What should Canada be doing (and not doing) in ASEAN and Asia?

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In arguing the case for doing more in Asia it is useful to consider the broader foreign policy context, and to suggest practical measures that would advance real Canadian interests. This paper attempts to do both.

**CANADA’S LARGER PRIORITIES**

Looking at Canada’s broad foreign policy interests, its number one geographic priority should always be maintaining and strengthening relations with the United States, with which it has irreplaceable economic and security ties. Geography is destiny and investing significant resources in the continental relationship is a constant imperative. Arguably, a second geographic priority should be managing the challenges to territorial sovereignty in the Arctic. With increased global warming, Canada needs to devote more diplomatic and defence resources to defending its interests in the North. Third, given the return of dangerous Russian aggression, which will play out as much in the Arctic as elsewhere, a strong case can be made that Canada should be strengthening NATO alliance commitments, as well.

**ASIA IS AN ECONOMIC OPPORTUNITY**

Looking at the list of other geographic priorities, what exactly is the case for choosing Asia for special focus? Recognizing that it’s a question of emphasis rather than a zero-sum game, the normal arguments for doing more in Asia tend to focus rightly on trade and economic opportunities. Even with the current economic jitters in the region, the reasons for its economic importance are well known: the massive size of Asian markets, with three billion people, a combined GDP of $17 trillion and 40% of world trade; high growth rates; dynamism in manufacturing; demand for raw materials and finished products; opportunities in infrastructure and services; the emergent giants China and India; the importance of the Japanese economy; the rise of the Association of South East Asian Nations (ASEAN); and so on.

If Canada does emphasize Asia over other regions, then, it’s because we are ambitious to capitalize on the region’s economic opportunities, an ambition that flows from the immutable national interest of growing the Canadian economy.

**BUT ITS SECURITY ENVIRONMENT IS COMPLICATED**

Currently, Canada aspires to join the East Asia Summit and participate in other institutions where dialogue on Asian security takes place. This is fine. But, realistically, how vital is it to Canada’s own interests to deepen involvement in Asian security affairs?

The region is beset with potential and at times real conflict. Disputes over the South China Sea put China at odds with all of its littoral neighbours, as well as with the United States as the current guarantor of open shipping lanes. Twitchy Taiwan-China relations remain a flashpoint across the straits, and North Korea with its nuclear program threatens to upset not only the peninsula and the neighbouring region, but global order as well. At the other end of Asia, India and Pakistan remain at odds over Kashmir, with nuclear weapons and armies pointed at each other. Even within ostensibly harmonious ASEAN there is a considerable list of bilateral security disputes between member countries, not to mention internal security problems within them.
Would Canada’s greater involvement in the security institutions of Asia make a difference in resolving disputes, preventing conflicts, or mitigating security threats to Canada? While a noble thought, it’s probably the height of hubris to think so. Without retreating into isolationism, the lesson learned from Afghanistan is that Canada can have little effect on and is better off not being drawn into future conflicts in Asia unless a vital national security interest leaves no other choice.

Would greater involvement in Asia’s security institutions somehow boost Canadian economic and trade ambitions? It is difficult to find evidence that the two are directly connected, that Canada suffers economic repercussions from not being more involved in security, or that deepening security relations would advance Canadian interests more than would, say, negotiating additional trade agreements.

The argument for becoming more involved in security affairs in Asia, therefore, seems to rest simply on not wanting to be left out. While prudent diplomacy naturally compels Canada to participate in dialogue whenever possible, this should be kept low cost. Given that defence and security resources are scarce – and hard choices have to be made – it is difficult to argue that Canadian interests really demand a substantially larger role in security cooperation in Asia.

ADVANCING CANADIAN TRADE AND ECONOMIC INTERESTS

Returning to commercial interests in Asia, it is instructive that the United States is already moving ahead with practical measures to increase cooperation, rather than waiting for implementation of the stalled Trans-Pacific Partnership. The US-ASEAN Connect strategy, launched in February 2016 by President Barack Obama at the US-ASEAN summit in Sunnylands, California, focuses quite reasonably on building stronger connections on business, energy, innovation and policy coordination.
Enhancing Canadian economic and trade interests in Asia would mean following our own practical lines of engagement. But we should be realistic about the impediments to this as well. Distance is one obvious barrier, along with the fact that Canada’s road, rail and port infrastructure is more designed for north-south trade flows than flows toward Asia. More insidiously, corruption is rife in many Asian countries, and Canadian companies can be severely disadvantaged by it. Poor governance in parts of Asia compounds the problem. Courts are often the last place one would go for fair adjudication of disputes. Many of Asia’s big cities are choked with traffic and pollution, with inadequate infrastructure to cope. Poverty and street crime are common. Democracy and free media are the exception rather than the rule.

WHAT TO DO AND WHAT NOT TO DO?

While the list of challenges doesn’t negate the positives, the government’s thinking and approach does need to be nuanced and free of naïveté. A $12.5 million Global Affairs Canada (GAC) project channeled through the Conference Board of Canada to support Indonesian small and medium-sized enterprises (SMEs) and encourage more Canadian companies to invest in Indonesia, though well meaning, is but one example of resources that could clearly be better spent elsewhere. Before actively encouraging more Canadian companies to risk putting their money in any Asian market, the government would be better placed to educate them about, and work to change, the obstacles they will encounter. The government’s proper role is to help Canadian companies avoid or deal with the pitfalls that could thwart their success in an Asian market, as well as to attract and assist Asian investors interested in coming to Canada.

So where would the effort be better placed in pursuing Canadian interests? Here are five areas of focus along with practical, low-cost suggestions that would advance Canada’s economic and trade interests.

First, strengthen bilateral relationships by negotiating a trade deal with China and signing on to China’s Asia Infrastructure Investment Bank, enabling Canadian companies to access ‘belt and road’ infrastructure opportunities. At the same time, negotiate bilateral trade agreements with Japan, China, India and, if still possible, ASEAN, and negotiate science and technology agreements with all major Asian economies, linking Canadian universities and the business community with counterparts for collaborative innovation projects.

Second, strengthen regional cooperation by advocating implementation of the Trans-Pacific Partnership (TPP) agreement, as well as eventual convergence with the Regional Comprehensive Economic Partnership currently being negotiated among ASEAN and Asia’s giants. If TPP implementation remains stalled, the government should seek to secure those provisions most important to Canada through bilateral deals.

Third, increase trade support in the region and expand core services to include assisting foreign companies interested in Canada, as well as supporting global supply chains. Do so by internal reallocation in GAC, by encouraging the Canadian Commercial Corporation and Export Development Canada to put more staff in the region, and by inviting the provinces to assign trade representatives to Canadian missions and to GAC in Ottawa.

Fourth, refine Canadian development activities by equipping the new ASEAN ambassador with development funds to support ASEAN projects that align with mutual interests – e.g., energy,
climate change, fisheries and food security. She should also work through the ASEAN sub-groups to advance OECD-like Responsible Business Conduct guidelines, with corresponding national laws, to advance the fight against corruption. The Canada-ASEAN Business Council should be relocated from Singapore to Jakarta to work more closely with Canada’s ambassador and the ASEAN Secretariat. The Asia Pacific Foundation of Canada should focus more of its research on ASEAN priorities, also coordinating with the new ASEAN ambassador.

Fifth, facilitate increased people exchange by streamlining and dramatically speeding up visa services to increase the movement of business people, students and tourists. This is currently a major irritant for Asian visitors. The new Electronic Visitor Authorization should replace visas, not add the need for new permits for travellers from visa-exempt countries, such as Singapore and Japan. Canada should adopt the APEC Travel Card, and renegotiate bilateral air agreements to make conditions as favourable as possible for more direct air links between Canada and ASEAN.

In sum, doing more in Asia does offer potential commercial benefits to Canada. If the government were to build an Asia Strategy around these practical measures, it would be in a stronger position to expand access to Asian trade and economic opportunities, while fostering people-to-people linkages and raising Canada’s profile in ways that would advance our legitimate interests.
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