



# CANADA AND THE INDO-PACIFIC INITIATIVE

Policy Brief

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## Expanding opportunities for Canada-US coordination on China

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### Introduction

Of all of America's global partners, few have felt the impacts of deteriorating US-China relations in recent years more directly than Canada. The consequences of being caught in the crossfire between America and China have been substantial for Canada, in terms of human lives, trade, intensifying politicization of China policy, and so much more. The arrival of President Joseph Biden to the White House will not magically remove these challenges, but it might lead to a lowering of the temperature and a reduction in risk of further escalation with Beijing.

As the adversarial edge of the US-China relationship gradually wears down, greater diplomatic space may open up for a more ambitious Canada-US bilateral agenda, including on China. The amount of space that opens for bilateral coordination on China, though, will depend upon the welfare and timing of return to Canada of two citizens, Michael Kovrig and Michael Spavor, who are being arbitrarily detained by China.

Ottawa is one of Washington's most trusted and respected international partners. Members of the Biden administration naturally will look to Ottawa for counsel on how to contend with challenges posed by China, including on the question of how best to organize issue-based coalitions to deal with problematic Chinese behavior. Canada will play an important role in helping frame a realistically ambitious agenda for its China policy. Through its own example, Ottawa also may prod Washington to live up to its values and ideals.

The United States and Canada each will find themselves in a stronger position to address challenges posed by China by acting together than by acting alone. With a change of leadership in Washington, an opportunity exists to identify and act on a shared agenda. Both sides should seize it.

## The baseline

As a presidential candidate, Donald Trump vowed a new, tougher posture on China. He promised to be strong where others before him had been weak. He said his policies would break with the previous four decades of American policy toward China. And they did.

Even as Trump often wavered between conciliation and anger in his public statements, members of his administration consistently made clear that they viewed China, or more specifically the Chinese Communist Party (CCP), as America's primary threat in the world. Members of the Trump administration warned ominously that unless China is stopped from achieving its ambitions, Beijing will impose its vision and values on the rest of the world. They argued that there would be a winner and a loser in this great power struggle, and the United States must do whatever necessary to come out on top (Pompeo 2020).

The Trump administration adopted an attitude of urgency in seeking to blunt Beijing's efforts to expand its influence. One key area where the United States sought to limit China's gains was in the technology sector. Prompted by China's declarations of intent to become a world leader in an ever-widening number of high technology fields, the Trump administration sought to limit China's progress, including its quest to dominate 5G networks around the world. Chinese telecommunications company Huawei was central to China's ambitions. When Huawei's Chief Financial Officer (and daughter of Huawei's founder), Meng Wanzhou, transited Canada on December 1, 2018, American authorities requested that she be held for extradition to the United States to face financial fraud charges relating to efforts to circumvent US sanctions on Iran.

Ottawa's decision to honour its obligations under its extradition treaty with the United States triggered an indignantly angry response from Beijing. Within days, Chinese authorities arbitrarily detained two Canadian citizens, Mi-

chael Kovrig and Michael Spavor. Beijing did not afford either of the Canadian citizens the same due process protections that Canadian authorities provided Ms. Meng.

Since then, Canada-China relations have followed a downward trajectory that has paralleled the deterioration in US-China relations in several key respects. For example:

- **Optimism has given way to frustration** – Prime Minister Trudeau's earlier calls for the development of Canada-China relations, including through the negotiation of a free trade agreement, have been replaced by messages of resolve to stand firm against Beijing's bullying (Beam 2021).
- **Trade issues have grown more contentious** – Canadian exports to China fell 16 percent, owing largely to China's decision to cut off or slow imports of Canadian agricultural products as retaliation for the Meng Wanzhou case.
- **Public attitudes toward China have soured** – An October 2020 Pew poll found unfavourable views by Canadians toward China has risen sharply to 73 percent, while favourable views of China had fallen to a new low of 23 percent (Silver, Devlin, and Huang 2020).
- **Political pressure on Trudeau to take a tough stand on China has been rising** – Conservative leader Erin O'Toole has argued, "There is no greater threat today to Canada's interest than China's rise" (Tasker 2020). The opposition has called for the government to ban Huawei from 5G networks, declare China has committed acts of genocide in Xinjiang, and take more aggressive actions to combat Chinese influence and interference efforts inside Canada.
- **Canadian policy on China has reached an inflection point** – Then Foreign Minister Champagne has said that the government recognizes the "China of 2020 is not the China of 2016." He has explained, "In light of the current challenges, we take a sober view in assessing the relationship 50 years on," and that the government recognizes the need for a "new approach" to dealing with China (Connolly 2020).

In sum, by default and not design, Ottawa's relations with Beijing have become entangled with the intensifying US-China rivalry, and in so doing, have generated material costs for Canada.

## Enter Joe Biden

Without loudly repudiating the Trump administration's approach to China, President Biden has subtly begun recasting America's approach. He and his advisers have dropped the ideological and Manichean good versus evil

framing of US-China relations in favour of a more purpose-driven focus on advancing American interests (Biden 2021). The Biden administration also has embedded discussion of China within a broader array of challenges it must confront, such as the climate crisis, the global COVID-19 pandemic and the economic devastation it is generating, nuclear proliferation, and cyber-attacks (Sullivan 2021). Secretary of State Antony Blinken (2021) has referred to China as the greatest *nation-state* competitor America faces. This framing recognizes that the United States faces an array of simultaneous challenges, in contrast to the organizing focus on “great power competition” during the Trump administration.

In explaining the Biden administration’s orientation to foreign policy challenges, National Security Advisor Jake Sullivan has invoked former Secretary of State Dean Acheson’s concept of building “situations of strength” for dealing with adversaries. The concept, first invoked after the end of World War II, called for the United States to organize efforts among allies and partners so as to have maximum advantage in contending with adversaries. The Biden administration recognizes that the United States alone accounts for around one-quarter of the world’s economy, but when combined with allies in Asia and Europe, the group represents over fifty percent of global output. As the thinking goes, the more that groups of countries place coordinated pressure on China on a specific issue, the greater the likelihood of Chinese responsiveness to Americans’ and others’ concerns.



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Much of the new administration’s work for outcompeting China will focus on efforts at home, with allies, and in multilateral institutions. They have identified four priorities for rebuilding leverage vis-à-vis China: pursuing domestic renewal; investing in alliances; reestablishing US leadership on the world stage; and restoring America’s authority in advocating for universal values (Sullivan 2021).

At the same time, the Biden administration will not shy away from diplomacy to deal directly with Beijing, both to signal America’s top interests and concerns and explore opportunities for US-China coordination on shared challenges. US-China coordination will not be viewed as a cushion for bilateral frictions. It will be pursued when doing so advances material self-interests.

Examples of potential areas of cooperation include: joint efforts to elevate global ambitions on climate change mitigation; joint support for development of a global disease surveillance network; joint investment in efforts to accel-

erate the delivery of COVID-19 vaccines around the world; and coordination to support global economic recovery. Much of these efforts likely will occur under the umbrella of multilateral organizations of which the United States, China, and Canada are members, rather than through bilateral channels.

The Biden administration's posture will represent a policy departure from the past four years. The Trump administration's instincts were oriented toward attacking the China challenge directly, e.g., by seeking to limit China's access to inputs necessary to move up the production value chain, seeking to drive a wedge between the Chinese Communist Party and the Chinese people, and working to raise awareness of China as a threat at home and abroad.

Even so, there will be limits to the level of improvement that will be available to the US-China relationship. Many of the sources of greatest aggravation in the bilateral relationship are unlikely to diminish in the coming years. Beijing has made clear publicly that it will not adjust its posture on issues it considers to be internal affairs to placate external pressure. This includes Xinjiang, Hong Kong, Taiwan, and human rights. On economic matters, Beijing's turn to a "dual circulation" economic model and its emphasis on greater self-reliance does not augur well for hopes of breakthrough progress on structural economic reforms.

Additionally, domestic politics will place a constraint on leaders in Beijing and Washington from taking steps that could be perceived as being accommodative of the other. Neither leader will want to appear solicitous of an improvement in relations. The national narrative in both countries paints the other side as owning primary blame for the downturn in relations. Both leaders will be cautious about taking steps toward the other that could generate domestic political blowback and undermine their (more urgent) domestic agendas.

## Potential implications for Canadian interests

Whether Canada's and America's relations with China continue to develop on parallel tracks will depend in large measure on how the cases of the two Canadian citizens being arbitrarily detained in China and Meng Wanzhou's extradition request are adjudicated. Prime Minister Trudeau has made clear that Canada will stand firm on upholding the judicial process for Ms. Meng's case. Canada will not bend on principle and give in to coercive diplomacy. Chinese spokespersons and Chinese media similarly have set expectations that Beijing will not release the two Canadian citizens it is holding until Ms. Meng is granted return to China.

In addition to the heart-wrenching human toll for those involved, this stalemate is undermining the interests of China, Canada, and the United States.

China's public image in Canada has plummeted; the reverberations of its actions likely will influence Canadian policy decisions well into the future and in ways that challenge China's strategic objectives. Canada's once ambitious agenda for its relationship with China has been turned upside down.

Now, there are growing calls for Canada's China policy to be more reflective of the public frustration that China's actions have engendered. Similarly, for the United States, this stalemate may present an obstacle to greater Canada-US coordination on China-related issues, as Ottawa understandably may want to welcome their citizens home before assuming greater friction and risk in their approach to China. Ottawa's ongoing reluctance to ban Huawei from the country's 5G network illustrates this point.

Amidst these difficult dynamics, Canada-US relations remain strong. President Biden's first call to a foreign leader after assuming office was to Prime Minister Trudeau. Both leaders identified significant overlapping interests and commonality in worldviews. Both leaders are focused on ensuring that their foreign policies support their citizens' health, security, and job prospects. Both are committed to supporting racial justice and combatting climate change. Both also want to see multilateral institutions invigorated and empowered to tackle transnational challenges, including through their personal participation in them.<sup>1</sup>

President Biden also indicated his intention to consult closely with friends and partners around the world to develop a shared agenda for addressing problematic Chinese behavior. Biden does not envision such efforts as leading to a Western bloc to counter China in some sort of cosmic struggle for global leadership. Rather, Biden and his advisers would like to form issue-based coalitions to coordinate on private and public messages, as well as incentives and disincentives, for influencing Chinese decisions on issues that implicate American interests and values.

As one of America's most valued friends and trusted partners, Canada will have an outsized role in helping Washington identify what Chinese actions should be prioritized for pushback, and what types of diplomatic approaches to other countries would be most likely to attract buy-in and support. This tradition of relying on friends for counsel on foreign policy challenges is in keeping with a tradition dating back to the founding of the republic, even if it has not always been honored consistently (Roy 2021).

In Federalist Paper No. 63, the presumed author James Madison offered the following advice:

An attention to the judgment of other nations is important to every government for two reasons: the one is, that, independently of the merits of any particular plan or measure, it is desirable, on various accounts, that it should appear to other nations as the offspring of a wide and honorable policy;

the second is, that in doubtful cases, particularly where the national councils may be warped by some strong passion or momentary interest, the presumed or known opinion of the impartial world may be the best guide that can be followed.<sup>2</sup>

Given the collateral consequences of the sharp deterioration in US-China relations in recent years, as well as rising political passions in the United States toward China, it makes sense for Canada to provide trusted counsel on China issues. There is considerable common ground between Washington and Ottawa on China, including on human rights concerns, Xinjiang, Hong Kong, problematic Chinese economic practices, maritime issues, and concerns relating to Chinese efforts to act extraterritorially. There also is need for consultation on how best to foster action among democratic countries to accelerate technological innovation and advance rules and standards that reflect liberal values.

Canada also can play an important role in prodding the United States to live up to its stated ideals, such as it has done recently in establishing a pathway to permanent residency for Hong Kong residents fleeing persecution. Canada's recent initiative to establish a norm against the use of arbitrary detention in state-to-state relations provides another strong example of Canada leading through the power of its example, and in so doing, spurring the United States to advocate for shared values, as Secretary of State Blinken did in endorsing the effort (Department of State 2021).

Ultimately, America's and Canada's relationship with China will impact the well-being of people in both countries. The United States and Canada each will have greater ability to influence China's choices by acting together through promoting a strong shared vision for the Indo-Pacific rather than by acting apart. Both countries are led by individuals that recognize the multiplier effects of Canada-US collaboration, not just on dealing with China but also on mobilizing international efforts to address transnational challenges. Now is the time for empowered advisers of both leaders to get to work. There's no time to waste.

# About the author



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From 2013 to 2017, Hass served as the director for China, Taiwan and Mongolia at the National Security Council (NSC) staff. In that role, he advised President Obama and senior White House officials on all aspects of U.S. policy toward China, Taiwan, and Mongolia, and coordinated the implementation of U.S. policy toward this region among U.S. government departments and agencies. Prior to joining NSC, Hass worked as a Foreign Service Officer, where he served overseas in U.S. Embassy Beijing, Embassy Seoul and Embassy Ulaanbaatar, and domestically in the State Department Offices of Taiwan Coordination and Korean Affairs.

Hass is the author of *Stronger: Adapting America's China Strategy in an Age of Competitive Interdependence*, to be published by Yale University Press in March 2021.

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# Endnotes

- 1 The readout of the Biden-Trudeau phone call can be found here: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/22/read-out-of-president-joe-biden-call-with-prime-minister-justin-trudeau-of-canada/>.
- 2 See the Federalist Papers here: <https://founders.archives.gov/documents/Hamilton/01-04-02-0213>.

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