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Strategic Procrastination: Canada's Indo-Pacific Strategy

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I was recently invited by the Macdonald Laurier Institute in Ottawa to present my views on Canada's Indo-Pacific Strategy in a discussion with Asian ambassadors. While the Chatham House rule of non-attribution was in effect, I can say that participants were eager to know when they might see the long-awaited strategy and what might be in it. It is no secret that it has been under formulation inside the Canadian government for years. This paper captures the gist of my remarks.

Plans are useless, but planning is indispensable
-Dwight Eisenhower

I was recently invited by the Macdonald Laurier Institute in Ottawa to present my views on Canada's Indo-Pacific Strategy in a discussion with Asian ambassadors. While the Chatham House rule of non-attribution was in effect, I can say that participants were eager to know when they might see the long-awaited strategy and what might be in it. It is no secret that it has been under formulation inside the Canadian government for years. This paper captures the gist of my remarks.

I began by noting that, while planning is a good thing, in my experience it is better not to hold one's breath for, or count too much on, a government policy document. What is written on paper is of far less value than our actions and the tangible assets we bring to the global table. It often takes a crisis to generate real action. An attack by China on Taiwan would certainly propel Indo-Pacific action forward. But, in our current reality, Russia's invasion of Ukraine keeps our focus squarely on our Euro-Atlantic commitments. As well, current global economic disruption could quickly reach crisis levels. That is why Canada's subconsciously preferred foreign policy approach in normal times is what I would call strategic procrastination.

In keeping with this, eight months into her role, Global Affairs Canada (GAC) Minister Melanie Joly has turned to the classic delaying tactic of appointing a blue-ribbon [panel](#) to advise her on the Indo-Pacific. Those of us who have spent careers working on Canada-Asia relations will be very familiar with the issues but should welcome fresh thinking from people outside of the government thought bubble. With the foreign service itself currently under review in both GAC and the Senate, however, it would be a mistake not to ensure that these processes are coordinated and coherent.

There are benefits and consequences of delay

Delay in policy formulation can actually be very useful. It can provide latitude for allowing situations to develop more clearly and for solving practical problems in the meantime. The long-delayed policy decision to [ban Huawei from Canada's 5G](#) networks is a perfect example. Taking a decision sooner, following moves by our Five-Eyes intelligence sharing partners, could have prejudiced the government's efforts to gain the release of [two detained Canadians](#) in China. By delaying, we were able to achieve our more immediate objectives and demonstrate our independence of action.

Still, there are times when procrastination can have negative consequences. Canada was at first not interested in joining the Trans-Pacific Partnership trade negotiations, only to reverse course and undertake an arduous advocacy effort to gain admission later. Though negotiations are now underway, Canada was also for years not interested in negotiating a trade deal with the

Association of Southeast Asian Nations (ASEAN), despite other dialogue partners having done so. This resulted in exclusion from the admittedly less rigorous but nevertheless much more inclusive [Regional Comprehensive Economic Partnership](#) (RCEP) in Asia, which came into effect at the beginning of 2022. RCEP's lack of rigour means that it's not currently viewed as an attractive arrangement. But, of course, we missed the opportunity to make it more rigorous. Moreover, the US launched its own [Indo-Pacific Economic Framework](#) (IPEF) initiative in May of this year, excluding Canada. One can find similar examples of Canadian reticence or omission in the history North American free trade negotiations, along with hesitance to fulfill our NATO military commitments. We are at times a reluctant partner that needs to be pulled along, or one that misses the bus when it leaves the station and finds itself running to catch up.

The world is a globe, not a region

Of course, the very idea of attaching importance to one geo-strategic region over another has inherent problems. As noted, while the government was working away on a plan for the Indo-Pacific (and the Arctic), the Russian invasion of Ukraine vaulted the Euro-Atlantic region to the top of our priorities. We have only recently concluded free trade agreements, as well, with the EU and UK. It's fair to ask: What about Africa, the Middle East, the Caribbean, and Latin America? Challenges can come unexpectedly from anywhere. They can also be global in scope, the COVID-19 pandemic being the most recent example. No one can foresee the future, but widespread global famine, financial or currency collapse, an energy or climate crisis, natural disaster, nuclear war, Internet failure, conflict in the Middle East, another pandemic – any of these could be lurking just around the corner right now. We may find again that we have bigger fish to fry, rendering a regional focus on the Indo-Pacific less relevant again.

Moreover, when it comes to Canada's foreign policy, no matter what we might say publicly about the Indo-Pacific or any other region or theme, Canada-US relations are always the very core of our interests, for better or worse. We have a long tradition of managing our resultant bilateral geographic, economic and security dependencies and advantages with great care. We filter our international commitments through, and take cues from, our giant neighbour. In this, we have been clever in pursuing multilateral initiatives that complement our bilateral interests, principally by championing a global rules-based order. Canada has made solid contributions to formulating international trade rules through first the [GATT](#) and then the [WTO](#). We have also made significant contributions to both war and peace, while preserving our independence where our interests are not served, as in the Iraq war.

Domestic political success in Canada relies on a foreign policy that keeps our US relations quietly on track but, at the same time, is carefully couched in an aspirational, if at times

preachy, multilateralist agenda. Still, complacency is no prescription for the future. The US government released its own Indo-Pacific [Strategy](#) and action plan in February of this year and, as noted, that's a strong cue for Canada to follow suit. The US has also identified four strategic supply chains that must be brought home from China: medicine, batteries, semiconductors, and critical minerals. This will inevitably influence Canada's strategy.

Why we need an Indo-Pacific Strategy anyway

Besides copying what our allies are doing, everyone has understood for decades that Asia is a populous and dynamic region that cannot be ignored when considering overseas interests. The region accounts for [60% of world population](#) and generates [40% of global GDP](#). Canada has its own very long Pacific coastline and a [significant Asian diaspora](#) that connects us to the region.

This is not the first time that Canada has considered how to do better there. Though it has never achieved the envisioned national or Asian impact, the Asia Pacific Foundation of Canada (APFC) was created in 1984 to deepen our focus. We also have an Asia Business Advisory Council (ABAC) and participate in the Pacific Economic Cooperation Council (PECC). The Asia-Pacific Gateway and Corridor Initiative, led by Transport Canada, has long focused on strengthening our supply chains to Asia from the west coast. The government even declared 1997 as Canada's Year of Asia Pacific with multiple celebrations and events. Bilateral chambers of commerce have existed for decades in the major Asia-Pacific capitals, along with a Canada-ASEAN business council in Singapore. In more recent years, and more controversially, we also joined and contributed nearly \$1B in capital to China's Asia Infrastructure Investment Bank (AIIB) in 2017, positioning Canada to participate in the Belt and Road projects. In other words, Asia hasn't been ignored over the years and we, therefore, have some tools to work with.

That said, if we concede the value of devising a new strategy, we should be guided by six interlinked considerations:

1. The Indo-Pacific is a highly diverse region, meaning that bilateral relations will continue to be key. A one size fits all approach suggested by the trendy term "Indo-Pacific" would miss plenty of nuance.
2. Any actions prescribed by the strategy should have measurable benefits for Canada, especially as we face severe economic headwinds at home.
3. Expectations should be kept in check. Canada's relations in Asia will never be clear sailing everywhere, and we will never be a key player with significant influence on China, India, Japan, or ASEAN.

4. Asia suffers from deep corruption in some places making doing business on our terms difficult.
5. We will need to be mindful of US strategy and get our own house in order, especially on energy and agriculture.
6. We need to coordinate any new Indo-Pacific strategy with the foreign service review underway, and the severe fiscal constraints under which the Canadian government should be operating.

Guided by these, a meaningful Indo-Pacific Strategy would focus mainly on increased engagement in the political-security and economic spheres.

Options for Political-Security engagement

Some Canadian observers have worried about being left out of the so-called [AUKUS](#) arrangement among Australia, the UK and the US. We have not been invited to join and, as Prime Minister Trudeau rightly pointed out, it is mainly an arrangement for equipping Australia with nuclear powered submarines to bolster their security. There is no obvious reason for Canada to try to insert itself in this, unless we, too, want to acquire such naval assets. Australia will pay a minimum of \$70B, and more likely well over \$100B, when all is said and done. Given our fiscal constraints, and the need to focus on the Arctic as well, it would seem unwise for Canada to follow suit.

There are admittedly some other considerations that might argue in favour of seeking to join AUKUS. The arrangement does include computer and cyber collaboration, along with joint hypersonic missile development. Having developed the first quantum computers, and with competencies in cyber, Canada could bring technological contributions to the table. On balance, though, interoperability is already built-in through NATO and our participation in [RIMPAC](#) naval exercises in Asia. We are also already inside the core western intelligence sharing arrangement. The case for joining AUKUS is thus rather weak, unless we simply wish to be a junior partner tagging along.

The [Quadrilateral Security Dialogue](#) (Quad) is another arrangement where some observers lament Canada's absence. Bringing together the US, India, Japan, and Australia, this revived grouping originally started by Japan in 2007, aims to combine assets in the region to counter the rise of China's expansionist maritime claims. If we wished to join and become a credible contributor to the Quad, as opposed to just a symbolic participant, it might require stationing more permanent military assets in the region, perhaps even a forward base of operations. To save costs, it would likely be necessary to co-locate naval and air assets with the Americans at

their bases in Japan. This would entail the complex diplomacy of pursuing bilateral and/or trilateral Defence Cooperation or even Status of Forces Agreements, with no guarantee of being welcomed in. Since it cannot be easily justified on a cost-benefit basis, it would require a bold political decision.

More realistically, while Canada should participate in efforts at deterring China from violating the status quo, deeper Indo-Pacific political-security engagement on any meaningful level would be an expensive departure from Canadian peacetime traditions. Absent a war, I would therefore expect the government to continue its current level of naval deployments and military cooperation, while stepping up political and military visits, and increasing embassy personnel. Increased development assistance supporting such themes as climate change and women's rights would fit with current government policy and play well domestically.

One substantive recommendation I would offer would be to advocate for a new Indo-Pacific organization modeled on the [Organization for Security and Cooperation in Europe \(OSCE\)](#), with the goal of bringing all governments (including China, North Korea, and Russia) together for permanent dialogue on security matters. Leading this "OSCIP" initiative would not be easy without making our own deeper military commitment, however. Despite having played a significant role in so-called Track II (non-governmental) security dialogues from the 1980s, we have not yet succeeded in gaining full membership in the [East Asia Summit](#) (EAS) security forum. We would, thus, need strong Asian partners. Singapore hosts the annual [Shangri-La dialogue](#) on defence and could be both a good advocacy partner and candidate location for such an organization. With its post-war traditions of promoting peace, Japan could also be a natural partner. This is no panacea for peace, and certainly no easy project, but it would attract attention and, if successful, at least foster ongoing dialogue, promote arms control, and help avoid accidental war. The emerging China-Russia alliance makes this more important than ever.

Options for Economic engagement

With relatively high GDP growth rates, Asia certainly offers opportunities for deeper engagement in the economic sphere. But astute readers will have spotted a problem: there are already too many trade agreements in Asia. Their differing rules can only lead to confusion for the actual businesses that need to navigate them. As noted, corruption in some places presents a further business challenge. Also, while China presents a potentially large opportunity for exporters and is already our second largest trading partner, it is tightly controlled by the state and notorious for unfair trade practices and intellectual property risks. Current setbacks in China's real estate and financial sectors, combined with draconian COVID-19 lockdowns, could well foreshadow its impending demographic decline caused by the former one-child policy.

Water management problems in China, India, and across the Indo-Pacific could equally spell a dimmer future for the region than we can imagine today.

While any Canadian Indo-Pacific Strategy will almost certainly commit to finalizing the trade pact with ASEAN, it remains debatable whether Canada should also seek to join both the RCEP agreement and the US-led IPEF talks. More meaningful would be an initiative to combine all these agreements into one set of harmonized trade rules, an effort that would probably be beyond Canada's capacities to lead but should at least be a goal of our advocacy. More modest supports for Canadian business are likely to appear in the eventual Indo-Pacific Strategy, combined with the beefing up of our trade and investment support capacities in the region and at home.

On the bilateral front, while there are a host of obstacles standing in the way of deeper economic engagement with the giants of the region – Japan's rapidly aging society and fragile public finances; India's recalcitrant positions on agriculture; Indonesia's chaotic business environment – the biggest handicap by far is US-China rivalry. And this is where the world is headed in a dangerous direction. The reversion to nationalism and regionalism, along with the denigration of globalism and the framing of competition in ideological terms, is a trend that needs to be strenuously resisted by countries like Canada. While COVID-19 taught us that reengineering some strategic supply chains will be necessary, the retreat from globalization recklessly undermines the post-WWII institutions put in place by the Allies to prevent another world war. The US has abused its leadership role and may well be in decline, unable to resolve any longer its own internal problems, but it is still the largest economy and predominant military power by far. The aggressive expansionist policies of the Chinese government, including refusal to comply with maritime law, the de facto takeover of Hong Kong, and threats to take control of Taiwan by force, are leading to a containment response from the US and its allies. This is a path that increases the risks of war.

An Indo-Pacific Strategy should draw on Canadian traditions and show some leadership in pursuing a different course. Though politically difficult, positive re-engagement with China on trade would be the main new feature. Holding China's government accountable for human rights abuses, aggression against others, unfair trade practices, and violations of international law is the right thing to do. Nevertheless, while working with the US on bringing strategic supply chains back to North America, Canada should also pursue sectoral agreements with China on agriculture and energy. Though never simple, trade in agriculture should be depoliticized, especially in the face of expected food shortages globally. Where tariffs and sanctions are currently applied, the goal should be to have them removed reciprocally.

Energy exports are far more controversial. Getting our own house in order by completing oil and gas pipelines to the west coast has proved to be a vexatious challenge. This, despite the fact that Canada is a nascent energy superpower and sending supplies to both China and Japan seems to be in most parties' interests. [China continues to increase the burning of coal](#) for electricity, importing supplies from Indonesia, Russia, Australia and elsewhere. It should be replaced by [LNG which emits half the CO2](#), as a transition to a cleaner energy mix that also includes renewables. Supplying Japan's energy needs would be particularly advantageous, given short shipping routes and strategic security considerations.

We share the same world atmosphere, so the fact that [China generates over 30%, India 7%, and Japan 3.5% of global CO2 emissions compared to Canada's 1.5%](#), means that basing our energy policy on Canadian emissions alone ignores our global responsibilities. That China is the world's largest supplier of [solar panels](#) and ranks just behind the US in exports of [lithium-ion batteries](#), and that Japan and China are both leaders in hydrogen energy, establishes the basis for mutually beneficial trade in the transition to our own 2050 net-zero Paris Agreement commitments. Not engaging with China on energy and allowing it (and India) to remain outside of the Paris commitments as a developing country, undermines efforts to achieve our collective targets.

Of course, deepening economic ties with Japan and China should in no way negate the need for deeper bilateral engagement with South Korea, India, and ASEAN giants Indonesia, the Philippines, and Vietnam. India is an enormous market hampered by restrictive trade practices and fractious relations with Pakistan and China. Encouraging it to open its markets should be an ongoing effort. Again, however, such a strategy hinges on getting our own supply side prepared to meet the demand that could be unleashed by all of these actions, a significant challenge domestically.

Towards an ever-vanishing finish line

In summary, aside from political decisions on seeking to join the veritable alphabet soup of ongoing political-security and economic initiatives of others (AUKUS, QUAD, IPEF, RCEP, etc), I would favour a differentiated Canadian Indo-Pacific Strategy, well-coordinated with the foreign service review, featuring specific initiatives to:

1. Advocate the harmonization of trade rules for the region;
2. Increase military and intelligence activities aimed at deterrence;
3. Promote the creation of an OSCE-like organization for the region;

4. Focus on Japan, South Korea, India, and ASEAN giants Indonesia, the Philippines, and Vietnam as priority countries for bilateral trade and investment intensification efforts;
5. Seek sectoral engagement with China on agriculture and energy, while working with the US on repatriating strategic supply chains to North America;
6. Strengthen foreign service political, trade, investment, immigration, and consular supports in the region.

These are all easier said than done. Pressing events elsewhere mean that it will take more time for the government to finalize its strategy. The autumn of 2022 is the current target, barring new crises. Discussions among the panel of advisors may yield fresh ideas, perhaps even outside of the political-security and economic issues contemplated here.

Having any kind of strategy is just a starting point of course. Government commitment to consistent implementation will be key. We've had five foreign ministers in six years, so consistency can be a challenge. Moreover, political-security and economic factors in Asia are dynamic and could change quickly. War over Taiwan is certainly within the realm of possibility, as are several other conflict and natural disaster scenarios. The finish line will always remain in the elusive future. Strategic procrastination could turn out to be a wise approach yet again.

In the end, if a new Indo-Pacific Strategy for Canada accomplishes nothing else besides articulating an enduring commitment to pursuing more focused goals and engagement in the Asia-Pacific, it will surely have contributed something meaningful to our foreign policy.



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