

Martina Zellmer-Bjick

## **Canada's Asia Pacific policy on the eve of the APEC-summit 1997**

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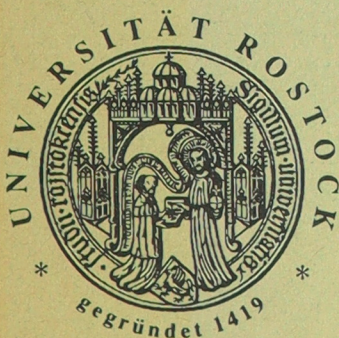
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# Canada's Asia Pacific Policy on the Eve of the APEC-Summit 1997

by

Martina Zellmer-Bjick



UNIVERSITÄT ROSTOCK



Rostock, 24.9.97

Für Christianus  
mit den allerbesten Wünschen!  
New Parties

## Canada's Asia Pacific Policy on the Eve of the APEC-Summit 1997

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Martina Zellmer-Bjick

Universität Rostock

Institut für Politik- und Verwaltungswissenschaften

1997

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## 1. Introduction

1997 is 'Canada's Year of Asia Pacific' (CYAP). It was launched by Prime Minister Jean Chrétien at the end of 1996 and will culminate in Canada's hosting the APEC Economic Leaders' Meeting in November:

„In 1997 Canada takes centre stage as a Pacific nation. I have designated this year as Canada's Year of the Asia Pacific in celebration of our longstanding ties with the region.“<sup>1</sup>

It is common knowledge that Canada has close ties with the Asia Pacific: geographically, it borders the Pacific Ocean; economically, the region is an increasingly important market; politically, Canada is an active member of many of the governmental and non-governmental institutions in the region; and, last but not least, immigrants from Asia form a large part of the Canadian population. In addition, Canada maintains long-standing relationships with some Asian countries, mainly through its membership in the former British Empire and the Commonwealth.

Despite these connections, it is doubtful if Canada can already be called a 'Pacific nation'. To be such would mean that a majority of the Canadians look primarily to the Asia Pacific in doing business, that Asian values and culture take the place of traditional European and North American thinking, and that Canadian politicians direct their attention exclusively to the West. This has not happened yet, and is unlikely to happen in the near future. Atlanticism and, above all, continentalism still play too great a role in Canadian politics and the lives of the people, especially for those not living in British Columbia, the most 'Pacific' province.

Therefore, a more realistic starting point for this study is needed, one that takes into account the rapid growth of Canadian Asia Pacific relations but does not go as far as to call Canada a Pacific nation. A 'Pacific player' rather than a 'Pacific nation' seems a more appropriate description. As Paul Evans writes:

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<sup>1</sup> Jean Chrétien, *Prime Minister's Message*, CYAP Forum 1, no. 1 (1997) [<http://www.dfait-maeci.gc.ca/~cyap-acap/english/forum1.htm>].

„After two decades of intense activity, Canada’s connections with Asia in economic, human, and cultural terms are much deeper than the sceptics would suggest. Further, the very fact of geographical location has made it necessary for Canadians to look across its three oceans to develop connections that mitigate continentalism. The issue is not whether Canada will become a Pacific player, but what kind of player it will be in a substantially more complex period.“<sup>2</sup>

Canada as a Pacific player - this is the picture the paper intends to highlight. Speaking of one player refers to the important fact that governments still are the most important actors in international politics. The same is true for Canada, with the Department of Foreign Affairs and International Trade (DFAIT) being the most prominent source for formulating and implementing foreign policy programmes for the Asia Pacific. However, this does not exclude other Canadian players. As section three will show, the Asia Pacific policy is characterized by a close cooperation between the Canadian federal government, provincial governments, businesspeople, academic institutions and other Non-Governmental Organizations (NGOs).

At first glance, Canada’s national interests pursued by its foreign policy towards the Asia Pacific are hardly distinguishable from other nations’ goals, namely improving their economic relations with countries of the region. But apart from this general economic interest, there are many other motives for turning attention towards the west, motives that are valid for Canada only: its desire to reduce its dependence on the U.S., politically and economically; its wish to play a role in the international system despite (or because) of its status as a middle power; and the necessity to keep the country together, in the face of continuing continental, regional and global economic integration. In this context, four determinants of Canada’s foreign policy towards the Asia Pacific will be analyzed in section two: the Canadian economy, the United States, fragmentation and international economic integration, and Canada’s international role as a middle power.

In part three Canada’s Asia Pacific strategy will be presented and examined. The focus is on the most recent initiatives of the government, covering mainly the period from the end of the Cold War until now. Canada’s concepts for improving its relations with the region and its cooperation with other actors - internally (with the provinces, busi-

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<sup>2</sup> Paul M. Evans, „The Emergence of Eastern Asia and its Implications for Canada“, *International Journal*, 47 (1992), p. 525.

nesspeople, non-governmental actors etc.) and externally (through international organizations) - are therefore the focus of the analysis in the second half of the paper. Finally, the prospects of success of the Canadian strategy towards the Asia Pacific are assessed and the question is again raised as to the likelihood of Canada's becoming a Pacific nation in the near future.

Throughout the paper the region examined is called Asia Pacific and includes the 18 members of the Asia-Pacific Economic Cooperation (APEC)<sup>3</sup>. The author is aware of the three problems connected with this setting: the difficulty of defining the region in question, the problem of naming it<sup>4</sup> and the problem of including the U.S. in the Asia Pacific concept. Although the United States are almost always considered part of the Asia Pacific, this poses the following difficulty for our study: Canada wants to reduce its dependence on the U.S. by means of intensifying its relations with the Asia Pacific, a region of which the U.S. is a part. This contradiction, however, can be overcome by explaining the Canadian concept of multilateralism, which will be done in section 2.4. The same problem arises when speaking of Canada and the Asia Pacific. As an APEC member, Canada, of course, is part of the region. But, for the sake of analysis, Canada is sometimes viewed separately, when the economic relationship between Canada and the Asia Pacific is examined, for instance.

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<sup>3</sup> Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand, United States of America. Equating Asia Pacific with the APEC countries does not mean, however, that non-APEC countries are excluded from the analysis. India for example will be mentioned in connection with the Team Canada missions under 3.2.1.2. and in 3.2.2.4. the study looks at Canada-ASEAN relations exclusively.

<sup>4</sup> Many different names are being used to describe the region: Asia(-)Pacific, Pacific Basin, Pacific Rim, Asian Pacific, Asia and the Pacific, Asia/Pacific, to name just the most frequently used.

## 2. Determinants of Canada's Asia Pacific Policies

### 2.1. Canada as a Resource-Rich Export Nation

Every simple statement about the character of an economy must be viewed critically, especially if it is only three words long. But if it was made by one of Canada's leading economists and if, after 25 years, it is still being quoted in academic literature<sup>5</sup>, it deserves to be analyzed. The statement in question is the characterization of Canada as the „richest underdeveloped country“ which was made by Kari Levitt in 1970.<sup>6</sup> Rich, because Canada's GNP even at that time placed it a rank among the wealthiest countries, and underdeveloped, because its trade and investment pattern was, and perhaps still is, more characteristic of a Third World than of an industrialized country.

Today, there is a discussion among scholars if the phrase is still true. With a GNP per capita of U.S.\$ 19.970 in 1993 Canada must still be considered a rich country.<sup>7</sup> But there is quite some dispute about the validity of the second part of the characterization to the present. No doubt, Canada's dependence on exports is high and has increased over the last twenty years, as a comparison with the other G7-members shows. In 1970, Canada's share of exports of goods and services of its total GNP was 23 %, the highest portion, together with Great Britain, within the Group of Seven. In 1993, it had risen up to 30 %, by far the highest number among the G7 members, when compared with 10 % for the U.S. and 9 % for Japan, for instance.<sup>8</sup>

Export dependence alone, however, is no criterion for a developing country. A look at the composition of imports and exports is necessary in order to further characterize Canada's trade structure. Whereas in 1993 Canada's share of food, fuel and other raw material of its total imports was the lowest among the G7 members, the picture was reversed for industrialized goods. 85 % of Canada's imports consisted of machines, electronics, cars and other industrialized goods, a rise of 5 % compared with 1970.<sup>9</sup>

<sup>5</sup> Rainer-Olaf Schultze, „Kanada und die USA - Zum Verhältnis ungleicher Nachbarn in Nordamerika“, in *Kanada. Gesellschaft, Landeskunde, Literatur*, edited by Geoffrey Davis and Axel Wieger (Würzburg 1991), p. 9.

<sup>6</sup> Kari Levitt, *The Silent Surrender. The Multinational Corporation in Canada* (Toronto 1970), p. 25.

<sup>7</sup> This figure places Canada well in the middle of the high-income countries (compared with U.S.\$ 35.760 for the richest country, Switzerland, U.S.\$ 24.740 for the U.S., and with U.S.\$ 90 for Moçambique, the world's poorest nation in 1993, according to the World Bank. See World Bank, *World Development Report 1995. Workers in an Integrating World* (Washington, D.C. 1995), Table 1.

<sup>8</sup> *Ibid.*, Table 9.

<sup>9</sup> *Ibid.*, Table 14.

Of course the picture of Canada's trade structure would be incomplete without an inclusion of its exports. As expected, a high percentage of raw materials and semi-industrialized goods can be found among its exports. Fuel and other raw materials added up to almost 34 % of Canada's exports in 1993, industrialized goods to 66 %.<sup>10</sup> This must be compared to the share of manufactured goods in the export structure of other G7 countries, where in none of the nations exports consisted of more than 22 % of raw materials or less than 78 % of industrialized goods.<sup>11</sup>

But the figures also reveal a change in Canada's structure of exports, a change which would support those authors who doubt the validity of Levitt's characterization for the present-day Canadian economy. The portion of fuel and other raw materials in Canada's exports has declined since 1970, from 48 % to 34 %. During the same period, the share of manufactured goods, machines, electronics, cars and other industrialized goods has risen considerably, from 51 % to 66 %.<sup>12</sup> For a final conclusion, however, a closer look has to be taken at the production of manufactured goods in Canada, especially in the automobile industry. The latter can hardly be said to be Canadian, because most of it is intrafirm trade and belongs to American businesses like General Motors, Chrysler and Ford. This fact characterizes Canada as a branch plant economy and points to the most important determinant of her economy: the role of the U.S., or, put differently, Canada's dependence on the U.S. economy. A look at the direction of Canada's foreign trade and the origins of her foreign investment capital reveals that the United States are by far her most important trade and investment partner. In 1993, Canada bought American goods worth almost Cdn\$ 114 billion, a portion of 67 % of all Canadian imports. In the same year, more than 80 % of Canada's exports went south, goods summing up to more than Cdn\$ 150 billion.<sup>13</sup>

Japan is Canada's second most important trading partner, both for imports and exports, but the margin by which the U.S. lead Canadian trade statistics is huge. In 1993, goods worth only Cdn\$ 10,7 billion were sold from Japan to Canada, whereas the Canadian goods sold to Japan were worth only Cdn \$ 8,5 billion. In addition to Japan, there are

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<sup>10</sup> Ibid., Table 15.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Canadian International Development Agency (Asia Branch), *Trends in Economic and Human Development: Asia* (Ottawa, July 1994), p. 63.

three more Asian countries among Canada's top ten trading partners - China, Korea and Taiwan. China ranked fifth (together with Hong Kong fourth) in 1993, Korea seventh and Taiwan eighth. Characteristic of Canada's trade relationship with almost all of the Asian Pacific countries is the negative trade balance. The goods Canada buys from China and Taiwan, for instance, are worth only half of what Canada sells to these countries, and the picture with other Asian countries is similar.<sup>14</sup> In addition to that, the figures indicate a negative development for Canada, since imports from Asian countries have risen considerably over the last ten years, whereas exports have increased only slightly.<sup>15</sup>

One last indicator must be analyzed before Canada's place in the global economy can finally be characterized: investment. It is hardly surprising that the flows of capital have directions similar to the flows of good. Canada's prime source of capital again are the U.S.A., followed by Europe, and the numbers are rising. In 1970 U.S. citizens invested more than Cdn\$ 22 billion in Canada; in 1992, the amount had quadrupled.<sup>16</sup> Asia is a minor source of capital for Canada, compared to the U.S. and Europe. But more and more Asians have invested in the Canadian economy since the seventies, as the following figures reveal: In 1970 only Cdn\$ 128 million were invested in Canada by Asians, compared to 658 million in 1980, to 7,1 billion in 1990, and to 8,7 billion in 1992. Japanese businesspeople contributed the largest portion, followed by Chinese from Hong Kong.<sup>17</sup> With Hong Kong's reintegration into China the amount of Chinese capital invested in Canada, or in British Columbia, to be more precise, is likely to increase, due to the immigration laws favourable for immigrants from the former British crown colony.

Having analyzed some of the most important factors relevant to Canada's economic situation, especially in respect to foreign trade and investment, the discussion about the validity of Levitt's statement nowadays can be taken up again. One of those who do not agree that Canada is still the „richest underdeveloped country“ is Ian Drummond. According to him the Canadian economy has changed fundamentally since the days

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<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid., p. 67.

<sup>17</sup> Ibid.

Canada could be called a country of „hewers of wood and drawers of water“<sup>18</sup>. Other authors, like Steven Brooks, would admit that important developments have taken place, but take a closer look at Canada's trade structure. This reveals Canada's dependency on a single foreign market and on a narrow range of products and therefore points to similarities with less developed countries.<sup>19</sup>

While the discussion about Canada's place in the global economy is going on, the Canadian government is trying very hard to refute the myth of Canada as a developing country. In a recent study of the DFAIT titled „Canada: Drawers of Water, Hewers of Wood and Dangers of Other Myths“ members of the department say that „...the talk of Canada slipping into the ranks of resource-based third world economies should be given a burial.“<sup>20</sup>

There is agreement, however, that intensifying its economic relations with the Asia Pacific should be one of Canada's prime economic interests. Increasing Canadian exports to the region is a great concern, especially since the trade balance with almost all the Asian countries is still negative. A more general interest is replacing the U.S. as the single most important economic partner by including other countries in the trade concept. A dynamic region like the Asia Pacific is the most promising alternative in this respect.

But it is not only the economy that shapes the U.S.-Canadian relationship and serves as a determinant for Canada's policy towards the Asia Pacific. It is also the generally felt American dominance that influences Canadian foreign policy as a whole.

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<sup>18</sup> Ian M. Drummond, „Canadian Economic Affairs“, in *Profiles of Canada*, edited by Kenneth G. Pryke and Walter C. Soderlund (Toronto 1992), p. 117.

<sup>19</sup> Stephen Brooks, „Economic Policy in Canada“, in *ibid.*, p. 219 ff. DFAIT, „Canada Drawers of Water, Hewers of Wood and dangers of Other Myths“

<sup>20</sup> DFAIT, *Canada Drawers of Water, Hewers of Wood and Dangers of Other Myths*, Trade and Economic Policy Paper, no. 96/07 (1996) [[http://www.dfait-meaci.gc.ca/english/foreignp/dfait/policy\\_papers/1996/](http://www.dfait-meaci.gc.ca/english/foreignp/dfait/policy_papers/1996/)]

## 2.2. Canada's Giant Neighbour: The U.S.A.

The most common metaphor to describe the relationship between Canada and the U.S. is that of a mouse and an elephant. Except for the size of the territory, this picture fits for almost everything, especially if one wishes to indicate how mighty an elephant is for a mouse and how easily the mouse can be overlooked by the elephant. For dealing with problems of identity, though, a different metaphor would be more appropriate: that of a younger and older brother. Whereas the mouse does not have to live near the elephant and can find ways to avoid contact, the younger brother can hardly escape having an older brother. Most likely, he will have to struggle with his own identity while growing up, especially if his older brother is strong and powerful. Also, the two animals mentioned do not have much in common whereas the two brothers have. They share parts of the same history and they belong to the same family. This fact makes it even more difficult for the younger sibling to grow up.

Canada and the United States belong to the same family - they are of European origin.<sup>20</sup> And one could be even more specific - leaving aside Quebec for a moment - and say that both are of British origin. Louis Hartz has emphasized this fact, concluding that Anglo-Canada and the U.S. are very much alike because they originated from one and the same fragment - English immigrants.<sup>21</sup> Seymour Martin Lipset opposes the fragment theory on the ground that the revolution in the U.S. plays no role in it.<sup>22</sup> For Lipset, the circumstance that Canada did not experience the revolution (in fact opposed it and served as refuge for loyalists to the British motherland) not only explains why Canada and the U.S. have always had different political cultures, but also why Canada is still struggling to find its identity *vis-à-vis* the United States.<sup>23</sup>

Having to live next to a mighty brother has left its traces in Canadian politics, especially in foreign policy. Canada's multilateral and consensus-driven foreign policy that is so different from that of the U.S. is no coincidence. It largely stems from Canada's interest in building an international image of its own, separate from the United States

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<sup>20</sup> Speaking about European origin of Canada and the U.S. does not mean denial of the fact that North America was populated by natives long before the European settlement.

<sup>21</sup> Louis Hartz, *The Founding of New Societies* (New York 1964), p. 1-48.

<sup>22</sup> Seymour Martin Lipset, *Continental Divide: The Values and Institutions of the United States and Canada* (New York 1990).

<sup>23</sup> Seymour Martin Lipset, „Canada and the United States: The Great Divide“, *Current History* 90, no. 560 (1991), p. 432.

and can be seen as part of Canada's nation-building process. Therefore, almost every issue of Canadian foreign policy must be seen in connection with the U.S.: „In the drama of Canada's foreign policy, the U.S. is always the principal actor; at the table where Canadians prepare the ingredients of their foreign policy, the U.S. is always the principal guest; when Canadians assemble to discuss their needs and destiny, the spectre of the U.S. is always there to dominate their thoughts.“<sup>24</sup>

There are many examples to prove this thesis. Pierre Trudeau certainly was the most famous Prime Minister to seek independence from the U.S. by trying to focus on alternative trade, investment and political partners. In his „Third Option“ Trudeau chose Europe and Japan in place of the U.S. The programme failed because of a lack of interest in the countries addressed and because Canadian businesspeople stuck to their continent for doing business.<sup>25</sup>

But not only the seventies, the nineties also bear witness to Canada's desire to distance itself from the U.S. The latest example of a declaration of Canadian independence is its response to the Helms-Burton Act passed by the U.S. in 1996, which imposes sanctions on foreign firms trading with and investing in Cuba. The Canadian government interpreted the U.S. action as an attack on Canadian sovereignty and reacted with counter-measures.

The problem Canada faces with this policy of separating itself from the U.S. is that it cannot be pursued consistently and constantly. Canada is much too dependent on trade with its southern neighbour and on its military security shield for a complete break up with the United States to be possible. Rather, Canada needs both: independence from the U.S. and healthy economic and political relations with the Americans. In „Lament for a Nation“, Canada's nationalism bible, George Grant admits this quite critically:

„Like most other human being, we want it both ways. We want through formal nationalism to escape the disadvantages of the American dream; yet we also want the benefits of junior membership in the empire.“<sup>26</sup>

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<sup>24</sup> Allan Gotlieb, *The United States in Canadian Foreign Policy* (Toronto 1991), p.1.

<sup>25</sup> See for example Thomas S. Axworthy, „To Stand Not So High Perhaps But Always Alone': The Foreign Policy of Pierre Elliott Trudeau“, in *Towards a Just Society. The Trudeau Years*, edited by Thomas S. Axworthy and Pierre Elliott Trudeau (Markham 1990), p. 12-48.

<sup>26</sup> George Grant, *Lament for a Nation. The Defeat of Canadian Nationalism* (Ottawa 1970), p. 11.

But one rule can be formulated: close relations with the U.S. have always been only the second best solution. All Canadian politicians, even those who signed free trade agreements with their American counterparts, have at the same time tried to reduce dependence on the U.S. Whenever there has been a chance to diversify the country's economic and political relations, Canadian politicians have taken it. The most recent example is Canada's focus on the Asia Pacific. In accordance with Gotlieb's observation cited above, the United States is one of the main driving forces behind Canada's latest and most ambitious foreign policy strategy. That Canada's permanent desire to reduce its economic dependence on the U.S. is directly related to its latest Asia Pacific policy can be seen in the following excerpt from 'Canada in the World. Government Statement', the most important foreign policy outline made by the Canadian Government since the end of the Cold War. Under the headline „Diversifying International Business Markets“, it says:

„While recognizing the critical importance of the US market for Canadian prosperity, we will also encourage incremental growth in other promising markets by...focussing more resources on **high growth markets** in Asia-Pacific and Latin America and, in Western Europe, targeting our resources on investment, technology and strategic alliances. (...) We will rely more on locally-engaged staff in the US and Western Europe and redeploy Canadian personnel resources to Asia-Pacific and Latin America.“<sup>27</sup>

Closely related to the economy and the U.S. as determinants of Canada's Asia Pacific policies is the third aspect - fragmentation and international economic integration.

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<sup>27</sup> Government of Canada, *Canada in the World. Government Statement* (Ottawa 1995), p. 21/22. Emphasis in the original.

### 2.3. Domestic Fragmentation and International Economic Integration

In Canada, more than in any other Western country, the issue of international economic integration is interrelated with the cohesion of the nation. Canada is a country that is still in the process of nation-building since it does not yet have a constitution accepted by all provinces and parts of the population. Quebec and the native people, for example, refused to sign the Constitution of 1982, and after the referendum in October 1995 the possibility that the former French colony separates itself from the rest of the country is greater than ever before.

It would be a mistake to assume that the conflict between Quebec and the rest of Canada has nothing to do with the issues of continental integration and the U.S. Not that the U.S. intervenes in the dispute, as did de Gaulle; it is the former French colony that has, at least in the past, tried to instrumentalize the U.S. for its purposes. The centrepiece of the „Quiet Revolution“ in the seventies was Quebec's economic integration with the United States. The aim of this policy was to attain Anglo-Canada's economic level in order to prepare for Quebec's independence. Although Quebec's politicians could not explain why the French minority would feel less threatened by more than 240 million U.S. Americans than by 24 million Canadian Americans, the strategy has been quite successful - Quebec has indeed made a development leap in the seventies and early eighties.<sup>28</sup> Up till now, however, this economic emancipation has not translated into independence from the rest of Canada.

But the Anglo-Franco-Canadian conflict is not the only factor contributing to the weakness of the Canadian nation-state. Regionalism and federalism are another source and they are only enforced by Quebec's call for distinctive rights. It is not surprising that the second largest country in the world is characterized by regions which are not only geographically, but also economically and politically different from each other. Until now, the fact that nine of the ten provinces are Anglo-Canadian has kept them together. But recently some provinces have begun to follow Quebec in defining their rights in the struggle for a commonly accepted constitution.

Most provinces define their rights within the given constitutional framework. But there are two that want more: Alberta and British Columbia. Alberta's Premier Ralph Klein even came close to Quebec's wish for separation when he said: „...the kind of things

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<sup>28</sup> See Robert Chodos and Eric Hamovitch, *Quebec and the American Dream* (Toronto 1991).

we want to achieve in Alberta are the kinds of things Quebecers want."<sup>29</sup> British Columbia's dissatisfaction with the state of the federation is even greater and, in the context of Canada in the Asia Pacific, even more interesting. In a memo from the provincial government to Prime Minister Chrétien, titled 'British Columbia Separatism', the B.C. officials not only refer to the familiar feeling of „alienation from actions and decisions of the federal government“, but also to the „growing self-confidence caused by 10 years of economic growth, which has created 'a sense of economic independence from central Canada.'“<sup>30</sup>. Because this economic progress has been achieved mainly by B.C.'s links to the Asia Pacific, a „sense of distinctiveness compared with other parts of Canada“<sup>31</sup> has evolved.

Thus, Canada can be called a fragmented federation, characterized by a growing sense of alienation by the western provinces from Ontario and by the possibility of Quebec's seceding from the rest of Canada. It is no novelty that the effects of international economic integration are being discussed in the context of the strength of the nation-state. The question whether international integration weakens the nation-state has a special and urgent meaning for Canada.<sup>32</sup> From what has been said above it may be concluded that for Canada regional integration, with the United States, is far more problematic than wider regional integration, with an enlarged NAFTA or APEC, for example, or even global free trade as envisioned by GATT/WTO. For a relatively weak nation-state like Canada, a close and institutionalized economic union with the U.S. always bears the risk of being absorbed by the southern giant, and it is important to note again that an economic union with the U.S. is not interpreted in economic terms only, but also in connection with Canada's sovereignty.

Therefore, even when Mulroney's government agreed to form a free trade area with the U.S. in 1988, the ultimate goal has always been to enlarge it with as many members as possible in order to balance the influence of the United States. The formula which follows from this is: The more countries involved in free trade and the lesser the influence

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<sup>29</sup> Cited in Allan Chambers, „Klein invites Bouchard to fight for 'rebalancing' of powers“, *The Edmonton Journal*, 4 February 1996.

<sup>30</sup> Memo cited in Peter O'Neil, „B.C. separatism rising, PM warned“, *Vancouver Sun*, 26 July 1996.

<sup>31</sup> *Ibid.*

<sup>32</sup> An excellent compilation of articles on continentalization and fragmentation in Canada is Rainer-Olaf Schultze, ed., *Processes of Continentalization and Political Stability: A Changing Canada within North America*, Institut für Kanada-Studien, Universität Augsburg, Analysen und Berichte No. 9 (Augsburg 1993).

of the United States, the greater the acceptance of international economic integration among Canadians. This thesis is derived from Canada's reaction to the bilateral Free Trade Agreement (FTA) with the U.S. in 1988, from its stance towards the trilateral North American Free Trade Agreement (NAFTA) in 1994, from the active participation in the multilateral Asia-Pacific Economic Cooperation (APEC) since 1989 and the unrestricted promotion of global free trade aimed at by GATT/WTO.

Because bilateral free trade has always been the least acceptable option for Canadians, the fight over the FTA was fierce. While the proponents, called the integrationists, argued that free trade with the U.S. would have positive economic effects, lessen economic imbalances between the regions and provinces and therefore strengthen the federal state, the opponents, called the economic nationalists, predicted the end of Canada as a sovereign state.

The debate therefore focused on the question whether economic integration automatically and unintentionally leads to political integration (in accordance with the functionalist 'spill-over'), or if economic integration can be controlled by the state at any stage, as argued by the integrationists. In this respect, the cultural and energy sector were of special interest. What was finally agreed upon in the FTA was a compromise between the economic nationalists for whom free trade in culture and energy is equal to renouncing Canada's sovereignty and the integrationists who treat resources and culture like any other goods. The agreement exempted the culture industry from free trade but included the energy sector. The provisions in chapter nine of the FTA „require Canada to allow continued exports of nonrenewable natural resources even during periods of national scarcity.“<sup>33</sup> These restrictions severely constrain the ability of Canada's government to conserve natural resources or relieve domestic shortages.

All in all it is impossible to evaluate the FTA, since in the process of negotiating NAFTA the governments of Canada and the United States agreed to suspend the operation of the FTA by exchange of Diplomatic Notes dated January 19, 1993. This means that unless NAFTA ends or one its members withdraws from the North American Free Trade Agreement, the bilateral FTA has ceased to exist.<sup>34</sup> But some general remarks

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<sup>33</sup> John Dillon, „The Petroleum Sector under Continental Integration“, in *The Political Economy of North American Free Trade*, edited by Ricardo Grinspun and Maxwell A. Cameron (New York 1993), p. 324.

<sup>34</sup> Information from Valerie Hughes, General Counsel, Trade Law Division, Department of Foreign Affairs and International Law, and Department of Justice, 6 May 1997.

must be made about the predictions of the economic nationalists: First, even before the FTA was signed, Canada and the U.S. were two highly integrated states. The border between the U.S. and Canada is crossed 30 million times a year, which is without precedence worldwide. Second, what Canada and the U.S. agreed upon in 1988 was free trade. Not only had this already existed for most of the products, but it is also at a low level on the scale of international economic integration. On the way to political union, according to the functional theory, a common market would have to be formed, which itself would have to „spill over“ into an economic and monetary union. The final step for the two countries would then be to merge into a political union. From each level to the next integration becomes more difficult, since it means giving up national sovereignty rights. And this spill-over is not automatic, as the example of the European Union proves. So even given the weakness of the Canadian nation-state, to a European the fear of an easy and quick spill-over from economic to political integration is incomprehensible. Nevertheless, this fear stems from Canada's problems with a mighty neighbour and they must be taken seriously.

The debate about NAFTA was calm, compared to the FTA. One explanation for this fact could be that people were tired of discussing free trade, another that the quarrel shifted from external to internal problems and found its solution with Brian Mulroney stepping down as Prime Minister in 1993. But a more convincing explanation, at least from the government's position, would be that Canada was content with Mexico's inclusion as a third member in the agreement. This way, a 'hub-and-spoke' arrangement, with the U.S. being the hub and having exclusive entrance to the other two markets, the spokes, could be prevented.<sup>35</sup> And, what is even more important, two or more countries could balance the U.S. influence better than just Canada alone: „*E pluribus unum* might not be a bad motto for the countries of the Western hemisphere contemplating trade agreements with the U.S.A.“<sup>36</sup> Indeed: Canada's interest in enlarging the free trade area, especially with countries of the Asia Pacific region but also within its own hemisphere, is great. Fortunately, Mulroney was successful in persuading his U.S. and Mexican colleagues to include an accession clause for other countries, „primarily because it [Canada] wanted western Pacific countries (especially Japan) to eventually

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<sup>35</sup> Stephen Clarkson, „Constitutionalizing the Canadian-American Relationship“, in *Canada under Free Trade*, edited by Duncan Cameron and Mel Watkins (Toronto 1993), p. 18.

<sup>36</sup> *Ibid.*, p. 20.

find a home in NAFTA“<sup>37</sup>. Following this strategy, Canada signed a bilateral trade agreement with Chile in November 1996 and is, through the Canadian-Chilean accord, promoting free trade throughout the hemisphere.

In this context, APEC plays an essential role. Canada's active participation in APEC can be explained by its interest in enlarging the existing free trade area and in building a connection between continental and Asia Pacific integration. It is easy to understand that 18 APEC members are more attractive trade partners than 3 NAFTA countries, especially when such economically powerful countries like Japan, Hong Kong and Singapore are among them. But Canada's interest goes beyond this purely economic aspect. It is also the country's continuous effort to reduce its dependence on the U.S. and to give itself an independent image, separate from that of its powerful neighbour that has always driven Canada's foreign policy. A member of the Canadian Department of Foreign Affairs and International Trade (DFAIT) tries to express this sensitive fact: „With APEC...our seat at the table is assured and our contribution has been widely appreciated and more easily distinguishable from that of our neighbours to the south.“<sup>38</sup>

But Canada's vision of economic integration does not stop with APEC. Its government's ultimate goal is global free trade and APEC is only one, albeit extremely important, step on the road to worldwide free trade as envisioned by GATT/WTO: „APEC is also important for another reason, and that is its contribution to freer trade around the globe.“<sup>39</sup> For this reason, the Canadian Government is an ardent supporter of APEC's important principle of 'open regionalism'. 'Open regionalism' means that APEC is not seeking to establish a regional trade pact, but that its primary goal is the reduction of trade and investment impediments on a global basis.

To sum up: Three factors determine Canada's stance towards international economic integration. First: for a highly trade-dependent country, international economic integration is of outmost importance. Second: for a fragmented country with great regional differences in culture and economic growth, integrating with other countries might further weaken the nation-state. Third: economic integration with the United States

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<sup>37</sup> Michael K. Hawes, „NAFTA, Regional Integration and Japan: A Canadian Perspective“, in *Pacific Partners. Canada and the United States*, edited by Charles F. Doran et al. (Cambridge 1994), p. 81.

<sup>38</sup> DFAIT, ed., *Notes for Remarks „Canada and APEC: The Multilateral Approach to Asia Pacific“* by Ron Macintosh, Special Policy Advisor, Asia and Pacific Branch, Department of Foreign Affairs and International Trade, 11 February 1995.

<sup>39</sup> DFAIT, ed., *Notes for an Address by the Honourable Art Eggleton, Minister for International Trade, on the Occasion of the Pacific Basin Economic Council*, 1 November 1996.

cannot be separated from the issues of American domination. In weighing up these determinants in order to formulate a coherent policy, Canadian governments have always adhered to the following rule: It best serves Canada's economic and political main interest - reducing the influence of the U.S. - if Canada integrates economically with as many countries as possible. Or, put differently: Global free trade is better than regional free trade is better than bilateral free trade with the U.S.

#### 2.4. Canada's International Role as a Middle Power

Canada's enthusiasm for APEC is not only based on economic considerations, but also on the country's role in the international system. Although „defining a middle power ...is as difficult as trying to define middle age“<sup>40</sup>, Canada may be described as such. More important than an external classification of Canada's international position based on the size of its population, its natural resources and economic and military potential, though, is the country's own view of its global role. A former member of the DFAIT gives the clue:

„Canadians...like to think of themselves as being positioned strategically in the middle of things: a middle power; a moderating influence; a peacekeeper; a helpful fixer; a bridge-builder. While sharing many of the same values and interests with the United States, we lay no claim to the reality of interdependence, and indeed our foreign policy is largely concerned with 'managing interdependence'. Call it altruism, self-interest or realism - that, in short, is the Canadian perspective of international relations.“<sup>41</sup>

Three things are of importance in this statement. First: Canada accepts its middle power role and pursues it actively. This can be proven with reference to Canada's active participation in numerous international organizations, its alignment with other middle and small powers, its affiliation with the idea of multilateralism and its coming up with innovative international initiatives, like the former Prime Minister Pearson's proposal to send U.N. peace-keeping forces to Egypt after the Suez Crisis in 1956.

<sup>40</sup> Gérard Pelletier, „The Multilateralist Role of the Middle Power“, in *Friends so Different. Essays on Canada and the United States in the 1980s*, edited by Lansing Lamont and J. Duncan Edmonds (Ottawa 1989), p. 225.

<sup>41</sup> James H. Taylor, „Bilateral Relations in the Global Context: A Canadian Perspective“, in *ibid*, p. 243.

Second: Canada's middle power role is closely related to the U.S. Since its southern neighbour has always had a great or even super power status and has been able and willing to pursue unilateral politics, taking a multilateral stance is a means of distinguishing Canadian from American foreign policy. And, what is even more important: This role of a „helpful fixer“ seems to correspond more to moral standards than the patently interest-driven U.S. foreign policy. But this last conclusion needs to be modified, as the statement illustrates the third important fact: Canadian foreign policy is as much determined by 'altruism', 'self-interest' and 'realism' as any other foreign policy. Canada has always accepted power as the primary unit of measurement in international politics, not only for other countries but also for itself. In establishing the middle powers as a third class of countries apart from the great and the powerless states, Canada and other countries signalled at the end of World War II that they had no aspirations to challenge the great powers. But they also made it quite clear that they intended to play a more influential role than the small states. Canada failed with its effort to establish a permanent role for the middle powers in the UN Charta<sup>42</sup>, but „the proposal nevertheless laid bare the Canadian aspiration, along with the premises upon which it was based.“<sup>43</sup>

But although Canada has never questioned that power is the most important structural element in the international system, it has always worked for procedures to „moderate its use“, as Stairs makes quite clear<sup>44</sup>. The reason fully reflects the interest-driven foreign policy concept of the realistic theory: An anarchical international system where only the most powerful states can survive is not acceptable for Canada. Therefore, international organizations and conferences where information can be exchanged and control exercised have always been considered by Canadian policymakers to be the most appropriate means to achieve this goal. The more participants these multilateral fora have the better, because one rule of thumb of Canadian foreign policy can be formulated as follows: „In the presence of the strong, there is sometimes safety in numbers.“<sup>45</sup> The last section on international economic integration has proven that

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<sup>42</sup> Canada tried to assign non-permanent seats on the Security Council to the middle powers, but for organizational and political reasons the UN decided to fill the seats by a geographical key.

<sup>43</sup> Denis Stairs, „Choosing Multilateralism: Canada's Experience after World War II and Canada in the New International Environment“, *CANCAPS Papier*, no. 4 (July 1994), p. 3. See also John W. Holmes, *Canada: A Middle-Aged Power* (Toronto 1976).

<sup>44</sup> Stairs, op.cit., p. 3.

<sup>45</sup> Ibid., p.1.

adherence to this rule is fundamental to Canadian policy and that in Canada's case 'the strong' can easily be named: the United States.

Why is Canada's place in the world, as assigned to it externally and as chosen by Canada itself, a determinant of its Asia Pacific policy? The answer is simple. The experience Canada has gained in multilateral politics, through working actively in international organizations, enables Canada to engage in politics with a region so large and diverse as the Asia Pacific. Canada is used to compromising and negotiating - qualities which are gaining importance after the end of the Cold War and are most likely to be needed in dealing with countries in the Asia Pacific region. Before the concepts with which Canada is trying to make use of these privileges are analyzed in the following section, we will take a look at the Asia Pacific community in Canada.

### 3. Canada's Asia Pacific Strategy in the Nineties

#### 3.1. The Actors: Federal and Provincial Governments and the Asia Pacific Community in Canada

Despite the growing interdependence of Canada and its people with other nations, the federal government still is Canada's most important actor on the international stage. But there are some specialities about the development of a Canadian foreign affairs department as a branch of government. Canada was declared independent from Great Britain in 1868, but it was only in 1931 that it was granted the right to pursue its own foreign policy. And even then it took another fifteen years before Canada actively participated in international affairs. The Department for External Affairs, for example, was named Department for *External* Affairs and not *Foreign* Affairs, because in the first decades it was concerned with relations to countries of the British Empire/Commonwealth, which were not regarded as foreign in the strict sense.<sup>46</sup> And, to give a second example, it was not until 1946 that the first Secretary for External Affairs was appointed; hitherto before that, the Prime Minister had fulfilled this function.

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<sup>46</sup> Robert J. Jackson and Doreen Jackson, *Politics in Canada. Culture, Institutions, Behaviour and Public Policy*, 2nd ed. (Scarborough 1990), p. 624.

All in all, foreign policy became a late concern of the Canadians, and its organization is still not complete. In the 1980's, for example, a restructuring of the foreign affairs bureaucracy took place which reflected major changes in the international system: Trade responsibilities were transferred from the Department of Industry, Trade and Commerce to the Department for External Affairs, in view of the fact that economic issues determine foreign policy to a large extent. This development together with the dropping of the outdated name Department of *External* Affairs found its conclusion at the beginning of the 1990's, when the department was renamed Department of Foreign Affairs and International Trade (DFAIT).

The importance of the Asia Pacific in Canadian foreign politics can be seen from the fact that this region has its own Secretary of State, a position filled with Raymond Chan at present. By choosing an Asian for this position - Canada's first and only foreign-born federal politician of Chinese descent - a further message is conveyed: Canada is willing to use Asian expertise and values in formulating and executing its Asia Pacific policy.<sup>47</sup> Further strengthening of the Asia Pacific branch of the Department for Foreign Affairs and International Trade has taken and will take place, with the establishment of an APEC Bureau within the Asia Pacific Regional Coordination Division of the DFAIT being one of the most important changes this year.<sup>48</sup>

In comparison with the Canadian executive Parliament plays a much smaller role in international affairs. As in any other parliamentary system the role of the legislature is restricted in Canadian foreign policy - not by the constitution but by the fact that the majority in parliament and the government form a political union. Even if the Canadian parliament's role in international relations has evolved from „bystander to participant“, according to David Taras, nothing essential has changed the way the executive and legislative cooperate - „the executive still has the exclusive control over the levers of decision-making...“<sup>49</sup>.

There is no indication that this general observation is not true for Parliament's role in Asia Pacific policies. On the contrary: Paul Evans' case study of the Canadian Parliament and Canada-China relations between 1949 and 1982 confirms what has already

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<sup>47</sup> Jill Vardy, „Political Rookie puts Chinese Roots to Use on Federal State“, *Financial Post*, 18 November 1994.

<sup>48</sup> APFC, „APEC Update“, *R&A Newsletter* 1, no. 2 (Vancouver 1996).

<sup>49</sup> David Taras, „From Bystander to Participant“, in *Parliament and Canadian Foreign Policy*, edited by David Taras (Toronto 1985), p. 16.

been said: „On the question of parliamentary influence, there is little to indicate that Parliament has served anything more than a ‘marginal’ role in influencing government action towards the PRC [People’s Republic of China].“<sup>50</sup> Since the beginning of this year, however, the Senate Foreign Affairs Committee has been holding hearings on Canada and the Asia Pacific and it will be interesting to see if they differ from the executive’s Asia Pacific policies.

Whereas the role of the Canadian parliament in foreign policy is marginal, the provinces do participate in foreign policy in general and in Asia Pacific policies in particular. Although the Canadian Constitution is almost silent on the issue of foreign policy, in the course of time a consensus on the separation of power in foreign affairs between the federal and the provincial governments has evolved - leaving enough room for conflicts, too. This consensus says that the federal government conducts security policy and has the exclusive right to sign treaties, whereas the provinces „do have the right to enter into private commercial contracts with foreign governments, as well as to make bureaucratic agreements of a non-binding nature with foreign governments“<sup>51</sup>.

At least half the provinces make use of this formula in the context of Asia Pacific politics: British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. However, the amount of support given by the provincial governments to economic, political and commercial relationships of their subjects with countries of the Asia Pacific corresponds to the geographic distance from the Pacific Ocean. This means that B.C. is the most active province in this respect, followed by Alberta, Saskatchewan and Manitoba. Ontario, the largest and economically most potent province, must be excluded from this ranking. Although located in Central Canada, the province has a solid economic relationship with the Asia Pacific, especially with Japan. In contrast to the four western provinces, Ontario’s economic relations with the Asia Pacific are of a more industrial kind, a prominent example being the city of Mississauga, which is home to over 90 Japanese companies in high-tech industries.<sup>52</sup>

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<sup>50</sup> Paul Evans et al., „Looking (Far) East: Parliament and Canada-China Relations, 1949-1982“, in *ibid.*, p. 94.

<sup>51</sup> Robert J. Jackson and Doreen Jackson, *Politics in Canada. Culture, Institutions, Behaviour and Public Policy*, 2nd ed. (Scarborough 1990), p. 634.

<sup>52</sup> For this reason, Mississauga is called the „Japanese capital of Canada“. See Canada-Japan Trade Council, *Ontario and Japan: the Mississauga Experience. Proceedings of a Conference* (Ottawa 1992).

British Columbia, Canada's third largest province, is by far the most active in trade with the Asia Pacific. In 1994, 58 % of B.C.'s international exports went to nations bordering on the Pacific Ocean. This amounted to 35 % of total Canadian exports to the region.<sup>53</sup> Therefore, it is no surprise that the B.C. government pursues a very active foreign economic policy, not only by supporting Canadian businesspeople through export promotion plans but also by trying to attract Asian investors through its business immigration programme. In this programme, initiated by the Business Immigration Branch of the Government of British Columbia, B.C. presents itself as a gateway between the Asia Pacific and North America. Being aware of the importance of this bridge-function of B.C., the federal government in Ottawa supports this programme, although it may further weaken the Canadian nation-state, as discussed in the previous section.

For Alberta, the Asia Pacific is a very important market, too. Even if the lion's bulk of exports goes to the U.S. (more than 77 % in 1995), the Asia Pacific is Alberta's largest non-U.S. market (about 65 % of its non-U.S. exports went to Asia, Oceania, South and Central America in 1995).<sup>54</sup> Whereas the U.S. has slightly lost as export market for Alberta - in 1994 79,4 % of Alberta's exports went south compared to 77,1 % in 1996 - Asia Pacific (without the U.S.) is gaining ground: In 1995 17,1 % of Alberta's exports went to the Asia Pacific, up from 15,3 % in 1994.

As trade-dependent and resource-rich provinces, Manitoba and Saskatchewan are also very interested in intensifying their economic relationships with countries of the Asia Pacific. They are too small, though, to act alone. Therefore, the Team Canada initiative, a concerted effort by the federal and provincial governments and businesspeople, suits small provinces like Saskatchewan and Manitoba very well. The initiative will be discussed in section 3.2.

In addition to the traditional governmental actors there is an increasing number of Canadian Non-Governmental Organizations (NGOs) engaged in Asia Pacific politics. Together with the first group they form the Asia Pacific Network in Canada and match the way cooperation is organized in the region very well. The history of Asia Pacific

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<sup>53</sup> B.C. Ministry of Employment and Investment, *B.C. International Commodity Exports, 1994: Objective and Scope* (Vancouver 1995) [[http://www.ei.gov.bc.ca/Pubs/InterComm/1\\_4.html](http://www.ei.gov.bc.ca/Pubs/InterComm/1_4.html)].

<sup>54</sup> Government of Alberta, *International Trade Review. Alberta's Exports by Country, Region and Industry* (Calgary 1996) [<http://www.edt.gov.ab.ca/frames/review/cri.htm>].

cooperation is one of International Non-Governmental Organizations (INGOs) and in-official strategies of building closer economic and political relations between Asian and Western countries. The list of INGOs concerned with creating an Asia Pacific community, first in the business, then in the security sector, bears witness to this inofficial form of doing politics in the region: the 'Pacific Trade Development Conference' (PAFTAD), founded in 1968; the 'Pacific Basin Economic Council' (PBEC), created in the same year; the 'Pacific Economic Cooperation Conference' (PECC) that held its first seminar in 1980; and the 'Council for Security Cooperation in Asia Pacific' (CSCAP), enunciated in 1992.<sup>55</sup> Even in the International Governmental Organizations (IGOs) involved in Asian and/or Asia Pacific cooperation, namely APEC and ASEAN, businessgroups, academics and interest groups have a say - in the Eminent Persons Group (EPG) of APEC and in the Track Two process of the ASEAN Regional Forum (ARF), for instance.

Countries, especially Western countries, that want to be members of a future Asia Pacific community have to participate in these networks. Canada surely does, but the extent and depth of the involvement is still a matter of discussion. It is recognized by everyone that many Canadian academics, businesspeople, interest groups and government officials have always participated in the Asia Pacific INGOs mentioned above. For most of them there is the Canadian equivalent, like the 'Canadian Committee of PBEC' (CCPBEC) and the 'Canadian National Committee on Pacific Economic Cooperation' (CANCPEC), and the fact that Canada works permanently in ARF and APEC has to be mentioned in this context, too.<sup>56</sup> Also, there is a whole array of research institutes that work on issues of economic and security cooperation in the Asia Pacific, the most prominent being the 'Joint Centre for Asia Pacific Studies' (JCAPS), University of Toronto and York University; the 'York Centre for Strategic and International Studies' (YCISS), York University; the 'Institute of International Relations', University of British Columbia; the 'Institute of Asian Research', University of British Columbia; the 'Asian Pacific Research and Resource Centre' (APRRC), Carleton University. Furthermore, the Asia Pacific Foundation of Canada (APFC) must be mentioned as an impor-

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<sup>55</sup> See Lawrence T. Woods, „Non-governmental Organizations and Pacific Cooperation: Back to the Future?“, *The Pacific Review* 4, no. 4 (1991), p. 312-321, and Lawrence T. Woods, *Asia-Pacific Diplomacy: Nongovernmental Organizations and International Relations* (Vancouver 1993).

<sup>56</sup> See: Lawrence T. Woods, „The Asia-Pacific Policy Network in Canada“, *The Pacific Review* 7, no. 4 (1994), p. 435-445.

tant think tank providing input into economic and cultural aspects of Asia Pacific relationships, while the 'Canadian Consortium on Asia Pacific Security' (CANCAPS, launched in 1993) covers the security interests of Canada in the region.

Merely listing the institutions of the Asia Pacific Network in Canada is a comparatively easy task - although this list is far from complete - but characterizing the nature of the network, i.e. the connections among the organizations, their functions and the role of the government, is very difficult. If the Canadian network fits the following definition, then it can be called an epistemic community and must be attributed a prominent role in Canadian politics towards the Asia Pacific. An epistemic community can, according to Peter M. Haas, be defined as „a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area.“<sup>57</sup>

Can this definition be applied to the Canadian network? Opinion is divided. Some scholars, like Miles Kahler, say yes: „Only in Australia and Canada does a pattern resembling the epistemic community ideal-type seem to apply, which may explain the leadership of these countries in setting a new institutional agenda for the region.“<sup>58</sup> The main argument to back this thesis is the connection between the Canadian government, the DFAIT in particular, and the institutions. PAFTAD, PBEC and PECC are financially supported by the government; APFC is a semi-governmental organization, especially created to establish the DFAIT with the expertise necessary to link Canada to the Asia Pacific; CANCAPS was founded by Paul M. Evans (Director of JCAPS) and David B. Dewitt (Director of YCISS) in cooperation with the DFAIT. The foreign ministry has not only helped finance CANCAPS, but both have also closely cooperated in formulating a security concept that links Canadian national interests with the realities of the region.<sup>59</sup>

A little more sceptical is Richard Higgott, though he still attributes an important function to Canada's Asia Pacific network. He applies Haas' definition to APEC and comes

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<sup>57</sup> Peter M. Haas, „Introduction: Epistemic Communities and International Policy Coordination“, *International Organization* 46, no. 1 (Winter 1992), p. 3.

<sup>58</sup> Miles Kahler, „Institution-building in the Pacific“, in *Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific*, edited by Andrew Mack and John Ravenhill (Canberra 1994), p. 32.

<sup>59</sup> See Lawrence T. Woods, „The Asia-Pacific Policy Network in Canada“, *The Pacific Review* 7, no. 4 (1994), p. 440.

to the conclusion that Australia is the only country where an epistemic community already exists.<sup>60</sup>

In evaluating this discussion it is important to note that the Canadian Asia Pacific network is very young. It was only in the eighties that it started to establish itself and although „more and more Canadian political scientists and legal experts are turning to the Asia Pacific region“<sup>61</sup> it needs at least another decade to mature. Nevertheless, the institutions that already exist are of great importance for the government and Canada's progress in the Asia Pacific in general. How much they are involved in the process of formulating and implementing Canadian policies towards the Asia Pacific will be part of the following section.

### 3.2. Concepts of Canada as a Pacific Player

In this part the different concepts of Canadian policies towards the Asia Pacific will be presented and analyzed. Most of them are motivated by economic interests, some have a security-related focus, like CSCAP and CANCEPS. The federal government is involved in all the programmes, either as the initiator (CYAP, Team Canada), or as the main participant (APEC), or as supporter and financial contributor (CSCAP, CANCEPS). Almost all the concepts, however, are being realized with other Canadian actors: the provinces (Team Canada) and the Canadian Asia Pacific network consisting of businesspeople, research and interest groups (CYAP, CSCAP, CANCEPS, Team Canada). All in all, the programmes give an impression of how Canada tries to be recognized as an important actor in the region, both at home and abroad.

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<sup>60</sup> Richard Higgott, „APEC - A Sceptical View“, in *Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific*, edited by Andrew Mack and John Ravenhill (Canberra 1994), p. 89 and 95.

<sup>61</sup> Lawrence T. Woods, „Clinton 'sheepless in Seattle' as APEC wary of U.S. role“, in *APRRRC Newsletter* 3, no. 3 (1993), p. 6.

### 3.2.1. Economic Concepts

#### 3.2.1.1. 1997: Canada's Year of Asia Pacific (CYAP)

1997 is a very special year for Canada's Asia Pacific policy. In November it will host the APEC Economic Leaders' Meeting in Vancouver, B.C., and it is taking advantage of this special event in order to stimulate Canadian awareness of the region as well as promote Canada in the APEC countries. Therefore, the Canadian government declared 1997 'Canada's Year of Asia Pacific' (CYAP). The goals of CYAP are primarily economic. Addressees are the Canadian people, particularly youth. They should familiarize themselves with Asian cultures, values and ways of doing business so that one day Canada can feel and act as a nation belonging to the Asia Pacific.

There is a long list of events taking place during CYAP. It encompasses cultural activities like exhibitions of Asian art and crafts and multicultural festivals as well as business related events like trade shows and conferences. In addition to businesspeople and academics, the youth is an important target of the programmes included in CYAP. From September 28 to October 5, for instance, there will be a large youth conference called 'Asia Connects' held at Winnipeg where Canadian students, international students studying in Canada, residents of Winnipeg and young people from last years' APEC-hosts, the Philippines and Malaysia, will come together. New communication technology will create a 'virtual community' intended to increase cross-cultural awareness across the Asia Pacific.

Whether this strategy of enforcing Canadian-Asia Pacific relations by means of culture and by bringing together mainly young people is successful, remains to be seen. But it is important to note that the programmes of CYAP are only one element of a whole range of concepts designed to support Canada's interests in the region.

### 3.2.1.2. Joint Efforts: Team Canada Missions

There are two things that CYAP and Team Canada missions have in common: First, their main intent is to improve economic relations between Canada and the countries of the Asia Pacific. Indirectly, in CYAP, by making Canada belong to the Asia Pacific community and directly, with the Team Canada concept, by negotiating business deals between Canadian companies and Asian partners. Second, both concepts were initiated by the federal government, but include other national actors - cultural and youth organizations (CYAP) and the provinces and businesspeople (Team Canada). The main difference, however, is the regional scope of the programmes. Whereas CYAP is restricted to the APEC countries, the three Team Canada missions organized so far have, in addition to some APEC countries, also gone to Central Asian and South Asian countries.

The first mission in 1994 led Canadian provincial Premiers and businesspeople to China and the deals signed amount to Cdn\$ 9 billion.<sup>62</sup> The second trade mission, from 8-20 January, 1996, covered South and Southeast Asia, visiting India, Pakistan, Indonesia and Malaysia. On this trip, the federal, provincial and territorial Premiers as well as more than 300 representatives of Canadian business and educational organizations signed 43 deals, worth Cdn\$ 8,6 billion.<sup>63</sup> The third and most recent trade mission travelled to South Korea, the Philippines and Thailand between January 8 and 20, 1997. This time, more than 400 businesspeople accompanied Team Canada, led by Prime Minister Chrétien. In order to make sure that the short-term benefits of the missions become transformed into long term job creation in Canada, the Global Opportunities Response Team (GO-Team) was established immediately after this year's mission. The GO-Team comprises trade commissioners who will be posted for short-term assignments in „the Philippines, Thailand and Korea - to maximize the benefits of the numerous opportunities generated by the recent Team Canada Mission to these countries.“<sup>64</sup>

<sup>62</sup> Of course, this was not the first mission of a Canadian Prime Minister to China. In 1972, Pierre Trudeau had visited China. But this trip was motivated not so much by economics, as by the desire to demonstrate a foreign policy independent of the U.S.

<sup>63</sup> Les Whittington, „43 Deals Bring Team Canada's Haul Up to \$ 8,6 Billion“, *Southam News*, 19 January 1996 [<http://www.southam.com:80/nmc/maves/depth/India/wrap0119.html>].

<sup>64</sup> DFAIT, „Eggleton Announces Creation of Global Opportunities Response Team (GO-Team)“, *News Release*, 7 February 1997.

As regards both domestic and foreign policy, it is difficult to measure the success of the Team Canada missions to the Asia Pacific. Domestically, the Team Canada approach was intended to stop separatist developments in Canada. This aim could not be realized, since none of Quebec's Prime Ministers has ever participated in any of the missions. In respect of foreign policy, the record of the trade missions is mixed, for two reasons: one economic and one political. A great number of the economic deals signed are merely agreements and not yet binding contracts.<sup>65</sup> And even the 'trickle-down'-effect of the guaranteed business deals is questionable. Some experts, like John Crispo, Professor of Economics at the University of Toronto, are convinced that the money spent on trade missions would be invested more effectively if used for domestic government expenditures.<sup>66</sup>

The political objection to the Team Canada missions is directed against the inclusion of human rights issues: Canada should not try to mix political, mainly human rights objectives, with economic interests. In Indonesia, for instance, Chrétien put the sensitive issue of East Timor on the agenda; in India and Pakistan he wanted to talk about the conflict concerning Kashmir; and in India Chrétien urged Prime Minister Narasimha Rao to sign the Nuclear Non-Proliferation Treaty and to improve conditions for the millions of children who have to work in deplorable conditions.<sup>67</sup> With his critical remarks about child labor in India which are understandable for Westerners but are rejected in most of the Asian countries as interference in internal affairs, the Canadian Premier risked the economic success of the mission.

This section on the Team Canada missions to the Asia Pacific should not be concluded with an purely critical, pessimistic assessment of their success. After all, pressing for human rights is a noble element lacking in many countries' foreign policies. Also, it is not only morals that drive Chrétien to push for democracy in Asian countries. It is also pragmatism and long-term interests, since an improvement of economic and political conditions in the countries mentioned will especially favour the expanding middle

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<sup>65</sup> Of the Cdn\$ 8,6 billion from the 1996 mission only 2,6 billion were in firm contract. See Les Whittington, „43 Deals Bring Team Canada's Haul Up to \$ 8,6 Billion“, *Southam News*, 19 January 1996 [<http://www.southam.com:80/nmc/maves/depth/India/wrap0119.html>].

<sup>66</sup> Crispo cited in Craig Sumi, „Job Creation Benefits of Tour Questionable, Experts Say“, *Southam News*, 20 January 1996 [<http://www.southam.com:80/nmc/maves/depth/India/ind0120.html>].

<sup>67</sup> Les Whittington, „Everything Takes Back Seat to Trade in Team Canada Tour“, *Southam News*, 19 January 1996 [<http://www.southam.com:80/nmc/maves/depth/India/wrap0119a.html>].

classes. They, in turn, are the strongest supporter of an open economic system, raising chances for Canadians to do business in these countries.

### 3.2.1.3. Achieving Goals Multilaterally: The Asia-Pacific Economic Cooperation (APEC)

APEC is a forum which matches Canadian interests well: „A successful APEC is very much in Canada’s interests“.<sup>68</sup> The organization is the centrepiece of Canada’s Asia Pacific strategy and it is no coincidence that Canada’s Year of Asia Pacific culminates in the APEC Economic Leaders’ Meeting in Vancouver, in November 1997. According to Raymond Chan, Secretary of State for Asia Pacific, APEC is important for Canada because it is the fastest developing multilateral organization and it strengthens cooperation between countries of the Asia Pacific, especially in sectors of key interest for Canada, like energy, transportation, telecommunications, fisheries and tourism.<sup>69</sup> These arguments in support of APEC are rather broad and could have been pronounced by any of the APEC member countries. So what is special about Canada’s participation in the Asia Pacific organization? Two points must be mentioned:

First: Canada, as a middle power, has a long tradition of working within international organizations; its foreign policy is strongly committed to the principle of multilateralism. Therefore, Canada did not hesitate to join APEC, when, after a period of uncertainty, the U.S. and Canada were invited to do so.<sup>70</sup> But Canada does not want to be just one member among others. As analyzed in section 2.4. its self-assessment as a middle power is not only meant to distinguish itself from the great powers, but also from the small powers. Canada has always wanted to make a difference and leave an impression on international politics.<sup>71</sup> Analytically, this form of policy-making has been explained by the functional principle, according to which smaller powers can also exert power by imparting expertise and knowledge in certain fields to international or-

<sup>68</sup> Gary J. Smith, „New Dimensions in Asia“, *CANCAPS Papier*, no. 1 (1994), p. 68.

<sup>69</sup> DFAIT, ed., *Notes for an Address by the Honourable Raymond Chan, Secretary of State (Asia-Pacific), to the Pacific Basin Economic Council*, 1 December 1995.

<sup>70</sup> For information on the foundation of APEC and Australia’s and Canada’s role see Richard A. Higgott et al., „Asia-Pacific Economic Cooperation: An Evolving Case-Study in Leadership and Co-Operation Building“, *International Journal* 45 (1990), p. 823-866.

<sup>71</sup> The title of the following volume expresses this wish to make a difference: John English and Norman Hillmer, *Making a difference? Canada’s Foreign Policy in a Changing World Order* (Toronto 1992).

ganizations. On the systemic level, this cooperation in functional areas could eventually lead to world peace, according to David Mitrany.<sup>72</sup> Although Canadian policy makers share this vision of global harmony, it is more interests than morals that made Canadian policy-makers choose functionalism as one of the guiding principles of foreign policy. The connection of the functional principle and Canada's politics within APEC is obvious, although it is too early to come to a final conclusion. But the following quote from a government statement on Canada and APEC reveals that functionalism has also found its place in Canadian Asia Pacific politics: „APEC also provides a forum through which Canada can provide leadership in areas where we have special expertise and/or technology, such as environmental protection and education.“<sup>73</sup> Canadian representatives in APEC have constantly tried to share this special expertise with the organization by actively participating in the ten working groups of APEC, either as a shepherd or a 'normal' member, or by bringing up innovative plans for reform. It was on Canada's initiative, for example, that APEC's Environmental Ministers met in Vancouver in 1994 and endorsed a 'Framework of Principles for Integrating Economy and Environment in APEC', and in 1995 Canada urged the other member countries to manage the APEC process more effectively.<sup>74</sup>

Second: Closely related to what has just been said about APEC and multilateralism is another of Canada's special interests: to reduce domination of the U.S. (and Japan) in the Asia Pacific by guaranteeing the institutionalized participation of all countries in the dialogue. Although Canadian policy makers often hesitate to express this argument too directly, some statements pointing in this direction can be found:

„Canadian foreign and trade policy toward the Asia Pacific are based on the view that there must be more contact and co-operation among policy makers if growth is to be sustained. That broadened policy dialogue offsets the prospect of an axis dominated, however inadvertently, by the US and Japan.“<sup>75</sup>

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<sup>72</sup> David Mitrany, *A Working Peace System: An Argument for the Functional Development of International Organization* (Chicago 1943). For the influence of Mitrany's theory on the Canadian Department of External Affairs, immediately after the end of World War II, see John W. Holmes, *Canada: A Middle-Aged Power* (Toronto 1976), p. 175.

<sup>73</sup> DFAIT, *APEC: Background and Canadian Perspectives*, unpublished document.

<sup>74</sup> DFAIT, *Canadian Quarterly Report on Asia Pacific Economic Cooperation*, July 1995.

<sup>75</sup> „Notes for a Speech by the Secretary of State for External Affairs, the Right Honourable Joe Clark, Tokyo, 24 July 1990“, *CANCAPS Papier*, no. 1 (1994), p. 7.

So far, APEC has been treated only as an economic institution and not as one concerned with security issues. Most APEC countries, especially Asian members, would say that this is correct and APEC documents explicitly state that the organization deals with economic cooperation only. Lately, however, some western members tentatively have been speaking about putting security issues on APEC's agenda, and Canada is one of those countries.<sup>76</sup>

Of course Canada knows that cooperation in security is a very sensitive topic for APEC countries like China, Malaysia and Indonesia, to name just a few. Not only do their leaders reject the idea of common security on the ground that high politics are the exclusive domain of the respective country, but a number of conflicts make every attempt of dialogue a risky endeavour (e.g. between Taiwan and China or among Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam about the Spratly Islands). This is why Canada is very cautious about pushing too hard for the inclusion of security issues in APEC and relies rather on other fora to deal with this subject. Initiating the North Pacific Cooperative Security Dialogue (NPSCD) in 1990 can be seen as an outcome of these considerations.

### 3.2.2. Security Concepts

#### 3.2.2.1. The North Pacific Cooperative Security Dialogue (NPSCD) and its Failure

Canada's first proposal of a security dialogue and cooperation process for the Asia Pacific was restricted to the North Pacific. A study of the Asia Pacific security environment conducted by the DFAIT identified four sub-regions in the Asia Pacific - South Asia, Southeast Asia, the South Pacific and the North Pacific. It came to the conclusion that three of them were covered by institutions dealing in one way or another with common security concerns - South Asia by the South Asian Association for Regional Cooperation (SAARC), Southeast Asia by the Association of Southeast Asian Nations (ASEAN) and its important ASEAN Regional Forum (ARF), and the South Pacific by the South Pacific Forum. Only the North Pacific, comprising, in the Canadian view, China, North and South Korea, Japan and Russia does not have a dialogue forum for

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<sup>76</sup> Shannon Selin et al., „Stability, Security and Business“, *Issues for APEC Series*, no. 3 (1997), p. 26.

discussing common security concerns.<sup>77</sup> This, according to Canada, is all the more deplorable since some of the most problematic conflicts in the whole region are to be found in this area: the relationship between South and North Korea, the dispute between Russia and Japan on the Kuril Islands, the territorial conflict about the Straits Islands, and, above all, China's assumed hegemonic ambitions which might become a threat to the other countries.

The proposals resulting from the study were presented between 1990 and 1993 under the title North Pacific Cooperative Security Dialogue (NPCSD), the main idea being to create two channels of dialogue, one official and one non-governmental, through which the countries of the North Pacific together with Canada and the U.S. could cooperate on security issues. Canada made it quite clear from the very beginning which of the two tracks it would pursue: „Canadian efforts to contribute to stability and security in the North Pacific, will be focused on the NGO track of the NPSCD.“<sup>78</sup>

In accordance with this priority for Track Two, a number of workshops and conferences were organized by the two academic institutions that organized the NGO process and that are some of the main actors in the Canadian Asia Pacific community: the York Centre for International and Strategic Studies (YCISS) and the Joint Centre for Asia Pacific Studies (JCAPS). Within their research done for NPCSD and published in the 'NPCSD Working Paper Series', the examination of the appropriate way of coordinating security is a recurrent theme. Without a short analysis of Canada's understanding of security after the end of the Cold War, Canada's interests in the region, and the perceived threats to security in the North Pacific, this examination cannot, however, be undertaken.

The main document of Canadian foreign policy after 1989 is the Government Statement 'Canada in the World', dated 1995. In it, Canada's presents a broad definition of security, adding new challenges to the traditional, military ones. A close connection between security and economics - that is the clear message of the Government Statement, or, put in foreign policy terms: Economic interests can only be pursued in a

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<sup>77</sup> See Stewart Henderson, „Zone of Uncertainty: Canada and the Security Architecture in Asia Pacific“, *Canadian Foreign Policy* 1, no. 1 (1992/93), p. 103-120.

<sup>78</sup> Stewart Henderson, „Canada and Asia Pacific Security. The North Pacific Cooperative Security Dialogue: Recent Trends“, *NPCSD Working Paper*, no. 1 (1992), p. 18.

secure global/regional environment. Since the end of the Cold War this formula has been the basis for Canada's politics in the North Pacific.

The Canadian idea of a security structure in the North Pacific is described by the term 'Cooperative Security'. It is best explained by comparing it with 'Common Security', a model well known to Europeans, since it underlies the Conference for Security Cooperation in Europe (CSCE), now Organization for Security Cooperation in Europe (OSCE). Both are arrangements of common security, not of common defence, and therefore, in its ideal form, have as many members as possible, including friends and potential enemies alike. And both concepts have a broad definition of security, encompassing military and non-military elements. Despite these, there are some important differences between the two concepts. The most important is that 'Cooperative Security' „...is a more flexible concept as it recognizes the value of existing balance-of-power arrangements in contributing to regional security and for retaining them - indeed, for working with and through them - allowing multilateralism to develop from more ad hoc, informal, and flexible processes until the conditions for institutionalized multilateralism become more favourable.“<sup>79</sup>

This Canadian proposal for a flexible arrangement and their call for a gradual evolution of multilateralism is tantamount to a CSCE Asian-style, and, indeed, U.S.-American style. Asian-style, because Asian politicians prefer informal ways of dialogue to binding arrangements and institutions, and U.S.-style, because of the U.S. reluctance to give up their bilateral security relationships with countries of the region, mainly Japan and South Korea. Canada respected both positions not only because they come from powerful and influential actors but also, in the case of the U.S., because Canada has an interest in keeping the U.S. in the region as a stabilizing force. Therefore, 'Cooperative Security' is a realistic concept that takes into consideration the possibility that power-politics still plays a role in the North Pacific, at least in the short term. It must also be called flexible, because in contrast to 'Common Security', the Canadian notion does not have a fixed definition of common security threats and concerns of all the countries in the region.<sup>80</sup>

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<sup>79</sup> David B. Dewitt, „Common, Comprehensive, and Cooperative Security in Asia-Pacific“, *CANCAPS Papier*, no. 3 (1994), p. 14.

<sup>80</sup> *Ibid.*, p. 15.

Despite the caution with which the Canadians designed their concept for security cooperation in the North Pacific, the NPCSD failed in 1993. There was both an internal and an external reason for this failure. The defeat of the Progressive Conservatives in 1993 led to a restructuring of Canadian foreign policy, in the course of which not only the foreign ministry changed its name from 'External Affairs and International Trade Canada' to 'Department of Foreign Affairs and International Trade', but in which the new Chrétien government showed less sympathy for the concept of 'Cooperative Security' than his predecessors Campbell and Mulroney.<sup>81</sup> As valid as the internal explanation, however, is the external one, which goes as follows: Because several countries did not agree with the Canadian concept of security cooperation, Canada had no alternative but to abandon NPCSD. The protest of Japan and the U.S. was especially loud. The U.S. saw no need for a security arrangement in the North Pacific nor for Canada's role in it. 'If it ain't broke, don't fix it' was the maxime of the U.S. government, and if there were any security problems in the region they could be solved by traditional means, namely existing American bilateral security arrangements. Still more important for the U.S. and Japanese opposition to NPCSD was that the Soviet Union/Russia was included. This would grant the former enemy too important a role and too much leverage in the region.<sup>82</sup>

#### 3.2.2.2. The Successor: The Canadian Consortium on Asia Pacific Security (CANCAPS)

CANCAPS was created in 1993 and may be seen as the successor to the NPCSD. Its interests lie in security issues as well, but it differs from NPCSD in that it covers the whole of the Asia Pacific and is a purely Canadian organization. The organizers' intention is to promote research and to foster public awareness on security issues in the Asia Pacific, both in and outside Canada. Although still in evolution, its Vice-President, Brian Job, already draws a positive conclusion: „CANCAPS has succeeded to date

<sup>81</sup> Kim Richard Nossal, „Seeing Things? The Adornment of 'Security' in Australia and Canada“, *Australian Journal of International Affairs* 49, no. 1 (1995), p. 40.

<sup>82</sup> It is not easy to find the U.S. being blamed for the failure of NPCSD in official Canadian documents, because of Canada's dependence on the U.S. and the important role it attributes to its neighbor for stability in the region. But restrained criticism can be found, as in the statement of two members of the DFAIT: Gary J. Smith and Jill E. Sinclair, „Arms Control and Security Building in Asia-Pacific: A Canadian Perspective“, *CANCAPS Papier*, no. 1 (1994), p. 60.

beyond our expectations, largely, I believe, because of the combination of informality and minimal organizational overhead, focused discussion on issues of contemporary policy relevance, cooperation between 'Track I' and 'Track II,' and effective administration."<sup>83</sup> CENCAPS now has more than 200 members, publishes the 'CENCAPS Bulletin' and the 'CENCAPS Papiers' informing about activities and research, and in December 1996 it held its fourth annual conference in Calgary. Being 'only' a Canadian 'think tank', albeit with regular cooperation with other NGOs and INGOs in the region, Canada also needs to be part of international organizations in order to cooperate with the countries in the region. Therefore, participation in an INGO like the 'Council for Security Cooperation in the Asia-Pacific' (CSCAP) is of utmost importance.

### 3.2.2.3. Working on Track Two: The Council for Security Cooperation in the Asia-Pacific (CSCAP)

In June 1993, representatives of ten NGOs in ten countries<sup>84</sup> came together in Kuala Lumpur to found CSCAP. Similar to the NPCSD, but with a different regional scope and members' profile, the aim of CSCAP formulated by the founding members is to contribute to regional security building measures by means of regular consultations and cooperation. CSCAP, which is described by one of the directors of the Canadian founding institute, Paul Evans (CENCAPS), as „a natural extension of these three years of vigorous track two activity“<sup>85</sup>, is finding great support in Canada. Canada played a leading role in the creation of CSCAP and has since contributed to the success of the organization. Its experience with NPCSD, for instance, has been utilized in CSCAP's working group on 'Security Cooperation in the North Pacific', co-chaired by Canada and Japan. This functional approach according to which Canada should direct its input to areas where it has special knowledge and expertise, works with regard to Canada's

<sup>83</sup> Brian Job, „Stocktaking“, *CENCAPS Bulletin*, no. 8 (1996), p. 1.

<sup>84</sup> The ten NGOs are all well known in the Asia Pacific community. They include the 'Pacific Forum/CSIS' (U.S.A.), the 'Centre for Strategic and International Studies' (Indonesia) and the 'Strategic and Defense Studies Centre' (Australia). The Canadian NGO is the 'Joint Centre for Asia Pacific Studies', University of Toronto and York University, which had been a founding member of NPCSD and is one of the three leading organizations in CENCAPS. Apart from these four countries, the following also take part in CSCAP: Japan, South Korea, Malaysia, the Philippines, Singapore and Thailand. Four new members have joined CSCAP since its inception, North Korea, New Zealand, Mongolia and Russia. India and the European CSCAP are now associate members and the UN has been granted observer status.

<sup>85</sup> Paul M. Evans, „Building Security: The Council for Security Cooperation in the Asia Pacific (CSCAP)“, *The Pacific Review* 7, no. 2 (1994), p. 129.

membership in CSCAP, too. It could, however, be strengthened, as the participants of the fourth meeting of the Canadian Member Committee of CSCAP (CMC/CSCAP) concluded in Toronto in January 1997. In particular, the problems between ASEAN's Regional Forum (ARF) and CSCAP<sup>86</sup> need to be solved, since they „divert attention from issues of importance to Canada“<sup>87</sup>.

However, not only participation in CSCAP but also in ARF as one of its dialogue partners is of great importance for Canada, as the following section will show.

#### 3.2.2.4. The ASEAN Regional Forum (ARF) and the South China Sea Initiative

Canada regards ARF as an important vehicle for security and stability in Southeast Asia. It is also one of the most respected of the non-Asian dialogue partners of ASEAN, since Canada's understanding of security cooperation in the region is similar to the Asian one. A comparison of the concept of 'Cooperative Security' proposed in NPCSD with the Asian concept included in ARF, illustrates this point. Both have a broad understanding of security, adding non-military to traditional security elements. Like in NPCSD, building confidence and security through ARF is an evolutionary process, beginning with the sharing of information and starting of dialogues. Canada has proven, despite the problem of being considered a Western country that tries to impose its human rights policy on Asian countries, that it can adjust itself to the Southeast Asian style of security cooperation, especially through its participation in the Indonesian South China Sea initiative.<sup>88</sup>

The South China Sea initiative is a Track Two ocean diplomacy project initiated by Indonesia in 1989. It aims at interpreting and implementing the UN Convention on the Law of the Sea of 1982 in the South China Sea, especially in the fields of ecology and security. Opportunities for potential cooperation between the states of the South China Sea can be identified in the following areas: marine environmental protection; navigational safety and sea communication; assessment and management of fisheries; territo-

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<sup>86</sup> See: Jusuf Wanandi, „The Future of ARF and CSCAP in the Regional Security Architecture“, in *Regional Security Arrangements. Indonesian and Canadian Views*, edited by Jusuf Wanandi (Jakarta 1996), p. 32 ff.

<sup>87</sup> Brian Job, „CMC/CSCAP Meeting“, in *CANCAPS Bulletin*, no. 12 (1997), p. 14.

<sup>88</sup> Christopher J. Dagg, „Perspectives on Development, Security, and Governance“, in *ibid.*, p. 60.

rial and jurisdictional, defence and security issues.<sup>89</sup> The initiative with the final goal of implementing a regime for the South China Sea is administered by Indonesia and Canada. The Canadian International Development Agency (CIDA) has helped fund the programme from the very beginning and is expected to continue its financial support until the end of the initiative in the year 2000; the University of British Columbia (UBC), Vancouver, together with its Indonesian counterpart, is the responsible agency for the programme and conducts the great bulk of research.

How can Canadian participation in ARF and the South China Sea initiative be evaluated? First of all, it continues the tradition of functionalism in Canadian foreign policy. Especially through the South China Sea initiative Canada is able to present itself as a maritime nation - an image of great importance for a country that wants to belong to the Pacific community. As the country with the longest coast in the world, Canada can contribute its special expertise in this field to the initiative.

Second: Not only knowledge and experience are of great importance for a Western country doing politics in the Asia Pacific, but also its image. Canada is accepted as a mediator by almost all of the Asian countries and that makes it less difficult to play an active role in the region.

#### **4. Conclusion: Canada as a 'Pacific Player' and Future 'Pacific Nation'?**

One conclusion can certainly be drawn from this study: The Canadian government is pursuing a very active, innovative foreign policy towards the Asia Pacific. With its focus on multilateralism and cooperation the Canadian strategy is representative of a middle power that tries to use its limited resources effectively and with a long-term perspective. Membership in regional governmental organizations like APEC and ARF and in NGOs like CSCAP are an expression of Canada's desire to take part in Asia Pacific affairs. But simply participating is not enough. If a middle power wants to make an impression and difference in international politics, initiatives are needed. With the NPCSD, for example, Canada has demonstrated that it is eager to contribute its expertise to the regional fora discussing security cooperation.

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<sup>89</sup> Ian Townsend-Gault, „Confidence and Cooperation in the South China Sea: The Indonesia-Canada Initiative“, in *ibid.*, p. 73.

Cooperation is not limited to working with governments and interest groups abroad, though. In the Canadian case it also means asking for the advice of national academic institutions and designing and implementing concepts together with the provinces, businesspeople and interest groups. This close cooperation can not only be explained by the growing need for expertise in foreign policy, but also with problems of national coherence. By including the provinces and national organizations in the decision-making-process of the federal government, feelings of alienation and even separatist tendencies may be softened. More than in most other industrialized countries, foreign policy in Canada has a domestic component.

In section two on the determinants of Canadian policy towards the Asia Pacific this relationship between internal and external policies was highlighted further. One reason for Canada's support of regional economic integration in the Asia Pacific can be seen in the need to compensate for the negative effects of continental integration. APEC, in this context, finds the special support of the Canadian government, since Canada's ideal of global free trade is included in APEC's formula of 'open regionalism'.

Two other factors analyzed in section two are closely connected with the first determinant, the weak Canadian nation-state: Canada's economy and the United States. Canada is a country heavily dependent on trade and foreign investment and, for this reason alone, is very interested in a rapidly growing market like the Asia Pacific. But Canada is not only dependent on trade but also on the U.S. Around 80 percent of Canada's exports and imports go to/come from its neighbour in the south. This is a problem in itself, but in the light of Canada's permanent desire to distinguish itself from the U.S. and in the face of its national crisis it has grown into a question of survival for many Canadians. Therefore, it has always been the aim of Canadian politicians to reduce this dependence and at the same time retain the economic advantages of the close partnership with the U.S. Improving its relations with the countries of the Asia Pacific seems a very promising solution to this problem.

The fourth and last determinant of Canada's 'middle power' foreign policy towards the Asia Pacific is connected with the U.S. as well. To act in cooperation with other nations helps to distinguish Canadian foreign policy from the unilateral strategy of the U.S., and it is also more acceptable by moral standards, supporting the image of Canada as a 'helpful fixer'.

But is this reputation also helpful in dealing with countries of the Asia Pacific region? Or is mere power, as with the United States, the prerequisite for achieving a nation's aims? These questions lead to the assessment of Canada's chances of successfully implementing its strategy towards the Asia Pacific as presented in this paper.

In security politics, lack of power and assertion might be the greatest obstacle to Canada's endeavors to become recognized by others as an important player in the region. Countries like Japan, for instance, continue „to regard Canada as an after-thought in their security planning - a footnote to the invitation...“<sup>90</sup> and other middle powers in the region, like Australia, see Canada as a competitor in the race to present new initiatives.

In the economic realm, things are a bit different. Here, the acceptance by the other countries of the region is not the greatest problem - on the contrary: some Asians prefer Canadians over U.S. Americans and other foreigners.<sup>91</sup> The greatest impediment in economic politics comes from within Canada itself. It is the hesitation of Canadians to do business in Asia. Canadian businesspeople are known to be averse to taking risks and stick to the traditional continental market. Although educational facilities in Canada, and the APFC in particular, are trying to make Canadians familiar with Asian cultures and ways of doing business, not much has changed in recent years. Headlines like the following in the Canadian national newspaper *Financial Post* prove this: „*Our biggest weakness: we're not prepared to take risks': Canada plays it too safe on Asia*“<sup>92</sup>; „*Trade with the U.S. is easy, but Canada ignores Asia at its peril*“<sup>93</sup>.

In the long run, the immigration policy of the federal and provincial governments could help tie Canada's economy to the Asia Pacific more closely. British Columbia in particular is eager to attract Asian businessmen who are willing to invest in the economy. They not only bring the capital needed to establish new industries, but they also help set up business networks between their home countries and Canada. Some authors, however, are more sceptical about the 'bridging role' of Asian Canadians and, what is more important, urge the Canadians not to use the Asian immigrants as a pretext for not

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<sup>90</sup> Shannon Selin et al., „Stability, Security and Business in Asia Pacific“, *Issues for APEC Series*, no. 3 (1997), p. 26.

<sup>91</sup> Under the title „Southeast Asians Prefer Canadians over Americans“ the *Vancouver Sun* wrote on 16 April 1994: „Canadians have a reputation in Southeast Asia for being more culturally sensitive, more polite and nicer than Americans and a lot of other national groups.“

<sup>92</sup> *Financial Post*, 18 November 1991.

<sup>93</sup> *Ibid.*, 4/6 November, 1989.

establishing their own links with the region: „Asian-Canadians may have a special role to play in Canada’s relations with Asia, but this must be a matter of individual choice, not a responsibility foisted on them by an unconscious assumption that because they look Asian they have a special interest.“<sup>94</sup>

If the great number of Asian immigrants in Canada will be able and willing to help their host country establish closer ties with their countries of origin remains to be seen. But there is no doubt that the foreign policy establishment in Canada has been successful over the last several years to present Canada as a Pacific player, both at home and abroad. To become a Pacific nation, the Canadians themselves have to direct their attention to the west. This task will be the most important and most difficult in the near future.

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<sup>94</sup> Diana Lary, „Dumb Foreigners. Language and Cultural Barriers to Canadian Relations with Asia and the Pacific“, *Asia Papers* (JCAPS), no. 4 (1990), p. 62.

## Abbreviations

APEC	Asia-Pacific Economic Cooperation
APFC	Asia Pacific Foundation of Canada
APRRC	Asian Pacific Research and Resource Centre
ASEAN	Association of Southeast Asian Nations
ARF	ASEAN Regional Forum
B.C.	British Columbia
CANCAPS	Canadian Consortium on Asia Pacific Security
CANCPEC	Canadian National Committee on Pacific Economic Cooperation
CCPBEC	Canadian Committee of PBEC
Cdn\$	Canadian Dollar
CIDA	Canadian International Development Agency
CMC/CSCAP	Canadian Member Committee of CSCAP
CSBMs	Confidence and Security Building Measures
CSCAP	Council for Security Cooperation in Asia Pacific
CSCE	Conference for Security Cooperation in Europe
CYAP	Canada's Year of Asia Pacific
DFAIT	Department of Foreign Affairs and International Trade
EPG	Eminent Persons Group
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GB	Great Britain
GNP	Gross National Product
GO-Team	Global Opportunities Response Team
IGOs	International Governmental Organizations
INGOs	International Non-Governmental Organizations
JCAPS	Joint Centre for Asia Pacific Studies
NAFTA	North American Free Trade Agreement
NGOs	Non-Governmental Organization
NPSCD	North Pacific Cooperative Security Dialogue
OSCE	Organization for Security Cooperation in Europe
PAFTAD	Pacific Trade Development Conference

PBEC	The Pacific Basin Economic Council
PECC	Pacific Economic Cooperation Conference
PMC	ASEAN Post Ministerial Group
PRC	People's Republic of China
SAARC	South Asian Association for Regional Cooperation
UBC	University of British Columbia
UN	United Nations
U.S.A.	United States
U.S.	United States
U.S.\$	United States Dollar
YCISS	York Centre for International and Strategic Studies
WTO	World Trade Organization

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a home in NAFTA<sup>37</sup>. Following this strategy, Canada signed a bilateral trade agreement with Chile in November 1996 and is, through the Canadian-Chilean accord, promoting free trade throughout the hemisphere.

In this context, APEC plays an essential role. Canada's active participation in APEC can be explained by its interest in enlarging the existing free trade area and in building a connection between continental and Asia Pacific integration. It is easy to understand why 18 APEC members are a more attractive trade partners than 3 NAFTA countries, especially when such economically powerful countries like Japan, Hong Kong and Singa-

apore them. But Canada's interest goes beyond this purely economic aspect. Canada's continuous effort to reduce its dependence on the U.S. and to create a more independent image, separate from that of its powerful neighbour that has shaped Canada's foreign policy. A member of the Canadian Department of Foreign Affairs and International Trade (DFAIT) tries to express this sensitive fact: „With Canada at the table is assured and our contribution has been widely appreciated and easily distinguishable from that of our neighbours to the south.“<sup>38</sup>

The process of economic integration does not stop with APEC. Its government's goal is global free trade and APEC is only one, albeit extremely important, road to worldwide free trade as envisioned by GATT/WTO: „APEC is not for one or another reason, and that is its contribution to freer trade around the world. For this reason, the Canadian Government is an ardent supporter of APEC's principle of 'open regionalism'. 'Open regionalism' means that APEC is not to establish a regional trade pact, but that its primary goal is the reduction of trade impediments on a global basis.

Three factors determine Canada's stance towards international economic integration: First: for a highly trade-dependent country, international economic integration is of great importance. Second: for a fragmented country with great regional diversity, culture and economic growth, integrating with other countries might be a challenge to the nation-state. Third: economic integration with the United States

<sup>37</sup> See, „NAFTA, Regional Integration and Japan: A Canadian Perspective“, in *Pacific and the United States*, edited by Charles F. Doran et al. (Cambridge 1994), p. 81.

<sup>38</sup> *Notes for Remarks* „Canada and APEC: The Multilateral Approach to Asia Pacific“ by Special Policy Advisor, Asia and Pacific Branch, Department of Foreign Affairs and International Trade, 11 February 1995.

<sup>39</sup> *Notes for an Address by the Honourable Art Eggleton, Minister for International Trade, to the Pacific Basin Economic Council*, 1 November 1996.