Navigating Canada-China Relations in a Turbulent Era

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Canada’s relationship has deteriorated since Canada arrested Huawei’s Meng Wanzhou and China retaliated by arresting Michael Kovrig and Michael Spavor. The Trudeau government has weighed the costs of human rights advocacy from an increasingly repressive China against commercial interest with the world’s second-biggest economy. It’s led to a stalemate of sorts, but there are some actions Canada could take.

INTRODUCTION

Until the arrest of Huawei CFO Meng Wanzhou in December 2018, Canada-China relations since the mid-2000s have vacillated between an exclusive focus on China’s human rights records under Stephen Harper’s Conservative government (2006-2015) and a trade-friendly engagement policy under Justin
Neither extreme policy towards China is helpful. Both reflect a lack of appreciation for the complexities of the country as a rising power and the implications for medium-sized democracies, such as Canada.

Over the past seven years, China has seen increased power centralization and tightening of societal control. With these political developments, Canada-China relations are increasingly characterized by incompatibility in political ideologies and values. At the same time, China has unequivocally ended the foreign policy doctrine of “biding its time,” emboldening it to exert its influence in the domestic politics of foreign countries. Yet, bilateral trade and investment, educational exchanges and other people-to-people linkages remain important. On a multilateral basis, China remains an important player in achieving any meaningful breakthrough in climate-change mitigation and global public-health responses to COVID-19.

It is impossible to navigate Canada-China relations without taking into consideration the U.S.-Sino relations that overshadow them. Canada lives in an increasingly “bipolarized” world, caught in the new superpower rivalry. The Meng incident suggests that whatever course of action Canada takes involves significant trade-offs between our varied national interests. In the post-pandemic era, the electoral cost of getting the China policy wrong has increased significantly for the Liberal government.

U.S.-CHINA RELATIONS

The U.S.-China bilateral relationship is increasingly characterized by strategic competition, while the scope for co-operation has diminished over time. At a symbolic level, U.S. President Donald Trump’s mantra of “Make America Great Again” is now matched by President Xi Jinping’s ambition of “Making China Great Again.”[1]

The realist camp of international relations scholars has historically contended that war is inevitable when a rising power seeks to displace an existing hegemon.[2] Strong nationalism in both countries, partly fanned by both current leaders, is likely to further fuel public sentiment, which could push policymakers into increasingly extreme measures. The logical action for the U.S., according to University of Chicago professor John Mearsheimer, a key proponent of the
realist perspective, is to adopt a containment strategy by building coalitions with China’s neighbours in Asia.

This view is not without controversy.

The constructivists, along with China specialists who have spent decades studying the country, have maintained that a policy of engagement will benefit the two countries more than hurt them. A statement published in the *Washington Post* in the summer of 2019, jointly signed by dozens of scholars and addressed to Trump and members of Congress, outlined the case for engagement with China. While it acknowledged the increasingly repressive and assertive regime in Beijing, it argued that U.S. interests are best served by working alongside other nations and with multilateral institutions, rather than seeking to undermine or contain China.

Tensions between the two countries are driven by competition for global technological dominance, and incompatibility of political ideologies. The U.S. has serious concerns over the “Made in China 2025” industrial-policy plan, which has created an unlevel playing field for Chinese and foreign companies in the high-tech sectors. And at the heart of the trade war are concerns over forced technology transfer, intellectual property theft and lack of market access. U.S. security concerns about Huawei 5G technology were prompted by China’s Counter-Espionage Law and National Intelligence Law that allow the government to compel Chinese companies to turn over data when requested. Many in Washington harbour concerns about Huawei’s ownership structure, asserting that it could really be state-owned with links to the military, rather than the employee-owned firm it purports to be. However, by virtue of the Chinese communist system, all domestic companies are subject to party requests; the recently passed laws merely legalize what will likely take place when the party decides to forcefully assert its control over private entities.

Suffice it to say, the U.S.-China strategic competition will only intensify in the coming years.

Meng’s arrest in Vancouver was viewed by China as Canada doing America’s bidding—a trans-border extension of America’s jurisdiction purely aimed at the ambitions of a company representing Chinese national pride. Simply put, China perceives Canada as a proxy for the U.S. attempts to contain its growth, especially since it says other nations refused U.S. requests to arrest Meng.

In fact, however, Canada’s relationship with China differs in character because
it is not rooted in the American head-on competition for dominance. And it follows that Canada should chart a course of action independent from the United States. Actions could be on a sectoral and issue-by-issue basis, taking into full consideration what is best in Canada’s national interest.

The need for an independent course of action has been amplified by Trump’s mercurial policies that hurt Canadian interests, such as banning of 3M facemask exports to Canada at the height of the pandemic and imposing repeated questionable tariffs. All the same, we must remain aware that the underlying premise for Canadian policymakers remains that our national security and economic prosperity are dependent on the United States. Three-quarters of Canada’s merchandise exports, representing a fifth of GDP, go to the United States. Such is the destiny shaped by geography and our common histories.

**CANADA-CHINA RELATIONS**

When Stephen Harper was elected in 2006, his government adopted a hardline approach towards China, insisting on prioritizing human rights over other issues. Yet, after refusing to attend the Beijing Olympics in 2008, he visited China the year after to promote bilateral co-operation and trade. During his visit, Harper was publicly reprimanded by then Chinese Premier Wen Jiabao for failing to visit sooner. In contrast, Justin Trudeau’s Liberal government, has been keen to pursue a free trade agreement with China and its emphasis had been on trade and investment until the Meng arrest in late 2018 brought about a 180-degree change in the orientation of bilateral relations. The position taken by Erin O’Toole, the recently elected Conservative Party leader, suggests the party is likely to re-embrace the Harper model should it take power.

However, neither extreme approach serves Canada’s interests.

Both demonstrate a lack of appreciation for the multifaceted and complex implications of a rising China for Canada. For a long time, China’s foreign policy had been guided by former leader Deng Xiaoping’s dictum of “hide your capacities and bide your time” (韬光养晦, 有所作为), which kept the country out of the international limelight, while concentrating its efforts on making itself stronger. Under Xi Jinping, China has abandoned forbearance; in fact, it has been emboldened to assert its power in the South China Sea, cross-strait relations, Hong Kong and other territories. Election meddling, espionage and spying on foreign countries have also been alleged.
Yet, given increased urbanization and the size of its growing middle class, trade and investment with China still hold out promise, despite concerns over intellectual property rights and market access. Furthermore, co-operation from China is both necessary and essential to achieve any meaningful progress in global pandemic solutions and climate change mitigation.

Since December 2018, Canada-China relations have soured. Immediately after Meng’s arrest, Michael Kovrig and Michael Spavor were jailed, and charged with stealing state secrets by China. The arrest of the two Michaels has been described as a case of “hostage diplomacy.” Relatedly, two other Canadians have been given life sentences in China for drug trafficking. Subsequently, China has applied economic coercion on Canada by suspending imports of canola oil, beef and pork from Canada.

Using “sticks,” or punishments, on smaller foreign countries to extract compliance is part of the new strategy of the Chinese state. China punished Norway for awarding the Nobel Peace Prize to the democracy advocate Liu Xiaobo. Bilateral relations were only restored some six years later. Beijing also punished Sweden for awarding a human rights prize to Gui Minhai, a Hong Kong-based Swede who published banned books. He was mysteriously kidnapped in Thailand and subsequently gave a forced confession on Chinese television. More recently, Australia’s exports to China were targeted for its instigation of an international inquiry into the origins of the pandemic outbreak.

Situated in this context, Canada is not the first country to face Chinese coercion, but it is among the first with citizens’ lives at stake. Economic coercion applied to the Nordic countries was eventually lifted. But there is no precedent for a case where human lives are involved.

Whether China is a benign (it is not) or malignant (not entirely) force in Canadian society, this issue merits some serious public debate. Much like in the U.S., hawkish voices are far louder than—and have almost drowned out—moderate voices in Canadian society. Public opinion polls conducted by the Pew Research Center suggest Canadians were evenly split between those with favourable and unfavourable views of China until the Meng arrest and its fallout, after which 70 percent said they had unfavourable views. Given the rising tide of public opinion against China, further stoked by the pandemic, the hawks are both fuelling and riding on the tide of public sentiments.
Of late, China’s “wolf-warrior diplomacy” (战狼外交) is often matched by strident words from Trump and his advisers. They pander to nationalist sentiments and conservatives in both countries and make excellent theatrical materials for the international media. But they often serve to ramp up tension, without presenting any substantive solution to the trade war, concerns over intellectual property theft or investigations into the origins of the COVID-19.

“Economic decoupling” from China, called for by some extreme voices, is costly and unrealistic, given close integration of the global supply chains. That said, technological decoupling is already taking place to some extent, with the decisions by the U.S., U.K. and other western nations, as well as India post-pandemic, to ban Huawei products from their telecom infrastructure.

Reprimands and loud statements of values can serve important signalling and symbolic purposes to domestic and international audiences. Some may even argue that international diplomacy is as much about signals and symbolism as it is about guns and steel. Yet, given realpolitik and the relative size of Canada versus China, it is questionable whether diplomatic symbolism from Canada carries as much weight as that from the U.S. Ottawa needs to marry statements of values with concrete actions, including exploration of backdoor channels. This should occur simultaneously and both should get equal weight.

GRASSROOTS CHINESE COMMUNITIES IN CANADA

Canada has a large ethnic Chinese community—1.8 million according to the 2016 census. The communities that are scattered across major Canadian cities are a resource that the government has not adequately used to address public-policy challenges. At the same time, they are also potential targets of and conduits for Chinese Communist Party (CCP) infiltration into Canadian politics.

On the public health front, these grassroots communities could have been better marshalled in fighting COVID-19. Suburban medical clinics run by Chinese Canadians were issuing pandemic warnings to patients last January and put up signs urging facemasks as a preventive measure against the still unidentified virus.

The ethnic Chinese community in Toronto received information from relatives in
Wuhan and travellers from China in the early days of the virus outbreak.\textsuperscript{22} In February, before the government announced any quarantine measures, the Chinese community had organized isolation self-help groups for travellers returning from China.\textsuperscript{23}

Concerns have also been raised over CCP infiltration through the United Front organizations in Canada.\textsuperscript{24} This echoes ongoing public discourse across a range of democratic and semi-democratic countries. Within China, United Front (統一戰線) organizations refer to legally permitted political parties and national associations controlled by the CCP that serve to advance the party’s interests by presenting a united alliance of non-Communist organizations.

Outside China, the Party’s United Front work department has been accused of controlling varied ethnic civil society groups, through which it mobilizes overseas Chinese to exert influence over elections, party candidates and educational institutes, often using generous donations.\textsuperscript{25} Canadians need to remain vigilant about any potential threat to the health of Canadian democracy, but remain mindful that unsupported allegations leading to a racist form of McCarthyism pose just as significant risk to the integrity and social fabric of the country.

CONCLUSION AND POLICY RECOMMENDATIONS

Information suppression by the—largely local—authorities in China meant precious time was lost in the early days of the fight against COVID-19.\textsuperscript{26} This has fed anti-China feeling across a range of countries.\textsuperscript{27} In Canada, 85 percent of respondents to an Angus Reid Institute poll believed the Chinese government had not been honest or transparent about the pandemic.\textsuperscript{28} Beijing has made efforts to salvage its image by its deployment of “facemask diplomacy,” which has gained support in some countries, but received backlash in others.\textsuperscript{29}

Viewed through the prism of the shift in public opinion on China, the pandemic has several implications for policy-makers in Canada.

First, it has led to tougher actions by the government, previously avoided on
the grounds of high costs imposed on some sectors of the economy, such as industries that are reliant on China as an export market.

Second, it has raised the electoral cost of the margin of error on all decisions related to China. This has inevitable consequence on Canada’s 5G decision.

Third, a comprehensive free trade agreement with China is dead in the short to medium-term. A high-profile bilateral trade agreement is as much about political posturing as it is about commercial interests. It is politically imprudent for the Canadian government to adopt an overtly friendly posture towards China now, even though that may be justified on commercial grounds. A more judicious approach is sealing low-key sectoral trade deals that serve to protect and advance the interests of selected Canadian industries.

The recent political developments in Hong Kong have also weighed heavily on shifts in government attitudes on China. Canada and the U.S. have both suspended their extradition treaties with Hong Kong, saying the impartiality of its court system is now in question. The U.K. government has offered citizenship for political refugees from Hong Kong. Canada should consider granting permanent resident status to, and expediting the immigration procedure for, applicants from Hong Kong. This will serve the dual purposes of signalling Canada’s commitment to protection of human rights in Hong Kong, as well as building its supply of human capital with knowledge of Asia, where it still lacks core competence at the elite and societal levels. With the growing population and economic weight of Asian countries, a “pivot towards Asia,” or at least trade diversification across a range of Asian economies, remains an important strategy to reduce Canada’s economic reliance on the U.S. and China.

REFERENCES

3. The key proponents of the engagement strategy include Susan Thornton, a former acting assistant secretary of state for East Asian and Pacific affairs, and Susan Shirk, a political scientist based at the University of California, San Diego, and a former deputy assistant secretary of state during the Clinton administration. ↑
7. Of course, this perception does not necessarily reflect the truth as evidence currently being pored over by Canada prosecutor suggests Meng and Huawei have violated the U.S. laws. ↑
13. It can be argued this strategy of “isolating enemies” has historical roots in the party’s United Front strategy. ↑
18. This may have changed with the case of Australian journalist Cheng Lei. ↑
20. The term, “Wolf Warrior” is the title of a popular Chinese movie and has been used to describe China’s increasingly bold and aggressive style of diplomacy. Westcott, B. and Jiang. S. May 29, 2020. China is Embracing a New Brand of Foreign Policy: Here’s What Wolf Warrior Diplomacy Means. CNN. ↑
33. Ong, L. August 17, 2020. Testimony to the House of Commons Special Committee on Canada-China relations. ↑

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