEARNED FROM THE IRAN WAR

Pyongyang will probably draw two unmistakable lessons from the war. First, nuclear latency deterred nothing; only actual nuclear weapons deter — and the survivability of those weapons matters most, as Iran’s deep underground missile storage demonstrated. Second, an asymmetric strategy at a chokepoint constrained the world’s most powerful military in ways that a conventional navy could not. What matters is not force against force, but asymmetric leverage: putting South Korea’s memory-semiconductor plants at risk, or threatening military bases in Japan that function as rear-area support for U.S. access to the region. Pyongyang’s conclusion, therefore, would not be denuclearization, but survivability, dispersal of its launchers, and the further development of asymmetric strategy.

Pyongyang's conclusion, therefore, would not be denuclearization, but survivability, dispersal of its launchers, and the further development of asymmetric strategy.

The trajectory of North Korean modernization bears this out. By aggregate conventional measures, North Korea is the region's most vulnerable military, with its museum-piece aircraft, obsolete coastal submarines, and war stocks for one to three months. However, assessed layer by layer, the picture inverts. It fields more than 370 launchers, with its intercontinental ballistic missile (ICBM)-class launchers increasing from 17 to more than 20 in three years, while also diversifying into hypersonic glide vehicles and modular launchers.

The learning layer matters as much as the hardware: troops who performed disastrously in the early phase of the Ukraine deployment gave Pyongyang live battlefield data on drone-artillery integration that no other military in the region, Russia aside, possesses. The Ninth Party Congress has since designated AI-enabled unmanned strike systems and anti-satellite assets as priority programs.

In the nuclear layer, the warhead count is the least informative number. What matters is that North Korea's second-strike capability against South Korea and Japan is already sufficient, mobile, and survivable, while a second-strike capability against the American homeland remains incomplete. That capability against Seoul and Tokyo alone caps the range of defeat conventional war can impose on Pyongyang.

The North Korea–China–Russia alignment amplifies all of this. Xi's visit to Pyongyang in June 2026, his first in seven years, restored the strategic relationship between Beijing and Pyongyang, and Russian assistance may fill the gaps where North Korean capabilities remain incomplete, including nuclear-powered submarines, military satellites, and ICBM re-entry technology. Moreover, the 2024 treaty between Pyongyang and Moscow could function as Berlin's

blank cheque to Vienna did in 1914: lowering Pyongyang's threshold for provocation, not because the cheque will be cashed, but because of what the holder does while believing it can be.

THE MYTH OF ASYMMETRY: THE PARADOX OF SPEED ON THE PENINSULA

Yet the real challenge lies in the way asymmetric and counter-asymmetric strategies reinforce one another, each raising the threat the other was built to answer. North Korea's asymmetric answer to conventional inferiority against the U.S.–South Korea alliance is nuclear weapons; South Korea's asymmetric answer to those weapons is AI-enabled conventional counterforce, the kill chain, a targeting cycle designed to detect and destroy missiles before they launch. Each cure feeds the other's deepest fear. Pyongyang's threat to use nuclear weapons early to seize the initiative in war drives Seoul's investment in precision pre-emption. Pyongyang has responded in turn with dual-capable delivery systems and tactical warheads integrated into conventional artillery command chains — its Law on Nuclear Forces Policy, which permits early use to seize the initiative, is now guaranteed in its constitution.

The problem is that on an AI-compressed battlefield, the attacker cannot know the mission of an air-to-land missile, and the defender cannot know whether an incoming warhead is conventional or nuclear. Each side's asymmetric cure intensifies the other's insecurity, accelerating use-it-or-lose-it pressure and nuclear entanglement. Deliberate early use of weapons of mass destruction remains unlikely. But the risk of accidental escalation here is the highest in the region.

The three implications of the paradox of speed therefore overlap on the Korean Peninsula with particular force.

First, the belief that war can be won without committing ground forces makes decapitation the default theory of victory — and on this peninsula, the decapitation element of the Korea Massive Punishment and Retaliation, the retaliatory pillar of South Korea’s three-axis system, collides directly with the automatic retaliation clause of North Korea’s 2022 Nuclear Forces Policy Law. If attempted on the peninsula, decapitation may trigger a North Korean first-use nuclear strike rather than end the war.

Second, a peninsula without strategic depth compresses judgment to minutes, if not seconds, leaving so little time to evaluate an AI recommendation that the human in the loop may be reduced to a rubber stamp.

Third, Seoul must endure on its own during the U.S.’s window of vulnerability created by its munitions depletion, since the 2026 NDS already assigns Seoul “primary responsibility” for its own conventional defence and promises only “critical but more limited support.”

The first two pathways are extremely difficult to overcome. They will require South Korea and North Korea — and, in time, the U.S., China, Japan, and Russia — to think together about how strategic stability might be built. The third pathway is different. It is urgent, and it is comparatively solvable, but it is a defence-industrial problem, immune to command judgment and impossible to fix once a crisis is underway. It is also the one on which a partner outside the region can actually help, and that is where this report turns next.

Closing the Window of Vulnerability: Directions for South Korea–Canada Co-operation

Middle-power alignment is easier to declare than to build. Until this summer, much of the visible momentum in Canada–South Korea defence-industrial co-operation was carried by a single competition, the Canadian Patrol

Submarine Project, and when that contract was awarded to Germany, the momentum largely went with it. Yet that outcome does not undermine the direction of the relationship; it clarifies where the two industrial bases actually complement one another, which is in sustainment rather than in major platforms. But it carries a lesson. An industrial relationship resting on one procurement is not a relationship but a bet, and what the two countries need is a foundation of recurring demand.

Ammunition is that foundation. The third pathway is the one that cannot be closed once a crisis is underway — inventories that fall by a third in months take years to rebuild — and it is therefore the one that must be closed beforehand.

Canada’s first Defence Industrial Strategy, *Security, Sovereignty and Prosperity*, sets out a “Build–Partner–Buy” framework and names South Korea among the Indo-Pacific partners it will seek out when domestic capacity is limited. The complementarity in ammunition is nearly exact. Canada has committed C\$1.4 billion under the Canadian Defence Industry Resilience (CDIR) program to sovereign ammunition production, including C\$355.7 million for its first nitrocellulose facility — a propellant feedstock whose global supply is currently dominated by China. Canada also produces 10 of the 12 defence-critical raw materials identified by NATO. What Canada lacks is the capacity to produce at the pace and volume required and, by Ottawa’s own account, access to ammunition-related intellectual property. South Korea holds a leading position in mass-producing NATO-standard 155 mm projectiles and in designing the automated load-assemble-pack lines that fill them, and faces the opposite constraint: raw materials sourced through supply chains it does not control.

If Canadian minerals, with CDIR funding, build the hardware, South Korean process technology can fill it. Canada gains a sovereign ammunition supply chain; South Korea gains a North American production base stocked with allied minerals. The direction aligns with the strategy itself, which situates its “partner” and “buy” pillars as

means to “generate economic and industrial benefits, strengthen sovereign capabilities, and reduce strategic vulnerabilities by leveraging procurement to establish enduring international relationships.”

Described that way, however, the arrangement is a division of labour, which only allocates shares of a market whose size is taken as given. The more interesting question is whether co-operation enlarges the market. Canada’s strategy promises 125,000 jobs, a 50 per cent rise in defence exports and a 240 per cent rise in industry revenues within a decade — growth targets rather than share targets, which cannot be met by redistributing production Canada already has. They require demand that does not yet exist in Canada.

That is where the partnership earns its keep. Canada is an Atlantic country, embedded in NATO and in the allied arrangements that aggregate munitions demand and negotiate large-scale purchases. South Korea, for all its recent success selling into Europe, is an Indo-Pacific producer that sits outside these arrangements. Each country holds what the other lacks. For Korea, Canada is a door into the Atlantic — a route by which manufacturing capacity becomes predictable long-term demand rather than a sequence of episodic export wins. For Canada, South Korea is a door into the Indo-Pacific, where Ottawa has a strategy and a stake but little industrial footprint. A venture based in Canada, under Canadian ownership, and drawing on South Korean process technology, would belong to both worlds at once. Whether allied purchasing can be opened to production of this kind belongs on the bilateral agenda.

There is a further return inside each country’s alliance with the U.S. Ammunition is now the binding constraint on American strategy in the Indo-Pacific, and the promise of “critical but more limited support” is a matter of arithmetic before it is one of will. Filling that gap serves Washington directly, and that is the point: the U.S. remains the indispensable partner for both countries, and the most useful thing an ally can offer is capability the U.S. cannot quickly generate for itself. It also changes what

each country brings to its own dealings with Washington. As “burden-sharing” becomes “burden-shifting” and both capitals are asked to contribute more, sustainment is a way of meeting the request in a viable currency they can actually produce — and a considerably cheaper one than the alternatives now under discussion.

Conclusion

This paper began with a war and ended with a production line, and the distance between them is the argument. The Iran War was the first in which an advanced military ran its entire decision cycle through AI decision support, and the tactical revolution that followed did not translate into strategic success. Speed made war appear cheap in lives, and so easier to begin, hollowed out the judgment it was meant to serve, and consumed munitions faster than any industrial base could replace them. On the Korean Peninsula, where the distance between adversaries leaves less warning time than anywhere else in the region, all three pathways of AI wars converge. Only the third can be closed in peacetime, and only by industry — which is why an essay about AI and escalation arrives at ammunition.

What remains to be settled is the agenda itself, and the open questions are strategic rather than commercial. The first is how much capacity is enough: surge capacity is what the Iran War actually exhausted, and no ally has resolved how to pay in peacetime for production that earns nothing until a crisis. The second follows from the problem of simultaneity set out above — if a Taiwan contingency overlaps with a South Korean one, allied magazines will be claimed by both, and no existing arrangement determines the order. The third follows from the exchange ratios evident in the Iran War: for instance, whether a cheap, mass-producible strike munition — like a one-way attack drone conceived as ammunition rather than as an aircraft — is worth a joint research program. That deserves study rather than commitment. None of these is a war-fighting contribution, and none needs to be. Magazines deep enough to be replenished are what give decision-makers time, and time is precisely what an AI-compressed decision environment destroys.



Canada's Catalyst for Engagement with Asia,
Asia's Bridge to Canada

