

Facing China: Canada between fear and hope

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After nine years of ideologically-tinged ambivalent relations. Justin Trudeau has embarked on a vigorous effort to restore Sino-Canadian to a positive new trajectory. This has met with skeptical and borderline hostile response from opinion leaders who not only object to China's human rights record but question whether even possible to build a relationship with the Chinese regime on a basis of reciprocity at all. The paper reviews these arguments in the context of the existing challenges of the bilateral relationship and what this means for Canada to built a middle power diplomacy appropriate for the power configuration of the twenty-first (Pacific) century.

Canada's relationship with China was born of hope and wavers on fear. In between, exaggerated optimism and a misty view of unbounded opportunity succumbed to unrealized dreams and a mix of borrowed and self-generated anxieties. Much of our relationship with China has been characterized by phantom projection joined with absentminded attention to our self interest.

Canada built a "special" relationship with China on an understanding that we were destined and uniquely qualified to bring China into international society -- both because we were so securely anchored into the structure of global governance that we helped elaborate during the post-war era, and second, because we perceived ourselves unencumbered by constraints of

colonial and imperialist baggage.¹ We projected a special relationship on the conviction of a benevolent mission with a carefree view of a relationship conveniently beyond our core interests and primary partnerships.

Canada was never comfortable in excluding China from international society and particularly from the UNO.² Canada acceded to US pressure only in the darkest days of the Cold War largely because it saw this as essential to consolidating the Atlantic Alliance. With the alliance secure, and the threat of nuclear weapons growing, when China emerged as a nuclear power, Canada actively sought to bring China back into the community of nations.³ In opening relations in the midst of the self-imposed isolation occasioned by the Cultural Revolution, we played a vanguard role among Western nations, basking in the afterglow of the euphoria generated by occasioned by the Kissinger-Zhou Enlai/Nixon-Mao match-up; unfettered by the strategic complications of abandoning Taiwan and side-lining Japan. We stretched the boundaries of the Western alliance without sacrificing anything in return. We had modest expectations of improved trade and benign hope for the are more inclusive global structure.

Following the death of Mao Zedong, Deng Xiaoping's embrace of reform and opening changed our calculus of the stakes and outcome. We enthusiastically launched a CIDA development program aimed at providing the software of a modern market economy and building linkages with China through educational institutions that we hoped would help to transform Chinese

¹ For insistent critique of the benign view of Canada's relations with China see Bruce Gilley, "Reawakening Canada's China policy," *Canadian Foreign Policy*, Vol. 14, no 2 (2008) pp. 212-130.

² See B.M Frolic and Paul Evans *Reluctant Adversaries* (Toronto: University of Toronto Press, 1991)

³ This began with the initiative of then Minister of External Affairs Paul Martin Sr. to bring China into the United Nations in 1966. For the background to this see the dissertation by Der Yuan Wu "Institutional Development and Adaptability- Canada, Taiwan and the Construction of 'one China'" PhD Dissertation, Carleton University 2001. pp. 116-128.

society in our image. Such hopes at the state-to-state level were shattered by the events at Tian'anmen in 1989, but our focus on the human dimension of interaction kept our doors open and persuaded us to resume our aid programme soon after. For the last quarter of the Twentieth century Canada expended a significant effort into bringing China into international society. Once Deng Xiaoping opened China's door and began the process of market reform Canada took a lead in assisting China's efforts to "link rails to the world" not just through bilateral and multilateral engagement but through a targeted policy of international assistance. Informally, the initial floating of an aid program was communicated as a return, a kind of kickback on the mounting trade surpluses Canada had accumulated through years of wheat sales. Logically, assistance in developing the infrastructure of a market economy would assist China in developing its own trade and investment strategy to reverse its chronic trade deficit. At the same time this fit the pattern of Canada's Grand Strategy by working to integrate China into the institutional and normative framework of "embedded liberalism".⁴

The bulk of our development assistance was channeled into training, much of it training of officials in managing the market economy, foreign investment and trade, as well as assistance in developing legal codes, legal and judicial systems connected with a market economy. Poverty reduction, gender and minority rights were also a focus, but all of this came in the context of market transition and opening up. The repression of the Tiananmen demonstrators was indeed

⁴ See, Jennifer Wilson "A History of Canada's China Cida Program" https://www.oise.utoronto.ca/cidec/UserFiles/File/Research/CIDEC_Protocols/Conference2014/Wilson_s_paper_2_001.pdf; see also, Ruth Hayhoe, Julia Pan and Qiang Zha, *Canadian Universities in China's Transformation: An Untold Story* (Montreal: McGill Queens University Press, 2016); BM Frolic "Canada and China the China Strategy of 1987 in Huhua Cao and Vivienne Poy *The China Challenge* (Ottawa: Ottawa University Press, 2011) pp. 47-65.

a shock to bilateral relations but the general trend of assistance to China's reform and opening up resumed relatively quickly.

A Limited Role in Security

It has long been an axiom of Canada's middle power role that the Canadian contribution to the major questions of balance of power is marginal. Even though it had the technical means to become a nuclear power, Canada very early on determined not to join the nuclear club, and instead became an early and enthusiastic supporter of non-proliferation and the nuclear test ban. Although the Liberal government of Lester B. Pearson accepted nuclear weapons for the Canadian Armed Forces in 1963, his government also determined that Canada's contribution to peacemaking was entirely dependent on deterrence and the United Nations system.⁵ What this may mean in contemporary practice is that whatever role Canada may play in the Asia-Pacific is dependent at base on a certain modicum of strategic trust between the United States and China. Dating back to the Second World War, and reinforced through its NATO commitment, Canada has effectively limited its active defence commitments to the North Atlantic. Canada did not make an active contribution to the war in the Pacific between 1937 and 1945 (apart from a symbolic and ill-fated contribution to the defence of Hong Kong in 1941); the Canadian contribution to the war in Korea was strictly limited to the UN mission; and since the end of that war Canada has never maintained any military presence in the Western Pacific.

As a result, Canada has no armed forces to add to the evolving military balance in the Asia-Pacific. Whatever role we choose to play, must take into account both the interests of our

⁵ John W. Holmes, "Canada as a Middle Power," *Centennial Review* 10, no. 4, Canadian Issue (Fall 1966), 443.

senior ally and our lack of a clear interest in entanglement in the complex sovereignty disputes of East Asia. In both Northeast Asia and the South China Sea we did endeavour to carve a role as a facilitator, in the former case in developing a security architecture through Track II dialogue in the 1990s, and in the latter through seminars concerning the law of the sea and maritime dispute resolution. Those roles are now in abeyance and arguably have been superseded by events. Nonetheless, they are symptomatic of the kind of role that Canada can aspire to play. However, they require both active engagement and also the local partners with whom to weave a multilateral net. China has not seen fit to invite third parties into its New Great Power relationship with the United States; importantly, nor is Canada likely to elbow itself in.

Canada's intermittent commitment to the Western Pacific, its absence from the East Asian Summit, and its deference to the United States all inhibit middle power diplomacy in the Asia-Pacific region. In complementary fashion, the lack of local leverage and regional alienation disables Canada in Chinese eyes as a partner of choice. China has made its regional priority clear, alongside its ambitions to play a preeminent role in Asia.⁶ This set of priorities relegates Canada to a partnership of the second rank — unless the government in Ottawa can articulate a role as a partner at the global level that somehow wields equivalent leverage to the major powers of the UN Security Council (P5), the European Union, or China's partners within the BRICS group.

⁶ “Xi Jinping: Let the Sense of Community of Common Destiny Take Deep Root in Neighbouring Countries” http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/activities_663312/t1093870.shtml. See also Xi's speech to the Fourth Conference on Interaction and Confidence Building Measures in Asia, 20 May 2014, http://www.china.org.cn/world/node_7206254.htm. See also Jeffery Bader, “How Xi Jinping sees the world ... and why,” *Brookings Working Paper*, 4 February 2016, https://www.brookings.edu/wp-content/uploads/2016/07/xi_jinping_worldview_bader-1.pdf

When Deng Xiaoping turned China decisively in the direction of market reform in response to the demise of the Soviet Union, Prime Minister Chrétien enthusiastically followed with the Team Canada Missions. On the eve of China's entry into the WTO China's Premier Zhu Rongji could proclaim that Canada was China's "Best Friend in the World".

With China's entry into the World Trade Organization in January 2001, Canada's role as an agent promoting China's integration into the institutions of "embedded liberalism" arguably came to an end. Moreover, by the early 2000s, it was becoming increasingly obvious that China's commitment to economic liberalization did not include political liberalization. With that, therefore, the complementary relationship between Canada's bilateral relationship with China and the overall grand strategy came under strain. It was sustained somewhat when China's emergence as a financial power led to the development of the G-20. Prime Minister Paul Martin, who as finance minister had actively participated in the formation of the G-20 in the period after the Asian Financial crisis of 1997, promoted the idea of a G-20 leaders summit, therefore placing a new buttress in the bilateral relationship that connected Canada and China in global governance. Despite enthusiastic encouragement Martin received from China, in 2005 the United States and the other members of the G-8 were far from enthusiastic supporters of this initiative. It took the collapse of Lehman Brothers and the Global Financial Crisis of 2008 for Gordon Brown and George W. Bush to revive the idea for a G-20 leaders summit that Bush himself had earlier rejected. Had Martin survived in office, or had Stephen Harper embraced the initiative, then Canada would have reaped extra credit for its foundation and possibly had a steering role in its elaboration. Instead, what emerged was the formation of the BRICS (Brazil,

Russia India China and, after 2010, South Africa) group as a counter caucus outside and within the G-20.

With China's rise, the "frame" that had guided Canada's China policy since the late 1960s became radically obsolete. Canadian leaders — and Canadians more generally — could no longer be confident that deeper engagement with China would lead inexorably towards a more inclusive world organized around liberal principles. However, China's post-WTO development did not sustain our special relationship. Our market share of China's imports stagnated and fell, while our trade deficit soared. As the US suspicion of China's rise rose, this rubbed off here as well, especially with the election of Stephen Harper's Conservative government. Not only did the relationship languish, but the hiatus opened up a space in which fear began to overwhelm hope.

When the Conservatives under Prime Minister Stephen Harper came to power in 2006, they initially embraced a chilly approach toward China that was gradually replaced by a warily ambivalent embrace of the bilateral relationship in the wake of the global economic downturn.⁷ Harper's approach to China reflected his perception of China as laying wholly outside the Atlanticist parameters of Canada's traditional grand strategy. His early comments rejecting an embrace of China as selling out for the "almighty dollar" reflected an understanding that the Canadian relationship was transactional, and quite peripheral to our core interests. The Harper

⁷ See Kim Richard Nossal and Leah Sarson, "About Face: Explaining Changes in Canada's China Policy, 2006-2012," *Canadian Foreign Policy Journal* 20, no. 2 (2014): 146–62.

tried a tack of “cool politics – warm economics” to the detriment of both aspects.⁸ It was not just that we condemned ourselves to reap thinner economic rewards from China’s growing economy, we were also left grounded as China’s boat sailed globally, locked into our G-7 corner as China consolidated a global role outside it. These trends became shatteringly evident with the onset of the Great Recession in 2008.⁹

In the aftermath, we were neither essential to the Obama administration’s Asian pivot, nor did we acquire a central stake in China’s own “going out” globalization efforts. We slipped in importance to our senior ally and gained little purchase on the (re)new(ed) global colossus. In tandem, as China’s global presence dawned on our own shores, Canadians were rudely awakened to Chinese influence in their own neighbourhood and in their own back yards. China was no longer across the world’s widest ocean, it was present locally.¹⁰ With an impact on house prices, an environmental footprint in our oil patch and resource sector and with a complex interaction with our immigrant communities, some elements of which urged closer ties to the Communist government, others of whom demanded more protection from it. In short, there was no ready-made “Canadian” answer to the China conundrum.

Harper, in general, eschewed celebration of Canada’s “middle power” diplomacy and preferred to view Canada’s role within the G-8 as placing the country at the forefront of America’s senior allies. He became comfortable with pursuing more rewarding economic

⁸ See, the author’s “Resolute Ambivalence: Canada’s strategy towards China and the Asia-Pacific” Special Issue *Canadian Foreign Policy* 22:1 40-53

⁹ For a detailed view of Sino-Canadian relations in this period see, Paul Evans *Engaging China: Myth Aspiration and Strategy in Canadian Policy from Trudeau to Harper*. (Toronto: University of Toronto Press, 2014).

¹⁰ Paul Evans sought to alert Canadians to the changed environment in “Canada, Meet global China” *International Journal* (Spring 2006)

relations with China and other Asia-Pacific partners, but remained wary of any deeper political ties. Ultimately, he felt the need to restrict China's investment opportunities in the oil patch out of a perceived threat inherent in China's state owned/enterprises (SOEs). The focus on a US-centered diplomacy inhibited and even blinded him and his government to the structural possibilities inherent in partnerships that spanned the Pacific. While he enthusiastically pursued a free trade agreement with the Republic of Korea, he broke relations with the DPRK over the nuclear issue, without even engaging in prior consultation with the government Seoul. Whereas South Korea was eager for a middle power partnership — and highly appreciated the strategic partnership talks initiated in 2014 — they have indicated that the channel was rather lightly used by the Canadian side.

When the new Liberal government of Justin Trudeau took office in November 2015, it immediately signalled a desire to improve and enhance the bilateral relationship with China.¹¹ Subsequently there was an important exchange of bilateral visits between the heads of government, and a deepening and an enhancement of our bilateral strategic partnership. An annual exchange at the head-of-government level was institutionalized, and bilateral talks at the deputy minister level is to be an annual feature of the strategic economic and financial dialogue between the two governments. Nonetheless, the visit of the Chinese premier in late September was overshadowed by Canadian media coverage of the possibility of an extradition treaty between the two countries, a somewhat spurious and speculative issue.¹² However, by

¹¹ “Chinese President speaks of Pierre Trudeau’s ‘extraordinary political vision’ at G20,” *Globe and Mail*, 16 November 2015.

¹² “Is Ottawa playing into China’s hands or vice versa? It’s hard to tell,” *Globe and Mail*, 24 September 2016. Doug Saunders “What are Justin Trudeau’s endgame ambitions with China?” *Globe and Mail*, 23 September 2016, which informs and reinforces this opinion. See also Terry Glavin “The high price of our relationship with China,” *Ottawa*

signalling a closer political and economic relationship, and by signing on to the Asian Infrastructure Investment Bank, Trudeau clearly signalled his government's willingness to institutionalize bilateral ties and to seek further partnership at the multilateral level.¹³

The election of Donald J. Trump in the United States may give further impetus for Canada to diversify its economic ties. And, with the Trump administration's withdrawal from the Trans-Pacific Partnership in January 2017, there may yet be an acceleration of moves towards a bilateral free trade treaty with China. Nonetheless these positive bilateral moves alone will not suffice to flesh out a new grand strategy appropriate for the twenty-first century.

While engagement and partnership with China provides an alternative mode to preserve and possibly enhance an open multilateral trading order, this idea strikes many Canadians as a paradox and a contradiction.¹⁴ Yet, as we saw above, John W. Holmes saw the role of Canada as a middle power as a paradox all along. What remains therefore is to specify the conditions under which Canada can play a middle power role in relation to the rise of China and the restructuring of the international system currently under way

The government in Beijing is gradually clarifying a hierarchic view of diplomacy and international relations for the twenty-first century to which Canada must be alert if Canadians are to adapt to China's rise. President Xi Jinping has been clarifying "the Chinese Solution"

Citizen, 17 August 2016, and Matthew Fisher, "The many dangers of cozying up to Beijing," *Ottawa Citizen*, 21 September 2016.

¹³ Joint Statement Between Canada and the People's Republic of China, Ottawa, 23 September 2016, <http://pm.gc.ca/eng/news/2016/09/23/joint-statement-between-canada-and-peoples-republic-china>.

¹⁴ Doug Saunders "Thanks to Trump, China is now poised to dominate," *Globe and Mail*, 26 November 2016.

zhongguofang'an 中国方案.¹⁵ This vision sees China as a great power promoting a state-led order where power and responsibility are allocated proportionately. Indeed, China's new *White Paper on Asia-Pacific Security Cooperation*, issued in January 2017, reveals clearly the Chinese government's view of how non-great powers should regard great-power alignment in the new global order: "Small and medium-sized countries need not and should not take sides among big countries."¹⁶ For a country like Canada, which has pursued a flying buttress strategy for over seventy years, this call to free itself from the pier that has anchored Canada firmly to the United States will be difficult.

However, the realignment called for by the Chinese white paper is made all the more urgent because of politics in the United States. The election of Donald J. Trump as president, and Trump's unambiguous embrace of a foreign policy marked by "America First" and deep skepticism about the historical leadership role of the United States. His inaugural address might have had a few words about strengthening alliances, but Trump said nothing at all about what will hold those alliances together – beyond wiping Islamic terrorism off the face of the earth. None of America's allies were mentioned by name.¹⁷ Comments both as candidate and as president leave in no doubt that he regards the NATO alliance as obsolete and America's allies

¹⁵ Xi Jinping first articulated this concept in his speech on the 95th anniversary of the Chinese Communist Party July 1, 2016 http://news.xinhuanet.com/politics/2016-07/01/c_1119150660.htm ; Xi promoted inclusive global governance by China with the Chinese Communist Party at its core exercising leadership through providing public goods ; See also, Lee Bo "What On Earth is the China Solution" http://www.china.org.cn/opinion/2016-07/14/content_38877919.htm; See also the Tootsie Vs. the Hare: Is China Challenging the US for Global leadership?" *The Economist* April 1, 2017 <http://www.economist.com/news/china/21719828-xi-jinping-talks-china-solution-without-specifying-what-means-china-challenging>

¹⁶People's Republic of China, State Council Information Office, "China's Policies on Asia-Pacific Security Cooperation" January 2017, http://english.gov.cn/archive/white_paper/2017/01/11/content_281475539078636.htm.

¹⁷ United States, White House, "The Inaugural Address," Washington, 20 January 2017, <https://www.whitehouse.gov/inaugural-address>.

as selfish hangers-on who insist on taking advantage of American generosity. His treatment of allies — yelling on the phone at the Australian prime minister and lying about the role of British intelligence in his bizarre claim that President Barack Obama wiretapped his phones, insulting German chancellor Angela Merkel during her visit to the White House — provide further evidence that the Trump administration has little interest in maintaining America's traditional role as military leader of the broad Western/capitalist alliance.¹⁸

Regrounding Middle Power Diplomacy

The key problem facing Canada is to reconcile the reality of the current global power structure with Canada's self-image. The issue is less a self-image out of touch with reality, but rather, an identity so ensconced in its history that has lost touch with the material supports that enabled it to play its historic role. It is more than a mismatch of values and capacity; it is a misplaced belief that values trump capacity, and blind to the ancillary powers that can enable Canada to play a global role.

Rule elaboration depends on close alignment with those willing and able to enforce those rules. Both the willingness, and the capacity to enforce the order have been eroded. John Ikenberry argues that the order is so robust that effectively the rules are self enforcing, or rather, that the capacity for rule enforcement can be decentralized.¹⁹ However, the world today belies those assumptions. Both the rules and the willingness to enforce are being eroded. Europe has

¹⁸ "Merkel, After Discordant G-7 Meeting, Is Looking Past Trump" *The New York Times* May 28, 2017.

¹⁹ John G. Ikenberry, "The Future of the Liberal World Order" *The Japanese Journal of Political Science* Vol 16, No. 3 (2015) pp. 450-455.

proven unable to enforce the post-war order on its own even on its own periphery, in the Balkans and in Easter Europe; the Middle East has neither sovereignty nor the rule of law, with Saudi Arabia and Iran replaying the Thirty Years War as though Westphalia never happened. China rejects any multilateral role in the settlement of East Asia's maritime borders.

If Robert Cox is correct, and middlepowership is about institutions and rules,²⁰ the ground beneath Canada's feet has been sorely eroded.

Canada is Back?

Improvement in Sino-Canadian relations was a priority for Justin Trudeau even before he formally took office.²¹ Peter Harder, former head of the Canada-China Business Council as well as former Deputy Minister of Foreign Affairs, headed the transition team. The new Trudeau government immediately signalled its desire to enhance the bilateral relationship with China. The mandate document issued to the Minister of International Trade, Chrystia Freeland specifically mentioned the trade relationship with China.²² The Trudeau government's broader positioning on China was part and parcel of its general announcement that "Canada is Back" in international affairs.²³ The government made clear its intention to seek a non-permanent seat on the UN Security Council, its intention to resume a significant role in peacekeeping and to

²⁰ Robert Cox, "Middlepowermanship, Japan and Future World Order," *International Journal* Vol 44 no, 4 (Autumn 1989) pp. 823-862.

²¹ Peter O'Neill "Canada Must Get Serious about its relationship with China: Transition Document" *the Vancouver Sun* October 2, 2015
<http://www.vancouversun.com/news/canada+must+serious+about+relationship+with+china+transition+document/11407131/story.html> (accessed May 10, 2017).

²²<http://www.davidmckie.com/Ministers%20Mandate%20letters%20Consolidated%20with%20Index%20Nov%2016%202015.pdf>

²³ "We're back; Justin Trudeau says in message to allies abroad." *The National Post* October 20 2015
<http://news.nationalpost.com/news/canada/canadian-politics/were-back-justin-trudeau-says-in-message-to-canadas-allies-abroad> (Accessed May 11, 2017).

play a positive role in climate negotiations, generally aligning itself with the internationalist orientation traditional to Canadian foreign policy.²⁴ Improved bilateral relations with China were a key to assuming a more significant place in the world.

Enhanced bilateralism with China

Within weeks of taking office, Prime Minister Justin Trudeau met with China's President Xi Jinping on the sidelines of APEC and the G-20.²⁵ Trudeau moved swiftly to establish an agenda for improved ties. On a visit by former Canadian Prime Minister Jean Chrétien in April, Premier Li Keqiang hailed "a new golden era" in Sino-Canadian relations.²⁶ The improved atmosphere culminated in back-to-back visits in August and September of 2016. In August and September, Prime Minister Trudeau made an official visit ahead of the Hangzhou G-20 meeting, and later that month Premier Li Keqiang made a reciprocal visit, marking the first time in nearly ten years that a Chinese Premier had visited Canada. The two Prime Ministers signed a series of accords.²⁷ Canada applied to join the Asian Infrastructure Investment Bank, moved on exploratory talks aimed at a free trade agreement, engaged in a new framework of economic and financial dialogue at a vice-ministerial level and established an annual exchange of visits at the head of government level. The two leaders agreed to double bilateral trade by 2025.

Canadian coverage of the visit of the Chinese was overshadowed in our media by spurious

²⁴ "Canada Seeks UN Security Council Seat in an Effort to re-establish ties, Trudeau says" *The Guardian* February 11, 2016 <https://www.theguardian.com/world/2016/feb/11/canada-United-nations-security-council-seat-trudeau-ban-ki-moon> (accessed May 12, 2016)

²⁵ "Chinese President speaks of Pierre Trudeau's 'extraordinary political vision' at G20," *The Globe and Mail*, November 16, 2015.

²⁶ http://english.gov.cn/premier/news/2016/04/19/content_281475330958761.htm
(Accessed May 14, 2017)

²⁷ <http://pm.gc.ca/eng/news/2016/09/23/joint-statement-between-canada-and-peoples-republic-china>
(Accessed May 13, 2017)

emphasis on a possible extradition treaty.²⁸ However, signalling a closer political and economic relationship, by signing on to the Asian Infrastructure Investment Bank, Trudeau demonstrated his determination to institutionalize bilateral ties and seek further partnership at the multilateral level.²⁹ Canadian media largely overlooked the fact that warming and upgrading our relationship with China, was only catching up to, let alone outpacing, other members of the Group of Seven industrialized countries.

The Bilateral Agenda and the Broader Foreign Policy Agenda

Improved relations with China were an end in their own right – aimed at improved trade and investment, especially redressing the growing deficit in bilateral trade favoring China, but also were aimed at raising Canada’s visibility in the Asia-Pacific, as well as a platform for improving Canada’s profile in global governance. The Trudeau government signed the TPP – both to signal its support for multilateral trading arrangements and signal the priority of the Asia-Pacific, and in that context to demonstrate that improved trade relations with China did not contradict continued support for its US ally and other Asia-Pacific nations.

To maintain support for his globalist international agenda as well as his economic agenda Trudeau needed to manage both support from the environmentalist community on climate change as well as support from the business community, especially the resource sector, for

²⁸ “Is Ottawa Playing into China’s hands or vice versa: It’s hard to tell,” *The Globe and Mail*, September 24, 2016, <http://www.theglobeandmail.com/opinion/editorials/is-ottawa-playing-into-chinas-hands-or-vice-versa-its-hard-to-tell/article32034182/>; Doug Saunders, “What are Justin Trudeau’s endgame ambitions with China?” *The Globe and Mail*, September 23, 2016, <http://www.theglobeandmail.com/news/politics/justin-trudeaus-end-game-ambitions-with-china-remain-unclear/article32042020/>; Terry Glavin “The High Price of Our Relationship With China,” <http://ottawacitizen.com/opinion/columnists/glavin-the-high-price-of-our-relationship-with-china>.; Matthew Fisher, “The Many Dangers of Cozying up to Beijing” *The Ottawa Citizen* September 21, 2016.

²⁹ Joint Statement Between Canada and the People’s Republic of China, September 23, 2016, <http://pm.gc.ca/eng/news/2016/09/23/joint-statement-between-canada-and-peoples-republic-china>.

improved access to Canadian investment as well as improved access to tidewater for Canada's energy exports. Trudeau hoped to accomplish both with a more credible climate plan while promising more stringent environmental reviews, but support for new pipeline access. Working more closely with his American counterpart, Barack Obama would enable him to balance the economic and environmental agendas, Trudeau thought. To build support for free trade, as well as cooperation with China in global governance meant that Trudeau also had to stave off critics of China's human rights record, and show that he was not selling out Canadian values. Business executives were strongly in favor of a free trade agreement, while Canadian public opinion remained wary and ambivalent.³⁰

Trudeau's efforts to re-engage China and move towards negotiating a free-trade agreement elicited China's own list of preferences, some of which would prove politically knotty for Trudeau. China was fairly forthright in desiring less restrictive access to energy investment as well as a firmer commitment to get oil-sands bitumen to tidewater, particularly along Pacific ports. In the Chinese view, energy exports would be the most appropriate and natural way to move towards more balanced trade.³¹

Trudeau, was caught between furious environmentalists who opposed any further development of the oil sands, and the interests of Alberta, which desperately sought new markets. Conflicting interests effectively pitted Alberta against British Columbia, from whose

³⁰ Robert D'A Henderson "Liberals' China Dilemma" *Diplomat and International Canada* October 4, 2016 <http://diplomatonline.com/mag/2016/10/liberals-china-dilemma/> (Accessed May 11, 2017).

³¹ "China open to historic free trade deal with Canada under certain Provisos" *The Globe and Mail* January 15, 2016 <http://www.theglobeandmail.com/news/politics/china-open-to-historic-free-trade-deal-with-canada-under-certain-provisos/article28208595/>

ports the oil would be shipped.³² The Province of Alberta as well as British Columbia considerably helped Trudeau's cause by independently imposing carbon pricing.³³ British Columbia had earlier become the first North American jurisdiction to impose a carbon tax.³⁴ Trudeau hoped to finesse the issue by pledging a robust climate change program and environmental review while touting oil sands development as part of an "energy transition".³⁵ In the lead-up to the Paris Climate talks, the Trudeau government therefore announced its intention to impose carbon pricing nationally.³⁶

Despite forward momentum at the bilateral government level, public opinion appeared to lag, egged on by skeptical and sometimes hostile coverage in English-language national media. Some Canadians worry about coming under the dark sway of a dominant China.³⁷ In part, this is a legacy of the skeptical outlook sown by the previous government of Stephen Harper, in part, confusion and suspicion born of China's rise and the eroding self confidence of the Western bloc. Bucking hostility from some quarters and lukewarm support of public opinion, Justin Trudeau's government persisted in improving relations with China. In spring

³² "Ottawa must balance B.C. opposition, Alberta support in Kinder Morgan report" 24 Hrs Vancouver, November 3, 2016 <http://vancouver.24hrs.ca/2016/11/03/ottawa-must-balance-bc-opposition-alberta-support-in-kinder-morgan-report> (Accessed May 12, 2017)

³³ "Alberta carbon tax regime to be the most stringent in Canada, Ecofiscal commission report says" CBC News, July 27, 2016 <http://www.cbc.ca/news/business/alberta-carbon-tax-ecofiscal-commission-1.3696872>

³⁴ Ministry of finance, British Columbia "Overview of the Carbon Tax" http://www.fin.gov.bc.ca/tbs/tp/climate/carbon_tax.htm

³⁵ 'We need to phase them out' Trudeau draws fire over oilsands remark during Ontario town hall" *The National Post* January 13, 2016 <http://business.financialpost.com/news/energy/we-need-to-phase-them-out-trudeau-draws-fire-over-oilsands-remark-during-ontario-town-hall> (Accessed May 12, 2017)

³⁶ "Government of Canada Announces Pan-Canadian Carbon Pricing." October 3, 2016 <http://news.gc.ca/web/article-en.do?nid=1132149>

³⁷ Doug Saunders, "Thanks to Trump China is Poised to Dominate," *The Globe and Mail*, November 26, 2016.

2016, a cabinet document outlining a china strategy was prepared and the government clarified its intentions to move beyond exploratory talks on a free trade agreement to full scale negotiations.

Initially, Justin Trudeau's agenda of "bringing Canada back" was buoyed by the enthusiastic embrace of US President Obama, who echoed the sentiment that "the world needs more Canada."³⁸ Beset by fierce opposition at home, Obama openly admired the values espoused by Trudeau's government: feminism, internationalism, openness to refugees and immigration, determination to tackle climate change, were priorities that both countries leaders embraced.³⁹ Bolstered by similar family values and a common agenda, Trudeau sought to piggy-back on Obama's embrace to rebuild Canada's role in the world and give it a central role on the world stage.

The Trump Earthquake

The unexpected election of Donald Trump as President of the US put Canada and the Trudeau government on the defensive. Not only could Trudeau no longer bask in the open admiration of the US President, it was faced with the need to defend its largest trading relationship against attacks on NAFTA and the determination by Donald Trump to renegotiate its terms. The foreign policy agenda of "Canada is Back" was hijacked to defend existing arrangements rather than

³⁸ In his speech before the Canadian Parliament on June 29, 2016 Obama stated this literally. "Obama: The World Needs More Canada" CBC News June 29 2016 <http://www.cbc.ca/news/obama-the-world-needs-more-canada-1.3659172>

³⁹ <http://www.cbc.ca/news/politics/hall-trudeau-obama-bromance-1.3486409>
https://www.washingtonpost.com/news/the-fix/wp/2016/03/10/the-budding-bromance-between-president-obama-and-canadas-justin-trudeau-in-11-great-pictures/?utm_term=.d6461205f7f2
(Accessed May 9, 2017)

opening up new vistas.⁴⁰ In January 2017, Prime Minister Trudeau shuffled his cabinet, replacing Stéphane Dion as Foreign Minister with Chrystia Freeland, formerly the International Trade Minister, with a priority mandate centred on handling the US file.⁴¹ As the *Toronto Star* noted, in foreign affairs it was now “America First.”⁴²

As concerns the Asia-Pacific, Trump rejected the Trans Pacific Partnership which Canada had signed. Moreover, Trump also called into question America’s commitment to NATO and challenged US allies to prove their own commitment through their own defence spending. The foreign policy energy of the Trudeau government was therefore pulled into defending traditional interests with less time and energy available to embrace new initiatives. China remains a priority, but protecting our relationship with our nearest neighbour was a matter of survival.

The new reality derailed Trudeau’s careful balancing of the economic and climate agendas. He could no longer count on broad North American support for carbon pricing, and had to worry about laxer US environmental regulations eroding Canada’s trade position once it put carbon pricing in place. Furthermore, any concessions to the US position might erode

⁴⁰ <http://news.nationalpost.com/full-comment/kelly-mcparland-trudeaus-u-s-bromance-was-fun-while-it-lived-but-now-theres-a-new-face-in-town>

(Accessed April 4, 2017)

⁴¹ <http://pm.gc.ca/eng/minister-foreign-affairs-mandate-letter>

⁴² “Mandate for Canada’s Foreign Minister is now to focus on America First.” *The Toronto Star* February 1, 2017 <https://www.thestar.com/news/canada/2017/02/01/mandate-for-canadas-foreign-affairs-minister-is-now-to-focus-on-america-first.html>

support at home and tarnish Trudeau's image abroad as a champion of progressive causes including climate change, feminism refugees and human rights.

Not content with the Mandate of the Foreign Minister alone, Prime Minister Trudeau enlisted former Prime Minister Mulroney, his father's bitter Conservative rival to plead Canada's cause in the US.⁴³ Seeking whatever leverage he could, Trudeau also invited Trump's daughter Ivanka, to sit with him at the Broadway premiere of "Come from Away" a musical celebrating the role of Canadians in sheltering US travellers in the days following 9.11.⁴⁴ Despite these efforts, on April 24 President Donald Trump placed substantial tariffs on Canadian softwood lumber exports.⁴⁵ Days later, Canadian officials learned President Trump was moments away from scrapping NAFTA altogether.⁴⁶ Whether this threat was real or not, officials of both Canada and Mexico had to hastily agree to renegotiate NAFTA.⁴⁷

⁴³ "Mulroney draws praise for Canada at Mar A Lago" *the Globe and Mail* February 19, 2017 <http://www.theglobeandmail.com/news/politics/mulroney-sings-at-trumps-mar-a-lago-praises-canada-and-trudeau/article34085505/> ; "Mulroney Takes on Role to help Trudeau despite rivalry with his Dad," *The Toronto Star* April 5, 2017 <https://www.thestar.com/news/canada/2017/04/05/former-pm-mulroney-to-brief-liberal-committee-on-us-relations-nafta-perspective.html> (Accessed April 6, 2017).

⁴⁴ "Trudeau Hosts Ivanka Trump at Show about Canadian Hospitality" *CNN* March 16, 2017. <http://www.cnn.com/2017/03/16/politics/trudeau-ivanka-trump-trnd/>

⁴⁵ "Trump slaps duty on Canadian Lumber, Intensifying Trade fight" <https://www.bloomberg.com/politics/articles/2017-04-24/trump-said-to-plan-20-tariff-on-canadian-softwood-lumber-j1wg4tyg>

⁴⁶ "How a Call from Jared Kushner started a NAFTA scramble" *The Globe and Mail* May 8 2017 <http://www.theglobeandmail.com/news/world/us-politics/how-a-call-to-canada-from-jared-kushner-started-a-scramble-on-nafta/article34928505/> (Accessed May 13, 2017)

⁴⁷ "Donald Trump agrees not to withdraw from NAFTA 'at this time' in phone call with Mexican and Canadian leaders" *The Daily Telegraph* April 27, 2017 <http://www.telegraph.co.uk/news/2017/04/27/donald-trump-agrees-not-pull-nafta-time-phone-call-mexican-canadian/> (Accessed May 12, 2017)

The China Alternative

Nonetheless, the strength and persistence of Trump's challenges to Canada helped to temper the caution and ambivalent suspicion that some sectors of the Canadian public had viewed our relations with China.⁴⁸ In his speech at the World Economic Forum at Davos Switzerland in January 2017 followed by a visit to the UN offices in Geneva China's President Xi Jinping, offered his own country as a platform for globalization global problem-solving and global governance.⁴⁹ Xi Jinping's speech placed China in the position of foremost defender of the multilateral rules-based trading order at a time when it was threatened by Trump, Brexit and a variety of anti-globalist populist politicians throughout the Western world. Canada barely managed to pull off getting a free trade agreement signed with the European Union, overcoming last minute objections by recalcitrant francophone Belgians.⁵⁰ Canadians not only noticed, but given the attacks on us by our senior ally, were persuaded that alternative friendships were not only possible but vital.

With the demise of the TPP and the gathering clouds around multilateral trade the Trudeau government saw improved ties with China not only as an end in itself, but also as a hedge against an uncertain relationship with the US. Canadian Trade minister specifically referred to President's Xi's Davos speech as a "positive signal" in the new uncertain

⁴⁸ Stewart Beck "The Trump Effect is Changing Canadian Views on China" *The Globe and Mail*, May 3, 2017 <http://www.theglobeandmail.com/opinion/the-trump-effect-is-changing-canadian-views-on-china/article34876913/> (Accessed may 10, 2017)./

⁴⁹ <https://www.weforum.org/agenda/2017/01/full-text-of-xi-jinping-keynote-at-the-world-economic-forum;> [http://news.xinhuanet.com/english/2017-01/19/c_135994774.htm.](http://news.xinhuanet.com/english/2017-01/19/c_135994774.htm)

⁵⁰ "Freeland 'visibly moved' During CETA Negotiations: Wells" *The Toronto Star* November 7, 2016 <https://www.thestar.com/news/canada/2016/11/07/freeland-visibly-moved-during-ceta-negotiations-wells.html>

environment.⁵¹ However, Canada cannot afford to play one country off against the other. Our relationship with the US is too deep, too ramified and too crucial to risk.⁵² Thus, the Trudeau government can only carefully play up the opportunities of expanded ties with China without appearing to snub the US. Luckily for Canada, the Mar a Lago summit between US President Trump and China's President Xi Jinping appears to have blunted the hard edge of hostility that the Trump administration initially brought to Sino-American relations. While Canada still has to deal with a very aggressive and damaging assault on our trading relationship with the US by the Trump administration, at least improved prospects of relations with China are unlikely to exacerbate an already difficult situation. Nonetheless, despite improved support for a free trade deal with China, Canadian opinion remains divided.⁵³

Some of the underlying obstacles to further improved relations are domestic in nature. While the Trudeau government has signalled its support of energy pipelines to tidewater on the Pacific coast, and initially approved the Kinder-Morgan pipeline, it has placed a moratorium on oil shipments from the north Pacific coast, and is extremely wary of provoking an environmental backlash to bitumen exports. The Trudeau government walked a fine line on human rights and negotiations over extradition. Trudeau himself was forthright in rejecting a

⁵¹ "Canada seeks new 'coalition' on Asian trade after Trump kills TPP" *The Globe and Mail* February 22, 2017. <http://www.theglobeandmail.com/report-on-business/economy/ottawa-seeking-new-coalition-on-asian-trade-after-trump-kills-tpp/article34115247/> (Accessed May 10, 2017)

⁵² Joshua Brown and Wayne Farmer "Canada must look beyond China towards a broader Asian Trade Deal" *The Globe and Mail* April 19, 2017 <http://www.theglobeandmail.com/report-on-business/rob-commentary/canada-must-look-beyond-china-toward-a-broader-asian-trade-deal/article34752224/>

⁵³ Rober Fife and Steven Chase "Canadians wary of deeper economic ties with China: Poll" *The Globe and Mail* April 10, 2017 <http://www.theglobeandmail.com/news/politics/canadians-wary-of-deeper-economic-ties-with-china-poll/article34659881/> (Accessed April 20, 2017)

trade-off between human rights and trade, and insisted that Canada's relations with China do not mean sacrificing human rights. "I don't think you have to choose, I think you have to be very up front and frank about doing that in a very thoughtful, respectful way, but in a constructive way."⁵⁴ At the same time, he has been careful not to raise human rights in a manner intended to embarrass or provoke.

However, the Chinese Ambassador's insistence on full access to Canadian investment, dismissal of human rights concerns push for an extradition treaty despite Canadian misgivings gave rise to negative coverage.⁵⁵ In response, Canada's newly appointed ambassador to China, former Liberal Cabinet Minister John McCallum insisted that human rights and labour standards would form part of any potential trade deal.⁵⁶ Furthermore, just a couple of days later he clarified that "we are a long, long way from any extradition deal."⁵⁷

Hovering over the bilateral relationship is an issue that was not quite in the realm of bilateral diplomacy. Rising house prices, particularly in the Vancouver and Toronto markets plays into

⁵⁴ http://www.huffingtonpost.ca/2016/09/06/trudeau-china-human-rights-hong-kong_n_11873422.html

⁵⁵ Robert Fife and Steven Chase "Beijing pressing for full access to China's economy in trade talks" *The Globe and Mail* March 24, 2017. <http://www.theglobeandmail.com/news/politics/beijing-pressing-for-full-access-to-canadas-economy-in-trade-talks/article34412957/> (Accessed April 11, 2017) ; for negative response see, Robert Fulford, "An Extradition Treaty with China?" *The National Post* March 31, 2017 <http://news.nationalpost.com/full-comment/robert-fulford-an-extradition-treaty-with-china-peter-dahlins-detention-in-a-black-jail-all-you-need-to-know-about-the-idea> (Accessed May 4, 2017)

⁵⁶ "Human Rights on table in any Canada-China Trade Deal" *The Globe and Mail* March 29, 2017 <http://www.theglobeandmail.com/news/politics/human-rights-on-the-table-in-any-canada-china-free-trade-deal-mccallum/article34480066/>

⁵⁷ Nathan VanderKlippe "Canada a long, long, way from China Extradition Deal" *The Globe and Mail* April 3, 2017 <http://www.theglobeandmail.com/news/world/canada-a-long-long-way-from-china-extradition-deal-mccallum/article34560846/> (Accessed May 4, 2017)

the mix of issues that sways Canadian public opinion.⁵⁸ Moreover this phenomenon cannot be blamed conclusively on Chinese buyers, let alone the Chinese government.⁵⁹ Nonetheless, Housing is a pocketbook issue that affects the interests of Canadians directly regardless of whether it is amenable to diplomacy or is even properly on the diplomatic agenda. Perceptions of diplomatic relations may be affected by issues close at hand.

While Canadian views of China have not improved significantly, Canadian perceptions have been affected by strongly negative views of the direction taken by the US under US President Trump.⁶⁰ The 2017 Asia Pacific Foundation of Canada poll saw Canadians move more positively in favor of a free trade agreement with China as well as the importance of China for our economic future. This came despite some lingering concerns about potential Chinese influence over our economy and politics.⁶¹

Conclusion: Patient Progress on a new Path

The Trudeau government is keenly aware that political and economic realities require Canada to steer the relationship with China on a steady course and aim institutionalize relations on an

⁵⁸ See, "China is Buying Canada: Inside the new real estate frenzy" *Macleans* May 9, 2016
<http://www.macleans.ca/economy/economicanalysis/chinese-real-estate-investors-are-reshaping-the-market/>

⁵⁹ "Foreign Buyers behind only 5 percent of Toronto home purchases in 2016" *The Toronto Star* January 31, 2017
https://www.thestar.com/business/real_estate/2017/01/31/foreign-buyers-behind-only-5-per-cent-of-toronto-home-purchases-in-2016.html
(Accessed May 13, 2017).

⁶⁰ "Canada's Opinion of US hits all-time low under Trump" *Newsweek* May 9, 2017
<http://www.newsweek.com/canadas-opinion-america-hits-low-under-trump-poll-606315>
(accessed May 10, 2017)

⁶¹ <http://www.asiapacific.ca/surveys/national-opinion-polls/2017-national-opinion-poll-canadian-views-engagement-china> (Accessed May 11, 2017)

incremental basis with a free trade agreement as the initial goal.⁶² To do this successfully, the government hopes to keep all the stakeholders onside and move forward carefully and cautiously.⁶³ The changed atmosphere occasioned by the election of Donald Trump in the US contains both dangers and opportunities. While the government has no choice but to defend our most important trading relationship, the evident capriciousness with which our closest partner engages us can only encourage Canadians to seek a steady hand and alternative relations elsewhere. However, the energy required to maintain our existing relations may constrain our ability to reach out creatively and invest more fully in an emergent partnership with China. Furthermore, while Canadians are dismayed by the apparent abandonment of many of the values we counted on in our partnership with the US, they are not quite sure yet of the values that will sustain a closer partnership with China. Our interests may drive us closer together, but the leaders of both our countries need to find a further basis on which to deepen trust. This is a challenge for our own leaders but also a challenge for China as well as it lays out a “China solution.”⁶⁴

⁶² “Canadian Ministers Dine with senior Chinese Officials as trade conflict looms with the US” *The National Post* April 27, 2017 <http://news.nationalpost.com/news/canada/canadian-politics/canadian-ministers-dine-with-senior-chinese-officials-as-trade-conflict-looms-with-u-s>

⁶³ “Consulting Canadian on a Possible Canada-China Free Trade Agreement” <http://www.international.gc.ca/trade-commerce/consultations/china-chine/index.aspx?lang=eng>

⁶⁴ Xi Jinping first articulated this concept in his speech on the 95th anniversary of the Chinese Communist Party July 1, 2016 http://news.xinhuanet.com/politics/2016-07/01/c_1119150660.htm; Xi promoted inclusive global governance by China with the Chinese Communist Party at its core exercising leadership through providing public goods ; See also, Lee Bo “What On Earth is the China Solution” http://www.china.org.cn/opinion/2016-07/14/content_38877919.htm

Andrew F. Cooper, Richard A. Higgott and Kim Richard Nossal have argued that middlepowermanship cannot be divorced from leadership or followership.⁶⁵ The special role of the middle powers as catalysts, facilitators and managers – is played usually in between the great powers and lesser powers and almost always through the exercise of niche diplomacy.⁶⁶ The middle power role they identify normally occurs within a bloc, and always within a broader normative frame. That is why exercising middle power roles in relation to China is such a challenge.

Despite the evident differences in form, scope and historical context, it is worth comparing Xi Jinping's Signature program, "One Belt One Road" ((OBOR) to the Marshall Plan in terms of how Xi and China envision leadership.⁶⁷ The Marshall plan revived the European economies, beat the threat of communism back from Western Europe, kick-started 25 years of more or less continuous growth in trade and living standards, birthed the European Union as well as the OECD and set the standard for inclusive development. But for the Marshall Plan to succeed in Europe, you needed Jean Monnet, Maurice Schumann, and Ludwig Erhard. These men of vision put in place the "followership" for the plan to succeed. Can we say the same for the OBOR forum?

Xi Jinping himself put forward no institutional mechanism to make the plan work, no standards by which to judge the viability of investment projects and indeed, no operationalizable criteria

⁶⁵ Andrew F. Cooper, Richard A. Higgott and Kim Richard Nossal, *Relocating Middle Powers: Australia and Canada in a Changing World Order* (Vancouver: University of British Columbia Press, 1993), 12–49.

⁶⁶ *Ibid*, 24–25.

⁶⁷ See Xi Jinping's Keynote address to the OBOR Forum May 14, 2017 <http://politics.people.com.cn/n1/2017/0514/c1001-29274190.html>

of success that could guide the management of the program and its initiatives. He was more keen to stress the plan's openness and to forswear imposing a Chinese model than to clarify what sort of order this initiative implies. Thus, when we place this beside the objections of the EU to the absence of a pledge to transparency and open bidding, we are left with a grandiose political program of uncertain aims and goals. Some of this is by design. Xi wishes to keep the initiative "open" not just to beat back suspicions of potential Chinese imperialism and neo-colonialism, but also so he can bend it in a transactional direction to cement political relations as needed. The success and the lingering suspicion behind the Western project of global multilateral governance lay in the capacity of transforming political vision into technocratic pipefitting. Once the project ceased to reliably deliver inclusive improvements in living standards, suspicion of technocratic leadership undermined the legitimacy of the project. In the absence of viable alternatives however, the global order is eroding. Middle powers like Canada provided reliable middle-managers to the global project. Without a coherent vision from the top however, middle management is deprived of a reliable role. China has yet to articulate a coherent normative vision that middle managers can elaborate to their own advantage and to the advantage of smaller powers even as it holds out material incentives to participate in its orbit. Suspicion lingers that its commitment to the mechanism that sustained its own spectacular success in globalization is instrumental, but when faced with a US administration that has retreated to a purely transactional view of trade and diplomacy, Canada and other middle powers have few choices other than to take Chinese commitments at face value in hopes of sustaining the normative mesh that upheld the postwar order.

In her programmatic speech on foreign policy to the House of Commons on June 6, 2017, Foreign Minister Christia Freeland reaffirmed Canada's commitment to the post-war order and to its key stake in middle power diplomacy.⁶⁸ China was mentioned by name only once. She identified it as part of the "challenge" of emerging economies: "the rapid emergence of the global South and Asia—most prominently, China—and the need to integrate these countries into the world's economic and political system in a way that is additive, that preserves the best of the old order that preceded their rise, and that addresses the existential threat of climate change." While she asserted the need to "we will work with other like-minded people and countries who share our aims," China has yet to make it into that list. Instead, for Minister Freeland, the key is to redouble our commitment to the transatlantic alliance.

⁶⁸ "Address by Minister Freeland on Canada's Foreign Policy Priorities" https://www.canada.ca/en/global-affairs/news/2017/06/address_by_ministerfreelandoncanadasforeignpolicypriorities.html (accessed June 7, 2017).