

## Major foreign policy rethink coming in 2012

SNEH DUGGAL (feat. JL GRANATSTEIN)

Embassy  
December 14, 2011

Canada is headed towards a fundamental re-shaping of its foreign policy, say observers.

In 2011, after Prime Minister Stephen Harper's party solidified its control over Canadian political institutions by achieving a majority in both the House and Senate, he began to establish what many felt were the beginnings of a shift in longstanding Canadian policy.

"We know where our interests lie, and who our friends are," he declared at a Conservative convention in June.

Then in November, the Canadian Press reported that the Department of Foreign Affairs and International Trade was in the midst of authoring a sweeping foreign policy review ordered by Mr. Harper when Foreign Minister John Baird was given his portfolio.

Coupled with the government's favoured approach to seeing international issues through an economic lens, many expect Canadians to see some signs of a major rethink in 2012.

"There may be some kind of indication of whether some sort of new posture is coming," said Adam Chapnick, deputy director of education at the Canadian Forces College and associate professor of defence studies at the Royal Military College of Canada.

There will be a shift towards economic objectives, said Joe Jordan, former Liberal member of Parliament and a senior consultant with Capital Hill Group.

Trade agreements, and other activities that can be directly linked to being in the economic interests of Canada will be focused on, he argued.

Aside from this, there are various issues to keep watch for in each area of foreign policy:

### **Trade**

This past year, the international community was roiled by the European debt crisis. Last week, most countries in the region agreed for a majority of EU countries to move towards fiscal integration, but not without significant wailing and gnashing of teeth. The pain could hit Canada too, say observers.

Canada's growth declined 0.4 per cent during the second quarter, and while third quarter growth picked up to 3.5 per cent, many analysts expect fourth quarter results to be more subdued.

John Curtis, former chief economist in DFAIT, said countries are going to be focused on getting their economies rolling again, and while it will likely be "below the radar," Canada has an interest in the outcome.

"It could slow our growth down, whatever growth we have," Mr. Curtis said.

"If Europe really goes through short term austerity and has no growth, especially countries we trade most with—Great Britain, Germany and France—that's going to affect our export sector for the next year or so."

He said the economy would also be a focus at home. He argued there has been complacency and self-satisfaction in some government circles with how Canada fared during the economic slowdown, but that after a couple of quarters of very slow growth, the government will be forced to put out fires.

"They've given signals. When the prime minister and the minister of finance talk about flexibility, that's a code word for changing policy if necessary."

Former Canadian ambassador to the UN Paul Heinbecker also said the government is likely to emphasize trade next year, with a focus on the EU and India deals along with Canada's relationship with Asia in general.

In 2012, one highlight of Canadian policy will be development on the Trans-Pacific Partnership agreement, said Nipa Banerjee, a professor at the University of Ottawa. Analysts will be closely watching the possibility of Canada's entry into the TPP trade talks, now that the government has reversed course on years upon years of rhetoric and announced it was ready to join.

"To my mind, it isn't a done deal, it's not a given that we'll be accepted as a member, our officials will have to work hard to ensure that we can gain entry into the negotiating group," added Yuen Pau Woo, president of the Asia Pacific Foundation of Canada.

Canada's supply management system of dairy and poultry was called into question after Prime Minister Stephen Harper's announcement, because protection of these sectors was seen as the reason Canada has been called out by the likes of New Zealand's prime minister, for example.

"There has to be a lot of discussion around that; the government seems to be of the view that it can both join the TPP and maintain supply management, and I don't think that's going to be the case," Mr. Heinbecker said.

Mr. Curtis said he suspects the government will give "quiet signals in the trans-pacific area that they're willing to look at changes" to Canada's supply management system.

Meanwhile, Canada and the European Union completed the ninth round of negotiations on Oct. 21 in Ottawa, and are working towards a deal that is said to be larger in scope than NAFTA. With the debt crisis, it is not entirely clear whether the Europeans really want to close the deal, said Mr. Curtis.

He said the date of a Canada-EU summit would likely be tied to progress within the trade talks. The government website states that the annual summit is a chance for the prime minister to meet with the president of the European commission. While a date has not yet been announced, Mr. Curtis said the summits often take place in May or June.

"My sense is that with the Canada-EU summit, if it is scheduled, we'll either have the agreement in hand or be very close to it," he said.

An increased shift to Asia is also expected next year. After the United States government delayed a final decision on the Keystone XL pipeline until after the 2012 presidential elections, Mr. Harper said he would boost efforts to supply energy to Asia.

The fourth round of free trade talks with India are being held this week from Dec. 13-15 in Delhi. Mr. Curtis said negotiations for the deal will continue throughout 2012, but he expects them to be slow. Canada and China are also negotiating a foreign investment and protection agreement, which will probably be signed next year close to the Asia-Pacific Economic Cooperation summit, Mr. Curtis said.

Mr. Woo said he would also be watching for Mr. Harper's visit to China.

"We had thought that he might go on the margins of the APEC meeting, but it didn't happen so we'll be looking for that," he said.

## Defence

After Lt.-Gen. (Ret'd) Andrew Leslie's Report on Transformation 2011 hit the public, procurement and management of the Department of National Defence became big issues in Fall 2011.

Philippe Lagassé, assistant professor of public and international affairs at the University of Ottawa, expects that to continue in 2012. He said the departmental strategic review and finding efficiencies within the department and the Canadian Forces would preoccupy the government.

The government's promise to spend tens of billions of dollars on 65 F-35 fighter jets in the next few years would continue to be a major issue, he said. After months of wrangling with opposition leaders and experts over the cost of the jets, Associate Minister of National Defence Julian Fantino said on Dec. 12 that the number that would be purchased is not set in stone.

Mr. Lagassé said there would also likely be movement on the \$33 billion in federal shipbuilding contracts that were announced Oct. 20, in terms of the actual contracts for the ships now that the yards have been selected.

Canada completed its military activity in Libya as part of a NATO-led mission at the end of October. Mr. Lagassé said he is skeptical there will be further military involvement there.

"The government has made it quite clear that the Libya mission is over as far as it's concerned," he said.

"Unless there were turnaround on the part of the United States, the United Kingdom and France and suddenly deciding that the alliance had to get deeply involved, I certainly don't see Canada attempting to move that forward or pushing for it."

That leaves the country's training mission in Afghanistan, which is scheduled to continue until 2014.

"The way that Afghanistan will play out will depend on how safe the mission is," said Mr. Chapnick.

"If there are fatalities, there will be calls for asking why we're still there, there will be criticism of the way that we're doing things; although the government has warned us that this is still dangerous work, a good portion of the Canadian public believes that the worst of it is over."

Mr. Lagassé agreed that more casualties could mean more scrutiny of the mission. But unless it's quite severe, the government would be able to weather any real criticism, he said.

"The strategy seems to be to simply no longer speak about it, to constantly stress that the combat mission is over, and that we're doing our part in other ways."

Unless there is another major NATO intervention somewhere, Mr. Lagassé said he doesn't see Canada doing anything internationally beyond Afghanistan.

"The force seems to more concentrated right now on renewing itself, resting, re-equipping and trying to arrive at the best possible solution in terms of strategic review and cuts within the forces and the department."

J.L. Granatstein, a senior research fellow at the Canadian Defence and Foreign Affairs Institute, said he doesn't expect Canada to be back in Libya. But he added that he wouldn't be surprised if Canada decides to send troops to Syria. The government has already imposed sanctions on President Bashar al-Assad's regime.

But it is likely that the government will place further sanctions on Syria, said Walter Dorn, associate professor and chair of the security and international affairs department at the Canadian Forces College. A weapons embargo is a likely sanction for Syria, he said.

## **Development and aid**

Observers say the Canadian International Development Agency is revamping its list of focus countries. If it does so, mineral-rich countries could become new favoured nations because of the links with Canadian mining firms, they say.

"I think CIDA will redefine its list of priority countries, adding Mongolia because of its natural resources," said Stephen Brown, associate professor of political science at the University of Ottawa. International Co-operation Minister Bev Oda visited the mineral-rich country in August.

A directive approach will also likely increase with CIDA, said Mr. Brown, which means non-governmental organizations receiving aid would have less say in the sectors or projects they work on. He said he also expects there to be a greater link between the private sector and development.

Fraser Reilly-King, a policy analyst of aid and international co-operation for the Canadian Council for International Co-operation, said the government's aid agency appears to be developing a private sector strategy, and he will be interested in the extent to which their focus on the private sector "really just relates to the mining industry."

Mr. Harper announced the creation of the Canadian International Institute for Extractive Industries and Development on Oct. 27. The institute is meant to "conduct policy research to identify best practices in extractive industries and help communities and governments in developing countries."

This built on Ms. Oda's announcement in September of four projects in Africa and South America that would aim to help developing countries manage their natural resources to reduce poverty.

"They're going to probably be looking at more and more challenge funds—where the government funds some money and tries to leverage additional money from the private sector," Mr. Reilly-King said.

## **Immigration**

The process to overhaul Canada's system of admitting parents and grandparents into the country will continue through 2012. Immigration Minister Jason Kenney announced in November that the department would be looking at implementing changes to the backlogged system; a two-year pause on new applications was announced along with a 2012 quota increase to deal with already submitted applications. Consultations with Canadians will also be held next year.

"No new applications are expected for up to two years, so they've given themselves some time to work on this, the process will certainly start [next] year," said Martin Collacott, a former Canadian diplomat who currently studies immigration policy and the treatment of refugees as a senior fellow with the Fraser Institute.

Reforms to the country's refugee system that were passed last year are set to come into effect in June 2012. But some think that there might be further reforms to the legislation.

Mr. Collacott said it is possible they will revisit the legislation before its final implementation.

Sharryn J. Aiken, associate dean and associate professor at Queen's University's law faculty, shared this thought.

"There have been rumors that the government is actually thinking of putting some sort of hold on the implementation date...a big question for 2012 is, are these reforms going ahead as planned, or is some radical surgery taking place?" she said.

The government will also pursue Bill C-4, its human smuggling bill, said Mr. Collacott. Mr. Kenney had said he hoped to pass the bill before Christmas, but it is at its second reading in the House.

## Foreign Affairs

The first half of 2011 saw nations keeping close watch on the Arab Spring uprisings. In 2012, ongoing attention will be paid to countries undergoing transitions, said Robin MacLachlan, a communications and government relations consultant at Summa Strategies and a former NDP staffer.

"It will be interesting to see how Canada engages with any new governments," Mr. MacLachlan said.

How the government plans to deal with fragile countries and the sources of political tension that threaten international security remains to be seen, Ms. Banerjee said.

Meanwhile, the end of 2011 was fraught with talks around international climate change negotiations and Canada's dwindling reputation, culminating in Environment Minister Peter Kent's announcement on Dec. 12 that Canada would withdraw from the Kyoto Protocol.

Globally, there will be a lot of activity on the climate change front, said Matthew Paterson, a professor with the school of political studies at the University of Ottawa and a lead author for the UN's Intergovernmental Panel on Climate Change.

Countries agreed during the UN climate change conference in Durban that they would work towards creating a new international climate change agreement by 2015.

Countries will start putting together position papers early next year, but Mr. Paterson said it is unlikely the government will deviate from its emissions reduction target of 17 per cent below 2005 by 2020. He said Canada's capacity to be seen as serious at the negotiating table would be challenged because of the Kyoto withdrawal.

Also in the works is the recently announced Canada-US border deal. Goldy Hyder, a Conservative strategist and general manager of the Ottawa office of public affairs and PR firm Hill & Knowlton, said one could expect to see the early days of the implementation of pilot projects of the deal in 2012.