



COLLECTION

NOVEMBER 2022

Canada & China in an Age of Great Power Rivalry:

Addressing Challenges, Resetting the Relationship

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THE INSTITUTE FOR
PEACE & DIPLOMACY

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About the China Strategy Project

In its national history, Canada has never had to contend with a powerful China. The Opium Wars, which inaugurated China's 'century of humiliation', began nearly three decades prior to Confederation in 1839. When paired with other global trends, the rise of China therefore presents a novel context that will affect Canada's national interests and the wider international order in complex ways.

As relations between Ottawa and Beijing have deteriorated over recent years, Canada's two major political parties have taken diametrically opposite approaches. The Liberal Party, while accepting the reality that an ambitious agenda for bilateral cooperation is no longer possible, has attempted to tread a difficult tight rope and not offend Beijing. By contrast, the Conservatives have adopted a much more critical line.

Major differences in foreign policy visions and priorities between Canada's two leading parties, which are not limited to the issue of China, can lead to policy incoherence and inconsistency whenever there is a change of government. This, in turn, damages the country's ability to secure its national interests consistently in a changing world.

While cross-partisan disagreement on China is likely to persist, this project aims to identify and explore targeted areas of potential consensus that can underpin a unified national strategy for dealing with China—one that is neither naïve nor overly alarmist. The trade-centric status quo in Canada-China relations, centred on 'engagement for engagement's sake' and insufficiently conscious of strategic considerations, appears to have run its course. However, a full swing of the pendulum into a cold war-type relationship may not be in Canada's interests either.

The project consisted of a series of publications and roundtable discussions by top Canadian thinkers and China experts probing five key questions concerning Canada's relationship with China:

- What place does China occupy in Canada's vision of a rules-based international order?
- What restrictions and reductions in Canada-China trade should the Canadian government and business community be prepared to tolerate?
- What do worsening relations between China and the West imply for Canada's strategy to tackle climate change?
- What should the current downturn in Canada-China relations and mounting security concerns imply for Canadian universities?
- What do deteriorating relations with Beijing imply for the future of multiculturalism in Canada?

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A man in a dark suit is seen from behind, holding the Canadian flag on the left and the Chinese flag on the right. The Canadian flag features a large red maple leaf on a white background, with red borders. The Chinese flag is red with five yellow stars in the upper left corner. The scene is set against a light-colored background.

Foreword

SENATOR YUEN PAU WOO



Foreword

Just when you thought that nuanced discussion on Canada-China relations was lost to a chorus of groupthinkers, along comes a set of essays that offers hope for fresh reflection on the most important challenge facing Canadian foreign policy in the years ahead.

It is not just that bilateral relations are in a rut. The bigger problem with the current direction of thinking is the uncritical acceptance of premises about China and its place in the world: That the People's Republic of China (PRC) is a threat to Canada, that Beijing has imperial ambitions, that US policy on China is good for Canada (and the world), that Canada should decouple from the Chinese economy and society, that Chinese Canadians are binary in their attitudes towards the mainland, that Canada can change China, and – most pernicious of all – that Canadians with non-mainstream views about the PRC should be treated with suspicion.

The above is my own caricature and should not be attributed to any of the authors in this fine volume, but the essays collectively challenge the current conventional thinking on China and offer a pathway for Canada to construct a new approach to bilateral relations that is as clear-eyed about China's place in the world as it is about Canada's.

The authors are sober about China's growing assertiveness in international relations and Beijing's use of coercion for the advancement of its objectives. But they are also alive to the context of great power politics and the distortionary impact of US policy on China for Canada and the world. There can be no meaningful China strategy for Canada that is not situated within the context of US-China strategic competition. In the same way, if Canada's forthcoming 'Indo-Pacific Strategy' (IPS) is to be of any use, it must at least implicitly recognize the

American provenance of such a strategy and, in so doing, seek to maximize the degrees of freedom for Canada to pursue its own objectives in that vast region.

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There are many who conceive of the IPS as a Canadian strategy for engaging with Asia by reducing exposure to China. There is merit in diversifying Canada's economic ties in the region so that more emphasis is given to places like Japan, Korea, India and ASEAN. But a strategy framed as "Asia sans PRC" is infeasible because China is a major source of investment capital plus intermediate and final demand for much of Asia. It is also undesirable because it amounts to a strategy of containment and will signal Canada's enlistment in the new 'cold war'.

The effects of any such approach will have repercussions not just for our relations with Beijing, but also domestically. There was a time not long ago when deeper ties were encouraged between Canada and China in the areas of local government, research, civil society and business. Today, the discourse is all about assessing the risks of such linkages and erring on the side of caution. More extreme versions of a national security framing of



Canada-China linkages assume a whole of society threat that essentially blacklists Canadians with ties to Chinese institutions.

The essays make for uncomfortable reading, for example: that there is not much Canada can do about the persecution of Uyghurs in Xinjiang; that Canada is no longer a middle power; that our much-vaunted policy of multiculturalism fails large segments of visible minorities; that Chinese-Canadian scholars will face disproportionate scrutiny; that a strategy of decoupling is fanciful at best and counterproductive at worst; that the United States is not acting in Canada's best interests; that the world cannot be divided into 'democracies and autocracies'; and that China has an alternative narrative regarding its system of government and of global governance that we should not dismiss.

Many countries in the region, particularly across ASEAN, will be looking for the ways in which a Canadian IPS does not mimic the geo-strategic calculus of the American approach.

Many of these propositions are debatable—and they deserve to be debated. But there is no doubt that a strategy on China (and the Indo-Pacific) that builds on some of these ideas will lead to a very different place from one which starts from the counterpoint. Unfortunately, there is very little evidence of such reflection in parliament, regardless of political stripe. If anything, the mood on China in Ottawa remains febrile, sustained by sour public sentiment towards Beijing and a steady stream of unfavourable media reporting on the PRC.

It will come as a surprise to most Canadians that many of the views expressed in the essays are not controversial, especially in the Indo-Pacific. Whereas Canada has the luxury of being high-minded about complex political, economic and military issues in the region, the countries that are in China's immediate neighborhood are much more sober about the need to coexist and cooperate with Beijing, even as they compete with and challenge the PRC on a range of economic and security matters. Indeed, many countries in the region, particularly across ASEAN, will be looking for the ways in which a Canadian IPS does not mimic the geo-strategic calculus of the American approach and offers genuine opportunities for expanded economic, cultural and people-to-people ties, backed by a serious long-term investment of resources.

As it turns out, 'Coexist, Cooperate, Compete and Challenge' are the same 'four Cs' that were offered by former Foreign Minister Marc Garneau as a mnemonic for how to deal with China. While not amounting to a China strategy, the four Cs are a useful reminder of the multiple objectives and approaches that must be part of any strategy, and the need to maintain balance among those objectives. Unfortunately, most of the political focus in the last four years has been on competition and challenge. The recent appointment of Jennifer May as the new Canadian Ambassador to Beijing does not appear to signal much change in direction, given the prime minister's marching orders for the Ambassador to "lead Canada's important work in standing up for democratic values, human rights, and the rule of law".

I congratulate the authors for their stimulating essays and thank the Institute for Peace & Diplomacy for commissioning them. In the current environment, it would be too optimistic to believe that they will provoke substantial change in the policy establishment in the near term. How-



ever, the US-China geopolitical rivalry that is the root cause for many of the challenges addressed in the essays will be with us for decades, so the need for alternative strategies will persist and become more apparent with the passage of time. In the meantime, I hope this volume inspires other scholars, together with businesspeople, policy analysts and the many Canadians who have deep ties with the Chinese world to add their voices to the defining issue in international relations for the 21st century.

A photograph of several men in dark suits and ties, likely Chinese officials, seated in a row. The man in the center is Xi Jinping, looking slightly to his right with a subtle smile. Other officials are visible behind and to the left of him, some wearing glasses and lanyards. The background is a plain, light-colored wall.

Living With China

JEREMY PALTIEL



Introduction

Liberals of all stripes, and Canadians in general, are uncomfortable with the rise of China. Xi Jinping as leader of the governing Communist Party of China rejects the universality of liberal values on principle and exercises brutal repression to preserve the Party's political monopoly. His quest for the Great Rejuvenation of the Chinese Nation ignores the aspirations of the people of Taiwan for their own vibrant democracy and erases the distinctive identities of Tibetans and Uyghurs alongside the linguistic and cultural practices of other minorities under Chinese rule. He has enshrined himself over the past decade as the sole interpreter of an ideology that combines Marxism-Leninism with the Chinese cultural tradition as he defines it.

Alarmed at the repressive policies Xi implements at home and concerned about the elastic boundaries of the national destiny he propagates, Canadians witnessing the growth of China's economic and military power are uneasy with the world taking shape. [Recent polls](#) say a clear majority want to reduce our trade dependence and even more believe that we can do so without suffering negative consequences on our prosperity and wellbeing.

As China outpaces regional and global competitors, other participants in the liberal order that emerged in the wake of the last World War are concerned for its future. That China challenges aspects of that order is beyond dispute. The extent of that challenge—and the scope of China's dissent—are crucial for any rational and effective response that does not destabilize peace or threaten the planet.

Those ensconced in the firm belief that liberal values form the essence of humanity and convinced that these were baked into an order led and maintained by the United States of America experience the rise of China as an existential threat. But not

all experience China that way. Over-identification with a liberal model rooted in Euro-American history and experience clouds rational discussion and obscures a realistic and accurate understanding of the nature of China's challenge.

The Asian Perspective

In a self-regarding perspective that reaches only to the dawn of modernity and Western dominance over the past few centuries, liberals of the West misconstrue the import of China's 'national rejuvenation' and analogize it to the rise of Germany in the half-century before the Great War. Asians understand the way China understands itself. The identity of China is as a civilizational great power. It is a great power consciousness that Xi Jinping emphasizes in practically every speech, including his [greetings](#) to the citizens of his country on New Year's Eve.

For practically all Chinese, the idea of China is equated with being a great power in the world. Furthermore, a great number see their own personal identities bound up with the project of China's state power. This is not new, nor does it derive from Marxism-Leninism. It is inextricably bound up with China's Confucian tradition where the aspiration was to 'assist Heaven' to bring order and manage the 'All Under Heaven', *Tianxia*, with the ultimate aspiration of educated commoners to act as 'tutors to the King' in the management of state affairs according to the Will of Heaven: *Tianming*, otherwise referred to as the 'Mandate of Heaven'.

China's Asian neighbours were acutely aware of Chinese sensitivities and pretensions and participated in its hierarchic order to various degrees. Island Japan stood apart, but it did not dispute the centrality of Chinese civilization. China's Asian neighbours proffered the appropriate deference



to coexist with China, and in return China offered benign indifference to their internal affairs. As long as it was not challenged in its self-regard, China did not care. So, with long memories at their disposal and with very recent experience of the hypocrisy of Western universalism in the form of colonialism, Asians know how to live with China's rise, and on New Year's day brought into effect the Regional Comprehensive Economic Partnership (RCEP) which brings together ASEAN and China along with both Japan and South Korea, with Australia and New Zealand also in the mix.

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As the President of the Institute for Economic Cooperation of the Chinese Ministry of Commerce put it, "RCEP is the 19th FTA China has signed, it is the FTA of the greatest global scope and will play an important role in the expansion and increasing standard of China's opening to the outside."

Furthermore, he added: "China has under the umbrella of RCEP established free trade with both Japan and the ROK, which has not only built a basis for a three-sided high-quality FTA with Japan and the ROK. *It has also positively assisted in the promotion of accession to a higher standard FTA with **transpacific partners***" (hinting at accession to the CPTPP, author's emphasis). The article appears to make clear China's touted commitment to a rules-based multilateral trading order in which regional free trade zones play a promotional and

supportive role.

It is absolutely clear that China's Asian neighbours, including Japan, do not see the rise of China and the decline of rules-based order in zero-sum terms. To pretend otherwise is nothing less than Eurocentric Western hubris.

Ambiguity in China's Exceptional Challenge

No one is suggesting, least of all this author, that we should acquiesce to every aspect of Chinese domestic and foreign behaviour and treat all its pretensions with deference. We do, however, need to recognize the following:

1. China is fully committed to a global order with the United Nations and its associated institutions at its centre. China is the largest contributor of peacekeeping forces among the permanent five of the UN Security Council and the second-largest contributor to the UN's peacekeeping fund;
2. On the 20th anniversary of its accession to the World Trade Organization, China has reaffirmed its commitment to the multilateral trading order and has **demonstrated** greater adherence to its trading rules and willingness to abide by its arbitration than has the United States;
3. China has never invaded and occupied territory without UN sanction (unlike the US) and generally abides by its treaty commitments. Nor does it place domestic law above international law (unlike the US).

This recognition does not exclude acknowledgement that the rule of law in China falls well short of the standards of constitutional liberal regimes, in particular in the area of individual rights. Furthermore, the deficiencies of the rule of law in China make it less likely that any individual or legal per-



son, domestic or foreign, can get a hearing before an independent court in any politically sensitive case where the communist regime is implicitly a party. Canadians saw this in the case of Michael Kovrig. This does not mean, however, that Chinese justice is arbitrary in all cases. Canadians may be surprised to learn that foreign corporate litigants are successful in the **majority** of their cases before Chinese courts, especially in the highly publicized area of intellectual property.

China poses exceptional challenges, but its status as an exception has clear limits. It remains **broadly supportive** of the current world order. China has found a coterie of clients and hangers-on, but there is little to suggest any likelihood of a hegemonic bloc, nor is there any real evidence of Chinese ambition to construct a coherent economic network for which it takes political responsibility.

Reassessing Chinese Behaviour

Recently there have been efforts to equate Chinese and Russian attitudes towards their ‘near abroad’ with reckless charges of ‘irredentism’. China has **settled** its territorial disputes with nearly all of its territorial neighbours. India and Bhutan are the only countries with which China disputes its land border. Critics naturally raise the issue of the South China Sea and Taiwan as well as the Senkaku/Diaoyutai dispute with Japan. In each of the cases of China’s maritime borders, and the issue of China’s sovereignty over Taiwan, China has not shied away from militarized threats.

Nonetheless, even though China rejected the jurisdiction of the UN Court of Arbitration on the South China Sea, China maintains that it continues to support the UN Convention of the Law of the Sea (UNCLOS) which the US has so far declined to ratify. Beijing is also involved in active negotiations with ASEAN on a Code of Conduct for the South China Sea. The details of the Senkaku dispute are too detailed to rehash here, but it is suf-

ficient to say that not all the legal weight is on the Japanese side. The weight of international opinion is that Taiwan is not a sovereign state. The issue there is whether the People’s Republic of China can claim it and whether it is entitled to enforce its claim by military means. Here again, the weight of international opinion, broadly shared by Canada, is that the PRC is not entitled to enforce its claim against the will of Taiwan’s population, which consistently demonstrated its determination to uphold its democratic autonomy.

The case of Hong Kong is also complex – it was administered as a British Crown Colony where more than 2/3 of the territory was a 99-year lease scheduled to revert to Chinese sovereignty in 1997. While China’s central government may have betrayed hopes that Hong Kongers will be able to elect their own chief executive under universal suffrage, China made no such explicit commitment under the Joint Declaration that governs the reversion of Hong Kong to Chinese sovereignty, nor did the British authorities in the 150 years in which they governed Hong Kong ever institute an executive fully accountable to the local population.

The National Security Law of Hong Kong that the PRC National People’s Congress promulgated in 2020 does violate provisions of the Joint Declaration with respect to the UN Convention of Civil and Political Rights, but there is no real enforcement mechanism beyond that provided by the UN Human Rights Council. The ‘one country, two systems’ premise has been hollowed out, but this was never anything more than a promise, with no legal or constitutional backing and certainly no enforcement mechanism under international law.

We have the right to complain, and complain we should, on behalf of the people of Hong Kong. But we also should acknowledge that the provocative disturbances between 2014 and 2020 targeting police and state institutions set the stage for a



heavy-handed crackdown. That crackdown was by Hong Kong's own institutions with a pedigree to its colonial past and not by any direct intervention by forces deployed by the Mainland. On the whole, the failure of the one country, two systems model was an institutional failure in which Hong Kong's establishment, the British who negotiated the handover and the CCP in Beijing all share blame.

In short, therefore, it is a distortion to look at PRC relations with Hong Kong, Taiwan and the South China Sea as evidence of expansionism or hegemonic intent. China has long made its intentions towards these clear and consistent. There is no evidence of a growing appetite for outward conquest.

What of the Belt and Road Initiative? A closer look at the initiative and its implementation demonstrates no malign intentions and questionable payoff on Chinese ambition. Since the initial announcement of the BRI in 2013, the project has grown to encompass Latin America as well as East Africa and virtually the entire supercontinent of Eurasia. Nonetheless, the pace of investment has slowed significantly over the past several years as multiple difficulties have surrounded them.

Even the earliest showcase project in China's 'all weather friend'—the China-Pakistan Economic Corridor (CPEC)—has been downsized, with both investment viability and serious security concerns considerably diminishing the prospects of its deepwater outlet on the Arabian Sea, Gwadar. Pakistan and Sri Lanka (another close partner) are struggling under the contracted debts. This does not mean that the entire initiative was designed with 'debt traps' in mind. It simply means that the ambition of the initiative failed to match economic realities and the Chinese promise of aid 'without conditions' produced white elephants for greedy politicians that had no way of paying for themselves.

This does not mean the entire initiative was ill-conceived, nor that it failed to have positive developmental spin-offs. There is little doubt that Chinese efforts have turned around the investment climate in Africa and stimulated badly needed infrastructure investment. Furthermore, on balance it has yielded considerable goodwill in Asia, Africa and the Caribbean as well as in Central Asia. But fears of growing Chinese hegemony in Central Asia, East Africa and Eastern Europe now ring strangely hollow. Ethiopia, once a Chinese investment success story, is now in the grips of a bloody civil war. Sudan is plunged in deep political uncertainty. South Sudan still struggles to maintain coherence as a state on anything but paper. And the Middle East is, if anything, less coherent politically than it has been at any time since the end of the First World War. There is virtually no evidence that the BRI has succeeded in replicating the 'Chinese model' or the 'Chinese solution' anywhere.

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Chinese support may shore up some 'bad actors', but only where those actors are in firm control of domestic institutions. In other cases, China keeps a wary distance even from 'enemies of their adversaries' such as the Taliban in Afghanistan. Almost a half year after the Taliban took Kabul, China is in no hurry to recognize the Taliban Emirate. Rather than consolidate the alignment with Pakistan, [cracks](#) have opened in China's relations with the Pakistani military, even in the midst of the worst tensions between China and Pakistan's arch-enemy India in more than a generation.



The reality demonstrates that China is neither the unstoppable juggernaut that some people fear, nor does it harbour an unquenchable quest to undermine and destroy our way of life. Instead, it is a fearful regime that yearns for space to survive in a world where its own norms are criticized as are the genuine improvements it has brought about for its own people. China is neither as beneficent as it claims nor as malevolent as it is maligned.

The Chinese Communist Party exercises a firm grip over the territory and population under its jurisdiction, but its influence diminishes dramatically the further one gets from its frontier. There, its influence is limited to the blandishments it proffers and the limited sanctions it can wield. It has few friends on principle, but only a fellow feeling among those other regimes beleaguered by populations they cannot trust. A league of authoritarians led by China and Russia may amount to little more than a passel of paranoiacs, anxiously peering in the rear-view mirror. Russian interference in the US election and the Brexit referendum was disturbing — but the motley characters dredged up by investigations were hardly capable of promoting a coup in a country club let alone overturn a vibrant democracy.

Can the West Influence China? And How?

It is a truism to look at the relationship of China with major Western countries and speak of ‘the end of engagement’. The degree to which the ‘post-engagement’ period is cast as a ‘new Cold War’ is in debate. But no one disputes that the era of engagement is over. Furthermore, the ‘flaw’ of engagement is generally recognized as one where we interacted with China according to our rules and we expected that China would then accept those rules and become socialized into Western norms. Despite consistent evidence the Chinese Communist Party has rejected Western norms,

it was only once Xi Jinping explicitly repudiated universal values and began to tout China’s own normative beliefs that this perspective was put to bed. At the same time, a shifting balance of material power, both economic and—at least in terms of hardware and organization—military power, demonstrated that China was ready to deploy that power in defence of its dissent from the West. Donald Trump accelerated this process through a more confrontational stance and explicit recognition that China was America’s rival.

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On the Chinese side, we can date a shift from conditional engagement to self-regarding assertiveness—first with the revision of the one country, two systems formula in Hong Kong, then the explicit subordination of Special Administrative Zone’s institutions to the national security norms prevailing in the PRC. In a parallel fashion, Beijing’s approach to Taiwan is increasingly characterized by military pressure and away from political blandishment. A policy of blunt assertiveness where possession is nine-tenths of the law in the South China Sea speaks for itself. The violent standoff along the Sino-Indian frontier is another data point, alongside the harsh repression in Xinjiang with no pretence of even face-saving nods to Western sensibilities. The message is clear: 中国办自己之事 — “China will take care of its own affairs.” The unspoken corollary is that Western objections play no role in Beijing’s policy calculus.

Covid, and a growing rift with the West led by the



US, act to insulate China from Western influence. As human contact declines, as trade, technology and scientific relations come undone the positive incentives for a shared outlook fall away, with blunt force the sole remaining channel of influence. It isn't that deterrence is a more effective tool to influence authoritarian regimes like China's. Rather, it remains the means available once alternatives have been discarded.

In issues like the survival of Taiwan's democratic government, deterrence is indispensable. Where force is already being deployed, the availability and willingness to deploy counterforce is the only reasonable response. But deterrence does not foreclose diplomatic solutions. It simply telegraphs that force will be met by force. Therefore, each side must explore alternatives short of war to achieve their most important goals. The West's goal with respect to Taiwan is to safeguard the hard-earned right of Taiwanese people to form a democratically accountable government and to ensure that military force does not become the language of diplomacy in East Asia. The West insists Beijing must pursue the goal of reunification peacefully, consistent with the support of the people of Taiwan. In effect, Taiwan is one test of China's peaceful intentions.

Deterrence does not foreclose diplomatic solutions. It simply telegraphs that force will be met by force. Therefore, each side must explore alternatives short of war to achieve their most important goals.

By all means, China's claims in the South China Sea must be challenged practically, but the norma-

tive challenge should be pursued in coordination with China's ASEAN neighbours with concerted demands that China conform to UNCLOS, a treaty it has signed and ratified. This requires that the US ratify that treaty also.

There is little the West can do to counter China's brutal practices in Xinjiang. The failure of the Islamic world to come to the support of their Muslim brethren deprives would-be supporters of Uyghur human rights of the most potent diplomatic tool. Banning imports produced with forced labour is important symbolically and may loosen dependence on China-anchored supply chains. However, the latter is a double-edged sword. Lessening dependence on China-anchored supply chains reduces vulnerability to Chinese sanctions, but also eliminates bandwidth in mutual influence.

There are three problems with the strategy of 'decoupling'. First, it may not be practical at a price we can afford. Second, it reduces channels of mutual influence that encourage both sides to reach a mutual accommodation. Third, impeding and reducing the two-way (and multi-vector) flow of factors of production significantly increases costs and reduces welfare for both parties. As we have already seen with Trump's tariffs, the party imposing the cost pays the higher price. The loss of positive incentives for cooperation may do more harm than the supposed benefits of reducing trade dependency would justify. Furthermore, the quicker the pace of decoupling, the more it reduces the marginal impact of the threat of further sanctions.

It is obvious that Xi Jinping's insatiable quest for global status means that the greatest impact on China may be through conditional cooperation inside the institutions and fora of global governance coupled with united and unequivocal criticism. Xi Jinping craves the echo of applause from abroad. Global prestige cannot be achieved domestically, nor can it be manufactured through censorship. To be sure, censorship may snip out criticism, and



applause tracks can be manufactured for domestic consumption, but a global China is unable to seal itself off from the world. In fact, the best thing the West can do in the competition with China is to maintain its own prestige globally. ‘Soft power’ is not easily deployed, but more importantly, its accumulation is broadly proportional to the beneficence of material power. Spread the wealth and demonstrate your availability, only then will you achieve soft power credibly. China makes great efforts to spread the wealth but has been much less successful at demonstrating its availability. China is quick to offer and quick to withhold. It leaves the impression everywhere that its generosity is self-serving.

Addressing China's Challenge

While some Western observers and misguided Canadian analysts cast envious glances at ‘the Quad’ as a prototypical ‘like-minded’ coalition, the reality of its members’ foreign policy suggests otherwise. India maintains normal multilateral meetings with China and Russia and Sino-Indian trade reached new heights this past year. Even discounting India’s lapses from democratic values, its alignment with the West appears more like a hedge than a wedge directed at Chinese ambitions.

Much Canadian hand wringing about the existential threat of China to the West is based more on irrational fear and envy than sober reality. Yes, China challenges liberal values and norms—especially in the realm of individual human rights and democratic pluralism. At the same time, China shares with Canadians a belief that the deep purpose of modern governance is to promote collective prosperity and wellbeing reflected in the improvement of individual lives. China has proven this on a vast scale and has the ambition of demonstrating this to the developing world. That is a competitive challenge, to be sure—but it is a virtuous and benign one with positive-sum outcomes.

This is a competition the West should willingly embrace and refrain from turning into a zero-sum confrontation. We should take up the challenge and give the Chinese model the chance to fail on its own terms, while at the same time ramping up the attractiveness of what the West has on offer. In the rush to securitize our relationship with China, Canada is in retreat from the global stage and huddling in fear within the narrow core of NATO. Africa, Asia and Latin America have no interest in our liberal nostalgia for the Cold War.

In the rush to securitize our relationship with China, Canada is in retreat from the global stage and huddling in fear within the narrow core of NATO. Africa, Asia and Latin America have no interest in our liberal nostalgia for the Cold War.

US President Biden is well aware that the key to outcompeting China is to prove that the liberal democratic path yields better outcomes and greater prosperity. So far, he has been hard-pressed to demonstrate it. Let us compete with China on results-based governance that generates popular support. The West needs to show that an individual, rights-based model of governance is capable of generating collective action in the interest of all—in the economy, in public health and in the natural environment. Without that, our rhetoric on rights’ will remain just that.

US President Joe Biden recently summoned a summit of democracies—but to what end? If the purpose of the gathering was to shore up the rules-based order and ensure the future of liber-



al global governance, then the premise should be to support the global governance institutions associated with the United Nations, to coordinate among democracies to press for the highest-common-denominator solutions to global problems and to promote further human rights. What is needed is a collective lobby group to work within existing institutions, not an alternative that sharpens the global divide and apes the dysfunction that currently afflicts the US body politic.

By all means, let us compete with China, and confront it where necessary. But let us be clear-eyed about our purpose: it is not to ‘defeat’ China but to advance the cause of the planet and humanity. Going to war with China will solve none of our problems. Today’s PLA is not that of the Korean War. It can credibly challenge the US and there is no reassurance that a war with China will be limited in time or space. At the same time, no solution to the global challenge of climate change is possible without Chinese cooperation. Lose China, lose the planet.

This article was originally published online on January 14, 2022.

Canada's Dilemma: China & the 'Rules-Based International Order'

ZACHARY PAIKIN





Introduction

It is widely acknowledged that the rules-based international order is in crisis. Russian revanchism has destroyed Europe's collective security architecture, while persistent North-South disputes threaten the smooth functioning of global multilateralism. But it is China's steady rise that presents the more long-term and formidable challenge to the status quo, even if Beijing has benefited to a significant extent from the existing order.

Often characterized as a 'middle power', Canada is said to retain a major stake in the survival of the rules-based order. Encouraging China to adhere to existing international norms—whether through engagement, coercion, or a combination of both—is therefore thought to be a core foreign policy imperative for Ottawa if it wishes to preserve the international conditions which have underpinned Canadian prosperity and security since World War II.

This paper takes issue with both aspects of this conventional narrative. First, it is not merely the rules-based international order that is in crisis. Rather, in addition to the flaws inherent to the concept of 'rules-based order' itself, the more significant development is that any recognizable form of order appears implausible today. Second, although Canada may retain a stake in the survival of rules-based multilateralism for other reasons (such as its reliance on international trade), its preferred vision of international order does not flow from its supposed middle power status. This is because Canada is no longer a middle power.

Both of these facts should inform Canada's approach toward relations with China, as well as the scope and goals of Canadian foreign policy more broadly. Specifically, in spite of recent tensions in the Canada-China relationship, Ottawa would be wise to adopt a posture rooted in caution and re-

straint, cooperating with Washington on the security implications of China's rise where necessary while keeping the door open to engagement with Beijing where possible.

Rules-Based Order?

The term 'rules-based international order', at the heart of Canada's foreign policy since a 2017 [speech](#) to Parliament delivered by then-Foreign Affairs Minister Chrystia Freeland, comes with obvious appeal. Its imagery clearly draws a line in the sand between previous historical eras and the present day. Unlike the 19th and 20th centuries which were based on spheres of influence and 'might makes right', so the argument goes, the post-World War II era has gradually sought to enmesh states into a form of interaction rooted in multilateral institutions and rules-based cooperation.

However, the term 'rules-based order' suffers from three key deficiencies.

The first—and simplest—is definitional: Whether the word 'rules' is interpreted loosely or strictly, the concept of 'rules-based order' becomes problematic. The looser definition is undermined by the fact that all orders are, to some extent, based on rules (whether formal or informal), if only to render state behaviour more predictable. The stricter understanding of rules—rooted in 'thick' multilateral institutions and an extensive body of international law—may make the distinction clearer between the characteristics of the post-World War II system and those of previous eras. However, as Patrick Porter has [illustrated](#), this makes the term 'rules-based order' oxymoronic: Strict rules suggest the need for rigidity in their application, whereas the task of preserving order inevitably requires compromise.

The second, perhaps more complex issue concerns



the perceived legitimacy of the rules themselves. Today's changing global balance of power has been accompanied by great powers contesting the norms which should underpin the international order. As such, while it may be in vogue for Western leaders to insist that China must respect the established rules, this entirely misses the point. Norms are political by their very nature, as they are the product of struggles to shape their content and meaning. The question not only of what rules, but also of whose rules, should apply is impossible to avoid.

While it may be in vogue for Western leaders to insist that China must respect the established rules, this entirely misses the point. Norms are political by their very nature, as they are the product of struggles to shape their content and meaning. The question not only of what rules, but also of whose rules, should apply is impossible to avoid.

Seen from this perspective, the term 'rules-based international order' is viewed in Beijing not as a neutral term or objective description of the status quo, but rather as a rhetorical device through which the West attempts to set the terms of international engagement at China's expense. Simply put, [hectoring](#) China over the need for it to respect the "rules-based international order" is going to get Western countries nowhere. With US President Joe Biden openly [declaring](#) that his country is in a contest with China to "win the 21st cen-

ture," statements [insisting](#) that Washington has no qualms with Beijing's growing power and only wants it to "adhere to international rules" will ring hollow.

The First Global Order

The third issue is perhaps the most profound: Not only does the rules-based order appear existentially threatened, but it is becoming increasingly impossible to imagine an order of any kind capable of responding to the challenges of today.

Throughout modern history, other forms of order have existed besides the 'rules-based' variety visible over recent decades. Hegemony, spheres of influence, and great power concerts have all served to provide order of one sort or another. Yet none of them appears fully capable of structuring interstate relations today.

Today's return of great power rivalry is owed precisely to the failure of the United States to exercise a singular hegemony over all other powers. The contemporary international order of global scope is simply too culturally diverse—and its distribution of power too diffuse—for a single state to dominate, even if Washington remains far ahead of its peer competitors in economic, military and technological terms. This is something that Henry Kissinger [recognized](#) as early as 1994 in his seminal tome *Diplomacy*. Richard Ned Lebow further [notes](#) that, due to the postwar growth of Europe and Japan, alternative centres of power have existed for decades which have prevented the international order from being fully 'unipolar'. Simply put, the United States (or even the wider West) will not be able to entrench a uniform "liberal international order", rooted in a single set of political values, in which it is the only term-setting power.

Post-Cold War efforts to construct a liberal international order of global scope are also the reason



why a great power concert cannot provide an alternative source of order today. In the 19th century, the European great powers famously agreed to uphold a balance of power amongst themselves, known as the Concert of Europe or Congress System. By contrast, not only is there no equilibrium to uphold today given the scale of US pre-eminence, there is also no agreement between the great powers on the principles which should structure interstate relations.

This disagreement has played out most recently in the diplomatic crisis over Ukraine, in which the Western insistence on Kyiv's 'right to choose' its geopolitical orientation clashed with Russia's pretensions to special great power privileges, tragically culminating in war. Washington's vision of a 'liberal international order', in which other great powers agree to transform their economic and political systems and accept their place in a US-led international system, is manifestly incompatible with the polycentric conceptions of international order prevalent in Moscow and Beijing. So long as these fundamentally different visions of order coexist, cooperation between great powers will remain selective at best.

If a great power concert is no longer realistic, then one might expect spheres of influence to emerge and provide a modicum of order (even if unjustly), much like during the Cold War. However, states are no longer easily subsumed into a great power's sphere of influence. In Asia, for instance, many leading states [do not wish to choose](#) definitively between Washington and Beijing, preferring to maximize the benefits of US security guarantees and economic relations with China simultaneously. Indeed, the United States has even had difficulty bringing so-called 'rogue states' such as Venezuela, Iran and North Korea to heel.

Several features of the contemporary international order leave smaller countries [well equipped](#) to resist great power pressures: an integrated global

economy allows countries to transcend some of the limitations imposed by geography and reduces the incentives of territorial conquest, a quasi-multipolar balance of power gives states the ability to play great powers off against one another, and restrictions on the use of force have altered perceptions of legitimate state behaviour. While great power competition can generate a tremendous amount of disorder and make multilateral cooperation more difficult, the great powers alone can no longer impose their will on the entirety of the international system.

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What appears to be emerging today, albeit in a rather disorderly fashion, is the world's first truly global international order. The 19th century featured an imperial core and a colonial periphery, the Cold War divided the world into two separate spheres of influence, and the post-Cold War project of building a 'liberal international order' was a largely Western prescriptive effort to set the terms of international political life for other states. Only now do we finally appear to be witnessing the formation of something approaching a universal order of sovereign and equal states. It is therefore unsurprising that the ordering mechanisms of previous centuries—including liberal theories of rules-based cooperation—are struggling to provide order today.



Middle Power No More

The term used most often to describe Canada's place on the world stage is that of a 'middle power'. Middle power status is cited as one of the principal reasons why Ottawa has played such a significant role in multilateralism since World War II: Unlike the great powers whose competition for influence can often be more unilateral and zero-sum, middle powers not only benefit from the stability provided by rules-based cooperation but also hold enough weight to act as important players in the multilateral system.

Canada may have good reasons for investing in certain forms of rules-based cooperation between states, but middle power status is no longer among them. For one, as outlined above, the rules-based order to which Canada has historically contributed is in crisis precisely because of the competition over who gets to write the rules. The [assertion](#), historically popular with liberal internationalists, that the problems caused by the successes of rules-based cooperation (e.g., China's rise) can simply be resolved by more rules-based cooperation is blind to this fact.

The rules-based order to which Canada has historically contributed is in crisis precisely because of the competition over who gets to write the rules.

While multilateralism may be in crisis, Canada's middle power status has largely been eviscerated. Part of this is due to the actions of Canadian governments which have led to Canada's increasing [marginalization](#) from world affairs. This story is already well known, featuring years of chronic [underinvestment](#) in the foreign service, the military and foreign aid, together with an unwilling-

ness to devote the necessary energy and political capital to [rethinking](#) Canadian foreign policy at a time of international change. However, Canada's decline from middle power to, quite simply, not a power is also owed to the changing structure of the international order itself—a process which lies [beyond Ottawa's control](#).

The story of 19th-century geopolitics largely centres on the great powers. The Cold War, by contrast, produced a clearer picture of middle power status: Not one of the two superpowers, nor part of the Third World, Canada along with other leading allies of the capitalist bloc could be thought of as middle powers. Yet the end of the Cold War muddied these waters. For one, the economic rise of much of the Global South resulted in Canada's relative influence declining by default. But perhaps more importantly, the collapse of the US-backed 'liberal international order' project has changed the definition of what constitutes a middle power.

Although we are witnessing the emergence of the first truly global order, great power rivalry has helped ensure that this order will be fragmented rather than uniform. Certain global issues (e.g., climate change) will persist, but disagreements over which rules, which standards and which powers should dominate the Euro-Atlantic and Asia-Pacific theatres has led to the rising importance of regions by default. Nor is regionalism the only cleavage to account for: Sub-orders within the overall global order [may also emerge](#) along functional or ideological lines. In this new context, status within the global multilateral system is no longer the primary indicator of what constitutes a middle power.

In a [white paper](#) published earlier this year by the Institute for Peace & Diplomacy, middle powers were defined in the emerging, increasingly regionalized international order according to four criteria: enduring regional presence and geographic



rootedness, considerable economic and military capacity relative to neighbours, historical and cultural pedigree as civilizational states, and the regionally focused and limited extent of their ambitions. Canada plainly does not meet these criteria.

Even if it were to hold a level of economic and military strength equivalent to that of middle powers from other regions, Canada's relative power in North America leaves it without a region in which to exercise its influence. This distinguishes Canada from Australia, the latter of which more clearly fits the bill of an Asia-Pacific regional middle power.

Canada's ability to play the role of Euro-Atlantic middle power has also been curtailed due to Europe's gradual economic and political integration. And rather than regionally focused goals, Canadian foreign policy has often featured its extra-regional (e.g., transatlantic) and global (e.g., multilateral and values-based) dimensions most prominently, attested to by phrases such as 'the world needs more Canada' or assertions that Ottawa uses multilateral fora to help it 'punch above its weight'.

The West's rhetorical response to Russia's invasion of Ukraine, declaring a new age of 'democracies vs. autocracies', may seem reassuring to those who wish to reassert Canada's middle power status. But with roughly half the world's population opting to remain neutral, the spheres of influence of the Cold War era will not be so easily reconstructed. Others might see in 'niche diplomacy' an opportunity to rediscover Ottawa's traditional role, but an international order in rapid transition renders such niches difficult to identify. With the great powers unlikely to agree to new rules of the game until the outcome of the current contest is determined, Canada is left with the task of ensuring that its fall from middle power stops short of satellite status.

Conclusions

This paper has argued that Canada's approach toward China should not primarily be based upon pushing Beijing to adhere to the 'rules-based international order'. This is due to problems concerning the conceptual and practical viability of 'rules-based order', as well as the erosion of Canada's middle power status which has traditionally buttressed its position as an influential player in the multilateral system. This is not to say that mutually acceptable rules of the game between China and Western countries will not need to be found. Rather, the problem lies in the implicit assumption that, in insisting that Beijing adhere to the existing 'rules-based international order', China is expected to remain a rule-taker rather than an equal rule-maker even as its relative power increases. This is evidently something that Beijing will never accept.

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What *can* be asserted with relative certainty, however, is that some sort of power transition is underway between Washington and Beijing, the timescale and outcome of which remain unclear. China threatens not necessarily to replace the US as a global hegemon, but rather to erode Washing-



ton's relative power—if not globally then at least in East Asia. Canada has lived through hegemonic power transitions before, having shifted super-power patrons from Britain to America. Today, rather than clinging to the old order, the circumstances call for a Canadian approach rooted in caution and restraint. The uncertain outcome of the current Sino-American competition does not imply that Ottawa should adopt a posture of hedging between Washington and Beijing, but rather that it cooperates with the former on the security implications of China's rise where necessary while keeping the door open to engagement with the latter where possible.

A related question concerns what Canada's relative decline should imply for its wider foreign policy. Simply put, although the challenges facing multilateralism may offer Canada the opportunity to contribute to certain technical fixes such as on trade and climate change, the conditions for Ottawa to play the same international role that it did over previous decades largely no longer exist. In fact, the political risks that any Canadian government would face in launching another bid for a UN Security Council seat after two consecutive defeats aside, Canada's path to winning such a seat may now be exceedingly narrow in a world of regional blocs, irrespective of Ottawa's reduced international profile.

Canada effectively faces two choices: (1) undertake a sustained and concerted effort to reverse its international marginalization or (2) adjust its core foreign policy aims and public discourse to the new reality. Both options are strategically coherent and would embody an attempt to set the terms of Canada's international existence—getting more serious about foreign policy does not necessarily need to imply increasing the size of Canada's international footprint. But this is a choice which should be articulated explicitly, avoiding jargonistic and vague expressions—such as Canada's sup-

posed 'role in the world', 'who we are', or the need for Canadian 'leadership'—in which both rising and established powers across the globe have little interest.

Continuing with the status quo approach, in which Ottawa pretends to remain a middle power and multilateral powerhouse despite being a secondary or even tertiary player on issues shaping the future of global order, would represent the worst of both worlds, offering Canada none of the benefits of a more targeted foreign policy. And while the latter option may be the most realistic of the two under the current circumstances, it will not be without its costs. Foreign policy has long served the purpose of furthering Canada's perceived distinctiveness from its southern neighbour. A departure from the image of Canada as a leading middle power would mark a change not only for the country's foreign policy but also for the identity-based discourse that it employs to foster a shared sense of national unity.

A strategy for addressing the China challenge can be effective only if it is nested within a broader understanding of the purpose of Canadian foreign policy. Rather than asking how Canada can save the rules-based international order from the threats facing it, which is an inherently reactive exercise, a more urgent and fundamental task is to identify—and, if necessary, reconceive—the scope of Canada's national interests in a changed (and still changing) world.

This article was originally published online on June 14, 2022.

China's Economic Rise & Its Implications for Canada

YANLING WANG





Introduction

China has transformed from a poor planned economy to a gigantic market-oriented economy in a matter of a few decades with its continuous fast economic growth, resulting from a combination of domestic economic reforms and open trade policies. China's GDP per capita passed the US\$10,000 benchmark in 2019; and at US\$12,551 in 2021, it surpassed the world's average (estimated at \$12,100) for the first time. As the world's second largest economy, China's gross GDP is on path to overtake the US by 2030 at the latest, according to the IMF. China's economic development has produced several hundred million middle class consumers, an important driving force in consumption of quality goods and services. China's economic rise has offered enormous opportunities for the world through trade and foreign direct investment (FDI): China has become the world's largest trading nation, the largest goods trade partner for over 130 countries and economic entities and one of the largest investors. In 2020, China became the largest global investor for the first time—accounting for 20.2% of global FDI flows (the data source for trade and FDI in this paper is [China's Ministry of Commerce](#) except where explicitly noted otherwise).

China is now Canada's second largest goods trading partner, with recent annual trade (imports plus exports) value of around [CAD\\$75 billion](#). However, that economic relationship has been under much pressure recently with some in Canada even calling for a “decoupling” with China since Canada-China diplomatic relations went downward spiral after December 2018. With a lot at stake, few people may disagree with the assessment of the Canadian foreign minister Melanie Joly in her January 2022 [interview](#) on The West Block when she said “There's a growing influence of China in the world and every single country needs to take

a decision as to what their relationship will be with China.” She concluded that was why she “was given the mandate to develop a strategy, which is called an Indo-Pacific strategy, because we need to see, yes, China, but also the region as a whole.” Minister Joly suggests developing a China strategy and an Indo-Pacific strategy.

Despite the increasingly securitized nature of international relations in a multipolar world, evidenced most recently by the Trudeau government's decision to ban Huawei from its 5G network, China remains an important economic partner for Canada. Developing an effective Canadian strategy for future engagement with China will be constructive for Canadian businesses to make long-term decisions regarding not only the soon-to-be-largest world market, but also the region which is fast becoming the global geo-economic centre of gravity. To achieve this, one must have an informed picture of China's global economic outreach and the current state of Canada-China economic linkages. Upon closer examination, pursuing a strategy centred on decoupling appears fanciful at best and counterproductive at worst.

China: The World's Largest Goods Trading Nation

Having transformed itself from a small producer to the world's largest trading nation, China has taken decisive measures to liberate its economy and to deepen its trade linkages through negotiating and implementing multilateral, regional or bilateral trade agreements over the last few decades. Accession to the World Trade Organization (WTO) in 2001 was one of China's biggest milestones in its opening-up economic policies, with its average tariff reduced to 7.4% on its 20th anniversary of WTO entry in 2021. The Regional Comprehensive Economic Partnership (RCEP) came into effect on January 1st, 2022, the world's largest



regional trading bloc with China at its core, accounting for about 30% of the world's population and 30% of global GDP. Although often framed as shallow on labour and environmental standards, RCEP nonetheless lowers trade barriers among its 15 members to promote further trade flows. In fact, RCEP is the first free trade agreement (FTA) including China, Japan and the Republic of Korea, three of the four largest economies in Asia, with Japan and Korea already being, respectively, China's 4th and 6th largest goods trading partners for 2020. Currently, China maintains 17 FTAs, while implementing or negotiating an additional 8. In its latest move to signal its intention to deepen its economic reforms and to strengthen trade linkages with the world, China applied to join the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership).

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These efforts have paid off: China's goods trade valued at US\$4.65 trillion in 2020, reinforcing China's nickname of the "world's factory". China's top 10 goods trading partners in 2020 are indicative of its massive trading power with the big economies and its global outreach with a collective share of 75%. The four high-income developed economies in Asia (Japan, Hong Kong Special Administrative Region—SAR, Korea and Taiwan) plus ASEAN accounted for 40%, a clear sign of their enormous trading network with China. Another collective

35% were shared by large economies consisting of the European Union (14%; Europe), the United States (13%; North America), Australia (4%; Oceania), Brazil (2%; South America) and the Russian Federation (2%; Europe).

China: From FDI Recipient to Two-Way FDI

With its abundance of relatively skilled but cheap labour force and large domestic market, attracting FDI has been one of the major objectives in China's opening-up policy. To date, China has negotiated and signed bilateral investment treaties with over 100 countries and economic entities (including Canada), which include clauses on expropriation, arbitration, most-favoured-nation treatment, and repatriation of investment proceeds. While global investors responded, accession to the WTO was the turning point in FDI flows both into and out of China.

For the massive FDI inflows, unlike China's relatively even global trade outreach, Asian firms have always been the largest investors in China, particularly those from Hong Kong SAR. For FDI stock in 2020, Hong Kong investors' cumulative investment was at US\$1.30 trillion, accounting for 53.3% in China's total inward FDI stock; and FDI stocks from Japan, Korea, Singapore and Taiwan registered a combined value of US\$386.17 billion, with a share of 15.8%. On the other hand, FDI from Western firms has been relatively small: as of 2020, firms from major European countries had a cumulative stock of US\$116 billion (a share of 4.75%); and from the United States US\$90.19 billion (a share of 3.69%).

Foreign-invested enterprises (FIEs) have been a big driving force in China's trade growth and expansion. Surely, with the presence of FIEs, doing business with China could be doing business with many FIEs investing in China. FIEs' trade values increased fast: from US\$236.7 billion in 2000



(with a trade surplus of US\$.21 billion; and a trade share of 49.9% in China's US\$474.3 billion total) to US\$1,797.6 billion in 2020 (with a trade surplus of \$67 billion; and a trade share of 39.7% in China's US\$4,646.3 billion total), indicating an annualized growth rate of 10.67%. A unique feature of trade by FIEs is processing trade— FIEs import materials from overseas and assemble them in China into final products for exports. A prominent example is iPhone—it is designed by Apple (an American firm), assembled by Foxconn (a Taiwanese firm) which relies on importing the needed intermediate inputs from many parts of the world.

FIEs make good profits in China. From the latest statistics for the above-scale industrial firms (firms with annual revenue no less than RMB500 million) in 2020, sales revenue for all the above-scale industrial firms registered a year over year (y/y) increase of 0.8% and profit of 4.1%. But for the FIE subgroup, they are 0.9% and 7% respectively, both of which are larger than those for the whole group. Undoubtedly, the opportunity to make good profits in China has been a continuing economic force for foreign firms to invest in China.

China's investment in Asia suggests that exports from the region could be produced by Chinese firms; and doing business with China goes beyond China's borders.

China's overseas investment has been overwhelming concentrated in Asia. As of 2020, China's outward FDI stock reached US\$2.5 trillion; and Asia has received 73.1%. For flows in 2020, investment in ASEAN was US\$41.61 billion, a y/y increase of 23.3%, among which, manufacturing was the

number one recipient. China's investment in Asia suggests that exports from the region could be produced by Chinese firms; and doing business with China goes beyond China's borders.

The State of Canada-China Economic Linkages

Canada's economic linkages with China mirrored the trend of China's economic rise and growing global outreach, with two-way commodity [trade](#) values reaching around CAD\$75 billion. China is now Canada's (distant) second-largest trade partner after the United States. The positive effects of Canada-China economic linkages have been felt in many sectors and in people's everyday lives. A [recent report](#) by the China Institute at the University of Alberta estimates the economic effects of China on Canada, and concludes that in 2018, "the direct GDP impact of China-related exports, new immigration, and Canada-bound investment totaled \$42.6 billion, \$6.1 billion, and \$9.4 billion, respectively. Given the overlaps in these figures, the cumulative GDP effect of measurable China-related impacts likely exceeded \$55 billion."

On trade, from 2011 to 2020, Canada's goods exports to China [grew](#) at an annualized rate of 4.22% from CAD\$18.13 billion to CAD\$26.30 billion; and goods imports at 6.25% from CAD\$28.71 billion to CAD\$49.55 billion. The fact that imports from China are much larger than exports to China indicates a larger demand in Canada for goods produced in China. Commodities traded represent each other's comparative advantages. Take the year 2020: the top 3 commodities imported from China were consumer goods, electronics and machinery; and the top 3 products exported to China were agriculture, metal ores, and forestry products. As an economic partner, China bears a much larger weight for Canada than what Canada is to China: for 2020, two-way trade with Canada was about 1.38% in China's total goods imports and exports, while it was about 6.96% in Canada's.



Two-way investment between Canada and China is of relatively small scale, compared with trade. Take the year 2020. For FDI stock, China invested CAD\$30.75 billion in Canada, accounting for 3.06% in Canada's inward total; and Canada's in China was CAD\$5.45 billion, accounting for 0.37% in Canada's outward total. For FDI flows, Canada's share was 0.15% in China, which is 1.9% in Canada's global total of outward FDI. Chinese investment in Canada accounted for only 0.14% in China's outward FDI flows, which is about 1.4% in Canada inward FDI.

Warm Economics Despite Cold Politics

The Meng Wanzhou saga beginning in December 2018 marked a downward turning point in Canada-China diplomatic relations. However, despite the low public opinion in each country towards the other, trade linkages stayed strong, albeit with some bumps.

The year 2018 [witnessed](#) historic trade values: goods imported from China registered at CAD\$46.36 billion, accounting for 7.62% of Canada's total goods imports; goods exported to China at CAD\$28.87 billion, accounting for 4.92%. And combined, China's share in Canada's goods imports and exports was at 6.30%, a significant increase from the share of 5.13% in 2011.

The year 2019 started with hot political rhetoric filled with confrontation and antagonism with some arguing for an economic 'decoupling' with China. However, values of goods imports from China in 2019 were recorded at CAD\$46.87 billion, accounting for 7.63% in Canada's total, with virtually no change from 2018; exports were at CAD\$24.14 billion, accounting for 4.05%, a drop from the previous year, due to China's import ban on certain Canadian agricultural products; and combined, China's share in Canada's goods trade dropped to 5.87%.

Despite the continued cold politics, in 2020, Canada increased its imports from China, reaching CAD\$49.55 billion, accounting for 8.82% in Canada's total; while exports to China caught up with the 2018 share at 4.97%, albeit with a smaller value of CAD\$25.97 billion, thanks to the overall decrease in Canada's goods exports. The increase trend continued into 2021 despite the pandemic and continued calls for 'decoupling': imports from China reached CAD\$57.22 billion, accounting for 9.06%; exports were at CAD\$29.28 billion, accounting for 4.62%—making China's share in Canada goods trade was 6.83%, more than its share of 6.30% in year 2018.

FDI follows a similar trend as trade. Two-way FDI registered a big y/y decline in 2020, but with a rebound in 2021. China's FDI position in Canada [decreased](#) from the peak of CAD\$37.169 billion in 2019 to CAD\$30.747 billion in 2020, and then increased to CAD\$33.825 billion in 2021, though still CAD\$3.3 billion less than in 2019. Canada's 2021 FDI position (CAD\$6.987 billion) in China surpassed its level in 2019 (CAD\$6.479 billion) after a dip in 2020 (CAD\$5.445 billion).

It is worth noting that China's investment in North America in general and in Canada in particular is of very small scale. As of 2020, China's FDI stock in North America only accounted for 3.9% in China's global total. Of this, US\$80.05 billion went to the US, accounting for a share of 3.1%; and US\$12.49 billion came to Canada, representing a share below 0.5%. This scale should give us a sense of proportion and perspective when it comes to measure the scope of the challenge presented by China's investment, despite concerns for Canadian sovereignty and the resilience of Canada's democratic political system. Regarding the net economic benefits and national security considerations, the [Investment Canada Act](#) has a specific (lower) threshold to review FDI coming from state-owned enterprises and from countries



not sharing a FTA with Canada (such as China). In this context, any additional politicizing or securitizing of FDI from China is both unnecessary and counterproductive.

Despite the cold politics between Ottawa and Beijing during the last few years, the steady flows in goods and the rebound of FDI signal the resilience of the mutual beneficial Canada-China economic linkages and indicate that diversifying away or decoupling with China has not materialized.

Despite the cold politics between Ottawa and Beijing during the last few years, the steady flows in goods and the rebound of FDI signal the resilience of the mutual beneficial Canada-China economic linkages and indicate that diversifying away or decoupling with China has not materialized. The warm economics between Canada and China suggest that Canada should pursue an effective China strategy to offer an alternative to the rhetoric of confrontation and antagonism, so that Canadian businesses can make long-term decisions regarding the soon-to-be world's largest market. In fact, Canada is not alone: US-China and Australia-China economic relations have also weathered their respective cold politics, as US and Australia remained, respectively, China's third and eighth largest goods trading partners in 2020. In this regard, Minister Joly's view could be shared by many countries that "every single country needs to take a decision as to what their relationship will be with China."

While it is yet to be made public what would be the pillars of Canada's Indo-Pacific strategy, the warm economics suggest that while Canada should pursue deeper trade links with the wider Indo-Pacific region as an end in itself, it cannot do so as a means of diversifying its trading relationships away from China. The economic integration within the Asian region with China at the core is already deep: as of 2020, Japan, Korea, Hong Kong, Taiwan and ASEAN accounted for more than 70% of China's inward FDI stocks of about US\$ 2.5 trillion, and 40% of trade in goods. As well, Asia accounted for 63.7% of China's US\$2.581 trillion outward FDI stock. The implementation of RCEP will enforce and strengthen the economic integration, especially considering that this is the first FTA including China, Japan and Korea. China's Belt and Road Initiative in ASEAN and many other countries in the region may build large infrastructure projects that will facilitate and expand these economic linkages. Clearly, China's economic dominance in the region is front and centre; and to a certain degree, doing business in the region means directly or indirectly doing business with China. Pursuing Canada's Indo-Pacific economic strategy would have to work with the reality of China's economic dominance and outreach in the region.

The Way Forward

Both Canada and China have been avid participants in and have benefited significantly from global trade and FDI. China's economy is targeting a growth rate of 5.5% in 2022, which is still much higher than many other countries. China's ability to cushion through global economic disruptions has proved to be an important engine for global growth. China will continue to be the world's largest trading nation, a top FDI recipient and source country. With China's economy projected to overtake the United States in a few years, more parts of the world will see China's footprints more strongly than before, and the large middle-class population



will continue to present good business opportunities for Western firms.

The world is rich with different paths for governance and models for economic growth. Differences in culture and tradition manifest themselves in various social norms and value systems. While the existing common regulatory standards such as the World Trade Organization and World Intellectual Property Organization provide the foundations of a rules-based international order, navigating and managing inevitable cultural differences remains very important for bilateral economic engagement. In that, Minister Joly's statement recognizes the opportunities and challenges presented by China's economic size while acknowledging the differences between Canada and China. The 'Four Cs' (coexist, compete, cooperate and challenge) outlined by former Foreign Minister Marc Garneau succinctly summarize this reality. The increase in goods flows between Canada and China during the last few years is a testament of the strength of the 'cooperate' pillar.

There are many unprecedented changes the world faces today. The COVID pandemic still rages on in many parts of the world, disrupting normal economic activities and global value chains. The ongoing high inflation in the West and the negative economic effects from the sanctions on Russia pose a real threat for a looming global recession. As the world's second-largest economy, China's relatively stable environment to produce and grow in today's world would be an important cushioning factor. Although concerns exist regarding the closeness of China's relationship with Russia in the wake of Vladimir Putin's decision to invade Ukraine, it remains important to buttress the existing sources of resilience in today's international order by maintaining open and deepening trade linkages, which would have the added benefit of mitigating the risk and the magnitude of a global recession. Having a productive engagement strat-

egy with China will remain important as Canada looks to Asia writ large for economic opportunities.

This article was originally published online on May 20, 2022.

Prospects of Canada- China Cooperation on Energy & Environment

WENRAN JIANG





A Worsened Relationship: Room for Manoeuvre?

The release of Huawei CFO Meng Wanzhou by the Canadian government and Michael Kovrig and Michael Spavor by the Chinese authorities in September 2021 ended nearly three years of tense relations between the two countries. Yet, after one year, there has been little indication that bilateral ties will return to normal any time soon.

On the Canadian side, there is a lingering bitterness about the imprisonment of the 'two Michaels'. Public opinion remains predominantly negative towards China. Prime Minister Justin Trudeau has finally appointed a new ambassador to Beijing to replace Dominic Barton, who resigned at the end of 2021. The minority Liberal government has resisted [calls from the business community](#) to resume higher-level dialogues with Beijing. Instead, it announced a ban on Huawei and other Chinese high-tech companies from participating in Canada's 5G networks.

Ottawa has become more active in pursuing relations with China's neighbouring countries such as India, ASEAN, Japan and South Korea, even flirting with closer ties with Taiwan by [sending its top diplomat](#) in Beijing to Taipei. But there remains very little strategic clarity on China policy. In the absence of an overall Canadian foreign policy framework, the work-in-progress 'Indo-Pacific Strategy', as announced by foreign minister Melanie Joly a few months ago, may not bring the necessary guidance to a new China policy.

On the Chinese side, there is not much eagerness to take major initiatives to restore damaged relations, even if pragmatism seems to have led to the lifting of a major ban on canola imports from Canada. Beijing criticized Canada's decision to ban Huawei and other steps Ottawa took jointly with its Western allies that were seen as hostile to

China.

Yet there also appears to be a strategic calculation that in the confrontation between the world's two superpowers, one way of weakening the United States is not to push its allies closer to Washington, even if Beijing has imposed counter-measures against US allies when some took steps considered as 'crossing a red line'. Thus, despite the worst diplomatic relations between Canada and China in recent years since the establishment of diplomatic relations in 1970, bilateral trade growth has set [new records](#) in recent years. There is little evidence that Beijing is weaponizing trade in dealing with Ottawa, perhaps a lesson it learned from President Trump's trade war against China that such foreign policy measures produce no winners.

Despite the worst diplomatic relations between Canada and China in recent years since the establishment of diplomatic relations in 1970, bilateral trade growth has set new records in recent years.

Against such a backdrop of 'cool politics, warm economics' in bilateral ties, it is worth asking the question: What are the areas where both sides should work together in a proactive way that serves the interests of both countries, while not being perceived as overly keen in pleasing the other side? This paper presents a proposal in one particular area of cooperation in energy and environment that will not only benefit both Canada and China, but the global climate change agenda in particular.



From the Canadian side, the following conditions need to be met. First, when it comes to policy specific to China and the 'Indo-Pacific', the Trudeau government may only consider potential options along the lines of a number of 'Cs': confrontation and competition where needed, and cooperation when necessary. But it can still get creative in pursuing what it considers a progressive agenda, especially in the area of combating climate change.

The Canadian public must view the chosen area of cooperation as not only benefiting Canada economically and politically, but also serving a much bigger public good with global significance. Otherwise, there is little appetite for supporting it.

Second, the Canadian public must view the chosen area of cooperation as not only benefiting Canada economically and politically, but also serving a much bigger public good with global significance. Otherwise, there is little appetite for supporting it, thus not providing enough legitimacy for Trudeau to pursue it.

Third, the Conservatives, who thus far have been a major driving force in setting a hostile China policy, need to be behind efforts in which Canada and China work closer. In a parliament where the Liberals are a minority, the Conservatives have turned China policy into a partisan tool to attack the Trudeau cabinet.

Fourth, the new initiative must be able to satisfy Canada's press, which has turned more critical toward China in its coverage in recent years, in-

creasingly dominated by negative stories and one-sided commentaries that do not capture the entire sociopolitical complexity of modern China, and how this intersects with international relations writ large.

Finally, the selected area of cooperation should not raise alarm bells in Washington, and ideally even get American (tacit) approval.

The Energy-Environment Nexus

Taking together the above five preconditions, quite a number of areas of potential cooperation are either eliminated or significantly constrained, even though they are important sectors in Canada-China economic relations. The high-tech sector will be too sensitive to national security following the Huawei ban and will be furiously opposed by the Conservatives. The education sector, traditionally a strength of Canada, is now considered risky with accusations of Chinese scholars and students being potential spies for the Chinese government (accusations without merit or proof).

The infrastructure/construction sector, originally not a national security concern but being hyped into one in recent years, is unlikely to get backing, either in China's Belt & Road Initiative (BRI) through the Asian Infrastructure Investment Bank (AIIB) or potential Chinese investment in Canada's construction industry, as evidenced by the [rejection](#) of China Communications Construction Co. (CCCC)'s bid to acquire the Canadian infrastructure company Aecon Group by the Canadian government in 2018.

Agriculture, forestry and minerals are considered sectors of normal trade driven by market forces, generating little public or political support for taking them up as key initiatives, even if they are also seen by hardliners as potential natural security concerns in a future decoupled world with China.

This narrows the list down to one particular area



that satisfies all of the conditions: energy and environment. When I began working with the Liberal government under then Prime Minister Paul Martin to start an annual bilateral energy and environment dialogue in 2004, the objective was more geared towards exploring the fast-growing Chinese market for energy and addressing concerns that the Canadian energy exporting market was solely dependent on the United States.

Later on, the Obama administration delayed the approval of the Keystone XL pipeline for the first time in 2008, a move that agitated Prime Minister Stephen Harper. Coming to power in 2006 but remaining distant from China, Harper traveled to Beijing for the first time in 2009 to seek energy cooperation and Chinese investment in Canada's energy sector, witnessing a burst of more than \$40 billion in Chinese capital rushing into the energy sector in Western Canada over the following few years.

But then as now, extracting and selling more fossil energy divides Canadians. Nationwide, environmentalists are vocal opponents. Geographically, Western Canada is more in favour of energy development than Eastern Canada. Politically, the Conservatives are advocates, with the NDP and Greens in opposition while the Liberals want to limit the fossil fuel industry with a long-term goal of phasing it out as a major pillar of the Canadian economy. But even the Harper cabinet, after promoting Chinese investment, got concerned about potential Chinese control of too much of Canada's energy sector, and began to limit Chinese capital after approving the CNOOC's \$15 billion takeover of Nexen in 2013. This dynamic has not changed since the Liberals came to power in late 2015.

Given recent tensions between Ottawa and Beijing, more and more people have come to realize that producing more oil and gas, and selling them to China for the purpose of more revenue or for diversification from the US market, cannot have

sustained support. Therefore, energy engagement with China must also have a corresponding environmental agenda, or an 'energy-environment nexus'. The logic of a Canada-China energy-environment nexus is that Canada's energy relations with China should not be treated simply as trade to increase our market share beyond North America. Rather, the supply of Canadian oil and natural gas in the form of LNG should be linked to overall Chinese efforts in reducing the use of coal.

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For many years, the Chinese government has struggled to curb the use of coal in its rapid modernization process. China is the largest user of coal in the world and a major part of its CO2 emissions come from the use of coal. [Studies have shown](#) that before the world reaches the stage where renewable and other non-fossil energy sources can take over traditional energy sources, there has to be a transitional period, during which oil, especially gas and LNG can play a role in replacing coal if properly managed to mitigate related negative impacts. This will not be emission-free but will lead to significant decreases in CO2 emissions.



Despite many years of efforts to eliminate them, China still has many coal-generated power plants. Replacing them with gas or LNG will lead to a reduction in CO2 emissions of between 25 to 50 percent, depending on the efficiency of the original coal power plants. China simply does not have enough alternatives, with the share of natural gas and LNG in its energy mix much lower than other major global consumers. Thus, unlike the progressive trade agenda Prime Minister Trudeau proposed that is partly responsible for the derailed free trade talks with China, a Canadian proposal to send large quantities of LNG to China will be welcomed as it will help Beijing to meet two strategically committed UN targets: reducing coal use and the promise of carbon neutrality by 2030.

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The rationale for an energy-environment nexus is further supported by the urgent call in recent years that more action must be taken to curb greenhouse gases, especially by the largest emitters and rich countries, or the moderate targets set by the Paris climate conference to limit global temperature increases will not be met.

The International Energy Agency (IEA) has recognized that the key to such an effort is reducing the use of coal, and in its *2017 World Energy Outlook* [stated](#) China's central role when it comes to meeting global CO2 emission targets: "When China

changes, everything changes."

While China today is no doubt the largest CO2-emitting country on earth, its per capita emissions remain significantly below that of other developed nations. Nor does China, like all other developing countries, bear much responsibility when it comes to the historical accumulation of emissions. China is now the factory of the world and it has the [industrial manufacturing capacity](#) of all the G7 countries combined.

Over the past several decades, when Western capital was moving to the parts of the world where it could get the best return as part of the process of globalization, heavily energy-consuming and CO2-emitting industries were moved to China and other developing countries. As a result, Western politicians in Europe, North America and other parts of the world claim credit for their respective countries' 'achievements' in meeting the Kyoto Protocol obligations. China, India and other developing countries got blamed for increased emissions while producing for rich countries. Overall global CO2 emissions have been shifting geographically around the world but keep going up.

When young environmentalists in British Columbia passionately [argued against](#) the LNG Canada project in order to keep the province's emissions below its set ceiling, their dedication and commitment to a better world should be praised. But unless total, aggregate global emissions are decreasing, the local targets—be it a city, a country, a province or a state—mean very little.

Take LNG Canada: its extraction and production of LNG in Western Canada may lead BC to break its provincial CO2 emission ceiling in the coming years. But when the LNG is being exported to China, replacing the coal-burning power plants, as planned and expected between Shell Canada and its Chinese and other Asian partners, the



global math leads to a net reduction of total emissions, compensating BC's local emission target by contributing to global deductions. By understanding the internal logic of the environment part of the energy-environment nexus, we then can truly understand the meaning of 'think global, act local' when it comes to climate change.

What Needs to Be Done?

If we look at the tremendous challenges in meeting the Paris Conference targets, the current chill of Canada's political and diplomatic relations with China should not be a barrier for the two countries to work together in pursuing energy efficiency, climate change collaboration and especially finding innovative ways of replacing China's coal use by other less harmful means to the environment and reducing CO2 emissions on a large scale.

Cooperation between the two countries along the logic of the energy-environment nexus would meet the five conditions outlined earlier for generating support within Canada. The Trudeau cabinet has not been a strong supporter of expanding fossil energy production and the party has a strong internal push for a green agenda on climate policies. This is a chance for the Liberals to have a vision on the global stage and be a leader in engaging China when US-China relations are at a stage of almost no contact, including in the area of [climate cooperation](#).

The Canadian public can be informed to see not only the gains of increased trade with China in Canada's potential export of its energy products but also the related environmental benefits, especially when these activities contribute to emission controls at the global level.

The Conservatives are traditionally supporters of more energy production in the West and exporting it to China. Former Prime Minister Harper, although a firm advocate of banning Huawei, has

been supportive in exploring China and Asian markets for Canada's energy diversification drive over the years, including having discussed this subject in an on-stage conversation with me in Beijing in 2017. Media coverage may highlight arguments which affirm the importance of such cooperation for the global common good. And the Biden administration, which has been busy putting together multiple packages together with its allies around the world to contain China, has seen climate cooperation with Beijing as something non-threatening and may even use Canada as a bridge to reach out to China when its own bridges to Beijing are burned in the wake of House Speaker Nancy Pelosi's visit to Taiwan.

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To make such an initiative operational, some bold vision and a number of concrete policy steps are required. First, Prime Minister Justin Trudeau and his cabinet need to think in terms of the global climate agenda rather than being bound by the current state of bilateral relations. There is still a lingering sense of bitterness in Ottawa over nearly three years detention of the 'two Michaels'. Phrases like "we do not forget and we do not forgive" often come up when discussing Canada's China policy plans. The anger is understandable. But anger is not policy and emotions are no guide for rational



policymaking. PM Trudeau can act with a vision and break the ice with China's top leadership by reaching out with some energy and environment project proposals that demonstrate statesmanship in the interest of the global common good.

Second, as discussed above, Canada should not simply propose an energy collaboration or trade initiative to China. Energy-producing countries all over the world want to sell oil, gas and LNG to China. Despite holding one of the largest oil and gas reserves in the world, Canada has so far not shown up in China's energy import chart due to the fact that almost all of Canada's pipeline infrastructure has been routed to the US. There is no doubt that Beijing wants to have diversified sources of imports for 'supply security' while Ottawa wants to have more 'demand security' if only looking at energy trade market dynamics.

None of the existing countries that export large quantities of oil and gas to China, such as Saudi Arabia and Russia, have an environmental or climate change component to their energy trade relations.

The US used to be alarmed about Canada trying to diversify its energy market to China, but with the US itself producing enough oil and gas, and turning into an exporter, locking up Canadian energy is no longer a supply security issue as it once was. However, none of the existing countries that export large quantities of oil and gas to China, such as Saudi Arabia and Russia, have an environmental or climate change component to their energy trade relations.

A Canadian proposal, especially in linking poten-

tially large-scale LNG exports to China to replace the latter's power plants using coal now, may get a very positive response given the Chinese priority of reducing their reliance on coal. PM Trudeau articulated exactly this point when he announced the government's approval of the \$40 billion LNG Canada project in 2018, the largest private sector investment in Canadian history:

LNG Canada will have the lowest carbon intensity of any large-scale LNG facility in the world. We know LNG produces about half the amount of carbon emissions as coal. So by sending Canadian LNG to markets that are today powered by coal, we will help those jurisdictions transition away from this energy source.

Against this backdrop, a more comprehensive proposal to China should be made as part of a joint effort in meeting the Paris Agreement goals.

Third, Canada's 'Indo-Pacific Strategy' currently under development should include this area of cooperation with China as an important component. An engagement strategy on energy and environment with China cannot take place under conditions in which Ottawa treats China as a potential enemy, as demonstrated by the case of US-China relations: Beijing has refused to deal with Washington on climate change-related issues in response to escalating tensions over Taiwan. It perceives that the US is defining China as an adversary, yet simultaneously wanting to pick and choose what areas it wants to contain China and what areas it wants to work with it. Although important disagreements will persist in the Canada-China relationship, sustainable cooperation will depend on a commitment to identify shared interests in select spheres, rather than one side attempting to set the agenda unilaterally.

Under a more comprehensive engagement framework, Ottawa and Beijing should set up a minis-



terial-level mechanism to work out a package deal, with Canada taking the lead, potentially taking in other LNG-producing and exporting countries such as the United States, Australia and Qatar over time. While currently both natural gas and LNG are in short supply due to the Russian invasion of Ukraine, the long-term dynamic of replacing coal with gas, LNG and other renewable energy sources will not change as a solution for preventing the global temperature from rising beyond UN-defined goals.

Finally, the federal initiative should seek domestic support from provincial governments, from institutions that have rich experience in bilateral engagement on energy and environmental issues over the years, and from the private sector. This will serve to form a working network that is not an empty talk shop (as some of the existing mechanisms are) but rather is aimed at well-defined deliverables.

This article was originally published online on September 30, 2022.



Canadian Universities & China: Research Collaborations in Question

PAUL EVANS



Introduction

For at least forty years, universities have been a major dimension of Canadian connections with China. Recruitment of Chinese students, study abroad programs for Canadians, research partnerships and collaborative programs involve virtually every Canadian university and college with hundreds of Chinese partners.

In commercial terms, the educational services sector (including all levels of education) was Canada's largest export to China in 2019, valued at \$5.72 billion and supporting 57,000 jobs. In that same year, there were more than 100,000 Chinese students registered at Canadian universities and colleges. At the University of British Columbia alone, tuition fees from international students from China amounted to \$184 million, about 9% of total revenue. The university has research and exchange partnerships with more than one hundred different institutions in China.

The pattern has shifted in the past decade from capacity building to mutual advancement. In an increasing number of fields, Chinese universities are improving and Chinese partners are becoming world class.

These links have been affected significantly by COVID-19, with travel and in-person contact curtailed or postponed. Yet the view that things will return to normal when pandemic restrictions lift is mistaken.

For forty years there were compelling economic and geo-strategic reasons for expanding these connections, tied to a national engagement strategy. In an era of geopolitical contestation, techno-nationalism, negative public perceptions and Cold War tensions, the mood and dynamics are changing.

There is growing evidence that the flow of Chinese

students is peaking and will likely decline over the next five years. Internationally, the deterioration of the Sino-American relationship and deepening mutual suspicions have put new constraints on academic exchanges, especially in the STEM and health areas. On both sides, research is increasingly securitized as part of a techno-nationalist approach to a peer strategic competitor.

At home, Sino-Canadian diplomatic relations remain cold even after the return home of the two Michaels and Mme. Meng. Public attitudes about China are at an all-time low, media sentiment still sharply negative. On campuses across the country, concerns have risen about cyber intrusions and potential espionage, student safety, harassment and surveillance, the academic atmosphere in classrooms and new forms of self-censorship. Questions are increasingly raised about cooperating with partners who may be connected to repressive policies or human rights violations.

In an era of geopolitical contestation, techno-nationalism, negative public perceptions and Cold War tensions, the mood and dynamics are changing.

While research collaborations are just one part the picture, they are at the heart of current thinking in Ottawa. They are generating media commentary and the publicized attention of at least one provincial government. They involve multiple agencies with different mandates and perspectives at the crossroads of national security considerations, aspirations for open science, economic competitiveness and innovation, and the globalization of knowledge. And they are a new chapter in the



interaction between security and intelligence agencies and a university sector determined to maintain its institutional autonomy and international mission.

This paper describes the current state of play and make some suggestions on what must be done to make a new phase of collaborations sustainable. Keeping the door open requires installing some new screens and making changes in our awareness of both risks and opportunities. At the moment it is swinging on a rusty hinge.

The Research Sector

Mirroring concerns in the United States and Australia, Canadian security and intelligence agencies have raised concerns for more than a decade about leakage of intellectual property, cyber intrusions, funding from Chinese companies, and breaches of research integrity. In 2016, Public Services Canada [launched](#) a series of workshops on safeguarding science. Two years later the Canadian Security and Intelligence Service (CSIS) organized briefings for elected officials at all three levels of government and expanded them to include university administrators across the country but especially in the major research institutions.

Inside Ottawa, inter-agency meetings involving CSIS, the Communication Security Establishment, Public Safety, the Royal Canadian Mounted Police, Global Affairs, and the Department of National Defence intensified. Innovation, Science and Economic Development (ISED) has played the pivotal role in the university component, preparing an [internal paper](#) on scientific integrity, chairing inter-departmental meetings and coordinating efforts with groups including Universities Canada and the U15 group of research-intensive universities. In 2019 it helped create a Government of Canada-Universities Working Group bringing together universities, government departments, federal granting councils and national security agencies.

Its formal objective was “to advance open and collaborative research in a way that also safeguards research and maximises benefits to Canadians.”

Ottawa and the universities have adopted a “country agnostic” approach that identifies risks and threats but without listing China or any other foreign country or actor by name. But inside government, phrases like “countries of concern,” “hostile actors,” or “states or groups that pose a threat to Canada” were in common usage.

Throughout, Ottawa and the universities have adopted a “country agnostic” approach that identifies risks and threats but without listing China or any other foreign country or actor by name. But inside government, phrases like “countries of concern,” “hostile actors,” or “states or groups that pose a threat to Canada” were in common usage. Interviews suggest that no one doubted that China was the principal concern.

Initially skeptical about the warnings, universities by 2020 began active collaboration with Ottawa in examining matters of research hygiene and messaging to faculty to raise awareness and vigilance in guarding their research. Professors report that the most compelling messaging focused less on identifying specific actors of concern and more on preserving the integrity of science based on an open and transparent peer review system.

That summer, Ottawa published a Policy Statement on Research Security and COVID-19, en-



couraging institutions to be aware of the potential risks to their work. It asked them to “take appropriate measures to protect their knowledge creation and innovations, while maintaining a strong commitment to Open Science and support for a global research response to the COVID-19 pandemic.”

The need for awareness, vigilance and new procedures has been increasingly accepted, though is only now percolating down to the researchers, principally in the natural and applied sciences, in medicine, and just beginning in the social sciences and humanities.

Last year Ottawa [released](#) National Security Guidelines for Research Partnerships. In parts it mirrored guidelines for the Investment Canada Act that [aimed](#) “to prevent foreign interference, espionage, and unwanted knowledge transfer that can contribute to advancements in the military, security, and intelligence capabilities of states or groups that pose a threat to Canada or that may enable the disruption of the Canadian economy, society, and critical infrastructure.” The guidelines, developed in coordination with the GOC-University Working Group, identified sensitive research areas with the potential for dual-use or that are targeted by foreign governments, militaries and other actors. It encouraged researchers to protect their work and assess and mitigate risks associated with potential research partnerships. It also [developed](#) a website and online tutorials, including one on cyber security, for assisting researchers and university staff.

University officials have become more receptive and taken initial steps to familiarize administrators and faculty members about a new risk environment. The need for awareness, vigilance and new procedures has been increasingly accepted, though is only now percolating down to the researchers, principally in the natural and applied sciences, in medicine, and just beginning in the social sciences and humanities.

Several universities have produced statements of principles for exchanges with foreign partners. The University of Toronto’s, for example, [includes a section](#) instructing faculty members to consider any risks to the university, national interests, national security, intellectual property, reputation and human rights. A few have issued special instructions about enhancing research security and hygiene using materials produced by ISED.

The NSERC Model

One instrument in Ottawa’s toolkit is the federal granting councils. The Natural Sciences and Engineering Research Council of Canada (NSERC) has been on the frontline. Its approach to the issue gives an indication of the forces and actors in play and the complexity of a Made-in-Canada process and positioning.

The key element was the rollout of a new set of requirements for its Alliance awards competition announced in July 2021 for projects involving a private sector partner. These included for the first time a required risk assessment questionnaire that probed possible security risks of a project and required a mitigation strategy for addressing them. Individual researchers were required to submit these two items to the university administrators at their home institutions before being forwarded to NSERC for final decision. In instances deemed sensitive, individual applications were referred to security agencies for an evaluation. Of about 500 applications, 24 were referred to the intelligence



agencies for comment. The comments have not been publicly released nor has it been revealed how many of these related to China, involved Chinese partners, or were submitted by professors of Chinese descent.

The questionnaire referenced a newly created website, Safeguarding Your Research, that listed sensitive areas. The key ones included knowledge or IP of interest to foreign governments or militaries and nuclear regulations. It also referred to the Controlled Goods List that identified critical minerals and supply chains, personal and big data and critical, and critical infrastructure. An annex in the National Security Guidelines for Research Partnerships, added a “non-exhaustive list” of thirteen research areas ranging from Advanced Materials and Manufacturing to Artificial Intelligence, Biotechnology, Medical Technology Neurotechnology, Human-Machine Integration, Next Generation Computing and Digital Infrastructure and Quantum Science.

Sensitive partners were defined in part on the basis of potential for transfer to militaries, or organizations that could negatively impact Canada’s national security; and entities that “could be subject to foreign government influence or control including where there are policies and or laws that compel knowledge transfer to the state.”

Also listed were the items on the Export Control List. They do not cover intellectual property or applied or basic research but specify a wider range of subjects and partners that could cause harm to Canada and its allies; undermine national or international security; contribute to national or regional conflicts or instability; contribute to the development of weapons of mass destruction; and are used to commit human rights violations. The program and its results are under review by NSERC officials and a special Academic Reference Group.

The federal government’s 2022 budget allocated \$125 million over five years for a Research Support Fund to strengthen their internal capacities for identifying and responding to external incursions and risk.

To assist the university system in fulfilling their expanded responsibilities, the federal government’s 2022 budget allocated \$125 million over five years for a Research Support Fund to strengthen their internal capacities for identifying and responding to external incursions and risk and a further \$35 million to create and staff a central Research Security Centre to provide advice and guidance directly to research institutions. While details have not yet been publicly released, the Centre will be hosted by Public Safety Canada and staffed by government employees, possibly similar to the newly created [Research Collaboration Advice Team](#) in the United Kingdom.

Assessing the New Status Quo

Putting this in perspective, of all the research collaborations with Chinese partners, only a small number are funded by the Alliance program (or for that matter the NSERC). But the experiment is significant for several reasons.

First, it is very likely to be rolled out in other NSERC programs, plus other federal funding agencies including the Canadian Institute for Health Research and the Social Sciences and Humanities Research Council of Canada.

Second, the design involved coordination of a complex set of players in which university representatives were significant participants. It involved intelligence agencies but was coordinated



by ISED and avoided the problems encountered in Australia of a process dominated by its main security agency. It did, however, open up new space for direct interaction between CSIS and the universities on matters related to partnerships and other developments on university campuses.

To date the Canadian approach has varied substantially from the American and Australian. In the US, China has been explicitly named and targeted. Directives came from the top with very little input from universities.

To date the Canadian approach has varied substantially from the American and Australian. In the US, China has been explicitly named and targeted. Directives came from the top with very little input from universities. Perceived violations have been the subject of criminal investigation and the criminal justice system including the recently suspended China Initiative. There have been [tight guidelines](#) for disclosure of connections with Chinese institutions and partners, including individuals who have been part of a Thousand Talents programs. Export control restrictions have been extended beyond material items to include knowledge and know-how, scientific exchanges and techno-scientific innovation under the gaze of national security agencies and as part of economic statecraft in the strategic competition with China.

Australia also made universities the front-line players in a process directed from Canberra. Canberra created a University Foreign Interference Taskforce in 2019 to examine range of concerns related to vulnerabilities created by too close a dependence on China for foreign student intake and

research funding as well as Chinese interference in the Australian political system and society. It took aim at Chinese efforts to alter or direct research agendas, focus economic pressure, solicit and recruit post-doctoral researchers and academic staff, and sponsor cyber intrusions. Intended to be a “[light touch](#),” they [included requirements](#) for universities to develop risk assessment and reporting frameworks, produce and enforce strict conflict of interest and conflict of commitment guidelines for faculty, and sharpen due diligence on partners and research areas.

The Made-in-Canada approach has had some distinctive features. Branding around protecting scientific inquiry rather than punishing China proved attractive, something that may have been politically useful in avoiding further antagonism in an already tense relationship with Beijing. The process has so far avoided the rancour and public controversy in the US and Australia. Officials in Ottawa have not identified all Chinese students and professors as potential spies, restricted visas, used the justice system to press criminal charges, or instituted sweeping bans on Chinese entities.

In one area, however, there has been publicly reported backlash. A number of professors of Chinese descent have actively expressed worries about the prospect of racial profiling, stigmatization because of Chinese connections, and potential surveillance and action against them by security agencies, citing the American example. Officials in Ottawa are sensitive to these concerns and offered reassurances that information generated by the process will not be used to target individuals. If necessary, infractions of academic integrity will be enforced by administrative sanction rather than through the criminal justice system.

The framers of the NSERC questionnaire did not intend to use the information to surveil or profile professors of Chinese descent. But the fact that the lion’s share of research collaborations and



partnerships between Canadian professors and counterparts are conducted by people of Chinese descent and, more importantly, individuals with deep and regular interactions with Chinese institutions will inevitably mean they are subject to disproportionate scrutiny.

This has not completely dispelled initial concerns. Added to it is speculation that the risk assessment procedures will put a chill on new collaborations by adding extra layers of uncertainty. This could have implications for Canadian innovation and signal a move toward academic decoupling, intended or not.

What Comes Next?

The future of university connections between Canada and China is far from decided. There are reasons for optimism based on developments in the past two years in reconciling national security concerns with an abiding interest in maintaining collaboration in a wide range of fields, preserving university autonomy while responding to government-defined anxieties, and rightsizing risks proportionate to their extent and intensity.

The guidelines in place in the NSERC example have laid the foundations for a potential drastic restriction in collaborations at a future point. The Trudeau government's China framework and its "Four C's" formula—coexistence, cooperation, competition and confrontation—is situation specific. The list of sensitive sectors and the definition of risky partners could be used in ways that would shut down research collaboration almost completely.

But it is instructive that the ban on Huawei participation in the rollout of the national 5G network did not include restrictions on research, including with Canadian universities. And the Trudeau government has identified national security concerns to include such items as critical minerals and

critical infrastructure, but not items of a strictly commercial nature.

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Meanwhile, in the media and Parliament there are voices calling for more aggressive steps explicitly targeting China and introducing legislation along the lines of Australia's foreign interference laws. Some see this as the part of a necessary decoupling from the Chinese economy and ending collusion with an enemy, concerns that are very likely to surface in the next rounds of the Special Parliamentary Committee on Canada-China Relations that will resume in the fall.

Four challenges lie ahead. First, the sectors considered sensitive are broadly defined and expanding, far beyond the range when national security was defined around military and dual-use items and technologies. Will guidelines apply to both applied and basic research? What aspects of Artificial Intelligence, to take one example, are matters of national security? How will it apply in the social sciences where criteria related to human rights violations will come into play? The matter is complicated further as the concept of "dual-use technology" is being substantially broadened to include areas previously considered basic re-



search and making more of the research generated on campuses defined as “sensitive” or “secret” by cautious government officials who [may push](#) for prohibiting participation in multi-national research teams working in these domains.

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Second, the definition of inappropriate partners would on the surface of it include every Chinese university, all of which are part of a political system which includes the Communist Party, government and the military. In a few cases where a university is directly under the control of the PLA, this is fairly easy to establish. The nuances surrounding the degree of control can only be recognized by careful, rigorous and demanding due diligence.

And what about defining risky individuals? Does involvement of a Chinese researcher in a Thousand Talents program matter? Past military service? Membership in the CCP? Authorship of an essay that can be considered supporting Chinese policies in Xinjiang? There needs to be more transparency and accountability in producing CVs

and disclosing conflicts of interest and conflicts of commitment. But what to do once there is full revelation and the matter then turns to the substance of those connections?

Answers to these questions will benefit from engaging academic expertise of scientists in defining sensitive sectors. And our social scientists and China specialists can be a constructive resource for looking at the dynamics of institutional connections inside China and how to estimate end use. To date, collaboration between Ottawa and the universities has focused almost exclusively on university administrators and only rarely the professoriate. If security clearances for key actors in the private sector, universities, and research institutions to receive classified threat information is impossible, perhaps they can be involved in advising the nascent Research Security Centre operating on the basis of briefings and unclassified materials.

Third, how far should Canada insulate itself from American views and practices committed to a full-scope confrontation with China? The criteria of US funding agencies already pose extraterritorial implications for individuals and institutions who wish to cooperate with organizations on entity lists including Huawei. The US Bureau of Industrial Security would value alignment with Washington’s foreign policy as outlined in the Export Control Reform Act. These have recently been expanded to [include](#) the protection of human rights and democracy, including in areas related to censorship, social control, interception or restriction of communications, facial and biometric indicators, and DNA sequencing. More pressure [can be expected](#) to conform with the multilateral export control regimes addressing supply chain security, the civil-military fusion in China, IP theft, maintenance of technology leadership, and the use of commercial technologies to commit human rights abuses. Will coordination of policies



with Washington on “friend-sourcing” extend to blocking the transfer of IP to China and keeping Beijing out of international gatherings?

Fourth, it will be necessary to discuss these issues with Chinese counterparts. One element will be to explain the apprehension in Canada about the implications of Beijing’s National Security Law for Hong Kong and the fear that it is creating overseas. Calls for full reciprocity and transparency as preconditions for a next generation of cooperation are non-starters because of the fundamental differences in the nature of our political systems and conceptions of academic freedom. But there is room for discussion led by academic associations on shared standards of research hygiene, integrity in disclosure, and open assessments of the end use of research.

We need leadership at the university level to begin these discussions and to be transparent with the Canadian public about precisely how collaborations are consonant with Canadian values, the national interest, and the mission of our institutions. Building high fences around carefully specified small yards in the areas of high-tech research and critical infrastructure is necessary. So is awareness and vigilance in our research community in assessing potential risks and end-use possibilities. But only with precision, nuance and a refined knowledge of China can we keep the door as open as possible in difficult times of distrust, suspicion and great power rivalry.

This article was originally published online on September 19, 2022.



Multiculturalism & Canada-China Relations

XIAOBEI CHEN



Introduction

Connections between domestic politics and foreign policy—more specifically between ethnic organizing and foreign policy—have for decades attracted the attention of scholars and commentators. But the nexus between foreign policy, growing ethnic diversity in populations, and the policy of multiculturalism has become an increasingly pressing topic for debate since September 11, 2001, the subsequent invasions of Afghanistan and Iraq, and China’s concurrent rapid rise. There are two distinguishable but interlinked themes in such discussions: one concerns assessing and debating the impact of ethnic minority groups on foreign policy making; the other is about how governments’ strategies for dealing with other countries affect domestic politics with respect to particular ethnic minorities.

The thrust of this article is more concerned with the second theme—the impact of foreign policy on ethnic minorities at home—informed by my research and community engagement as a public sociologist to intervene against the surge of anti-Asian racism and Sinophobia in particular. My aim is to show how, despite state multiculturalism, foreign policy making can function as an institutional conduit for reproducing systemic racism, which not only exacerbates social divisions but also prevents a form of intercultural understanding in which individuals truly see one another. There are two parts in what follows.

First, I discuss a few new factors relevant to debates about ethnic diversity and foreign policy in our present time, with particular emphasis on some Chinese Canadians’ experiences with the rise of Sinophobia and their perspectives on multiculturalism and foreign policy. Then I discuss a number of fundamental deficiencies in multiculturalism and, more generally, Canada’s approach

to diversity which have a heightened significance both for ethnic minority groups’ experiences and for foreign policy making in times of international contestation, such as today’s period of deepening great power rivalry.

Ethnic Diversity and Foreign Policy in Our Present Time

While we bear in mind that there has been and always will be intense debate over ethnic minority groups and foreign policy, it is important to specify how the context of this debate has evolved in recent years. First, there has been the fact of increasing cultural diversity in Western countries as a result of their post-World War II economic need for cheap labour, skills and capital, and corresponding immigration from ex-colonies as well as other countries.

Second, in the 1970s and 1980s multiculturalism had emerged as a possible policy model in these countries, partly in response to the fact of demographic diversity and as a result of political compromise.

Despite significant variations across nation-states, [multiculturalism as a mode of governance](#) generally signals the valuing of the presence of diverse ethnocultural groups, recognition of non-dominant [ethnocultural and religious groups’ rights](#) in certain areas such as language and education, and state support to and accommodation of these groups. Third, since the terrorist attacks of 9/11, a paradigm of securitization has foregrounded concerns about foreign interference and internal security threats. Some European political leaders such as [Angela Merkel](#), [David Cameron](#), and [Nicolas Sarkozy](#) have declared multiculturalism as a failure.

While such views have not become mainstream in Canada, Canadian multiculturalism policy has



nonetheless been [criticized](#) by scholars such as Jack L. Granatstein for fostering unhealthy transnational ties that are harmful to the national interests of Canada. Others such as Vic Satzewich have [rebutted](#) that view by suggesting that Canada's multiculturalism policy may have little to do with transnational identities and connections and thus cannot be blamed for harming Canada's national interests. Furthermore, heightened security concerns have subjected Muslims and members of Arab communities to widespread discrimination, ostracization and brutal violence because they are stigmatized as an object of suspicion.

Even in liberal multicultural societies an ethnic minority group can just as easily and quickly be demonized in times of international conflict, even though they have nothing to do with the actions of their country of origin.

Parallel to the treatment of Arab and Muslim communities, since the financial crisis of 2008 the Chinese diaspora has been subjected to suspicion and accusations of posing threats. While blatant attacks on multiculturalism are not often heard in Canada, Vancouver, despite being known as the most Asian city outside Asia and supposedly 'the bastion of progressive multiculturalism', registered more anti-Asian hate crimes reported to the police than in the top ten most populous US cities combined; it experienced a [717 percent increase](#) in anti-Asian crimes from 2019 to 2020, despite underreporting, and was dubbed [the world's capital of anti-Asian hate crimes](#). In a similar vein, since Russia's invasion of Ukraine in February 2022, hate messages directed at [Ottawa's Mos-](#)

[cow Tea Room](#), vandalism targeting [the Russian community](#), and boycotts against [Russian culture](#) show how even in liberal multicultural societies an ethnic minority group can just as easily and quickly be demonized in times of international conflict, even though they have nothing to do with the actions of their country of origin.

In this article, I enter the debate surrounding multiculturalism and foreign policy by sharing some preliminary research findings about Chinese Canadians' experiences on this subject. Despite Canadian multiculturalism's status as a pioneer of state-sanctioned diversity policy in the West, the image of it as a progressive beacon is now increasingly questioned by some ethnic minorities.

For example, in early 2020, Chinese Canadians were confronted with two impossible choices: to wear a face mask in public spaces and thus risk racist abuse, or to not wear a face mask and risk contracting the novel coronavirus. Wearing face masks is a common practice in East Asian countries for warding off viruses, mitigating allergies, or merely for privacy. Furthermore, since the outbreak in Wuhan, Chinese Canadians who had immigrated from mainland China were acutely aware of how infectious and deadly the virus was from their families and friends in China, and how important preventive measures were in controlling the spread of the virus. They tried to persuade their neighbours and colleagues to use masks, almost all of whom declined, sometimes rudely; when they wore masks in public, many were harassed. Some harassers misunderstood wearing face masks as being sick and felt the wearers should not have left home; some equated the practice to ignorance, to being culturally un-Canadian, or to a Chinese Communist conspiracy, in many ways resembling xenophobic stigmatizing of Muslim women wearing hijabs.

Equally seriously, [racial profiling](#) of the Chinese diaspora as communist spies sabotaging national



interests is happening with increasing frequency in the media, governments, and other institutions. This is especially the case for those with obvious connections with China because of their immigration status, or because their political views may not be ideologically anti-China. These characteristics mark them for questioning, scrutinizing, filtering and quiet silencing.

When Canadian [Senator Yuen Pau Woo](#) spoke on a resolution in the Upper Chamber which aimed to label human rights abuses in Xinjiang as a genocide, prominent commentators and news reports distorted his speech, singled out his immigrant background and attacked him for “living in the wrong country”. Many Chinese Canadians are frustrated that they are routinely censored when they write comments online to oppose the media’s demonization of China. Chinese Canadians who protest against anti-Chinese hostility have been slandered as being masterminded by the Chinese government and thus dismissed. When some Chinese Canadians point out that the sharp rise in anti-Chinese hate crime in Canada was because of the US’s anti-China rhetoric and policy, they are often ignored even by veteran anti-racist activists and organizations, likely because they are suspected of working for China and using anti-racism to advance China’s agenda. At a recent online talk about anti-Asian racism, which was organized by the Asian Diasporas Research and Education project at Carleton University, one Chinese Canadian in the audience asked: “Aren’t my life experience and my views informed by that experience part of what makes me ‘diverse’? Isn’t that what multiculturalism is supposed to be about?”

Deficiencies in Canada’s Approach to Ethnic Diversity

The problem of rising anti-Asian racism should not be understood as a transient phenomenon. Rather, the issue concerns deficiencies present

within the government’s approach to racialized minorities, including the policy of multiculturalism.

First, historically and even at present, racialized minority groups are often conditionally incorporated in objectifying ways that maximize what Canada needs from them but minimize what Canada can do to protect them. Canadian immigration policies since the 1960s have shifted their priority from hard labour to skilled labour and later to investment. Similarly, Canada’s discourse of multiculturalism and diversity emphasizes the business value of racial and ethnic minorities in the global marketplace. As Abu-Laban and Gabriel [contend](#), the dominant conceptualization of diversity since the 1990s considers diversity, and people to whom this label is applied, as little more than “trade-enhancing commodities.”

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The dehumanizing approach of valuing what is wanted from ethnic minority people over their lives is especially pronounced in times of intensified xenophobia. For example, the recruitment of [international students](#) has grown to be an important policy program for Canada. Universities rely on Asian international students’ tuition fees to mitigate cuts to public funding, but universities and governments have done little to acknowledge and support them during the surge of anti-Asian racism, even in times of growing investment in equity and inclusion initiatives. Another example is approaches to immigration that have been driv-



en by increasingly contentious politicization of intellectual property issues and international competition.

However, as great power competition intensifies, immigrant STEM researchers, especially those from China, have suddenly found themselves suspected, blamed and punished for doing their work under the US' [China Initiative](#) and Canada's [security risk assessment](#) for research partnership. A professor recently commented to me: "When the relationship [between Canada and China] is good, [our work] is described as research collaboration, scholarly exchange; when the relationship is bad, it is described as spying and theft. The same work gets defined differently depending on the political context." Governments and universities have been largely silent about the impact of this shift on researchers with Chinese connections as a group.

Second, multiculturalism policy and foreign policy share the problem of prejudices with regard to ethnic minority groups. David Carment and Yiagadeesen Samy have [warned](#) about the dangerous game of "seductive and populist" diaspora politics in foreign policy making. Part of the danger stems from ignorance about the extensive differences even within an apparently singular ethnic group. At this point, at least most politicians, commentators and policy researchers know that there are different groups of Chinese Canadians who (themselves or their ancestors) came from pre-Communist China, Hong Kong, Taiwan, mainland China, or Southeast Asian countries. However, intersecting with this understanding is a racist and ideologically anti-communist perspective which labels Chinese Canadians as either Good Chinese (i.e., victims of the Chinese Communist Party) or Bad Chinese (i.e., Communist Party accomplices).

This binary conception of Chinese Canadians is a key component of the structural, ideological framework through which the Chinese dias-

pora is made sense of, evaluated, and reacted to accordingly. If such Canadians do not behave in ways that fit the image of victims of communism by taking an anti-China position—or better, renounce any connection with China—they are suspected of being its puppets and even accused of being communist agents who collude with the Chinese government and sabotage Western interests from within their adopted country. Mainland Chinese immigrants are the primary target of the negative profiling as communist, anti-democratic, and thus suspicious until proven innocent. This prejudice is even shared by some Chinese Canadians who were immigrants from pre-Communist China, Hong Kong and Taiwan, partly because their cultural identities have been constructed in opposition to the Communist regime and partly because of the prejudice in those places against mainlanders, who are traditionally thought of as poor, stupid country bumpkins and/or warped by the Communist government.

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The gross injustice is that most mainland Chinese immigrants would not see themselves either as victims or as helpers of the Communist government, because they have nuanced and evolving views about China and in many instances are apolitical. Nonetheless, this racist prejudice is pervasive and structures how Chinese Canadians are seen and assessed in Canada and even in foreign policy making processes, which likely results



in the disproportionate influence of those who are considered as 'Good Chinese' and the marginalization of 'Bad Chinese'.

Third, most would argue that inter-ethnic understanding is helpful for making rational foreign policy. Common sense would dictate that state multiculturalism should result in better foreign policy, given that a diversity of cultures stands to enrich the country's national discourse and international connections. Yet in reality, that is not necessarily the case. One insight from critical multiculturalism studies is that the presence of cultural diversity does not guarantee inter-ethnic understanding.

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To put it in starker terms, the presence of diverse cultural practices does not mean that social divisions will not become hardened. This is because of the often stereotypical conception of culture, as well as the positioning of the [white majority](#) as the generous granter of tolerance and respect. When it comes to cultural heritage celebration encouraged

in diverse communities, I have [previously written](#) about how everyday practices of acknowledging and celebrating cultural heritage tend to take the form of consuming “cultural bites”, collecting and displaying Chinese objects, and performing “Chineseness” on specific occasions, while missing the stories that Chinese Canadians could tell about locality, migrancy, creativity, hybridity and survival.

Last autumn, a polite white old lady stopped by my front garden to talk about my flowers. We introduced ourselves. When I told her that I came from China some twenty-six years ago, she responded by saying that she loved Chinese food and green tea. In fact, she had a flask of green tea in her bag right then. She visited many places in China on a couple of trips. She said how she loved Chinese people and Chinese culture, and then shook her head, “not so much the Chinese government which is awful!” There was a moment of awkwardness because I felt she expected me to echo her sentiment, but I didn't join in the denunciation of the Chinese government.

I have my criticisms of the Chinese government and have occasionally [written](#) about them. However, in a time of war-mongering anti-China hysteria, it is important for Canadians to have a nuanced understanding of China. What crossed my mind at the time is that the majority of the population in China, a staggering 1.4 billion people, are relatively content with the huge improvement in their lives from a mere three decades ago.

In contrast to the century of humiliation under Western semi-colonization, Japanese invasion, civil wars and crushing poverty, they now have abundant food, an extensive high-speed rail system, and cheap and reliable communication technology. To them, the return of Hong Kong in 1997 to China was a decolonization moment and the hosting of the Olympic Games a symbol of China's revitalization.



This chance conversation was not an occasion for a full, complex explanation. So I only said, “But you know, people are generally much happier in comparison to twenty, thirty years ago” and left it there. It was a friendly, even warm social exchange. However, I also feel unsettled, wondering how she would interpret my refusal to echo the simple condemnation. Elsewhere, similar refusals by myself, other Chinese Canadians, and even non-Chinese Canadians have triggered accusations of being communist spies. I relate this friendly exchange because it exemplifies what is nice about Canada, but also the terms of belonging set for ethnic minority Canadians and the challenge of achieving inter-ethnic understanding.

Conclusion

In this paper, I have identified a number of deficiencies in Canada’s approach to diversity that are especially closely connected to foreign policy and have a bearing on ethnic minority groups’ experiences in times of worsening international tensions. These problems are even more important to address in today’s multipolar world, given that the pressures of great power rivalry are making the task of intercultural understanding more difficult due to pervasive (real and imagined) security concerns over foreign influence.

How can Canada’s multiculturalism policy be transformed so that it promotes genuine appreciation for diversity, understanding, collaboration, interdependence, and crucially, sociopolitical stability in an era where great power rivalry threatens to increase racism and xenophobia? To begin with, for the policy of multiculturalism to truly value cultural minority groups and to inform foreign policy in helpful ways, we need to see that they are more than the labour, research skills and knowledge, social and financial capital, and trade assets that Canada may covet. We should see their humanity and care about their lives that are vul-

nerable to racist hostility in times of international confrontations.

Equally importantly, we should develop critical understandings of how current state multiculturalism and foreign policy not only fail to eliminate racism, but can also become conduits for discourses of prejudice to be perpetuated. Thirdly, in order for foreign policy to benefit more completely from our great span of ethnic diversity, we ought to avoid the trap of turning inter-ethnic recognition into yet another occasion for affirming our own virtues. We should practice an [ethics of recognition](#) that does not assume that we already know the Other, but rather which encourages us to understand the Other on their terms.

This article was originally published online on June 30, 2022.

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