



CANADIAN GLOBAL AFFAIRS INSTITUTE
INSTITUT CANADIEN DES AFFAIRES MONDIALES

Positioning Canada in the Shifting International Order

Conference Report
May 8, 2018

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Panel I: Managing America First and the Trump Effect

Hon. Rona Ambrose, Hon. Jean Charest & Peter Donolo moderated by Colin Robertson

- Although most of us are still amazed by the outcome of the recent US election, Trump has remained consistent in his worldview and retains significant popularity among his core constituents – Canadians need to take this into account (Hon. Jean Charest)
- The “America First” agenda dominates Trump’s thinking and priorities, so Canadians need to wake up and realize the inevitable impact on our economy – “America First” means Canada may be third, fourth, or even fifth down the line (Hon. Rona Ambrose)
- Some see Trump as a populist, some see him as a demagogue – the truth is likely somewhere in between (Peter Donolo)
- On NAFTA, the Canadian government is doing a heroic job, but the political reality in the US is different than in Canada – there is a strong possibility Trump will simply say one day “this is not a good deal for us” and torpedo all progress on this file (Hon. Rona Ambrose)
- Upcoming presidential elections in Mexico and mid-term elections in the US may be critical turning points in the ongoing NAFTA renegotiations; at least there is relative consensus today among all Canadian federal political parties that free trade is good (Hon. Rona Ambrose)
- It is worth watching how closely the Legislative branch (the Congress and Senate) in the US aligns itself with the Executive branch (the Trump Presidency), regardless of the outcome of the US’ mid-term elections, because there are significant differences of policy – so will they fall in line or hold their ground?
- The Trump Administration is learning over time and realizing the value of allies and partners as they go, making incredulous demands at first but then finding compromises that work for them, from NAFTA to NATO to China (Hon. Jean Charest)
- Recently proposed tariffs on steel and aluminum imports from Canada and Mexico (among others) is distracting the US from finding common cause with its NAFTA partners and balancing against an increasingly competitive and powerful China

Managing Canada’s International Interests Overview: Ian Shugart, Deputy Minister, Global Affairs Canada

- Canada must confront hostile states that are challenging Western interests in various domains: cyber, borders, elections, human rights
- Today’s hotspots include the Rohingya refugees in Myanmar, nuclear weapons development in North Korea, authoritarian regimes and autocratic tendencies worldwide (Turkey, Egypt, Venezuela, the Philippines, etc.)



- Challenging our assumptions and engaging those we disagree with is healthy, but Canada must never compromise on its basic convictions in human rights, gender equality, democracy and the rule of law
- Free trade and inclusive growth are the pillars of a stable international system
- As a medium-sized country, or middle power, Canada punches above its weight but cannot prevail on its own; we must continue to bolster alliances and multilateral organizations and institutions since we are stronger when we act through them
- Canadians trading with or traveling around the world are the best diplomats; people-to-people ties are so important for building productive working relationships between people and countries around the world

Panel II: An Energy Superpower? Or Hamstrung by Social License and Provincial Bickering?

Ian Brodie, Mike Cleland & Monica Gattinger moderated by Kelly Ogle

- The controversy surrounding the Kinder Morgan pipeline project is a case that crystalizes all the challenges in multi-level decision-making facing Canadian politicians. What is Canada going to learn from this “teachable moment”? (Monica Gattinger)
- University of Ottawa’s “[Positive Energy](#)” reveals challenges with animal metaphors:
- Many Horses Have Left Many Barns (changing social values; technology)
- Many Elephants in Many Rooms (policy gaps in energy regulation)
- The Sitting Ducks (energy decision-making processes) (Monica Gattinger)
- Canada’s energy production capabilities are in excellent condition given current market conditions (increasing US production and consumption, growing global demand, rising oil prices), but the political will to capitalize on them is missing (Ian Brodie)
- The focus should not be solely on reducing oil sands emissions, which do little for the climate in the long run anyway, but on a comprehensive long-term transition away from a carbon-intensive and towards a low-greenhouse gas profile while maintaining regional energy diversity and international political credibility (Mike Cleland)
- There is no “cheap, clean, easy” energy; all energy use and development has trade-offs, so we need stakeholders to better understand what they are and then help politicians deal with them (since difficult trade-offs are anathema for them) (Mike Cleland)
- The federal government must begin its discussions with stakeholders with the assertion that “pipeline must be built and product must be moved to market”; otherwise, if this is the priority, there is no point in having a discussion since pipeline activists and opponents do not always act like stakeholders (Ian Brodie)
- Revisiting the national pipeline debates of the 1950s and 1960s, it is worth recalling that the National Energy Board was created precisely to avoid the partisan fights we see today



on Parliament Hill and to get non-partisan, long-term strategic direction for the best possible energy policy advice

Keynote Speaker: Hon. Jim Carr, Minister of Natural Resources

- We have to look at ways of getting our energy to markets sustainably; better access to growing Asian markets would ultimately create more, better jobs here at home
- Three pillars of pipeline politics: economic development, attractiveness of investments, and monitoring mechanisms with Indigenous peoples
- Energy cooperation underpins North America's overall competitiveness since the US and Canada often have greater north-south than east-west energy relationships
- The best barometer of how Canada is seen within the G7 and G20 is its capacity to innovate combined with its environmental protection and energy sustainability
- Canada is a good place to invest, and the future is bright; Canadians should talk more about global rather than merely "Canadian" or "North American" energy

G7 Overview: Peter Boehm, G7 Sherpa

- During a time of increasing nationalism and economic uncertainty around the world, the stakes are high as Canada assumes the G7 presidency on June 1 and hosts G7 leaders in early June in Charlevoix, QC
- The G7 must promote the rules-based international order built around democracy, human rights, the rule of law, and territorial integrity while protecting itself from cyber-threats and other security-related challenges
- Trade and growth are key, i.e. warding off protectionism, leveraging new sources of investment, integrating new technological opportunities (STEM, education, digital literacy, dealing with AI)
- Notably, a gender equality advisory council was created for this round of G7 meetings with all partners fully on board (co-chaired by Melinda Gates)
- Five themes chosen by Prime Minister Justin Trudeau for this set of meetings: inclusive economic growth; preparing for the jobs of the future; advancing gender equality and women's empowerment; combating climate change, protecting the oceans, and promoting clean energy; building a more peaceful and secure world

Panel III: What Do We Want Out of Charlevoix?

Thomas d'Aquino, Dan Hays & Janice MacKinnon moderated by Chris Waddell



- The G7 is a unique forum for promoting Canadian values to the rest of the world; Canada should focus on critical issues (for itself) and consensus issues (for all) (Janice MacKinnon)
- Gender equality and women's empowerment are not just socially desirable for Canada – there are strong political and economic arguments to be made as well (Thomas d'Aquino)
- G7 leaders should affirm their support for free trade but recognize its downsides and work towards addressing them, like preparing G7 citizens for jobs of the future (Janice MacKinnon/Dan Hayes)
- Populism is only going to become a bigger problem for the West, including Canada, as people lose their jobs to globalization and technological shifts in the workplace and feel like their governments are not doing enough to address their concerns (Janice MacKinnon)
- The downsides of free trade (growing inequality, job displacement, and limited tools to deal with these problems) must be balanced with the capacity to retrain workers and rescale economies to absorb future shocks to local social systems (Janice MacKinnon)
- G7 and G20 partners must engage the big-tech companies collectively to effectively address its citizens' privacy and security concerns; ultimately, discussions are important, even if consensus is not always possible (Janice MacKinnon)

Selling Canada Abroad Overview: Ailish Campbell, Canada's Chief Trade Commissioner

- With \$660 billion in Canadian exports just last year, \$110 billion of them in highly valued services, there are plenty of reasons for Canadians to be optimistic
- 1,200 small and medium-sized enterprises (SMEs) account for 20% of exports
- 70% of total trade is with the US, a dynamic and historically reliable market, but China is growing more quickly and is the next-biggest market after that of the US
- The provinces are innovating, whether the federal government can keep up or not; British Columbia is the first province to diversify its trade, with over 50% of exports destined for markets other than the US
- Since the demand for clean-tech products is huge, it is worth partnering with and harnessing the innovative capabilities and technologies of the resource sector
- New Canadians open businesses as soon as they immigrate to import and export with their home countries, so Diaspora populations are great future innovators

Panel IV: The China Challenge?

**VAdm (ret'd) Bruce Donaldson, Deanna Horton, Amy Karam & Rob Wright
moderated by Sarah Goldfeder**



- China has a different philosophy of doing business in the world, as well as different understandings of its place in the world; we need to understand what these new philosophies are, then adapt our business practices to get the most out of them (Amy Karam)
- Understanding China better reduces the risks and dangers of miscalculation (Bruce Donaldson)
- Canada's ability to access global markets depends on its ability to engage China, especially the small and medium-sized enterprises (SMEs) located in China (Deanna Horton)
- Renegotiating NAFTA with the US and Mexico while simultaneously exploring free trade talks with China is a delicate balancing act for Canada; Trump is focused on reducing trade imbalances, protecting intellectual property, leading in cyber-security and artificial intelligence, and getting concessions on North Korea (Rob Wright)
- Canada should be working to reassure both the US and China that it is interested in exploring trading relationships that benefit all parties and exclude neither of them (Rob Wright)
- The US must be encouraged to pursue its legitimate interests within the framework established by the World Trade Organization (WTO) rules and rejoin the Trans-Pacific Partnership (TPP) talks to more constructively engage in the region (Rob Wright)
- Canada should of course project its values proudly but not as a prerequisite for engaging with China; free trade talks do not depend on social change in China (Rob Wright)
- Given China's ambitious "Made in China 2025" and Belt and Road Initiative, Canadians are uniquely positioned to cater to China's growing aspirations (Deanna Horton)
- If China is better at building and maintaining infrastructure in the Arctic, why would Indigenous communities say no to them just because they are technically in Canada?
- A more substantive presence in the north means China will be better able to station and supply long-term bases, carry out search and rescue operations, prioritize and allocate resources, engage in surveillance and monitoring, and so on, which also means there are more likely to be opportunities for partnering with Canadians (Bruce Donaldson)
- As climate change opens up more inland waterways and shipping lanes to outsiders, Canada must find new ways to peacefully but forcefully assert its sovereignty there (Bruce Donaldson))
- The latest defence strategy document (Strong, Secure, and Engaged) allows Canada to respond to up and coming challenges in the Arctic, but China will continue to push its limits, so Canadian policymakers must balance the risks ahead (Bruce Donaldson)

Panel V: What G7 Partners Want Out of Charlevoix?

H.E. Kimihiro Ishikane (Japan), H.E. Susan le Jeune d'Allegeerschecque (UK), H.E. Kareen Rispal (France), H.E. Sabine Sparwasser (Germany), H.E.



Peteris Ustubs (EU) & Fabrizio Nava (DCM, Italy) moderated by Kathleen Monk

- International solidarity, the importance of democracy, free trade, and the rule of law are G7 countries' shared values, so the G7 is the place to reaffirm those principles
- The G7 is the premier international forum to coordinate joint responses to the inevitable economic disruptions, as witnessed in the 2007-08 global recession, and to collaborate to tackle future problems, like rising unemployment and inequality
- Russia's behaviour in East Europe challenges the international order by interfering in Western countries' democratic elections, violating the territorial borders of a sovereign Ukraine, and enabling the use of chemical weapons in Syria
- Information and intelligence-sharing to thwart international terrorism and counter cyber-warfare techniques, including disinformation campaigns, are major concerns
- All G7 countries want to see North Korea's complete denuclearization, as well as reduced tensions with Iran to minimize the risk of nuclear proliferation, with or without the US since Trump's fateful decision to pull out of the Iran nuclear deal
- With France taking over the leadership of the G7 in 2019, climate change (and the Paris Accords) are of course going to be one of its biggest agenda items
- Many challenges lie ahead, but many opportunities as well

Panel VI: Wrap-up Conversation

Hon. Andrew Leslie & Hon. Erin O'Toole moderated by Jeffrey Simpson

- Trudeau and Trump have a genuine rapport, and that's not a bad thing (Hon. Andrew Leslie)
- How does Canada play a traditional bridging role when the US wants to abandon, or at least weaken, the liberal international order that has essentially prevailed (and that the US itself helped to establish) since the end of World War II in 1945?
- Canadians are strategically situated between the British, French, and Americans, so its history as well as geography allow it to act as a natural broker; Canada is an intermediary in the sense of what Churchill referred to as the lynchpin
- NAFTA is way more complex of a trade deal than the Canada-Europe Trade Agreement (CETA) or the Trans-Pacific Partnership (TPP), so let's give the Americans some credit and engage in good faith in the renegotiation talks (Hon. Erin O'Toole)
- Canada is the US' most important trading partner (through NAFTA) and security partner (through NORAD), so Canada should leverage that insight into the relationship to help the US see the value of other partnerships

► **Canadian Global Affairs Institute**

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The Institute was created to bridge the gap between what Canadians need to know about Canadian international activities and what they do know. Historically Canadians have tended to look abroad out of a search for markets because Canada depends heavily on foreign trade. In the modern post-Cold War world, however, global security and stability have become the bedrocks of global commerce and the free movement of people, goods and ideas across international boundaries. Canada has striven to open the world since the 1930s and was a driving factor behind the adoption of the main structures which underpin globalization such as the International Monetary Fund, the World Bank, the World Trade Organization and emerging free trade networks connecting dozens of international economies. The Canadian Global Affairs Institute recognizes Canada's contribution to a globalized world and aims to inform Canadians about Canada's role in that process and the connection between globalization and security.

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