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# **Canada's Foreign Policy Dilemmas**

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### Canada's Foreign Policy Dilemmas

Canada plays little part in Europe's Atlantic policy. And yet European and German policy makers should be aware of an emerging debate in the Northern part of North America that could affect Canada's link to Europe and with it European interests.

Europeans as yet are not very conscious of the fact that reliable, like-minded, multilateralist partners with enough resources and political will to make a contribution, do not come in such numbers that Canada can be largely ignored. And yet, this is still the predominant pattern in German as in the foreign policy of the European Union (EU).

Canada is neither the US nor an aspiring EU member, so it does not readily fit in any great scheme to strengthen the European identity or to re-calibre the transatlantic relationship. Because of real and acknowledged similarities between Canada and Europe on many foreign and domestic policy issues, Canada has sometimes been referred to as "a North American country with European instincts." But that does not mean that, in comparison to the US, the transatlantic cooperation between Canada and Europe is less problematic and goes on unnurtured. Years of very significant Canadian involvement in the Balkans and major contributions in Afghanistan alongside European troops have not been enough to make Europeans aware of the need to address the unique situation of Canada, for instance in NATO. The question, therefore, is why should either side do what it does not seem naturally inclined to do, i.e. defend and promote a special relationship.

Canadians who do not share the view that Canada's future lies in ever growing North American integration have the duty to ensure that Canada's ties to the rest of the world remain strong. The momentum now is behind the development of new relations with emerging countries. It is again incumbent upon those who believe that the link to Europe is not only part of history to preserve it. It should be seen as being part of any game plan to make a difference in the world. President Bush has clearly acknowledged that during his visit to Europe last February. Canadians should not be lagging behind.

The most obvious first step would be a better inclusion of Canada in the transatlantic dialogue. For that to happen, Canada would have to define convincingly

the nature of its added value. It would also have to find within Europe a champion. As a new government in Germany is beginning to define its international role in terms of security, energy, and transatlantic relations, this is an aspect that it could do well to consider.

## Canada's Dilemmas

Canada always faced the same defining dilemmas in its foreign policy and these can be summarized as follows:

- ▶ How to be both close enough and far enough from the United States?
- ▶ How to have both a values-driven and an interests-driven foreign policy?
- ▶ How to ensure that Canada's influence in the world and its influence in Washington grow together rather than be mutually exclusive?

A number of major trends, both external and internal, combine to make these dilemmas even more acute.

### External Trends

#### The Erosion of the Multilateral System

Canadians have been the quintessential multilateralists. Canada always relied heavily on its membership in every club to ensure high visibility, at a relatively low cost. It is in the unique position of belonging, quite legitimately, to both the Commonwealth and La Francophonie as well as to the Organization of American States (OAS), to the Asia-Pacific Economic Cooperation (APEC), and to the North Atlantic Treaty Organization (NATO). It derived from that perhaps a false sense of security against relative geographic isolation in the world and political domination on the North American continent.

But today all multilateral institutions suffer, to varying degrees, from similar problems. They were all conceived at a time when the world was both smaller and simpler. Their adaptation to the world of today has been by and large unsatisfactory, due in large part to the fact that the objectives of greater efficiency and greater representativeness are not easily reconciled. The pace of reform has been too slow, sometimes because of a lack of leadership on the part of the Secretary-Generals but mostly because the Member States tend to be more focussed on the protection of their own interests than they are on institutional reform. The result is a multilateral machinery threatened with partial or total paralysis.

Today in Asia, the Association of South-East Asian Nations (ASEAN) is seen as a far more relevant forum than APEC. In South America, Mercosur more relevant than the OAS, and in Europe it is the EU, despite all its difficulties, that is on the rise, not NATO. Even in Africa, it is quite clear that the Organization of African Unity (OAU) is seen by the Africans as more relevant to their interests than either the Commonwealth or La Francophonie. In all these regions, countries want to strengthen their own regional institutions and tend to move away from broader structures which include outside players like Canada (and the US in the case of the OAS, APEC, and NATO).

All this can be read perhaps as a regional response to globalisation; a compelling need to relate to, and identify with a closer, more homogeneous community. The impact on Canada is obvious. The country does not quite belong everywhere the way it used to.

This regionalisation is also having a clear impact on the multilateral system. Strong regional leaders want to have more of a say, hence their quest for a permanent seat on the Security Council. The kind of re-balancing they are seeking in the multilateral system is not unlike the kind of re-balancing that some Europeans are seeking in NATO. Some seem to think that after the American hegemony and before the Chinese one, there may be time for a kind of multipolar interlude!

The current American attitude towards the multilateral system, which can be described as ambivalent at best, is also part of the Canadian problem. US hostility to the Ottawa Treaty on Landmines and to the creation of the International Criminal Court (ICC) was not enough to stop the process but it made a country like Canada realize that there were new limitations on what it can hope to achieve multilaterally.

#### A Different Neighbour to the South

The America that emerged from the end of the cold war is quite different from the one Canada was used to dealing with. As the only, unchallenged super-power,

the United States have a new vision of the role they want to play in the world and new means to pursue it.

September 11 has also brought about some fundamental changes. More than anything else, Canadians fear what fear might lead the United States to do. For a country that does 85 per cent of its external trade with the US, a closing of the border is of course the greatest concern. Addressing the security concerns of its neighbour has become an imperative. No amount of public diplomacy apparently can dispel the notion, widely spread in the US, that the September 11 terrorists came through Canada.

In foreign policy terms, Canada and the United States have seldom been less like-minded. The decision not to join the coalition in Iraq and the decision not to be part of the development of the Missile Defence Scheme, come after years of disagreement over other issues like the landmines treaty and the ICC. It is true that the second Bush term has shown a considerable desire on the part of Washington to smooth over many of these differences. But the concern over a real parting of ways has been planted in the Canadian psyche and is not easier to put to rest for the obvious fact that Canada's security and prosperity cannot be separated from that of the US.

For most Canadians, the growing influence of the Hispanics in the United States and the fact that the centre of gravity is steadily moving southwards and westwards mean the relative loss of influence of the region they know best and identify most easily with i.e. the north-east. When George W. Bush was elected the first time, Canadians were shocked to discover an American President who was, in many respects, closer to Mexico than to Canada.

## Domestic Trends

Before most other western countries, Canada decided to rein in its public finances. Within five years, in the mid-nineties, it went from being the worst to being the best economic performer in the G-8: A considerable achievement which has led, however, to below-acceptable levels of spending for defence, aid, and foreign policy. For years now, Canada has been generating huge budget surpluses that give it the means to pursue new ambitions. But the ability of generating new ambitions and investing in the means to achieve them is increasingly circumscribed by a disaggregation of foreign policy decision-making.

Fast-growing and well-organized immigrant communities are exerting growing pressure on the government to act in their countries or regions of origin. Non-Governmental Organisations (NGOs), particularly those with an environment or a human rights agenda have also found their way to the heart of foreign policy making in Canada. Provinces insist more and more on defending their own interests in bilateral relations as well as in multilateral forums. The business community is pursuing, quite forcefully, a foreign policy agenda of its own which is essentially focussed on the promotion of further North-American integration.

There are also new fault-lines opening up in foreign policy debates, particularly obvious in the relationship to the US.

Quebec used to be among those Canadian provinces most favourable to the United States. Partly because of the natural protection of the linguistic barrier, Quebecers never felt threatened by a closer relationship with the US. Without the enthusiastic support of Quebec, a Free Trade Agreement with the US would not have been signed in 1989.

Things now seem to have changed. Many consider that Quebec played a key role in the decision not to go to Iraq and not to take part in Missile Defence. On both issues, opposition in Quebec was well over 80 per cent while public opinion in the rest of the country was more evenly divided.

Strong pro-American attitudes are now to be found in the Western part of Canada, in particular in the oil-rich province of Alberta. There, even if it is not happening on the same scale as in the US, one can witness the shift to the right end of the political spectrum and the return of religious and socially-conservative values. Whether this could spread to other parts of the country is an open question but, for now, evidence would seem to suggest that it is not likely to be the case. Despite the movement in Quebec in one direction and the movement in Alberta in the opposite direction, the centre of gravity in Canada has not yet been significantly altered.

What is, on the other hand, quite striking is a sort of schizophrenia that was always there but that is becoming more acute. Canadians want to oppose American influence within Canada and in the world but at the same time they are keen to protect and develop their economic ties with the US—something Europeans could probably bring themselves to understand.



In these conditions of diffusion and contradiction the debate on values versus interests in foreign policy has become more intense. This debate takes place presumably in most countries but in Canada it acquires dramatic proportions because in the minds of a majority of Canadians, a values-based foreign policy is as a major element of national identity (together with the universal public health system!). Underlying it is again the relationship with the big neighbour to the South. An interests-based foreign policy is now defined by those who promote it, as a foreign policy focussed on improving the relationship with the US. It is portrayed as the only realistic foreign policy as opposed to an idealistic, values-based policy which calls for broader international engagement and which is bound to bring the country on a collision course with the US. The irony of wanting to pursue an interests-based foreign policy vis à vis a country that has seldom been more values-driven is interesting in itself.

# Options for Canada

Given the external and domestic trends described above, what are the options available to Canada at this juncture?

## 1. The Continental Option

Given the degree of economic integration that already exists as a result of the North American Free Trade Agreement (NAFTA) and given the universal trend towards greater regional integration described above, the continental option would seem an obvious one for Canada to pursue. Yet this route will not be easily travelled. A strategy which leads to a more intimate relationship with the US still generates considerable angst in Canada. The “sleeping with an elephant syndrome,” famously coined by former Prime Minister Lester Pearson, is not about to be easily overcome at a time when the divergences in social values and in foreign policies have seldom been greater.

There are, however, strong arguments in favour of greater North-American integration, the economic arguments being by far the strongest. The Canada-US bilateral trade relationship is already the most important trade relationship in the world and the growth potential with Mexico is very real. Some form of economic union would, furthermore, increase the ability of all three North American countries to face the challenges of globalisation and deal more effectively with the emergence of very strong new players on the international scene.

The Canadians, not unlike the Europeans, believe that they can pursue closer economic ties with the US while retaining their full freedom to disagree on political issues. Experience, past and recent, would tend to confirm them in that view.

The fundamental question is whether greater institutional integration in any way limits that freedom. Doing business with one another is one thing, sharing a common external tariff or sharing common standards may prove to be the beginning of something else. The European example is instructive in this respect. So far, decades of economic integration have not prevented Europeans from having diverging foreign policies, as the war in Iraq has shown. How

many such examples are there however? Convergence of foreign policies is happening, even without the new European treaty, if it is ever adopted.

In the minds of the most integrationists of Canadians, there is, for the time being, no vision of an EU type integration. Taking a first step in that direction could already prove very divisive. Any Canadian government would want to tread very carefully.

When Canadians discuss the desirability of further North-American integration they tend to assume that this would be of equal or even greater interest to their partners. While this may well be true of Mexico (President Fox has often spoken along those lines), it may not be so true in the case of the United States. Annoyance with their northern neighbour's self-righteousness is growing and if, one day, continental economic integration is seen as an objective worth pursuing, the list of truly negotiable issues may prove to be quite short.

## 2. Less Multilateralism

Multilateralism, in Canada, is almost genetic. On the international scene, the country only really came of age after World War II, at a time when most multilateral institutions were being put in place. Canada made specific contributions which have marked the collective psyche of Canadians forever (e.g. Lester B. Pearson on Peacekeeping or John Humphreys on Human Rights). Canada had found a niche for itself in the multilateral world, a niche it has never deserted.

Given the current problems in the multilateral world (the slow pace of reform, the lack of engagement of most Member States, except in the pursuit of narrow national interests and the ambivalence of the present American Administration towards the United Nations Organisation) Canada could take another look at its long-standing commitment to multilateralism and explore other means of achieving its foreign policy objectives. As we will see under Option 3 and 4 that is happening to some degree but a radical change of orientation seems unlikely.

Canada has been the successful promoter of many initiatives and of many new legal instruments and has

never made any mystery of the fact that, as a middle-size open and vulnerable country, it had perhaps a bigger stake than most in an international rules-based system. Even in a less than multilateral-friendly environment, Canada was able in recent years to find partners and pursue successfully objectives like the landmines treaty, the ICC or the “Responsibility to Protect” agenda. The long-standing commitment to multilateralism, therefore, is likely to be maintained.

### 3. The Bilateralisation of Foreign Policy

Given the emphasis Canada has placed up until now on multilateral channels and on its membership in regional forums to achieve its foreign policy objectives, significant bilateral relationships are relatively few and under-developed. The one big exception is of course its relationship to the US. Even there, some would argue that that relationship could and should be managed quite differently, in particular by linking issues rather than trying to solve them all separately.

Long-lasting trade disputes over soft-wood lumber or beef exports have, in recent times, made Canadians wonder whether, under the present circumstances, such issues can really be handled more effectively. The question raised is whether Canada should not explore actively means of reducing its dependence on the American market, home to 85 per cent of Canadian exports.

Back in the early seventies, Canada had already recognized the need to diversify and strengthen its bilateral relationships. Known as the Third Option, this diversification policy did not however yield the expected results. For instance, the so-called Contractual Link negotiated with the European Community did not produce the growth in bilateral trade that had been expected. 35 years later a new attempt is now being made to negotiate a Canada–EU Trade and Investment Enhancement Agreement.

The history of Canada’s relationship with Europe is one of unfulfilled expectations on the part of Canadians and mostly benevolent indifference on the part of Europeans. While it is often acknowledged that Canada stands close to Europe on a wide range of policy issues (stretching from publicly funded social programmes to environment protection and foreign policy) and would be a more natural member of the EU than some of the current members, none of this is easily translated into close and effective cooperation. Quite on the contrary: Canada is hardly on the radar

screens of Europeans. To many Canadians Europe is part of their history; their future lies elsewhere.

Latin America was discovered only in the mid-eighties. Canada then became a member of the OAS and successfully promoted within that organisation a strong democratic development agenda. In the nineties, the emphasis in Canada’s policy towards Latin America shifted to the promotion of a Free Trade Area of the Americas (FTAA). This initiative has since lost much of its momentum, as Brazil is pursuing, with Mercosur, a different agenda altogether. The interesting point is that in both instances Canada used multilateral initiatives to develop its links to South America. A bilateralisation of its relations with the countries of the continent was not and is still not the order of the day.

With Asia, Canada is, like all big exporting countries, fully aware of the fact that the growth potential is there more than anywhere else. Efforts are now being made to develop special bilateral ties with some countries like India. A trade and science and technology cooperation agreement has recently been signed with India. For a long time already Canada has tried to develop a broad agenda with Japan and China.

Yet these efforts have all produced no more than modest results: the breadth and depth of the bilateral relationship with the US dwarfs all other bilateral relations. In order to pursue an ambitious and successful bilateral agenda Canada would have to learn to play its hand from a position of strength. Its natural resources represent, in this day and age, tremendous assets that need to be exploited differently in dealing with energy hungry and fresh-water thirsty countries. A proposition which already sounds very un-Canadian! Yet, China’s clearly stated interest in the Canadian mining industry and in the Canadian oil sands should make the country more self-confident in its dealings not only with China but with many other countries, including the US.

### 4. New Multilateral Tools

If the continental horizon is too narrow (and uncomfortable), if multilateral channels are unlikely to serve Canadian foreign policy objectives as well as they used to and if bilateralisation is a skill that still needs to be acquired, there is one other option that the current Prime Minister of Canada has been focussing on for some time, the creation of a new forum. When he was Canada’s Finance Minister he was able to convince his

colleagues in the World Bank and in the International Monetary Fund to set up a Group of Twenty (G-20), which brings together the countries of the G-8 and key emerging and regional centres of economic power. Together, the members of the G-20 represent 90 per cent of the world's economic power, 75 per cent of all trade and 70 per cent of the world's population. Set up to prevent financial crises of the kind that plagued South American and Asian countries in the nineties, the Group has worked remarkably well and has gone beyond the management of crises to the development of common principles for sound economic management.

An L-20 (Leaders 20) would bring together the heads of government of more or less the same group of countries but would have broader political objectives. It addresses, at least partially, the problem of the lack of legitimacy of the G-8. It is also a forum meant, at least theoretically, to support rather than weaken existing multilateral institutions. It is not conceived as an alternative to existing multilateral universal institutions such as the United Nations Organisation but rather as a forum that could provide "a jolt of political energy" to those bodies, to quote the Canadian Prime Minister—a role which the G-20 plays quite effectively for the World Bank and the International Monetary Fund.

The creation of such a forum is of obvious interest to Canada. For a country anxious to maintain its international out-reach at a time when exclusive regional entities are developing in all parts of the world, and aware of the fact that its relative importance in the world is diminishing as a result of the emergence of big new players, a G-20 is a very attractive proposal indeed.

Other G-8 countries are more circumspect because they do not share some of Canada's concerns. They are either big players themselves or they belong to a strong regional entity, the EU. Yet L-20 is of real interest to all actual or aspiring regional powers. They see their membership in that club as a confirmation of their regional influence. Some of them may even be inclined to see it as the first expression of a multipolar world in the making.

Unsurprisingly, in its most recent foreign policy review, Canada did not choose among these options. In some form or other, it went for all four. The International Policy Statement (IPS), published in April<sup>1</sup> and immodestly entitled "A Role of Pride and

Influence in the World," calls for both a strengthened North American Partnership and an activist international agenda. It states that Canada will lead the diplomatic efforts to create an L-20 and it vows to develop new bilateral strategies with key regional players. Specifically mentioned countries are South Africa, Jordan, Mexico, South Korea, India, Brazil, and China.

The North American Agenda is aimed at promoting continental security and prosperity, the international one at making a difference globally. The latter, alone, lists 13 priorities and 46 initiatives which cover all areas, from international security to trade and investment, from development assistance to the full range of global issues. The Canadian government renews its strong commitment to multilateralism but does lay the emphasis on the urgent need for reform. The IPS concludes with an undertaking to involve all Canadians, all levels of government and all institutions of civil society (NGOs, business, and labour) in the making and delivery of Canada's foreign policy.

1 Vgl. <[www.dfait-maeci.gc.ca/cip-pic/ips/ips-en.asp](http://www.dfait-maeci.gc.ca/cip-pic/ips/ips-en.asp)>.

## Canada, the US, and Europe

Canada has clearly tried to adapt its foreign policy to the new and changing circumstances on the international as well as on the domestic scenes. Has it, however, come any closer to solving its long-standing foreign policy dilemmas?

Vis-à-vis the US, has Canada found a way to be both close enough and far enough? Has it made a choice between a values-driven and an interests-driven foreign policy? Has it decided that its influence in Washington and in the world can actually grow at the same time?

The IPS can only be read as the latest compromise between all these conflicting objectives.

On the first dilemma, the decision made this time is to move somewhat closer to the US. The overwhelming importance of the US is clearly stated, as is the need to better manage that relationship. In the definition of priorities and initiatives, however, the emphasis is placed, interestingly, not on the bilateral relationship but rather on the revitalization of the North American Partnership. An attempt at trilateralisation that does not quite hide the fact that, in reality, the North American Partnership is essentially the addition of three bilateral relationships (including a weak one, the Canada–Mexico axis) but it serves the purpose of showing Canadians that the new policy is not primarily about moving closer to the US. As always, the real test of whether the right balance has been struck will come if and when public support is sought for specific continental integration initiatives.

On the second dilemma, it can be argued that values have fared better than expected. A foreign policy that puts so much emphasis on North America, on economic growth and on the development of a new set of bilateral relations could be assumed to be mainly interests-driven. The very ambitious multilateral agenda confirms, however, that on that front there is more continuity than change in the Canadian foreign policy, as far as being mainly values-driven is concerned.

On the third dilemma, one can see that a conscious effort was made to solve that dilemma altogether. Canada should have a non-confrontational relationship with the US and with that, gain influence in

Washington. At the same time, it should gain influence in the world through sustained multilateral engagement and through the pursuit of a new set of bilateral relationships with emerging countries. That ambition is captured in the title of the IPS “A Role of Pride and Influence in the World.” There again, only time will tell whether this is achievable.

Until now, Canada’s visibility in the world has always been at its highest when Ottawa disagreed with Washington. The world knows about Canada’s stance on Cuba, on the Vietnam War, on the war in Iraq and on Missile Defence. In most parts of the world this has earned Canada credit and respect. Influence? Perhaps not to the extent that one would have expected or hoped for. Will a measure of continental integration leave Canada with the same capacity and inclination to disagree with the United States when visions do not coincide? Can Canada develop strong ties with emerging countries, promote an L-20 and avoid the collision course with Washington—Canada as the go-between? If such a role can be played and if Canada is particularly apt at playing it, one wonders why, in recent years, Canada did not play more of a bridging role in the transatlantic divide. By comparison, that would have been a minor challenge.

Is any of this of relevance to Europeans?

Because of real and acknowledged similarities between Canada and Europe on many foreign and domestic policy issues, Canada has sometimes been referred to as “a North American country with European instincts.” Does that mean that, in comparison to the US, the transatlantic cooperation between Canada and Europe is less problematic and goes on unnurtured? No evidence points in that direction. Years of very significant Canadian involvement in the Balkans and major contributions in Afghanistan alongside European troops have not been enough to make Europeans aware of the need to address the unique situation of Canada, for instance in NATO. Canada is neither the US nor an aspiring EU member so it does not readily fit in any great scheme to strengthen the European identity or to re-calibre the transatlantic relationship. Is Canada, for its part, making enough of an effort to shape the future of its

relationship with Europe, inside as well as outside NATO? Probably not. The question, therefore, is why should either side do what it does not seem naturally inclined to do, i.e. defend and promote a special relationship?

Europeans should perhaps be more conscious of the fact that reliable, like-minded, multilateralist partners with enough resources and political will to make a contribution, do not come in such numbers that Canada can be mostly ignored.

Canadians, on the other hand, who do not share the view that Canada's future lies in ever growing North American integration, have the duty to ensure that Canada's ties to the rest of the world remain strong. The momentum now is behind the development of new relations with emerging countries. It is again incumbent upon those who believe that the link to Europe is not only part of history to preserve it. It should be seen as being part of any game plan to make a difference in the world. President Bush has clearly acknowledged that during his visit to Europe last February. Canadians should not be lagging behind.

The most obvious first step would be a better inclusion of Canada in the transatlantic dialogue. For that to happen, Canada would have to define convincingly the nature of its added value. It would also have to find within Europe a champion. Could this be Germany?

## Abbreviations

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South-East Asian Nations
EU	European Union
FTAA	Free Trade Area of the Americas
G-8	Group of Eight (Group of Seven + Russia)
G-20	Group of Twenty
ICC	International Criminal Court
IPS	International Policy Statement
L-20	The leaders (heads of government) of 20 states
Mercosur	Mercado Común del Sur
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organisation
OAS	Organization of American States
OUA	Organization of African Unity