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**SUMMARY:** As part of its the Canadian Global Affairs Institute organized an annual conference titled, which included a panel dedicated to Canada's Indo-Pacific Strategy and China. The event aligned well with key policy themes of focus associated with the strategy including China's inroads in the Pacific Islands; foreign policy implications of China's economic slowdown and constrained business environment; the critical importance of diversified Canadian engagement across the region; and, recommendations to further advance the objectives and initiatives under the Indo-Pacific Strategy. As a broader point, the quality of this panel discussion was clearly enhanced based on recent briefings between Global Affairs Canada (GAC) and the panel participants, which showed in the accuracy and nuance of their interventions.

**REPORT:** This panel took place on June 2 as part of the CGAI's annual conference entitled "A Window on the World" and featured Rob Wright (former Canadian Ambassador to China from 2005-2009 and now member of the Advisory council of the Canadian Global Affairs Institute and Senior Fellow at the China Institute at the U of Alberta), Cleo Paskal (fellow at the Canadian Global Affairs Institute) and Vina Nadjibulla (Adjunct Professor at the School of Public Policy and Global Affairs at the University of British Columbia). Each offered an initial intervention, which was followed by a panel discussion moderated by Trevor Kennedy (Vice President – Trade and International Policy at the Business Council of Canada). The sold-out event attracted representatives from the business and academia communities, as well as from the embassies of Estonia, Finland, the U.S. and China.

**2. What does China want?** Consistent with established analysis, panelists underscored that first priority of the Government of China is preservation of the authority of the Communist Party of China. The second, according to select Chinese think tanks, is to be the number one country in the world in terms of [Comprehensive National Power](#) (CNP综合国力). In this framework, each country is ascribed a numerical value calculated by combining various indices (economic, military, cultural, natural resources, etc.). To achieve this objective, Dr. Paskal indicated that the CPC uses a theory developed by the People's Liberation Army (PLA) in the late-1990s that describes how non-military activities can complement military operations in the achievement of strategic objectives. She contended that drug warfare, one of the many concepts in this theory, is extremely effective at weakening the U.S. from the inside and this is why China is not going to "choke off fentanyl to middle America".

**3. South Pacific Manoeuvring:** Turning to her sub-region of expertise, Dr. Paskal noted that a key means for China to consolidate its regional position is by influencing countries to switch their recognition from Taiwan to the PRC. Dr. Paskal indicated that China was able to achieve this goal with the Solomon Islands, but that "their next targets are going to be Palau, the Marshall Islands and the Federate States of Micronesia." She stressed that significant amounts of money are being funneled in these countries by China. She cautioned that The Compact of Free Association Act of 1985, which grants the United States the prerogative to operate military bases in the RMI, FSM, and Palau (Freely Associated States or FAS) and make decisions related to their external security, should not be taken for granted. With the money and pressure directed towards these countries, it should be understood that this could impact elections but more importantly one or more of these countries' stance vis-à-vis the Compact of Free Association Act.

**4. "We've reached plateau China" – What this Means for Canada and the World:** Ms. Nadjibulla remarked that high profile raids of multinational firms, the detention of company executives, and the inability access data in China is pushing many companies to reconsider it as a market and a regional hub. The opportunities that were there five years ago are no longer

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there – “we’ve reached plateau China.” She shared her assessment that Canada is doing more in terms of de-risking our trade relations by adopting stricter investment screening among other measures, but there remains scope to do significantly more. She asserted that Canada currently has the most challenging bilateral relationship with China at senior levels among the G7, which constrains our ability to advance our interests through strategic dialogue and engagement relative to allies and like-minded.

5. In this context of “plateau China”, Ms. Nadjibulla stressed that Canada has an opportunity to take on a larger leadership role not only in terms of diplomatic engagement with China but the rest of the world, in the context of increased political polarization and an upcoming U.S. presidential election. She remarked that “it is lovely that the allies have come together to face common threats in a way that we have not in a while, but the rest of the world – the two thirds of the world that do not live in the industrialized west – we still need to compete for their hearts and minds.” She concluded by indicating that China has a head start in that sphere of countries and that Canada needs to catch up.

**6. Don’t Lose Sight of the Bigger Picture – Japan in the Indo-Pacific:** Ambassador Wright posited that the West has been so focused on China that we’ve lost sight of the significant changes in the world’s third largest economy, Japan. While noting that Japan has been historically a conservative country, he highlighted that Japan has progressively taken on a larger role in the region over the last decade. This foreign policy change is largely driven by Japan’s concern over the rise of China across domains – politically, military and economically. Examples of Japan’s increased presence include leadership in the negotiation and implementation of the CTPPT, increased defence expenditures, augmented public and private sector investments in Southeast Asia, increased support for multilateral institutions and the establishment of strategic partnerships within the region, most notably the Quad. By contrast, Paskal noted that China’s increasingly aggressive behavior, in the region is affecting their investment plans in Southeast Asia and flows of foreign direct investment into the country. While noting that Japan-South Korea relations are on a good trajectory, Wright stated that there is still “too much history between both countries for them to be friends.” Wright and Paskal stressed that positive momentum that must be highlighted, which has been anchored around shared security concerns related to North Korea and China. Wright concluded by predicting that historical tensions will be relatively minimized in the coming months to enable expanded engagement and cooperation.

**7. “Dealing with India is not going to be easy, but it is important”:** Nadjibulla referred to NSIA Jody Thomas’ remark during a keynote morning address at the event that India is among those like Iran, Russia, and China that conduct foreign interference and threaten economic security as “striking”. She elaborated that working with India could prove to be difficult but is important. First, India has a reputational power in South America, ASEAN and Pacific Islands that many countries in the West don’t have. India has reinforced this power through – amongst other things – the effectiveness of its G20 presidency. Dr. Paskal noted that India “knows how [Chinese] comprehensive national power (CNP) works and they fight back”. One example of fighting back cited by Paskal was when 20 Indian soldiers died in a clash with Chinese troops in the Galwan area, India banned 59 Chinese apps two weeks later. “They cut them off from the vast amount of metadata that they are using to weaponize their artificial intelligence, they cut them off from influence operations, the spying operations” stressed Paskal. India is also fighting back Chinese influence in the Indian Ocean islands with an increased presence, including a focus on the Maldives and the Seychelles. She added that India is targeting the Pacific Islands to project power where they perceive the West has failed. One example of this successful targeting was President Modi’s trip to Papua New Guinea in May of this year. When Modi

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landed on the tarmac in Port Moresby, Prime Minister James Marape went to touch his feet, in a deep sign of mutual respect. Wright expressed doubts India's multi-alignment strategy will prove successful the long run, while agreeing that India remains a key partner to Canada.

**8. Recommendations on Canada's Indo-Pacific Strategy:** Every panelist agreed that six months was too soon to evaluate the IPS, but provided insights as to what it could benefit from. Paskal stressed the need to outline what is special about Canada that only Canada can deliver and create added value for our partners and countries in the region. For example, as Canada has French and English capacity it may want to incorporate that strength to leverage better relations with Pacific Islands that have French or English speaking populations. She cited New-Caledonia as an example of a French speaking territory that has an education exchange program with the province of Québec. This program enables better people-to-people relations because New-Caledonian students can study in Québec for the same fees as local Québec students. The second recommendation, voiced by Nadjibulla, was to complement the regional strategy with an overarching national security strategy, indicating that Canada's last national security strategy was released in 2004. Releasing such a strategy would increase the IPS's effectiveness, while amplifying and consolidating public support for the generational shift laid out in the strategy. On the issue of public support, Wright stressed the importance of communications from the federal government to provinces and Canadians on the Indo-Pacific Strategy, recommending an expanded program of public engagement and outreach. Finally, he indicated that while there is considerable scepticism in the Pacific region towards Canada "the good thing is that the IPS is very good start" to take forward more substantive and durable engagement with the region.

**Comment:** The active engagement of this panel on a range of key themes associated with Canada's regional priorities under the Indo-Pacific Strategy affirms continued interest in public discussion and debate around Canada's elevated regional ambitions. In addition to the policy insights offered by the panelists, which broadly resonated with current OGM lines of inquiry, it affirmed the importance of maintaining active engagement with key policy commentators to help inform their perspectives. This panel featured participants that have benefited directly from recent background sessions with GAC on key government positions and initiatives, which showed in the quality and nuance of their interventions. Other recent panels on similar themes featuring panelists – even otherwise credible panelists – who did not benefit from such insights suffered in terms of their objectivity and accuracy. OPR will continue to work with partner divisions to proactively support high-quality public discussion on related themes that benefit from an authoritative understanding of government policy and programming related to the region.

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