



**CANADIAN GLOBAL AFFAIRS INSTITUTE**  
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# **Canada and Asia: Prosperity and Security**

by **Marius Grinius**  
June, 2015



# POLICY PAPER

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## ► Executive Summary

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Arguably the mid-1990s were Canada's "Golden Age of Asia", highlighted by the Team Canada trade visits by Prime Minister Jean Chretien and the provincial Premiers to China, India, Pakistan and Japan, as well as to Indonesia, Malaysia, the Philippines, Vietnam and Thailand. At the same time Canada played a prominent role in Asian security matters. This included Canadian expert participation in multilateral discussions on the South China Sea and in the North Pacific Cooperative Security Dialogue, a Canadian initiative. That particular Golden Age culminated with the Government proclaiming 1997 as "Canada's Year of Asia Pacific". Trade statistics indicate that Canada has once again rediscovered Asia, at least in terms of commercial prospects. What is less clear, however, is Canada's commitment to the security and stability challenges that Asia continues to face.

Notwithstanding all of the positive indicators of economic success in the Asia-Pacific region and all of the incentives for even greater prosperity within a predictable and peaceful environment, there are still many instances of potential military conflict that could jeopardize Asia's economic successes.

While Canada has considerable economic interests in Asia Pacific, its security record there is modest. Now, when China is our number two trading partner and Japan is number three, when we have our first Asian Free Trade Agreement, when we are looking to closer economic ties with the Asia-Pacific region, it would make sense for Canada to contribute more substantially to Asia Pacific's long-term stability and security architecture. It has in the past.

Canada has expressed its desire to join the East Asia Summit and the ASEAN Defence Ministers Meeting Plus Forum. It appears, however, that ASEAN is still not quite convinced of Canada's commitment to Southeast Asia, or to Asia, and continues politely to stall until such time as Canada can show a serious, long-term track record of participation in ASEAN strategic and security priorities. The Asian way requires frequent and consistent face-time. Relationships matter. The regular message from polite ASEAN interlocutors remains the same: where is Canada?

From the late 1980s and to about 2006, Canadian academic experts were closely involved in all relevant Asian fora, including the Pacific Economic Cooperation Council, the Council for Security Cooperation in Asia Pacific and the North Pacific Cooperative Security Dialogue. The Canadian Consortium on Asia Pacific Security, a group of some one hundred researchers across Canada, was highly active in Track II diplomacy (informal, non-governmental and unofficial) on Asian security issues. This included Canadian Law of the Sea experts who addressed South China Sea issues, a ten-year effort co-hosted and funded by Indonesia and CIDA. Government of Canada funding for this type of work, however, has dried up. All current Canadian Track II efforts are funded by private institutions. Just when China is taking an aggressive stance in the South China Sea, Canada is absent.

Canada must demonstrate a stronger and more consistent commitment to Asia that goes well beyond the economic-commercial dimension. It must include a robust defence and security dimension. Canada has, for now, chosen to emphasize a mercantile foreign policy. Such an

approach, however, must not ignore the need for a strong defence policy anchored within a vigorous foreign policy that is able to meet the challenges of the twenty-first century. This applies to Canada's approach to the Asia-Pacific region as much as to the rest of the world. Neither a "Global Markets Action Plan" nor a separate "Canada First Defence Strategy", both formulated in a policy vacuum, is sufficient. There is a serious need for a Foreign Policy and complementary Defence Policy review, one where the Asia-Pacific region will be prominent.





Arguably the mid-1990s were Canada's "Golden Age of Asia", highlighted by the Team Canada trade visits by Prime Minister Jean Chretien and the provincial Premiers to China, India, Pakistan and Japan, as well as to Indonesia, Malaysia, the Philippines, Vietnam and Thailand in Southeast Asia. That period also saw a steady stream of visits to Asia by Canada's Trade Minister, provincial delegations and individual Canadian companies representing the spectrum of Canadian goods and expertise, from natural resources through to high technology and services. At the same time, Canada was playing a prominent role in Asian security matters. This included Canadian expert participation in multilateral discussions on the South China Sea and in the North Pacific Cooperative Security Dialogue, a Canadian initiative.<sup>1</sup> Indeed, that particular Golden Age culminated with the Government proclaiming 1997 as "Canada's Year of Asia Pacific". Some observers, however, later noted that there seemed to be a cyclical political re-discovery of Asia approximately every ten years or so. You could set your watch to it. Trade statistics would indicate that Canada has once again rediscovered Asia, at least in terms of commercial prospects. What is less clear, however, is Canada's response to the security and stability challenges that Asia continues to face.

### PROSPERITY: THE TRADE/ECONOMIC PERSPECTIVE

The daily news summary produced by the Asia Pacific Foundation<sup>2</sup> inevitably begins with a list of new Canadian commercial successes in Asia. Prime Minister Modi of India recently completed a successful visit to Canada where the emphasis was on trade, better economic relations and closer civil-nuclear cooperation.<sup>3</sup> Modi's visit was followed by the President of the Philippines, where strengthened bilateral relations with Canada largely seems to mean promoting two-way trade and investment. Perhaps spurred by the Philippine visit, there have been various articles in the Canadian media urging greater Canadian commercial ties with Southeast Asia.<sup>4</sup> International Trade Minister Ed Fast's most recent official visit was to the Philippines where he also chaired a Canada-ASEAN Business Council meeting.<sup>5</sup>

Five of the top twenty global economies (G20) are Asian, six when you count Australia as part of the Asia-Pacific region.<sup>6</sup> Perhaps of greater significance is the annual percentage growth of GDP in the region. Whereas the World Bank gave Canada a 2.0 per cent growth rate for the 2010-14

<sup>1</sup> External Affairs and International Trade Canada, "Canada and Asia Pacific Security: The North Pacific Cooperative Security Dialogue," *Policy Planning Staff Paper No.92/3*, March 18 1992. Two-track governmental and non-governmental approach with focus on China, North Korea, Japan, Russia, South Korea, United States and Canada.

<sup>2</sup> <http://www.asiapacific.ca>.

<sup>3</sup> Government of Canada, "India-Canada Joint Statement," April 15 2015 at [http://news.gc.ca/web/article-en.do?nid=964969&\\_ga=1.60296302.2106219194.1434385345](http://news.gc.ca/web/article-en.do?nid=964969&_ga=1.60296302.2106219194.1434385345).

<sup>4</sup> Canadian International Council, "Power Shifts and Vibrant Economies: Canada awakens to the opportunities and risks in Southeast Asia," Report of a conference organized by the CIC National Capital Branch's Foreign Policy Initiative, November 25 2014 at <http://opencanada.org/event/cic-national-capital-power-shifts-vibrant-economies-canada-awakens-to-the-opportunities-and-risks-in-southeast-asia/>.

<sup>5</sup> Foreign Affairs, Trade and Development Canada, "Minister Fast Leads Trade Mission to the Philippines," 22 – 28 May 2015 at [http://www.international.gc.ca/commerce/visit-visite/philippines-2015.aspx?lang=eng&\\_ga=1.65978605.2106219194.1434385345](http://www.international.gc.ca/commerce/visit-visite/philippines-2015.aspx?lang=eng&_ga=1.65978605.2106219194.1434385345).

<sup>6</sup> G20 Research Group, "G20 Information Centre" at <http://www.g20.utoronto.ca>.



period, China cruised along at 7.7 per cent, India at 6.9 per cent, Indonesia at 5.8 per cent and Korea at 3.0 per cent. Japan's was a more modest 1.6 per cent.<sup>7</sup> China has long surpassed Japan as Canada's second-largest trading partner in the world after the United States.

Free-trade agreements (FTAs), one measure of economic vitality, appear to be popular among the forty-six Asian economies that are tracked by the Asia Development Bank. Their high FTA numbers would indicate that these economies are open to trade both within the region and globally. Singapore is the Asian record-holder with thirty-three FTAs, followed by Japan with twenty-four. China and South Korea have twenty-two each. Even Samoa, Tonga and Tuvalu boast four FTAs each and Bhutan three. Only Timor-Leste has none, at least for the time being.<sup>8</sup> The ten members of the Association of South East Asian Nations (ASEAN) are pursuing the Regional Comprehensive Economic Partnership with its bilateral FTA partners, Australia, China, India, Japan, New Zealand and South Korea. In parallel to Japan, South Korea and China are negotiating a three-way FTA, with the latter two having recently completed their bilateral FTA. ASEAN is also looking to establish the ASEAN Economic Community by the end of 2015 as a single market and production base much like Europe's. Perhaps the most significant ongoing trade negotiation is the twelve-country Trans-Pacific Partnership (TPP) which includes the United States, Japan and Canada, as well as four ASEAN members, but not China or South Korea. If anything, this spaghetti bowl of FTA agreements and negotiations underlines the economic dynamism of the Asia-Pacific region and its pursuit of even greater prosperity.

In contrast, NAFTA aside, Canada's FTA record has been more modest. It has included agreements with smaller trading partners such as Costa Rica, Honduras and the European Free Trade Association (EFTA).<sup>9</sup> The Canada and European Union Comprehensive Economic and Trade Agreement (CETA) has been signed; but, it now faces what may be a lengthy ratification process. There have been several South American successes (Colombia, Chile and Peru). The FTA with South Korea may well be a bridgehead into Asia where there are ongoing bilateral FTA negotiations with India, Japan and Singapore, plus exploratory talks with Thailand, and most recently, the Philippines.<sup>10</sup> Domestic considerations over its supply-management system may yet scuttle Canadian participation in the TPP.

On November 27, 2013 Trade Minister Ed Fast announced the "Global Markets Action Plan" which was to target emerging markets with broad Canadian interests, emerging markets with specific opportunities and established markets where Canada will maintain its competitive edge. This initiative sparked a debate as to whether Canada's foreign policy agenda was being subsumed by the concept of "economic diplomacy" whereby "...all diplomatic assets of the government of Canada are harnessed to support the pursuit of commercial success by Canadian

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<sup>7</sup> "World Bank Open Data," World Bank at <http://data.worldbank.org>.

<sup>8</sup> Note that these statistics are based upon a generous Asian Development Bank definition of a FTA, which also encompasses economic cooperation agreements and FTAs expected to be finalized.

<sup>9</sup> EFTA is comprised of Iceland, Liechtenstein, Norway and Switzerland.

<sup>10</sup> Foreign Affairs, Trade and Development Canada, "Canada's Free Trade Agreements," last modified June 8 2015 at <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fta-ale.aspx?lang=eng>.



companies and investors.”<sup>11</sup> Some commentators called this the “trade-first and trade-only approach.”<sup>12</sup> Others, including former Ambassadors, however, noted that this was what embassies abroad did as a matter of routine. Trade and investment statistics will eventually show whether the Global Markets Action Plan has had a significant value-added impact on Canada’s international economic success.

In terms of Canada’s bilateral merchandise trade, China has long overtaken Japan as Canada’s second-largest trading partner. Canadian merchandise exports to China have almost doubled to \$20.6B in five years. In 2014, however, Canada’s trade deficit with China reached almost \$40.0B as imports climbed to \$58.6B. Total trade with Japan has averaged about \$24.0B, with South Korea about \$11.5B, with India modest growth to \$6.4B, with Australia about \$3.5B, with Indonesia about \$3.5B and with Singapore roughly \$2.5B. Now that the Canada-South Korea FTA is in effect, it is expected that bilateral trade will significantly increase.<sup>13</sup> While Australia and China announced the conclusion of their bilateral FTA on November 17, 2014 with an official signing planned in 2015,<sup>14</sup> Canada continues to hesitate to follow Australia’s example, despite the current trade imbalance with China. There is also ongoing Canadian hesitation whether to join the Chinese-led Asian Infrastructure Investment Bank initiative which is currently opposed by the United States and Japan. On the other hand, Canada recently became a trading hub for China’s currency, the renminbi.<sup>15</sup>

The Asia Pacific Economic Cooperation (APEC) forum whereby Asian countries and Russia are joined across the Pacific by Canada, the United States, Mexico, Peru and Chile, continues to thrive. Its ongoing success may be measured by the fact that leaders, including the Prime Minister of Canada, consistently attend.

While immigration trends and numbers of foreign students in Canada are not central to this paper, it should be noted that over the past ten years China, the Philippines, India and Pakistan were the top four source countries of immigrants, while South Korea was tenth. Among foreign students studying in Canada, China, India (surging from 2011 on) and Korea were the top three

<sup>11</sup> Minister of International Trade Ed Fast, speech to the *Economic Club of Canada*, Ottawa, November 27 2013.

<sup>12</sup> John Ibbitson, “Tories’ new foreign-affairs vision shifts focus to ‘economic diplomacy,’” *The Globe and Mail*, November 27 2013.

<sup>13</sup> Foreign Affairs, Trade and Development Canada, “Global Markets Action Plan: Priority Markets,” last modified June 9 2015 at <http://international.gc.ca/global-markets-marches-mondiaux/markets-marches/index.aspx?lang=eng>. Statistics Canada 2014 summary tables <http://www.statcan.gc.ca/tables-tableaux/sum-som/lo1/cst01/gbleco2a-eng.htm> are more modest than those reported by Industry Canada and DFATD quoted above.

<sup>14</sup> Kerry Sun, “China-Australia Free Trade Agreement: Implications for Canada,” *China Institute, University of Alberta, Occasional Paper Series, Vol.2, No.1* (March 2005).

<sup>15</sup> For a contemporary discussion of Canada’s foreign and trade policy towards China, vide David Mulroney, “Middle Power, Middle Kingdom: What Canadians Need to Know about China in the 21st Century,” (Toronto: Penguin Books, 2015).



source countries while Japan placed eighth.<sup>16</sup> This people-to-people dimension is critical to strengthening official, cultural and commercial relations between Canada and Asia.

Despite the idea of “soft power” being perceived as anathema to the current government, Canada has made economic growth and sustainability a key development assistance priority for its countries of focus in Asia and elsewhere.<sup>17</sup> Furthermore, the government sees the private sector as a partner in development with the view to eventual commercial success. Indeed even before the Canadian International Development Agency (CIDA) was amalgamated into Foreign Affairs and International Trade, it was already stressing the trade prospects of recipients of Canada’s development assistance. The first alignment criterion was commercial, “to determine which developing countries would offer Canada the greatest potential for trade expansion.” The other two were security and values.<sup>18</sup> This approach to development would reflect Canada’s long-term commercial interests in Asia’s emerging economies as prescribed by the Global Markets Action Plan. It was recently confirmed by the Minister of International Development.<sup>19</sup>

### **SECURITY: THE DEFENCE PERSPECTIVE**

Notwithstanding all of the positive indicators of economic success in the Asia-Pacific region and all of the incentives to encourage even greater prosperity within a predictable and peaceful environment, there are still many instances of potential military conflict, some more worrisome than others, that could jeopardize Asia’s economic successes and disturb the trade and commercial links both within the region and with partners outside of Asia, including Canada. It should be emphasized that this paper focuses mostly on security as defined in the classic military sense. Post-Cold War security threats may also encompass transnational crime, including narcotics trafficking and human smuggling, forced internal and trans-boundary migration, religious and ethnic strife, piracy, secessionist movements, terrorism, cyber-attacks, human rights violations and economic disparities. The Asia-Pacific region continues to face all of these challenges.

China-Japan relations remain prickly. China and Japan have territorial disputes over the Senkaku/Diaoyu Islands in the East China Sea. Historic issues, some pre-dating World War II, remain sensitive subjects of disagreement for China, Japan and the Koreans. India and Pakistan, having fought three wars and now both being armed with nuclear weapons, remain highly suspicious of each other over Kashmir as they compete for influence in Afghanistan. ASEAN is

<sup>16</sup> Citizenship and Immigration Canada, “Facts and Figures 2013 – Immigration Overview: Permanent and temporary Residents,” last modified June 15 2015 at <http://www.cic.gc.ca/english/resources/statistics/menu-fact.asp>. Note: latest figures cover to the end of 2013.

<sup>17</sup> Bangladesh, Indonesia, Pakistan and Vietnam in Asia. See Foreign Affairs, Trade and Development Canada, “Country Strategies,” last modified on October 7 2014 at <http://www.international.gc.ca/development-developpement/aidtransparence-transparenceaide/country-strategies-pays.aspx?lang=eng>.

<sup>18</sup> ATIP release “Reviewing CIDA’s Bilateral Engagement”. Kim Mackrael, “Commercial motives driving Canada’s foreign aid, documents reveal,” *The Globe and Mail*, January 8 2014. Comment: The Ministerial brief reads like a commercial update.

<sup>19</sup> Foreign Affairs, Trade and Development Canada, “Minister Paradis Announces New Support for Public-Private Partnerships to Create Jobs and Opportunities in Asia-Pacific Region,” May 6 2015 at <http://www.international.gc.ca/media/dev/news-communiqués/2015/05/06a.aspx?lang=eng>.



again concerned about China's growing territorial ambitions in the South China Sea. There the situation is becoming more volatile as China builds airfields and harbours through questionable land reclamation projects on contested reefs. At the recent twenty-sixth ASEAN Summit, leaders were uncharacteristically blunt when they stated, "We share the serious concerns expressed by some Leaders on the land reclamation being undertaken in the South China Sea, which has eroded trust and confidence and may undermine peace, security and stability in the South China Sea."<sup>20</sup> The China-Taiwan dispute remains far from settled and the Taiwan Straits remains another possible flashpoint. South Korea and Japan disagree over the ownership of Dokdo Island (Takeshima in Japanese). India and China have a longstanding border dispute. Russia continues to occupy the Kuril Islands which once belonged to Japan. North Korea remains an unpredictable rogue state with nuclear weapons and an abysmal human rights record. Violent secessionist movements exist in China, India, Myanmar and the Philippines. Sri Lanka only recently ended a bloody civil war and ethnic reconciliation will take time. China, as it continues to gain global stature, is deeply suspicious of the ongoing U.S. rebalancing of military forces, including naval assets, towards Asia. Five of the United States' seven collective defence arrangements are with countries in the Asia-Pacific region.<sup>21</sup> The U.S. treaty signed in 1960 with Japan was updated on April 27, 2015 to reflect developments in ballistic missile defence, cyberspace and "the security aspects of the space domain."<sup>22</sup> This comes at a time of heightened Japanese security concerns about China and increasing instances of Chinese and Russian aircraft approaching Japan's airspace. On May 14, 2015, Japan's Cabinet approved expansion of the scope of overseas operations by Japan's Self-Defense Forces.<sup>23</sup> Japan is also looking to amend its pacifist Constitution to align it more with its current perceived security requirements. Russia maintains a NATO-like agreement, the Collective Security Treaty Organization,<sup>24</sup> whose membership includes the Central Asian states of Kazakhstan, Kyrgyzstan and Tajikistan.

Russia and China are members of the Shanghai Cooperation Organisation<sup>25</sup> where one focus is regional security and stability, particularly with respect to terrorism. Indeed, while this paper concentrates on the possibility of classic military confrontation in Asia, terrorist-related attacks have occurred in Afghanistan, Pakistan, India, Australia, Indonesia, Japan and the Philippines.

Given these tensions in the region it is not surprising that in its most recent update on trends in world military expenditures, the Stockholm International Peace Research Institute (SIPRI) reported that "military spending in Asia and Oceania increased by five per cent in 2014 and by

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<sup>20</sup> Chairman's Statement of the 26<sup>th</sup> ASEAN Summit, Kuala Lumpur & Langkawi, April 27 2015, "Our People, Our Community, Our Vision,"

[http://www.asean.org/images/2015/april/26th\\_asean\\_summit/Chairman%20Statement%2026th%20ASEAN%20Summit\\_final.pdf](http://www.asean.org/images/2015/april/26th_asean_summit/Chairman%20Statement%2026th%20ASEAN%20Summit_final.pdf).

<sup>21</sup> The five include defence arrangements with Australia and New Zealand, the Philippines, SE Asia (parties: U.S., Australia, France, New Zealand, Philippines, Thailand, U.K.), Japan, Republic of Korea

<sup>22</sup> U.S. Department of Defense, "The Guidelines for US-Japan Defense Cooperation," April 27 2015 at <http://www.defense.gov/pubs/20150427 -- GUIDELINES FOR US-JAPAN DEFENSE COOPERATION.pdf>.

<sup>23</sup> "Japan Cabinet approves bills for greater SDF role," *Kyodo News*, May 14 2015 at <http://mainichi.jp/english/english/newsselect/news/20150514p2g0omodm063000c.html>.

<sup>24</sup> Charter of the Collective Security Treaty Organization, May 15 1992.

<sup>25</sup> The Shanghai Cooperation Organisation, <http://www.sectsco.org/EN123/>.



sixty-two per cent between 2005 and 2014,” and was only surpassed by Africa. According to SIPRI, China is the second-highest military spender after the United States. Among the other top ten are Russia, India, Japan and South Korea.<sup>26</sup> Asian military expenditures include Pakistan’s intention to buy eight Chinese diesel attack submarines.<sup>27</sup> Taiwan recently commissioned its first indigenously-produced guided missile corvette designed to target Chinese surface vessels.<sup>28</sup> Vietnam now has three Kilo-class attack submarines bought from Russia, and will have six by 2016. They are to be armed with fifty Russian anti-ship and land-attack cruise missiles.<sup>29</sup> Other Russian items on the Vietnamese shopping list include additional frigates and twelve more modern SU-30 multirole jet aircraft to add to their current collection of twenty such planes. Vietnam and Russia have also upgraded their long-standing military relationship to “a comprehensive strategic partnership.”<sup>30</sup> While the U.S. remains the world’s top seller of military equipment and just sold \$3.0B worth of advanced military helicopters to Japan, China has also done quite well boasting among its Asian clients Bangladesh (frigates, corvettes and submarines), Myanmar (frigates), Pakistan (submarines and fighter aircraft), Thailand (possibly submarines).<sup>31</sup>

While considerable attention has been paid to Asian expenditures on conventional weapons, the nuclear weapon dimension has also been prospering. According to the latest estimates by the Bulletin of the Atomic Scientists,<sup>32</sup> China has about 250 nuclear weapons in its inventory, India 90-110, and Pakistan 100-120. Sea trials recently began for INS *Arihant*, India’s first indigenously-developed ballistic missile nuclear submarine, which will eventually be capable of launching nuclear-tipped missiles. Separately, India tested its Agni V intercontinental ballistic missile which boasts a range of five thousand kilometres that would cover all of Asia, and parts of North Africa, Eastern Europe and Russia. Not to be outdone, in March Pakistan successfully tested its Shaheen-III surface-to-surface missile with a range of about three thousand kilometres. A part of Russia’s nuclear arsenal is deployed in the Far East, including on the Kamchatka Peninsula and near Khabarovsk on the Amur River, some thirty kilometres from the Chinese border. Finally, North Korea, with a dangerous mix of proven nuclear explosive capability, improving missile delivery capacity, possible chemical and biological weapons and

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<sup>26</sup> Sam Perlo-Freeman, Aude Fleurant, Pieter D. Wezeman and Siemon T. Wezeman, “Trends in World Military Expenditure, 2014,” *SIPRI Fact Sheet*, April 2015, <http://books.sipri.org/files/FS/SIPRIFS1504.pdf>.

<sup>27</sup> Franz-Stefan Gady, “Confirmed: Pakistan Will Buy Eight Chinese Subs,” *The Diplomat*, April 2 2015 at <http://thediplomat.com/2015/04/confirmed-pakistan-will-buy-eight-chinese-subs/>.

<sup>28</sup> Franz-Stefan Gady, “Taiwan’s Newest Weapon Against China,” *The Diplomat*, April 3 2015 at <http://thediplomat.com/2015/04/taiwans-newest-weapon-against-china/>.

<sup>29</sup> Franz-Stefan Gady, “Vietnam Buys Deadly New Missiles Capable of Hitting China,” *The Diplomat*, April 30 2015 at <http://thediplomat.com/2015/04/vietnam-buys-deadly-new-missiles-capable-of-hitting-china/>.

<sup>30</sup> Carl Thayer, “With Russia’s Help, Vietnam Adopts A2/AD Strategy,” *The Diplomat*, October 8, 2013 at <http://thediplomat.com/2013/10/with-russias-help-vietnam-adopts-a2ad-strategy/>.

<sup>31</sup> Kyle Mizokami, “A Look at China’s Growing International Arms Trade,” *USNI News*, May 7 2015 at <http://news.usni.org/2015/05/07/a-look-at-chinas-growing-international-arms-trade>.

<sup>32</sup> Hans M. Kristensen, Robert S. Norris, “Worldwide deployment of nuclear weapons, 2014,” *Bulletin of the Atomic Scientists*, Vol. 70, Is. 5 (2014): 96-108.



the unpredictability of a failing rogue state, remains one of the most serious security challenges in the world.<sup>33</sup>

The U.S. 7<sup>th</sup> Fleet, with some eighty ships, including aircraft carriers and submarines, plus 140 aircraft, patrols the Pacific Ocean. Twenty-three ships are forward deployed in Japan and Guam.<sup>34</sup> Although it is a formidable force arrayed with nuclear weapons, the U.S. Department of Defense is concerned about China's military modernization and growing military prowess. "China's military modernization has the potential to reduce core U.S. military technological advantages....Moreover, China is investing in capabilities designed to defeat adversary power projection and counter third-party – including U.S. – intervention during a crisis or conflict."<sup>35</sup> China's official defence budget has increased by double digits since 1989 with the exception of 2010. Its modernization program has included development of advanced anti-ship missile capability, a more lethal and survivable nuclear arsenal and a broad counter-space program. "China's rise as a major military power in the Asia Pacific challenges decades of air and naval dominance by the United States in a region in which Washington has substantial economic and security interests."<sup>36</sup>

## CANADA'S SECURITY ROLE IN ASIA-PACIFIC

Like the U.S., Canada has considerable economic interests in Asia Pacific. Unlike the U.S, however, Canada's security record with respect to Asia Pacific is less certain. As Indian Prime Minister Narendra Modi wrote recently in *The Globe and Mail*, "Peace and stability in West Asia will make us safer at home; so will Afghanistan's successful transition. Canada is a major Asia-Pacific country and should play a more active role, including in regional institutions, in promoting a stable and prosperous future for the region."<sup>37</sup> In suggesting what Canada should do, Prime Minister Modi could have been speaking on behalf of the entire Asia-Pacific region. He was clearly accurate in saying that Canada could do more. Now, when China is our number two trading partner and Japan is number three, when we have our first Asian FTA, when we are looking to closer economic ties with the Asia-Pacific region, it would make sense for Canada to contribute more substantially to Asia Pacific's long-term stability and security architecture. It has in the past.

The last comprehensive Government of Canada review of the importance of the Asia-Pacific region for Canada was submitted by the Senate Standing Committee on Foreign Affairs in

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<sup>33</sup> Canada's current policy of "controlled engagement" towards North Korea ensures that Canada is a non-player on this issue.

<sup>34</sup> Commander U.S. 7<sup>th</sup> Fleet, "U.S. 7<sup>th</sup> Fleet Forces," <http://www.c7f.navy.mil/forces.htm>.

<sup>35</sup> Office of the Secretary of Defense, "Department of Defense, Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2015," April 7 2015 at [http://www.defense.gov/pubs/2015\\_China\\_Military\\_Power\\_Report.pdf](http://www.defense.gov/pubs/2015_China_Military_Power_Report.pdf).

<sup>36</sup> U.S.-China Economic and Security Review Commission, "2014 Annual Report to Congress," November 20 2014 at [http://www.uscc.gov/Annual\\_Reports/2014-annual-report-congress](http://www.uscc.gov/Annual_Reports/2014-annual-report-congress).

<sup>37</sup> Narendra Modi, "What's in it for Canada? Lots," *The Globe and Mail*, April 15 2015 at <http://www.theglobeandmail.com/globe-debate/whats-in-it-for-canada-lots/article23964452/>.



December 1998.<sup>38</sup> In its introduction the Committee noted that it had been twenty-five years since it had last reported on Canada's relations with the region. Prompted by the 1997 "Canada's Year of Asia Pacific" which culminated with the APEC Summit in Vancouver that fall, the extensive report is still worth the read. Many of its observations, including on the security side, remain valid.

According to the Department of Foreign Affairs, Trade and Development's website, "The growing Asia-Pacific region is a key priority for Canada. Prime Minister Stephen Harper has reiterated that engagement with Asia is vital to Canada's prosperity...Canada's engagement in Asia-Pacific has never been stronger. We are committed to playing an even bigger role in the region now and in the long term. Specifically, Canada is working with global, regional and local partners toward three goals: building partnerships, providing development assistance and strengthening economic engagement."<sup>39</sup>

### CANADA AND ASEAN

Outside of direct bilateral relations with countries in the Asia-Pacific region, Canada's collective relationship with ASEAN is perhaps the most important. ASEAN was established in 1967 with five founding Southeast Asian nations.<sup>40</sup> By 1999 ASEAN had expanded to ten members.<sup>41</sup> In 1993 ASEAN decided to establish the ASEAN Regional Forum (ARF). Its objectives are "to foster constructive dialogue and consultation on political and security issues of common interest and concern; and to make significant contributions to efforts towards confidence-building and preventative diplomacy in the Asia-Pacific region."<sup>42</sup> There are currently sixteen ARF dialogue partners including Australia, Canada, China, the European Union, India, Japan, Pakistan, the United States, North Korea and South Korea. In 2005 ASEAN went a step further and inaugurated the first East Asia Summit (EAS) in Kuala Lumpur. Its aim was to be a forum for dialogue on "broad strategic, political and economic issues of common interest and concern with the aim of promoting peace, stability and economic prosperity in East Asia." Criteria for participation are to be established by ASEAN.<sup>43</sup> The original participants were ASEAN plus Australia, China, India, Japan, South Korea and New Zealand. The following year the foreign ministers of the United States and Russia were invited and later, their leaders. The U.S. President first participated in 2011, the Russian Prime Minister in 2014. President Obama is scheduled to attend the tenth Summit later this year.

<sup>38</sup> Standing Committee on Foreign Affairs, "Crisis in Asia: Implications for the Region, Canada, and the World," *Senate of Canada*, December 1998, <http://www.parl.gc.ca/Content/SEN/Committee/361/fore/rep/repo8dec98-e.htm>.

<sup>39</sup> Foreign Affairs, Trade and Development Canada, "Canada and Asia-Pacific," last modified May 26 2015 at [http://www.international.gc.ca/asia\\_pacific-asie\\_pacifique/index.aspx?lang=eng](http://www.international.gc.ca/asia_pacific-asie_pacifique/index.aspx?lang=eng).

<sup>40</sup> Original five were Indonesia, Malaysia, the Philippines, Singapore and Thailand.

<sup>41</sup> Newcomers: Brunei (1984), Vietnam (1995), Burma (later renamed Myanmar) and Laos (1997) and Cambodia (1999).

<sup>42</sup> ASEAN, "About the ASEAN Regional Forum," at <http://aseanregionalforum.asean.org/about.html>.

<sup>43</sup> ASEAN, "Kuala Lumpur Declaration on the East Asia Summit Kuala Lumpur 14 December 2005," at <http://www.asean.org/news/item/kuala-lumpur-declaration-on-the-east-asia-summit-kuala-lumpur-14-december-2005>.



After its 2005 EAS initiative, ASEAN's next move was the establishment of the ASEAN Defence Ministers Meeting (ADMM) in 2006. The ADMM "is the highest defence consultative and cooperative mechanism in ASEAN. The ADMM aims to promote mutual trust and confidence through greater understanding of defence and security challenges as well as enhancement of transparency and openness." ASEAN's background note on its official website lists nine objectives related to defence and security in the ASEAN region.<sup>44</sup> In 2010 ASEAN established the ADMM-Plus (ADMM+) forum and invited the same eight Dialogue Partners as for the EAS to participate and to address five areas of practical cooperation, namely maritime security, counter-terrorism, humanitarian assistance and disaster management, peacekeeping operations and military medicine. Canada, again, was not there.

Canada has been an ASEAN Dialogue Partner since 1977, a member of the ASEAN Regional Forum (ARF) since its creation and regular attendee at the ASEAN Post-Ministerial Conference at the level of foreign minister. Canada's Ambassador to Indonesia was designated Ambassador to ASEAN in 2009, the same year that Canada adopted the Joint Declaration on the ASEAN-Canada Enhanced Partnership which is being implemented through the ASEAN-Canada Plan of Action (2010-2015). In 2010 Canada finally acceded to ASEAN's 1976 Treaty of Amity and Cooperation in Southeast Asia. In 2011 the Canada-ASEAN Joint Declaration on Trade and Investment was adopted. In 2012 the Canada-ASEAN Business Council was created. In 2014 Canada named a separate ambassador to ASEAN and opened its first diplomatic mission in Yangon. In his address in August 2014 at the ASEAN-Canada Post-Ministerial Conference then-Foreign Minister John Baird also promised that Canada would establish an "on-the-ground Canadian diplomatic presence in both Cambodia and Laos."<sup>45</sup> He stated that he sees "ASEAN as a vitally important institution in the region and a key vehicle for [Canada's] support to the region." Minister Baird also reminded ASEAN that Canada's desire for EAS membership had been articulated by Prime Minister Harper in 2012.<sup>46</sup> Canada has also officially expressed its interest to join the ADMM+ Forum.

Despite Minister Baird's assertion that strengthened ties with ASEAN is a foreign policy priority and Trade Minister Fast's energetic pursuit of commercial deals in Southeast Asia, it appears that ASEAN is still not quite convinced of Canada's commitment to Southeast Asia, or to Asia. As a result, ASEAN continues politely to stall on Canadian EAS and ADMM+ membership, perhaps until such time as Canada can show a serious, long-term track record of participation in ASEAN strategic and security priorities. Canada needs to look only as far as EAS members Australia and New Zealand for models.

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<sup>44</sup> ASEAN, "ASEAN Political-Security Community," at <http://www.asean.org/communities/asean-political-security-community>.

<sup>45</sup> Note: From 1994 Canada did have a modest diplomatic mission in Phnom Penh at the level of Ambassador and co-located with the Australian Embassy. This mission was subsequently closed in 2008 with accreditation reverting back to our Ambassador in Bangkok.

<sup>46</sup> Foreign Affairs, Trade and Development Canada, "Address by Minister Baird at the Opening of the ASEAN-Canada Post-Ministerial Conference," last modified August 9 2014 at <http://www.international.gc.ca/media/aff/speeches-discours/2014/08/09a.aspx?lang=eng>.



The ARF is one key area for what should be constant Canadian participation and demonstration of commitment. The Joint Declaration states the need to strengthen cooperation within the ARF framework and support ASEAN as the driving force in the ARF.<sup>47</sup> The ARF schedule of meetings and activities from August 2014 to December 2015 lists thirty-five workshops and meetings. Subject-matter covered at various experts' meetings includes disaster preparedness and emergency response, preventative diplomacy, space security, sea lines of communication, counter-piracy, counter-radicalization, wildlife trafficking, maritime security, counter-terrorism, non-proliferation and disarmament, cyber security, and nuclear forensics. These are all areas where Canada has considerable expertise.

In the late 1980s, throughout the 1990s and up to about 2006, Canadian Asian experts from academia were closely involved in all relevant Asian fora, including the Pacific Economic Cooperation Council (PECC), the Council for Security Cooperation in Asia Pacific (CSCAP) and the North Pacific Cooperative Security Dialogue (NPCSD). This last forum looked at how the concept of "cooperative security" could contribute to improved relations in the North Pacific region.<sup>48</sup> The Canadian Consortium on Asia Pacific Security (CANCAPS), a group of some one hundred researchers in institutions across Canada was highly active in Track II diplomacy (informal, non-governmental and unofficial) on Asian security issues. This included Canadian experts in the Law of the Sea who addressed challenges in the South China Sea, through a ten-year series "Managing Potential Conflicts in the South China Sea," which was co-hosted and funded by Indonesia and Canada's CIDA. In 1997 the University of Toronto, York University and the University of British Columbia announced a new three-year program to study emerging security issues in Asia Pacific.<sup>49</sup> Both CANCAPS and the Canadian Member Committee of CSCAP at the time had been receiving core funding from the Department of Foreign Affairs and International Trade. CSCAP had been established in 1993 and now has twenty national member committees including Canada. Researchers from both CANCAPS and CSCAP Canada were regularly producing papers on Asian security issues. Currently Canada is co-chairing with China and Singapore the CSCAP study group on energy security in Asia. Government of Canada funding for this type of work, however, seems to have dried up. All current Canadian Track II efforts are funded by private institutions. Just when China has taken an aggressive stance in the South China Sea, Canada is no longer present. As one long-time CSCAP participant recently noted, "There is zero money, and the sense of the end of an era."<sup>50</sup>

The ASEAN-Canada Plan of Action under the political and security cooperation section lists three areas of cooperation: human rights, good governance, democracy and rule of law, counter-terrorism and transnational crime, and thirdly, interfaith dialogue. These remain important

<sup>47</sup> Foreign Affairs, Trade and Development Canada, "Joint Declaration on the ASEAN-Canada Enhanced Partnership," last modified August 1 2012 at <http://www.international.gc.ca/asean/declaration.aspx?lang=eng>.

<sup>48</sup> External Affairs and International Trade Canada, "Canada and Asia Pacific Security."

<sup>49</sup> York University, "New Program to Study Emerging Security Issues in Asia Pacific," May 29 1997, [http://www.yorku.ca/mediar/releases\\_1996\\_2000/archive/052997-2.htm](http://www.yorku.ca/mediar/releases_1996_2000/archive/052997-2.htm).

<sup>50</sup> For an overview of Canadian Track II diplomacy please read Paul Evans, "Canada and Asia Pacific's Track-Two Diplomacy", *International Journal*, Autumn 2009, and Paul Evans, "Canadian and Asia Pacific Experiences" in *Scholars, Policymakers and International Affairs*, ed. Abraham F. Lowenthal and Mariano E. Bertucci (Johns Hopkins University Press, 2014). Please note that Dr. Evans is not the source of the CSCAP comment.



issues; but, outside of perhaps counter-terrorism and transnational crime, it is not apparent that they fit closely into ASEAN's ARF priorities.<sup>51</sup> The question remains, how often does Canada send experts to ARF meetings and how do they contribute? The Asian way requires frequent and consistent face-time. Relationships matter. The regular message from polite ASEAN interlocutors remains the same: where is Canada? That polite ASEAN view may also not like seeing, for example, a federal minister at a recent anti-communist rally in Ottawa sport the red and yellow colours of the previous South Vietnamese government.<sup>52</sup>

## CANADA'S MILITARY CONTRIBUTION TO ASIA'S SECURITY

The last articulated Canadian defence policy paper is the 2008 "Canada First Defence Strategy". This so-called "strategy" reads more like a shopping list for new military equipment without a context rather than a thoughtful articulation of Canadian defence objectives. The two references to Asia include the existence of "low-intensity or frozen conflicts" in South Asia and to the "ongoing buildup of conventional forces in Asia Pacific countries."<sup>53</sup>

The Department of National Defence (DND) states that "multilateral defence relations are an important component of Canada's overall engagement in the Asia Pacific region."<sup>54</sup> DND goes on to mention the annual meeting of the United States Pacific Command Chiefs of Defence Conference which Canada's Chief of Defence Staff (CDS) attends religiously. There is mention of the annual Shangri-La Dialogue in Singapore, inaugurated by the International Institute for Strategic Studies in 2001, and described by DND as the "premier, inter-governmental event...a crucial venue for dialogue on the security and defence of the region...attended by ministers and chiefs of defence." While the Chief of Defence Staff (CDS) has been a regular participant, Canada's Minister of National Defence unfortunately missed the last two years and the new Minister did not attend this year, leaving it to the CDS to represent Canada. Such ministerial absences are noted by Asian counterparts and opportunities for high level bilateral discussions are missed.

DND states that "the cornerstone of Canada's multilateral relations [in the Asia-Pacific region] is Canada's engagement with the Association of Southeast Asian Nations (ASEAN)...Through engagement with ASEAN, Canada is able to participate in important dialogue on regional defence and security issues." Yet only military relations with Indonesia and Malaysia are highlighted on the bilateral side. As noted above, Canada has not been invited to join the ADMM+ since its inception because it seemingly does not meet ASEAN's membership criteria of "significant interactions and relations with the ASEAN defence establishment" and appears not

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<sup>51</sup> One has to bear in mind that among ASEAN members one counts three boisterous democracies, one absolute monarchy, two one-party Communist states, one country slowly transitioning from a military dictatorship, another a full-blown military junta, one questionable democracy and one absolute democracy.

<sup>52</sup> Andrew Seymour, "Conservatives rally for communism memorial on Journey to Freedom Day," *Ottawa Citizen*, May 1 2015.

<sup>53</sup> National Defence, "Canada First Defence Strategy," May 12 2008, modified May 8 2011, although modifications were not identified per se at <http://www.forces.gc.ca/en/about/canada-first-defence-strategy.page>.

<sup>54</sup> National Defence, "Canada's Defence Relations in the Asia-Pacific Region: May 2015," last modified May 31 2015 at [http://news.gc.ca/web/article-en.do?nid=982279&\\_ga=1.229940572.1570821952.1434399784](http://news.gc.ca/web/article-en.do?nid=982279&_ga=1.229940572.1570821952.1434399784). Please note that this same source will be quoted several times in this section of the paper.



yet able “to work with the ADMM to build capacity so as to enhance regional security in a substantive way.”<sup>55</sup>

There are other areas, however, where the Canadian military has shown, modest resources notwithstanding, that it is and can be a serious player in the Asia-Pacific region. Perhaps the best example of this is Canada’s regular participation in the Rim of the Pacific (RIMPAC) exercise since its inception in 1971. In 2014 the biennial exercise had twenty-two, mostly Asian, countries participating, including for the first time, China. Canada’s contribution included more than one thousand personnel, one infantry company group, three surface ships, one submarine and eleven fighter, transport and surveillance aircraft. Canada is a participant in a series of annual exercises on the sensitive Korean Peninsula where Canada is a member of UN Command. The Korean War ended in 1953 in an armistice, not a peace treaty. Canada also exercises with the Mongolian armed forces as well as with the Australians. Canada’s Disaster Assistance Response Team (DART) deployed to Pakistan in 2005 (earthquake) and in 2013 to the Philippines (typhoon). It recently deployed in Nepal to assist earthquake victims. Canada’s seven Military Attachés are accredited to some fifteen countries in the region. Canada also has a modest but effective Military Training and Cooperation Program (MTCPP) which trains military from ten Asian countries with South Korea, Singapore and Japan being implementing partners who pay their own way and also provide instructors on the Canadian courses. One regular exercise has been the Royal Canadian Navy’s annual ship’s (usually a frigate) visit to Asia alternating between North Asia and South Asia. Despite the recent decommissioning of its supply ships, the Royal Canadian Navy will find imaginative ways to supply its ships while visiting in Asia in the future.

On the bilateral defence side, Canada holds regular high-level political/military talks with Japan. Military relations with Australia and New Zealand are close. Canada’s military legacy in Afghanistan is yet to be determined. Canada has also been trying to enhance its military relationship with China with earlier visits by the Defence Minister and the CDS and the signing of a non-binding Cooperation Plan Initiative in 2013.

The defence and security portion of the April 15, 2015 India-Canada Joint Statement highlighted terrorism, extremism and radicalization as the challenges to peace, stability and prosperity of the two countries. Defence cooperation, however, was limited to exploring “cooperative possibilities in diverse fields including cold climate warfare, peacekeeping and participation in respective defence staff college training.”<sup>56</sup> This, at least, is a beginning.

Given the U.S.’s slow but ongoing rebalancing to Asia-Pacific, perhaps the most important recent development has been Canada’s signing the Asia-Pacific Defence Cooperation Policy Framework with the U.S. in November 2013. “The Framework will enhance the coordination of Canadian and American engagement activities in the Asia-Pacific region, build capability and capacity amongst Asian partners by coordinating training activities and exercises, and support

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<sup>55</sup> ASEAN, “ASEAN Political-Security Community.”

<sup>56</sup> Government of Canada, “India-Canada Joint Statement.”



regional forums to strengthen dialogue and cooperation.”<sup>57</sup> According to a Department of Defense report the two countries will establish an annual strategic defence dialogue on the Asia-Pacific within the context of the Canada-U.S. Permanent Joint Board on Defense.<sup>58</sup>

## THE BOTTOM LINE

A more enduring Canada-Asia golden age can once again flourish; but, it means that Canada must demonstrate a stronger and more consistent commitment to Asia that goes well beyond the economic-commercial dimension. Given the current geopolitical challenges within the Asian region, it must include a robust defence and security dimension.

Canada has, for now, chosen to emphasize a mercantile foreign policy. Such an approach, however, must not ignore the need for a strong defence policy anchored within a vigorous foreign policy that is able to meet the challenges of the twenty-first century. This applies to Canada’s approach to the Asia-Pacific region as much as to the rest of the world. Neither a “Global Markets Action Plan” nor a separate “Canada First Defence Strategy”, both formulated in a policy vacuum, is sufficient. There is a serious need for a Foreign Policy and complementary Defence Policy review, one where the Asia-Pacific region will be prominent.

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<sup>57</sup> National Defence, “Minister Nicholson Meets with U.S. Secretary of Defense, Signs Cooperation Framework on Asia-Pacific Defense Policy,” last modified December 5 2013 at <http://www.forces.gc.ca/en/news/article.page?doc=minister-nicholson-meets-with-u-s-secretary-of-defense-signs-cooperation-framework-on-asia-pacific-defense-policy/hob7hd8t>.

<sup>58</sup> Karen Parrish, “U.S., Canada Sign Asia-Pacific Cooperation Framework,” *American Forces Press Service*, November 22 2013 at <http://www.defense.gov/news/newsarticle.aspx?id=121215>.

## ► About the Author

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**Marius Grinius** joined the Canadian Foreign Service in 1979 after serving in the Canadian Army for 12 years. His early overseas postings included Bangkok, NATO/Brussels and Hanoi. Assignments back in Ottawa included desk officer for nuclear arms control, Director for Asia Pacific South and then Director for South East Asia. In 1997 he was posted back to Vietnam as Ambassador.

Marius spent 1999 to 2004 in Ottawa where he worked in the Privy Council Office in Social Policy, Western Economic Diversification and then again in the Privy Council Office as Director of Operations in the Security and Intelligence Secretariat. In 2004 he was named Ambassador to South Korea and added cross-accreditation to North Korea in 2005. In 2007 Marius was posted to Geneva as Ambassador and Permanent Representative to the United Nations and the Conference on Disarmament. He returned to Ottawa in 2011 for a secondment to the Department of National Defence as Director General International Security Policy. Marius retired in 2012 after 45 years of service to Canada.

While trying to maintain his “gentleman of leisure” status, Marius has given presentations at various conferences and seminars related to international security, Canadian foreign and defence policy, and Canada’s place in Asia.

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