



STRENGTHENING CANADA'S FOREIGN POLICY

LESSONS FROM OUR
CHINA EXPERIENCE

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ACKNOWLEDGMENTS

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HARMONY FOUNDATION, founded in 1985, is a charitable organization recognized internationally for its leadership in environmental training and education; helping local governments, schools, companies and communities take positive, cooperative action on environment and development issues. Leaders from 36 countries have been trained, with major programs in Canada, Mexico, Brazil, the Middle East and China. For its leadership Harmony has received many awards including the United Nations Global 500 Award, the Ethics in Action Award and the Commonwealth Foundation Fellowship. For the past 7 years, Harmony has been actively working with partners to build leadership and cooperation for sustainable community development in China.

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EXECUTIVE SUMMARY

The current federal government's approach to China has varied from raising human rights concerns to active engagement on economic opportunities and the negotiation of the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA). Meanwhile, the potential takeover of Nexen by the China National Offshore Oil Corporation (CNOOC) remains before Parliament. Harmony Foundation has been a pioneer in working with business, government and civil society on environment and development issues in Canada and internationally. In this positive spirit the Foundation offers observations and recommendations in a variety of sectors that provide a frame work for devising a foreign policy that is socially just, environmentally sound and economically successful.

AGRICULTURE

Canada's agricultural sector is often caught between pursuing short-term economics and recognizing the importance of health and environmental protection – a dichotomy present in its relations with China. For example, Canada has been quick to reverse decades-old public health policies on tobacco to export mass quantities to China, while simultaneously working to reduce agricultural greenhouse gases. A sustainable, relationship-building approach would instead see Canada

- » refrain from selling products known to cause harm to public health and the environment;
- » diversify into more sustainable agricultural practices that would allow it to satisfy China's growing market for organic food and health beverages, poised to become the fourth largest in the world;
- » ensure agricultural policies are consistent with goals for sustainable development.

EDUCATION

Canadian institutions have leapt to meet China's growing demand for education. Canadian-made curriculum for K-12 schools in China was valued at \$1.3 billion in 2008,¹ while Chinese students attending our colleges, universities, and language schools in Canada contribute millions to the Canadian economy. However, Canadian institutions have not been very successful at building cross-cultural understanding and cooperation on shared objectives, instead treating students as revenue. Canada could cultivate new connections and build bridges by treating education as essential to social development, parallel to a revenue opportunity, by

- » providing scholarships and ample financial support for international students in need;
- » establishing opportunities and programs to promote language, culture, and mutual understanding;
- » ensure education is consistent with goals of human rights, rule of law, and environmental sustainability.

ENVIRONMENTAL COOPERATION

The last three decades of unabashed economic and industrial growth in China have wreaked appalling results on the environment and public health and compelled China to seek foreign partners to chart a greener, more sustainable course for the future. Canadian companies, governments and consumers have contributed to China's environmental debt and now have not only a responsibility but an unprecedented opportunity to leverage our expertise and make our environmental conservation, protection and management knowledge more available to countries like China. To do this Canada should ensure that

1 http://www.international.gc.ca/education/assets/pdfs/rka_inted_report_eng.pdf

- » changes to domestic regulations do not undermine our international reputation, commitments or obligations or the safety of others;
- » our companies follow the highest possible standards for environment, health and safety when operating abroad, at least abiding by Canadian domestic practices;
- » our colleges and universities graduate students with the requisite knowledge and skills.

OFFICIAL DEVELOPMENT ASSISTANCE

Despite China's increasing economic success, endemic problems of poverty, human rights and environmental degradation persist. However, with the 2012 federal budget cuts to Canada's aid, China will likely lose virtually all funding. Furthermore, under the new CIDA funding model, considerable sums of any remaining Canadian development aid are to go to business subsidies and corporate social responsibility projects, rather than more efficient and locally connected civil society organizations working on human rights, social development and environmental protection. A balanced foreign policy should see Canada

- » maintain international aid as an instrument for progress on Canadian core values – social development, public health, poverty alleviation, environmental protection, democratization, and human rights;
- » give priority to civil society organizations for a better return on investment;
- » expect corporations to fund work to meet their own obligations.

TOURISM AND CULTURE

In 2009 China granted Approved Destination Status (ADS) to Canada, a designation that allows Canada to market and promote directly in China to potential visitors.² By 2020, China is expected to be the world's largest outbound market, comprising 100 million tourists. Given this potential, Canada should

- » promote and emphasize, for visitors, tourism that reflects our rich history, culture, arts, natural beauty, and parks rather than commercialized activities;
- » take this opportunity to avoid tourism agreements that perpetuate the lack of personal freedom of choice in the home country or that are used as a carrot and a stick to leverage concessions from us in other sectors.

TRADE

China has become Canada's second largest import and our third largest export destination.³ However, the almost exclusive sale of raw resources and purchasing of cheap consumer goods and electronics leaves Canada in an inherently unstable position. Without a unique selling point, our natural resource exports are subject to the whims of nature, changes in international demand and price fluctuations. Furthermore, Canada cannot ignore China's human rights record in its trade relations. Our challenge is to build and maintain a mature and healthy relationship with China without relinquishing our core principles. In light of Canada's recent negotiation of the FIPA agreement, it should

- » ensure its non-renewable resources are developed and managed more sustainably;
- » develop and support clean technologies, energy sources, and products of the future;
- » respect human rights without qualification and decline trade and investment opportunities that jeopardize public health, worker safety, or the environment.

2 <http://www.canadainternational.gc.ca/china-chine/visas/ads-sda.aspx?lang=eng&view=d>

3 <http://www.asiapacific.ca/statistics/trade/bilateral-trade-asia-product/canadas-merchandise-trade-china>

TWINNINGS

Most if not all provinces and territories in Canada have some kind of twinning program with Chinese cities. The purpose of these “sister-city” relationships is to facilitate cooperation between local governments in Canada and their Asian counterparts. Unfortunately, many of these twinings fail to achieve practical results because they are ceremonial or one-dimensional relationships growing out of family ties, personal relationships or one-off collaborations. To ensure meaningful, long-term collaboration, Canada should

- » encourage multi-sector twinings, based on shared priorities and similarities such as industry, climate, and geography;
- » give preference to twinings that coordinate among sectors, within and between jurisdictions.

RULE OF LAW AND THE INALIENABLE RIGHTS OF FREEDOM, JUSTICE, AND PEACE

The weakness of the rule of law in China is not only a human rights challenge but one that its democratic trading partners are confronted with when negotiating investments and contracts. Canada has played an important role with respect to legal aid services in poor regions of the country, but more work needs to be done. A principled foreign policy on China would see

- » that Canada and Canadian organizations operating abroad abide by international agreements and domestic laws on corruption, human rights, social justice, environmental protection, intellectual property, public health and safety, and give preference to partnerships with countries and businesses that do the same in conducting their domestic and international affairs.

NATIONAL SECURITY AND THE CHANGING ARCTIC

National security must always be included in any discussion of foreign policy, especially when dealing with a country like China led by a self-appointed government exercising political control over the media and courts and much of the business community. Many Canadians are uncertain about whether China is friend or foe – a concern that must be addressed when examining business and trade prospects.

Canada's two-year term as chair of the Arctic Council beginning in May 2013 will be an important opportunity to play a leadership role in the area. Granting China, which has described itself as a “near-Arctic-State,”⁴ observer status on the Arctic Council could be a positive diplomatic development in the Canada-China relationship that would demonstrate bilateral support for China's continuing scientific study of the Arctic.⁵ However, we should expect recognition in turn for our status as an Arctic nation.

CONCLUSION

With important business and trade deals with China on the table, the time has come for Canadians from all walks of life to join the discussion and encourage and work with our leadership to initiate a non-partisan process that yields a foreign policy that represents core Canadian values. The recommendations outlined in this paper have been prepared to assist Canadians in reflecting on our role in the world and on ways to re-set our foreign policy away from short-term economic interest towards more a traditional conduct of foreign policy: building long-term relations that meet our social, economic and environmental international goals and responsibilities.

4 <http://www.thestarphoenix.com/news/China+Arctic+Council+will+test/7240578/story.html>

5 <http://www.polarcom.gc.ca/index.php?page=canada-and-china-in-the-arctic>

HARMONY FOUNDATION AND OUR CHINA EXPERIENCE

Since 1985 Harmony Foundation has been working with business, government, and civil society on environment and development issues in Canada and internationally (see accompanying Harmony Foundation overview). For the past seven years the Foundation has been leading projects in China on sustainable community development, working with business, government, local leaders, and residents. Our China experience has provided invaluable insights into government and business practices in promoting trade with China, as well as into Chinese attitudes towards Canada and Canadian investment. We have observed how an overwhelming and almost exclusive emphasis on trade and economic development is affecting long-term relationships with China.

We believe Canada's performance in China is representative of an overall trend in Canadian policy that increasingly favours short-term trade and economic goals at the expense of important humanitarian and environmental considerations. An emphasis on these short-term goals also interferes with the building of the multi-faceted, in-depth relationship essential to long-term success. These deficiencies are exacerbated by a lack of coordination among various sectors, including business, universities, provinces, and municipalities, all of which typically pursue their own interests.

This paper looks briefly at trends in Canadian and provincial policies and reasons that Canadian economic prosperity, as well as the global environmental and political stability upon which that prosperity depends, requires development and adoption of a national strategy that is long-term and more comprehensive.

Using China as an example, we will put forward recommendations in a variety of sectors that offer a framework for devising such a strategy. This strategy views other countries as Canada's partners in humanitarian, social, economic, and environmental progress, rather than simply as markets and customers offering revenue opportunities.

Helping China to develop social capital and empower people with the skills and knowledge to pursue their own social, educational, economic, and environmental improvements will meet our moral and international obligations. It also will put Canada in a better position to achieve our economic goals through enduring partnerships based on mutual respect and shared benefits. Otherwise, as one wise observer said to us, we are doing little more than catching our fish, going home and preparing supper, and repeating the same process over and over until either the fish are gone or China finds a better deal elsewhere.

We began our work in China in 2005 in collaboration with the Environmental Management College of China (EMCC) and, soon after, The National Training Center for Mayors of China (NTCMC) (now renamed National Academy for Mayors of China). EMCC is the only post-secondary institution fully dedicated to environmental science and management, and its graduates go on to become managers of environmental protection bureaus across China, responsible for environmental assessments and approvals. The College is located two hours from Beijing in Qinhuangdao, near Beidihai, the retreat for China's top leaders who periodically visit the College. The College asked Harmony Foundation, on its behalf, to explore the opportunity for collaboration with a Canadian university or college involving curriculum, degrees, students, and faculty. At least 10 Canadian institutions were approached as well as the Association of Universities and Colleges of Canada. And yet not one Canadian university or college that was approached took up the invitation to partner with the EMCC. More recently, Renmin University, one of China's most prestigious institutions, asked Harmony to help find a Canadian university partner to create a Canada–China Centre for Sustainable Community Development. Several universities and their presidents were approached without tangible results.

STRENGTHENING CANADA'S FOREIGN POLICY

In brief, the Centre would (1) provide cutting-edge training and education in sustainable community development, (2) serve as a meeting place and incubator fostering partnerships in business, education, clean technology, and local governance, (3) disseminate information on Canada's innovative "green" technologies, and (4) increase practical cooperation between Canadian and Chinese cities.

The National Training Center for Mayors of China (NTCMC), located in the Ministry of Beijing is mandated to provide in-service training to mayors. It belongs to the Ministry of Housing and Urban-Rural Development of People's Republic of China. Harmony Foundation worked with NTCMC to train 150 mayors on the benefits of socially and environmentally sustainable community development and public participation in local decision making. These pioneering programs opened opportunities for collaboration, in particular with Canadian cities. Although frequently lamenting Canada's low brand recognition in China and acknowledging the enormous opportunities inherent in the proposed collaboration, neither the Canadian government nor any provinces, municipalities, universities, or businesses actively pursued this opportunity. When one compares the nearly \$60 million spent on building Canada's pavilion for World Expo Shanghai 2010 (not to mention staff and operating costs) with the \$5.8 million required to build, staff, and operate for five years a showcase for Canadian expertise and technology, such lack of interest is even more disappointing.

Business disinterest has been even more palpable. Virtually every Canadian business with significant operations or interests in China was invited by Harmony and the Canada China Business Council (CCBC) to share their success stories in community engagement and corporate social responsibility (CSR) in China. Only two out of more than ninety enquiries received a response, one to decline and the other to send a public relations document.

Another example comes from a 2008 clean technology mission led by Ontario. The delegation, consisting of premiers, senior officials, and clean technology companies from Manitoba east declined the opportunity for a private meeting with seventy Chinese mayors at the NTCMC. Saying that they were too busy meeting with Shanghai, Chongqing, and Beijing, the organizers overlooked the enormous potential to be found in these other large cities anxious for development cooperation.

In 2009 an opportunity to work with NTCMC to survey the mayors of China on their most pressing environment and development issues and clean technology needs also was missed. Surprisingly \$30,000 could not be found from British Columbia or Canada for information judged by several industry experts consulted by Harmony to be potentially worth millions. At the same time, enough money to fund half of the survey was offered by Department of Foreign Affairs and International Trade (DFAIT) to host a dinner with Canadian officials and the mayors. In meetings with prestigious Chinese business associations, it is not surprising then that name recognition of major Canadian companies in China was nil.

These examples of opportunities missed are indicative of the consequences of the lack of a comprehensive, coordinated national strategy for China that serves Canada's best interests now and in the future. They argue for the development and implementation of a national strategy that represents Canada's highest values and aspirations.

It is the hope of the authors that, as you read this discussion paper, you will consider how Canadians and their leaders can work together to craft and implement a foreign policy that is socially just, environmentally sound, and economically successful. If our efforts have achieved some progress in that direction we shall be satisfied.

AGRICULTURE

Sometimes dominated by economic interests and other times recognizing the importance of environmental protection, agriculture is a sector where Canada's domestic and foreign policies are a mixed bag. For example, Canada is on the forefront of research examining the environmental effects of agricultural production. Canada is one of the founding members of the Global Research Alliance on Agricultural Greenhouse Gases, an international network of more than 30 member countries, working on agricultural research on greenhouse gas mitigation and beneficial management practices for farmers in Canada and around the world. The member countries collaborate on and exchange new research and practices for greenhouse gas mitigation in agriculture.

Agriculture and Agri-Food Canada has invested up to \$27 million towards the five-year initiative (2009-2014) focused on four key domestic priority areas: cropping systems, livestock systems, water-use efficiency, and agroforestry. The Alliance holds that reducing greenhouse gas emissions in agriculture increases the efficiency of livestock production and nutrient use, as well as fostering more economical land use. To date Canada, as Council Chair, has been a leader in the measurement and inventory of GHG emissions from agricultural production, and government scientists are conceiving and sharing ways to cut beef and dairy cattle methane production by changing the animals' diets and feeding habits.

Reducing the environmental impact of agriculture practices is important, but we believe that Canada, along with other nations, needs to diversify beyond traditional agri-business and animal agriculture into more sustainable agricultural production that alleviates demands on the environment. Canada is not meeting its responsibilities to the international community or those at home if it is unwilling to do more than a bit of clean-up of existing practices. It may be that some current agriculture practices need to be updated or abandoned if Canada is serious about ensuring a secure and healthy food supply and reducing agricultural impacts on the environment.

Canada's success also depends upon more effectively responding to the growing international interest in health and wellness. For example, expectations are that over the next decade China will become the fourth largest consumer of organic food and health beverages in the world. What is Canada doing to meet this demand?

Our major agri-food exports to China are canola, colza, or mustard oil¹ – and a recent Cooperative Arrangement commits China to restoring access for Canadian beef, beef products, and tallow for industrial use. Do these products meet the standard for sustainable agricultural production?

The Chinese are interested in foods that promote longevity; at the same time, they are increasing their use of tobacco. China's smokers number 320 million, and the market there has been growing by 19% a year since 2006. Agriculture and Agri-Food Canada states that "China is now the world's largest producer and consumer of tobacco products, accounting for 25% of all smokers globally, and consuming 33% of all cigarettes in the world."² The American Cancer Society and the World Lung Foundation have identified China as the worst country in the world for smoking deaths; 1.2 million deaths there annually are attributed to smoking.³ Nevertheless, export of tobacco to China is a demand to which Canada has been quick to respond.

1 <http://www.ats-sea.agr.gc.ca/asi/5807-eng.htm>

2 <http://www.ats-sea.agr.gc.ca/asi/5807-eng.htm>

3 <http://pressroom.cancer.org/index.php?s=43&item=356>

From the late 1980s to the mid-1990s the Canadian government paid tobacco farmers to help them get out of the tobacco-growing business and find alternative crops. The tobacco farming community received over \$100 million in transition payments from the federal government reserved for assisting farmers to exit the tobacco industry and pursue economic diversification and innovation. In 2005, the Ontario Flue-Cured Tobacco Growers' Marketing Board (OFCTGMB) announced that tobacco growing was no longer sustainable and called for a total buyout plan for tobacco growers. However, in the fall of 2003, then federal Minister of Agriculture Bob Speller had already traveled to China as a representative of the Team Canada trade mission. During this trip, he promoted tobacco exports to China with a delegation from the OFCTGMB.⁴ Most recently, in March 2012, a major three-year trade deal was struck between Ontario's Grand River Enterprises and China that will see the export of 12 million pounds of tobacco to China – the equivalent of one-quarter of Ontario's 2011 crop. It is said that the deal has the potential to revive Ontario's tobacco industry. The head of Grand River Enterprises, Steve Williams, said that twelve million pounds is not enough to supply “even one cigarette factory” in China (where the state cigarette monopoly amassed \$750 billion in profits in 2011 alone).⁵ China's dependence on tobacco has enlivened Canada's tobacco industry, and Canada has been quick to respond to the market, reversing a decades-old policy drafted to curb the health consequences of smoking. Continuing to pursue agricultural trade in tobacco for China shows economic self-interest on Canada's part with little regard for the consequences for public health or a healthy reputation.

In fact, it is difficult to discern any clear pattern beyond short-term economic self-interest in our agricultural trading practices. To succeed in the future Canada needs a policy that diversifies traditional agri-business into agricultural production that respects the environment and human health and pursues rapidly expanding markets for healthy food and beverages.

EDUCATION

As the demand for education expands in China, governments, schools, and universities around the world have been keen to enter the market, recognizing opportunities for revenue and expressing hopes to build cross-cultural understanding and cooperation.

While Canada has done a reasonable job on the revenue side, recruiting students and selling curriculum, it has been much less successful in building the lasting relationships needed to effectively work with China on a range of shared objectives such as research, clean technologies, and social development.

K-12

Thousands of children in China are enrolled in for-profit K-12 schools that offer Canadian-made curriculum. The value of Canada's export in international education services to China in 2008 was \$1.3 billion, ranking higher than any of the top 10 exported goods to China.¹ Maple Leaf schools are the most prominent example of Canadian education in China. Currently over 8200 students are enrolled in Maple Leaf schools developed and certified by the British Columbia government but run as private for-profit schools in China.² If Canada is going to ambitiously take a lead in international education in China, then it is important to make sure that access is also available to those student families of modest means and not limited to the

4 <http://www.cctc.ca/cctc/EN/mediaroom/factsheets/factsheetfarming>

5 <http://www.sunnewsnetwork.ca/sunnews/canada/archives/2012/03/20120321-201208.html>

1 http://www.international.gc.ca/education/assets/pdfs/rka_inted_report_eng.pdf

2 http://www.mapleleafschools.com/content/-background_history.html

children of the powerful and affluent. Scholarships or bursaries to students in need will demonstrate Canada's commitment to spreading educational opportunities.

Advanced Education

Canadian universities also are actively seeking economic benefits from attracting international students. These students bring billions of dollars a year to the Canadian economy, funds spent not only on tuition but on Canadian services and merchandise.

In fact, ambitious marketing campaigns by Canada's Department of Foreign Affairs and International Trade (DFAIT) and individual universities have greatly increased enrollment, so that Chinese students comprise the largest international contingent at Canadian universities. In 2009 Canada had over 50,000 Chinese students in Canada's colleges and universities.³ International students add immeasurably to the cultural education of their Canadian classmates. However, we believe that more emphasis on higher education as a medium to connect and collaborate with China, not just as a means of deriving revenue, would increase the benefits to Canada.

It would appear that Canada is simply relating to other countries in a buy-and-sell relationship that will not provide the kind of benefits needed over the long-term. In the past many foreign students were here on scholarship as a part of Canada's policy of assisting developing countries. Today the majority are students from wealthy families recruited, in the words of our universities, "to put bums in seats" and generate revenue by charging them multiple times the tuition paid by Canadians. Moreover, according to Statistics Canada, the average full-time international student in Canada spends at least \$25,000 a year beyond tuition fees, providing a significant boost to the Canadian economy.⁴ When the average Chinese family earns \$3747 a year,⁵ our strategy clearly favours the wealthy.

Canadian universities could build stronger ties, beyond selling services, through cooperation on research and curriculum development as well as through student and faculty exchanges. Instead of viewing international students simply as additional revenue, Canada could take a more sophisticated approach, one that focuses on transnational cooperation between our academic institutions and countries. It would be appropriate and productive for Canadian universities and governments to offer scholarships to underprivileged Chinese students who cannot otherwise afford to attend university overseas. For example, one scholarship for each 10 self-financed students is a possible gesture. Such an approach is not only fair but also smart. By aiding underserved people and communities achieve higher education through scholarships Canada would be making important new connections. These students, their families, and their communities undoubtedly will be highly appreciative; Canada will build goodwill and bridges to the future in business, government, and civil society. The nations Canada supports, such as China, are much more likely to return our investment through friendship and cooperation.

Scholarships build bridges by making a lasting impression of Canada's goodwill on the students and communities it has invested in – but even more importantly, far more investment in student and faculty exchanges and joint research, curriculum development, and teaching much like the Germans, Americans, and other countries, would be beneficial. A coherent, coordinated national strategy would be more effective than one-off initiatives.

3 <http://www.canadainternational.gc.ca/china-chine/study-etudie/index.aspx?lang=eng&view=d>

4 http://www.asiapacific.ca/sites/default/files/archived_pdf/commentary/cac40.pdf

5 <http://finance.china.com.cn/news/gnj/20120117/486797.shtml>

Any such cooperation would benefit from identifying and matching partners based on a sound evaluation of criteria that include similarities in research and teaching focus as well as the attributes of the respective host communities. Thousands of students from China are enrolled in Canada's post-secondary institutions but this success is largely based on short-term goals. Revenue generation outweighs relationship building and the potential outcomes beyond student recruitment are undervalued and underachieved.

For example, many Canadian universities have signed Memoranda of Understanding (MOUs) with Chinese institutions. However, many MOUs fall far short of expectations because these initiatives fail to identify and match partners based on a sound evaluation of criteria that include similarities in research and teaching focus as well as the attributes of respective host communities. Effectiveness may be reduced because they are often driven by individual relationships rather than institutional cooperation.

Language Schools

As more students from China now have the freedom to study abroad, many travel to Canada to attend short-term private language schools. Canada has much to gain financially from the steady flow of Chinese students. In 2008 foreign students in these training programs in Canada contributed \$746 million to the Canadian economy.⁶ It is unknown what percentage of these are Chinese students but we do know that, according to a 2009 report commissioned by Foreign Affairs and International Trade Canada, international language students created 13,210 jobs in Canada.⁷ It is clear that, economically speaking, Canada benefits immensely from these schools. Some of this revenue could be invested in cultural, educational, scientific, and social development programs abroad that would provide a more robust understanding of Canada and give practical acknowledgements of the investments being made in our country by Chinese students and their families.

In Canada and elsewhere the Chinese have made considerable investment in their own cultural promotion through Confucius Institutes, which provide practical skills and convey a positive image of China in the world. At McMaster University, for example, students take courses in Chinese language and culture for credit; the Institute also organizes cultural events. The program began in 2004 and to date there are some 500 centres around the world, with 14 in Canada.⁸ Chinese nationals are sent to the centres as language instructors – invaluable resources as demand for Mandarin instruction has increased in Canada and the rest of the world. Canada could improve its relationship with China by establishing programs akin to those offered by the Confucius Institutes – programs that would develop language and culture education in China. These programs would impart knowledge of our country and culture and foster a greater transnational sense of partnership and cooperation between Canada and China.

There is concern that the Confucius Institutes are “propaganda” tools, and therefore Canada should be cautious. However, the Institutes also demonstrate the benefits of institutions in promoting a country outside its borders. Similar German and French programs are the Goethe-Institut and Alliance Française.

An alternative to the approach currently pursued by Canada can be found in the United Kingdom. In 2011 the British Council launched its China program in collaboration with HSBC. It offers funding opportunities to help schools in the U.K. develop partnerships with Chinese schools and to teach Chinese within their own schools. In China the Council has stated its aim as follows:

6 http://www.international.gc.ca/education/assets/pdfs/rka_inted_report_eng.pdf

7 http://www.international.gc.ca/education/assets/pdfs/rka_inted_report_eng.pdf

8 <http://www.embassymag.ca/page/view/china-05-09-2012>

[to] build understanding and engagement between cultures, to develop and support the skills and creativity people need to prosper in the creative, knowledge economy, and to help build international networks to foster the long-term cooperation and collaboration needed to tackle global challenges. The programme aims to establish sustainable links that will impact on the development of the schools and colleges involved; to enrich the curriculum and support language awareness and learning; and to provide professional development opportunities for staff.⁹

The British Council model offers a more interdisciplinary and visionary approach to relationship building, one that takes the long view with respect to the outcomes of investment in global scholarship. This model offers another important lesson to Canada, that how we choose to educate can be as important as the substance of the curriculum in determining the response to our efforts.

ENVIRONMENTAL COOPERATION

In an age of increasing concern about global issues such as climate change and the loss of biodiversity, environmental cooperation is an essential part of foreign policy. This includes exchanges of environmental information and expertise in areas of common interest such as the evaluation of risks to human health and the environment from development and pollution, and the establishment of effective programs to deal with environmental problems, particularly in the areas of water, air, and soil contamination.

The earth's ecosystems are connected and interdependent, and just as it is impossible to truly separate land, air, and water, it is also impossible for any country to isolate its environment from all others, and ignore the effect of its environmental policies on global health and security.

In 2010 Canada signed the Canada-China renewed Memorandum of Understanding on environmental cooperation. The two countries agreed to

build partnerships and facilitate dialogue through the sharing of information, visits of experts, joint seminars and activities, cooperation and networks between environmental protection agencies, including on research...Environment Canada has identified biodiversity, water, mercury emissions, environmental emergencies and environmental industries as priorities for its engagement with China and sees opportunities for cooperation in other areas, including national parks, protected areas, and environmental assessment and monitoring related to heavy oil developments.¹

The last three decades of unabashed economic and industrial growth in China have caused appalling results on the environment and public health and persuaded China to seek foreign partners to chart a greener, more sustainable course for the future. China currently occupies the dubious distinction of having two of the top 10 polluted cities in the world, Linfen and Tianying. The top 10 polluted rivers in the world include China's Pearl and Yellow rivers.² While only 44th in the world per capita, China is by far the world's worst polluter nation, with the highest overall annual emission of greenhouse gases (6,018 million tonnes).³

Canadian companies, governments, and consumers have contributed to China's enormous environmental debt and have not only a responsibility but an unprecedented opportunity to leverage our expertise and

9 <http://special.zhaopin.com/bj/2010/british030300/index.html>

1 <http://finance.china.com.cn/news/gnj/20120117/486797.shtml>

2 <http://www.worldwater.org/data20082009/ch05.pdf>

3 <http://www.guardian.co.uk/environment/datablog/2009/sep/02/carbon-emissions-per-person-capita>

technological innovations to create clean and green solutions with the world's foremost emerging economy. In doing so Canada has the opportunity to strengthen trade and commerce with China, and to build valuable long-term relationships in the vitally important and rapidly growing fields of environmental sustainability, clean technologies, health, education, and social development.

Moving forward the question remains: Is Canada doing its part to help China through its environmental challenges or is it shirking its responsibilities in favour of lucrative short-term economic profits? The evidence strongly suggests not only that the Canadian relationship with China lacks a clear sense of direction, but that rhetoric about environment and human rights is a thin veneer covering overwhelmingly commercial ambitions emphasizing fossil fuels, uranium, beef products, and lumber.

What message does Canada present to China: Is it that Canada and Canadian companies are only driven by bottom-line economics and they are not the ones to look to for innovative solutions to the pressing environment and development issues facing China, Canada, and the world? Environment Canada, our lead agency for environmental protection, conservation, and management, has the opportunity to do much more as do other agencies such as CIDA, Export Development Canada and Fisheries and Oceans. Canada's future also depends upon meeting our national requirements for air and water, resource management, and carbon reduction. In any case, Canada cannot meet its own goals, let alone its international commitments, by staying home.

Our universities don't seem to be doing much better, perhaps evidenced by our inability during our seven years in China to find one university interested in working with a lead Chinese university seeking to create a China-Canada Centre for Sustainable Community Development. The lack of interest among Canadian companies towards corporate social responsibility projects was no less striking nor was the perceived reluctance of governments at all levels to take advantage of opportunities to forge partnerships with mayors and their communities.

There are huge opportunities in the environmental sector in China that Canada is not taking advantage of or has eliminated outright. This means missed opportunities for our business and research, education and development in areas such as energy conservation and alternatives or China's booming wastewater treatment sector. It is acknowledged that there is some investment and there are risks in pursuing trade in a state-controlled economic system. However, we believe that tackling these problems is well worth the risk, especially when the negative consequences of inaction are taken into account. It is essential that concerns about unfair subsidies and trade restrictions are overcome in order to deal with critical environmental concerns with global impact.

In sharp contrast to Canada's uninspired approach, other countries have found creative ways to engage with China. For example, The Centre for International Migration and Development (CIM) is a human resources placement organization within the German Development Cooperation system.⁴ It is supported by German International Cooperation and the German Federal Employment Agency. CIM meets demand in partner countries for the highly qualified professionals they might not be able to recruit under customary national employment conditions. A recent solar project involved a German engineer advising China's leading company on how to introduce environmentally sound technologies such as solar thermal systems as a solution to China's growing energy crisis. CIM and the German-Chinese joint venture Linuo Paradigma shared the costs for a CIM engineer who trains Chinese engineers in applied solar technology and advises governmental and non-governmental institutions on modernizing their technology standards. The German government also has recognized the importance of biodiversity. Beginning in 2013 it plans to allot €500 million

4 <http://www.cimonline.de/en/43.asp>

every year to preserve global biodiversity and forests.⁵ This program also provides experts to NGO's to help build civil society.

The Chinese admire Germany because of its ability to innovate and its generosity. If Canada is to take advantage of its own opportunities it also will have to think differently about its partnerships with China. As a major exporter of natural resources Canada has the added responsibility of addressing the significant environmental implications for these exports.

OFFICIAL DEVELOPMENT ASSISTANCE

In 1970 the UN General Assembly passed Resolution 2626, which mandated that official development assistance (ODA) should comprise 0.7% of the GNP of donor countries. This figure was proposed two years earlier by the Chairman of the UN Commission on International Development, Canadian Prime Minister Lester B. Pearson.¹

In spite of Canada's having played a lead role in setting the international 0.7% standard for ODA, our own commitment to aid has never reached that level and has fallen considerably over the years. The 2012 federal budget cut aid by 7.5 per cent, or \$377.6 million. This amount is to be eliminated from our international assistance by 2015. An additional \$170 million will be taken out of the Foreign Affairs department aid budget, bringing the total three-year cuts to aid to just over \$800 million (thus lowering our aid commitment to approximately 0.24% of our GNP).² Benin, Niger, Cambodia, Nepal, Rwanda, Zambia, Zimbabwe, and China are expected to lose virtually all Canadian aid funding, according to sources at the Canadian International Development Agency (CIDA). And reductions are planned for five major aid recipients: Afghanistan, Bolivia, Mozambique, Pakistan, and Tanzania. According to a CIDA spokesperson, aid will be cut entirely in countries "where aid efforts are hampered by high operating costs."³

Trends in China

There are those who feel it is inappropriate for Canada to give foreign aid to China; the authors disagree. It is widely held that China's economy is doing very well, and that development assistance is no longer needed. Indeed, before the most recent CIDA reductions were made, many critics called for an end to foreign aid to China, and questioned the logic of providing \$30 million annually to the world's second-largest economy.⁴ Despite the booming business sector and soaring economic indicators, enormous problems of poverty, environmental degradation, and social development persist in China. Is Canada's response to withdraw support for the nascent civil society sector and to pour greater public funds into trade and business with China? Even that approach, examined in the section on trade and economic development, is seriously flawed. Many of these impoverished people live outside China's substantially developed cities, Beijing, Chongqing, and Shanghai, where most Canadian interest and activity is focused. They live in the west, southwest, and northwest, where development needs and opportunities are greater – provinces like Yunnan, Guizhou, Henan, and Sichuan, home to disadvantaged ethnic minorities, female-headed households, and many poor, disabled, and senior citizens struggling to make ends meet.

5 <http://www2.gtz.de/dokumente/bib-2010/gtz2010-0421en-biodiversity-german-dc.pdf>

1 <http://thepoliticalbouillon.com/self-interest-rules-in-canadian-foreign-aid/>

2 <http://www.budget.gc.ca/2012/plan/toc-tdm-eng.html>

3 <http://www.rcsprwanda.org/spip.php?article145&artpage=2-2>

4 <http://www.torontosun.com/news/canada/2011/02/24/17395606.html>

While it is difficult to get accurate numbers for all China-related activities, over the last decade Canada has invested well over one billion dollars under the banner of development in China. Although some successes have been reported (the Civil Society Program for China initiated in 1997 and the Canada Fund for Local Initiatives are two examples⁵ as well as Harmony Foundation's Program for Leadership and Training for Sustainable Community Development), far too many projects have not produced tangible results in human rights, civil society development, poverty alleviation, or environmental protection.

Cuts to CIDA come at a time when Chinese civil society groups working on labour and human rights, social development, and environmental protection are struggling. The Chinese government remains ambivalent, often suspicious about civil society groups, therefore providing them little financial support. And yet considerable sums of Canadian foreign aid, spent under the banner of development, continue to go to business subsidies, exchanges of dignitaries and bureaucrats, and research projects that identify what is wrong but fail to engage with civil society and government to find and deliver solutions.

For example, the China Council for International Cooperation on Environment and Development (CCICED) is a non-governmental advisory body based at Simon Fraser University, established by the government of China in 1992 "to further strengthen cooperation and exchange between China and the international community in the field of environment and development."⁶ As a key supporter, CIDA has contributed funding in excess of \$9 million to the Council's work. However, it is unclear what in practical results has been accomplished, what the Council's academic and bureaucratic policy work has to do with ODA, and why, after 20 years, support continues to come out of CIDA funds, especially at the expense of others who might use it more effectively, such as civil society organizations in China and their Canadian NGO partners.

At the same time there has been a move towards increasing CIDA partnerships with the private sector. In spring 2012 the Minister of International Cooperation held a roundtable with private sector leaders and development partners focusing on how the engagement of the Canadian private sector in international development can help make Canada's international assistance more effective and efficient. In September 2011 four CIDA projects were announced – totalling \$26.7 million – to help developing countries in Africa and South America manage their natural resources to ensure they are the source of long-term sustainable benefits to their people. CIDA will provide money to help Canadian companies Rio Tinto Alcan, Barrick Gold, and Iamgold create corporate social responsibility projects with Canadian NGOs near mining projects. According to *Maclean's Magazine*:

[Former] Minister Oda expressed government policy, saying she wanted to see more partnerships between aid agencies and companies to help deliver Canadian aid around the world. "Our government is very much looking to increase its relationships with the private sector," she said, adding that she would like to see such relationships between NGOs and corporations in manufacturing, agriculture and tourism, in addition to the extractive industry.⁷

This departure from CIDA's traditional funding model raises many questions about how these projects serve ODA goals with regard to poverty alleviation, social development, and environmental protection, and how these partnerships will impact the traditional role of NGOs and other civil society groups, especially their vital buffering role when there may be a conflict between private sector interests and local communities. How, for example, will groups campaigning for environmental stewardship or social justice be compromised if their "aid" is coming from the same company that is the cause of social or environmental damage in their

5 http://www.queensu.ca/csd/publications/CIDA_China.pdf

6 <http://www.sfu.ca/international-development/cciced/>

7 <http://www2.macleans.ca/2012/01/27/i-really-dont-separate-them/>

community? What independent oversight is in place? Will future development projects be given preferential treatment because they support or secure investments for private sector partners and benefit Canada's trade and economic growth? And why reduce or abandon the role of civil society groups, which generally have better contacts and reputations for effectively delivering aid and do so with greater efficiency and lower risk of corruption?

Private sector involvement can be most helpful if public funding is used to attract matching funds rather than subsidizing business at the expense of civil society partners. Canada would benefit if our government used its leverage to persuade companies to invest their own corporate social responsibility funds and build partnerships with NGOs rather than subsidizing profitable business operations and downgrading civil society participation. If Canada is serious about playing a constructive role in China, encouraging more equitable development and a more open and inclusive society, then it is essential that Canada invest ODA in civil society groups, which are most likely to achieve progress in these areas. If Canada sincerely believes its own rhetoric then we need to expand direct connections with people, organizations, and institutions on the ground in China who advocate for human rights, civil society development, gender equality, and the environment. Canada would then become more than just an export and import destination; it would become a partner helping to chart a positive future for China in accordance with sound development practices and international environmental and human rights standards.

TOURISM AND CULTURE

In 2009 China granted Approved Destination Status (ADS) to Canada, a designation that allows Canada to promote itself in China as travel destination.¹ The agreement represented the increased thawing of Canada-China relations. It was also a boon to Canada's tourism industry, as the Canadian Tourism Commission (CTC) could begin marketing business and leisure travel opportunities to the Chinese (and to Chinese travel agencies, which could market leisure group tours bound for Canada). By 2020, China is expected to be the world's largest outbound market, comprising 100 million tourists.² The Conference Board of Canada estimated that the ADS agreement would increase the annual rate of travel to Canada from China by as much as 50 per cent by 2015.³ No sooner had the agreement been signed than Canada began a major advertising campaign to attract Chinese travellers, a group who have typically the highest average length of stay in Canada and who spend more than visitors from any other country. Concerns have been expressed over the Chinese government controlling the travel of their citizens, and over China using such control as a carrot and a stick in relation to Canada. While such actions by the Chinese may be outside our control, what Canada can do is to consider carefully the kind of experience that it is offering Chinese tourists.

The Chinese website portal for the Canadian Tourism Commission⁴ depicts expanses of Canadian wilderness and lush parks – understandably so, since Parks Canada, the agency that runs national historic sites and national parks, is Canada's "largest provider of natural and historic tourism products." This quotation is from a 2011 report, "The Economic Impact of Parks Canada," issued by Peter Kent, Canada's Environment Minister and Minister responsible for Parks Canada. The report detailed Parks Canada's substantial economic contribution to Canada's economy and offered that:

1 <http://www.canadainternational.gc.ca/china-chine/visas/ads-sda.aspx?lang=eng&view=d>

2 http://www.chinadaily.com.cn/business/2009-12/04/content_9118365.htm

3 <http://www.ic.gc.ca/eic/site/ic1.nsf/eng/05958.html>

4 <http://cn.canada.travel/>

the annual expenditures made by Parks Canada and the millions of visitors to Canada's national parks, national historic sites, and national marine conservation areas make a substantial and widespread contribution to the Canadian economy, through job creation and revenues generated for local businesses. In 2009 spending by foreign visitors accounted for over 40% of all visitor spending at almost \$1.2 billion.⁵

And yet the latest federal budget outlines substantial cuts of \$29 million to Parks Canada and historic sites in Canada.⁶ The cuts include a substantial reduction in staff conservators who manage and catalogue Parks Canada's archive of more than 30 million archaeological objects. Guided tours also will cease at 31 national historic sites.

Also being eliminated is the "Understanding Canada" Canadian Studies program run by the Department of Foreign Affairs which provides grants to foreign scholars to teach courses or hold special academic events about Canada in foreign countries. It is a \$5-million program which the Department has been told generates \$70 million a year for the Canadian economy.⁷

Fen Hampson, former head of the Norman Paterson School of International Affairs at Carleton University in Ottawa, argues that academic diplomacy is an important part of Canada's outreach to the world and points to how China uses Confucius Institutes to advance its cultural interests (see the Education section). As Hampson said in May 2012, "cultural diplomacy is closely linked to the prosperity agenda, other countries use it with a vengeance. The Chinese are discovering it with a vengeance...Everybody is scratching their heads saying if it's important to them- what on earth are we doing shooting ourselves in the foot."⁸

An increasing number of tourists are from China, an important trading partner; what impression of Canada will these travellers have if natural and historic sites are neglected?

Is it Canada's plan to present itself to the world through group packages to shopping malls and casinos – or through our natural wonders and cultural history? If it is through the latter then it is important that Canada take pride in and actively protect and preserve these treasures for Canadian citizens and tourists alike. It is incumbent upon Canada to do a much better job through our international cultural programs and cultural exports to promote greater friendship and respect for Canada and our role in the world. Furthermore, businesses that profit from government investment in tourism promotion and creation could be fairly expected to contribute financially to cultural diplomacy and other relationship building. They are well subsidized by Canadian taxpayers.

TRADE

China is now the world's second largest economy. The centre of global manufacturing, China is the world's largest importer and its second largest exporter. By all indicators China is now a world economic power, and with sustained growth, is indeed still rising. As this phenomenal transformation was happening, companies across the world raced to relocate production to take advantage of low wages, lax environmental and labour regulations, and a potential market of 1.3 billion people. This new market includes an emerging middle class that is projected to reach 40% of the population in 2020, twice the

5 http://www.pc.gc.ca/apps/cp-nr/release_e.asp?id=1805&andor1=nr

6 <http://www.cbc.ca/news/canada/story/2012/04/12/pol-federal-job-cuts-tracker.html>

7 http://www.cha-shc.ca/en/Homepage_69/items/12.html

8 <http://www.ctvnews.ca/canada-axes-5m-foreign-studies-program-1.823871>

proportion as at the turn of the century, according to the International City Development Report,¹ released jointly by the Social Sciences Academic Press and Shanghai Academy of Social Science.

China has become an increasingly important trading partner for Canada. While still dwarfed in volume by the United States, China has become our second biggest import destination (10.9% of imports compared to 51% for the U.S.) and our third biggest export destination (3.1%, compared to 3.36% for the U.K. and 75% for the U.S.). By the end of 2010, Canadian investment in China increased by 38 per cent over 2009 levels. That same year, Chinese investment in Canada totalled \$14 billion, an increase of nine per cent.²

To maximize success it is important that Canada's trade with China be managed as a part of a forward-thinking, principled, and comprehensive strategy. At the moment, Canada's trade relationship with China is one of great imbalance. China sells Canada cheap consumer goods and electronics and Canada, almost exclusively, sells them raw resources—agricultural produce, pulp, lumber, oil and gas, coal, minerals, metallic ore.

There are several problems with this current trade relationship. First of all, it is problematic from a Canadian point of view because natural resources are inherently unsustainable and demand is unstable. Some natural resources – such as those in forestry – as well as agricultural products are dependent upon the whims of nature. The potential for bad weather, disease, and pests can lead to sudden unforeseen disaster. More important, however, all natural resource exports are unreliable in the sense that they are commodities that lack a unique selling point. Pulp from B.C. is not much different from pulp from elsewhere in the world, and the same goes for Alberta's conventional oil, Manitoba's canola seeds, or Saskatchewan's potash. If there is a sudden surge of output or a change in demand anywhere in the world, Canadian prices will be affected. Subject to intense competition and the fluctuations of natural systems and the international market, Canada's current export base is at the mercy of forces beyond our control.

Another problem with this current relationship is that it is not forward-looking. It is representative of a past age, with Canada the hinterland supplying the needs of metropolises elsewhere in the world. If Canada's role in the chain of production remains unchanged, China is merely replacing the United States, and the United Kingdom before that. If Canada wants to remain a global economic player a more creative and much more innovative approach is needed. At the moment there is an enormous opportunity in the world for those actively engaged in the development of low-carbon and other “green” and clean technologies. Rising energy costs, increasing resource competition, and a growing awareness of the enormous risks from climate change and environmental degradation offer great potential for developing and exporting technologies and expertise that improve efficiency and reduce humanity's environmental footprint.

According to estimates from a 2009 report by Roland Berger Strategy Consultants, *Clean Economy, Living Planet*,³ clean energy technologies will be the third-largest industrial sector in the world by 2020. The water treatment industry in China alone is projected to be worth at least \$1 trillion by 2025. It is anticipated that the market for clean energy technology would grow to RMB 4 trillion in 2020, presenting a wide range of opportunities. China is the world's biggest producer of solar panels and wind turbines and, thanks in part to a \$45-billion investment in 2010, is now also the number one consumer of wind energy. Solar energy is also soaring in China; the Chinese government's most recent five-year plan called for a 15-fold increase in solar power by 2015.⁴

1 <http://jia.sipa.columbia.edu/report-rates-urbanization-china>

2 <http://www.asiapacific.ca/statistics/trade/bilateral-trade-asia-product/canadas-merchandise-trade-china>

3 http://www.rolandberger.com/media/publications/2009-11-30-rb-sc-pub-Clean_Economy_Living_Planet.html

4 <http://www.capitalnews.ca/index.php/news/canadian-and-chinese-firms-partner-for-clean-energy>

Canada's most recent trade visit to China resulted in the continuation of a Memorandum of Understanding (MOU), first signed in 2001 and renewed in 2006, on energy cooperation with China. The MOU strengthens bilateral ties and engages China on energy issues through a Canada-China joint working group on energy cooperation, chaired by Natural Resources Canada and China's national energy administration. The MOU provides a framework for Canada to engage China on nuclear energy policy, trade, investment, and research and development. Another agreement facilitates exports of Canadian uranium to China for civilian purposes (exports said to be worth up to \$3 billion for Saskatchewan uranium producers).⁵ It is expected that the expansion of the Canada-China Nuclear Cooperation Agreement will result in hundreds of new jobs and billions of dollars' worth of new investments in Canada along with increased security for China's nuclear fuel supply.

Based on the above it is puzzling that the talks on "clean" energy appear to have been heavily focused on if not limited to uranium and nuclear, with little consideration of clean, renewable energy such as wind or solar (not to mention the hot debate on whether or not nuclear energy is clean and on how Canada can ensure that our uranium is used for peaceful purposes). It raises another question, too: How long is Canada going to be trading natural resources at the expense of the sustainable technologies of the future?

While making strides towards an environmentally sound economic base, Canada does not have to reinvent itself. Canada's long history with natural resources and our natural geography give us definitive advantages over other countries, notably in waste management, water treatment, and energy-efficient resource extraction technologies. Canada may also be able to develop strengths in wave and tidal power and the next generations of biofuels.

The opportunities are there, but Canada seems to be largely missing out. From 2002 to 2008, the same time period of global growth in the industry, Canadian trade in the green-tech sector actually shrank by 2% a year, when adjusted for inflation. Comparatively, from 2000 to 2009 Canada's oil production increased by 85%. Considering that oil prices will increase as demand rises and supply falls, this headlong race to liquidate our energy assets is bad business. At the same time, neglect of low-carbon energy, undoubtedly the energy sector of the future, is simply not effective long-term economic policy.

The Chinese stimulus funding of 2009 presented a great opportunity for Canada to invest in the green economy. In the midst of the recession UN Secretary-General Ban Ki-moon called for a "Green New Deal" with investments focused on renewable green energy, green jobs, and greater energy efficiency.⁶ Many of the world's most powerful economies responded. South Korea allocated 78% of its stimulus to the green economy; China allocated 30%; the U.S., 12%. Canada spent just 8.8% – which placed us 10th in the ranking of the G20.⁷ Overwhelmingly government support remains focused on fossil fuels.

According to a 2010 report, *Falling Behind: Canada's Lost Clean Energy Jobs*, produced by Environmental Defence Canada and United Steel Workers, nearly half of that 8.8% was slated for funding of profitable oil companies for unproven carbon capture and storage technology. Other funds intended for sustainability projects were diverted to coal-fired power plants promising unproven clean coal technology.⁸

Unfortunately not much has changed. According to the same report in 2009 Canada invested just \$357 million in renewable energy, compared to the U.S. which spent \$27 billion. Even on a per capita basis the U.S. invested almost nine times as much as Canada. The report estimates that this investment gap

5 <http://www.globalnews.ca/uranium+deal+good+for+saskatchewan+wall/6442577185/story.html>

6 <http://www.un.org/apps/news/story.asp?NewsID=29264>

7 <http://bit.ly/Nm4H15>

8 <http://environmentaldefence.ca/reports/falling-behind-canadas-lost-clean-energy-jobs>

already has cost Canada 66,000 direct and indirect jobs, not including the job opportunities lost in greener transportation and energy efficiency.

In stark contrast to the lacklustre incentives given to green economic development, the Canadian government gives the highly profitable oil and gas industries \$2 billion a year in subsidies and tax relief, according to the Pembina Institute's 2010 estimate.⁹ This is an industry with annual revenues of \$80 billion, and while profits have been down since their record highs in 2008, recent profits indicate a strong comeback. In fact, following the catastrophe in the Gulf of Mexico, the Alberta oil sands are looking more and more appealing to foreign buyers and the Canadian industry's prospects are looking brighter than ever. Subsidies of this scale for an industry that is so profitable are difficult if not impossible to justify.

The oil and gas industry is a fully mature industry and is more than capable of sustainability. Unlike the automotive industry which might relocate an assembly plant, there is no risk of oil patch relocation. These resources belong to Canadians and it is the responsibility of our federal and provincial governments to manage them effectively for current and future generations.

Compare Canada's trade volume in the energy sector with China to Germany. At a meeting with German Chancellor Angela Merkel in Guangzhou in February 2012, Chinese Premier Wen said the China-German energy trade amounted to USD169.1 billion in 2011, and is set to exceed USD200 billion in 2012. Premier Wen also emphasized that energy conservation and environmental protection will be key areas for the future of Sino-German cooperation.¹⁰

China is already pursuing a more sustainable path to economic development. They have acknowledged that their current approach cannot be maintained. While the West was able to significantly delay addressing the health and environmental consequences of industrial development, China cannot do the same. They are already choking on their own growth, reeling from the effects of unprecedented levels of smog, desertification, water contamination, drought, and deforestation, to say nothing of the human health costs.

In a nationally televised speech, which opened the annual session of the National People's Congress in 2007, Premier Wen Jiabao announced: "we must make conserving energy, protecting the environment and using land efficiently the breakthrough point and main focus for changing the pattern of economic growth."¹¹ China is showing leadership and taking the initiative to chart sustainable economic growth and development.

Canada would be well advised to reassess its economic priorities in general, and its relationship with China in particular. China's economy is going to drive the 21st century, and how Canada relates to that economy is going to substantially determine our future in this new century. Will Canada continue to be hewers of wood and drawers of water or it can become a leader in the research and development of the technologies, education, and methods that Canada and the world needs to ensure a healthy, sustainable, and secure future.

At the same time it is in Canada's interest to reconnect our trade policy to relationship building and our core values of human rights, environmental protection, and good governance. Failure to do so is not only lacking in integrity but compromises the relationships, bilateral and international, upon which successful trade and Canada's good name depend.

9 <http://www.pembina.org/blog/339>

10 http://news.xinhuanet.com/english/china/2012-02/03/c_131390718.htm

11 <http://www.guardian.co.uk/environment/2007/mar/05/china.climatechange>

Human Rights

Dealing with Chinese violations of human rights is a difficult balancing act for Canada, as the current government has discovered. In the realm of international relations and realpolitik, economic interests commonly come before principles, and to interfere with another country's internal affairs is often taken as provocation. China considers human rights to be nothing more than domestic affairs, well outside the realm of acceptable external influence. For the Chinese government, Canada has absolutely no right to interfere in these areas and the Chinese leadership has no reservations about saying so. Regardless of this, Canada must abide by its own principles and internationally recognized human rights standards in crafting our response.

When Prime Minister Harper first came to power in 2006 he took a principled, bold, and ultimately antagonizing stance with China in regard to human rights and Tibet. He made numerous strong speeches, claiming that Canada wouldn't sell out on human rights to promote trade and investment with China, remarking that:

Canadians want us to promote our trade relations worldwide, and we do that, but I don't think Canadians want us to sell out important Canadian values – our belief in democracy, freedom, human rights... They don't want us to sell that out to the almighty dollar. There's always a balance to these things.¹²

Subsequently Prime Minister Harper publicly hosted the Dalai Lama in 2007 and did not attend the opening ceremony of 2008 Beijing Olympic Games – though he asserted it was intended as a diplomatic snub, the Chinese reacted negatively.

After several unmistakably intentional Chinese snubs, and increasing pressure from Canadian business groups, the Canadian government reversed its tough stance on China and worked hard to repair relations, and they have indeed improved. Canada has been awarded Approved Destination Status for Chinese tourists, Canadian beef has been allowed back into the Chinese market, and most notably Canada has championed the export to Asia of Canadian natural resources, bitumen crude in particular. The two nations have also pledged to double bilateral trade, reinforced by the conclusion of Foreign Investment Promotion and Protection Agreement (FIPA) negotiations between the two countries in the spring of 2012.

Unfortunately, part of this campaign of rebuilding our relationship with China seems to have been to roll back our commitment to human rights, not a positive development for those concerned about Canada tepidly raising concerns and then pursuing business as usual. Meanwhile, recent studies suggest Canadian public sentiment may be less inclined to support pressure on our government to correct its relaxed position on human rights.

A poll released in April 2012 by the Asia Pacific Foundation found that Canadians have a sliding concern about human rights in China as they increasingly associate Canada's ongoing economic success with the booming Asian-Pacific region. The poll determined that two-thirds of Canadians believe it is possible to promote business in China while still raising rights issues, while the percentage of respondents who believe Ottawa should put rights promotion at the top of its policy agenda – 45 per cent – is down a full 10 points from 2011. The report states, “[t]his dampening of views on human rights in Asia is surprising, because it comes at a time when Canadians are less convinced that the human-rights situation in China is improving.”¹³ Indeed, in 2012 the U.S. State Department reported that there has been poor progress on human rights abuses in China.

12 <http://www.ipolitics.ca/2012/01/11/harper-announces-return-trip-to-china/>

13 http://www.asiapacific.ca/sites/default/files/nop_2012_april25.pdf

The May 2012 report issued by the U.S. State Department found that China's record on human rights has deteriorated, and the Chinese government expanded repression of its own people and ethnic minorities in 2011. Corruption too remains widespread. The State Department report determined that

...deterioration in key aspects of the country's human rights situation continued. Repression and coercion, particularly against organizations and individuals involved in rights advocacy and public interest issues, were routine... Individuals and groups seen as politically sensitive by the authorities continued to face tight restrictions on their freedom to assemble, practice religion, and travel. Efforts to silence political activists and public interest lawyers were stepped up, and, increasingly, authorities resorted to extralegal measures including enforced disappearance, 'soft detention,' and strict house arrest, including house arrest of family members, to prevent the public voicing of independent opinions.¹⁴

Furthermore, the same U.S. State Department report found that the Chinese government is said to have harassed public interest law firms, increased attempts to limit freedom of speech and control the Internet, and continued "severe cultural and religious repression of ethnic minorities in Xinjiang Uighur Autonomous Region (XUAR) and Tibetan areas." Forms of repression by the Chinese government include

...extrajudicial killings, including executions without due process; enforced disappearance and incommunicado detention, including prolonged illegal detentions at unofficial holding facilities known as "black jails"; torture and coerced confessions of prisoners; detention and harassment of lawyers, journalists, writers, dissidents, petitioners, and others who sought to peacefully exercise their rights under the law; a lack of due process in judicial proceedings; political control of courts and judges; closed trials; the use of administrative detention; restrictions on freedom to assemble, practice religion, and travel; failure to protect refugees and asylum seekers; pressure on other countries to forcibly return citizens to China; intense scrutiny of and restrictions on nongovernmental organizations (NGOs); discrimination against women, minorities, and persons with disabilities; a coercive birth limitation policy that in some cases resulted in forced abortion or forced sterilization; trafficking in persons; prohibitions on independent unions and a lack of protection for workers' right to strike; and the use of forced labor, including prison labor.¹⁵

Given the findings of this report, and what is already known about China's treatment of its own people, it is paramount that Canada takes these practices seriously into account in its trade relations with China. The abuses described in the U.S. State Department report will hardly come as a surprise to Canada, and yet it appears human rights received less attention than merited in Canada's latest trade negotiations with China.

The case of Canadian citizen Huseyin Celil, a refugee from China's troubled Xinjiang region, is insightful. He was punished because he spoke out about the democratic and religious rights of his Uighur people, in circumstances where China does not recognize dual citizenship or Canada's right to have consular access to one of its imprisoned citizens with such dual citizenship.

During his trade tour to China in February 2012 Prime Minister Harper indicated to an audience in Guangzhou that

Canada does not – and cannot – disconnect our trading relationship from fundamental national values, without consequences at home and abroad. Canadians believe, and have always believed that the kind of mutually beneficial economic relationship we seek is compatible with a good and frank

14 <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?dclid=186268>

15 <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?dclid=186268>

dialogue on fundamental principles such as freedom of speech, freedom of assembly, and freedom of belief and worship. And they demand that Canadian governments and businesses uphold these national values in all our dealings... I do not claim to fully understand the unique kinds of challenges that a huge, emerging spectacularly expanding economy, such as this one, faces.¹⁶

Prime Minister Harper added that opportunities provided from recent economic growth in southern China were “without a doubt its own kind of liberation.” Despite this stance, discussion of human rights played a small role during the visit to Beijing, where emphasis was on Chinese investment in Canada’s energy sector, in particular Alberta’s oil sands.

Economic liberation and lifting people from poverty are important goals, and yet how can Canada, an author of the UN Declaration of Human Rights, ignore the above-mentioned rights abuses? Not only has Canada apparently chosen to reduce our interventions to a whisper, but at the same time recent federal budget cuts to Official Development Assistance have put NGOs in China working on human rights, environment, social development, and public health issues in peril, especially at a time when – according to the U.S. State Department report – they are under increased scrutiny by the Chinese government. It is these very groups who are most likely to lead progress on an array of conditions that will make bilateral trade between our countries more principled and sustainable over the long-term.

Canada’s challenge is to build and maintain a mature and healthy relationship with China without abandoning our core values and international obligations. The complex relationship with China cannot be based solely on economic self-interest or high-minded principles. On one hand Canada cannot be too overbearing, lest the Chinese ignore our concerns with smiling faces and deaf ears and shut us out of discussion on human rights and the rule of law. On the other hand, Canada cannot be silent or the Chinese will take our silence for acquiescence.

The importance of Canada remaining engaged cannot be overstated – acquiescence will benefit no one. And while it’s necessary to address these issues with respect we must continue to raise legitimate human rights concerns in a clear and principled manner.

FIPA

In February 2012 Canada and China concluded 18 years of negotiations on an investment promotion and protection agreement between the two countries. The Foreign Investment Promotion and Protection Agreement (FIPA) is a bilateral agreement aimed at protecting and promoting foreign investment through legally binding rights and obligations. Prime Minister Harper called the deal Canada’s first “comprehensive economic agreement” with China.¹⁷ The agreement gives foreign investors in either country equal footing with domestic businesses. Business groups had long been urging Prime Minister Harper to conclude talks with China in order to spur greater investment between the two countries. According to the government’s website on Canada-China FIPA negotiations:

The stock of Canadian FDI in China was valued at approximately C\$5 billion at the end of 2010. Though current Canadian investment in China is modest, the potential for further investment is substantial. Canadian investment in China covers a broad range of sectors including transportation, biotechnology, education, finance, information technology, manufacturing, and natural resources. As China’s economic importance continues to grow, it will remain a priority market for Canada.

16 http://www.huffingtonpost.ca/2012/02/10/stephen-harper-china-oil-human-rights_n_1267656.html

17 <http://www.cbc.ca/news/politics/story/2012/02/08/pol-harper-china-list.html>

The stock of foreign direct investment into Canada from China reached approximately C\$14 billion at the end of 2010. Chinese firms are actively investing abroad and have expressed a strong interest in investing in Canada. Sectors of interest include natural resources, renewable energy, information and communication technology, food processing, pharmaceuticals and natural medicine, and advanced manufacturing.¹⁸

The conclusion of the FIPA negotiations with China raises some questions as to whether the Government of Canada is continually assessing the impact of trade investment against the model framework it has devised for FIPA, which calls for “the identification and assessment of the environmental impacts that could stem from the anticipated relation to the investment activities.” It is thought that significant new flows of investment from China into Canada as a result of the FIPA are not anticipated. Therefore, it is expected that the environmental effects of the Canada-China FIPA will be minimal. Furthermore, the revised FIPA model strengthened a clause on “not lowering standards” which states that it is “inappropriate to encourage investment by relaxing domestic health, safety or environmental measures.”¹⁹

What heightens public concerns about FIPA is that it was announced in 2012 that the National Energy Board (NEB) will be exempted from species at risk protections. The NEB will no longer have to ensure that measures have been taken to minimize impact on the critical habitat of at-risk species before the Board approves a pipeline or other major infrastructure.²⁰ This means, for instance, that there is no guarantee that an environmental assessment will consider the impacts of a proposed pipeline project and related oil tanker traffic on the habitat of endangered caribou or orca whales before the NEB issues a certificate approving that pipeline. Another reason FIPA raises concerns is that the Canadian Environmental Assessment Act is being replaced with a new act that will reduce the number of projects assessed for their environmental, social, and economic impacts.²¹

When they do take place, assessments will be less rigorous and comprehensive and subject to time limits that will place further constraints on public and First Nations’ participation. The new act will apply only to designated projects; however, it is not yet certain what these projects will be and when they will come forward. Furthermore, the Act gives the Environment Minister and government officials broad decision making power such that the Canadian Environmental Assessment Agency would be able to exempt a designated project from even going through the assessment process.

While evidence is difficult to obtain, there certainly does seem to be a trend towards weakened regulations in concert with increased investment from China. Changes to our environmental laws could be viewed as a response to frustrations that have previously been articulated by China on the length of time it takes for major energy projects to be approved in Canada. Relaxing existing laws and regulations such that they accommodate foreign investment, particularly from China, suggests a dishonouring of FIPA’s own clauses on “not lowering standards” and a reckless disregard for Canada’s marine and terrestrial ecosystems. Are Canadians prepared to go along with decisions that seem to sacrifice public and environmental health and indigenous rights to business and foreign interests?

To protect the public interest and meet our international responsibilities, it is important that Canada works internationally to improve standards and does not diminish our own national standards in order to give advantage to business and foreign investment, which Canada seems to be pursuing under FIPA.

18 <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fipa-apie/china-chine.aspx?lang=eng&view=d>

19 <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/ea-canjordan.aspx?lang=en&view=d>

20 <http://www.nlen.ca/issues/local-groups-join-national-day-of-action-in-defence-of-nature-and-democracy/>

21 <http://www.vancouversun.com/technology/Peter+Kent+says+budget+bill+eliminate+thousands+environmental+assessments/6790364/story.html>

It also is important that Canada be conscientious in our trade negotiations by not taking advantage of another trade partner's lower standards. For instance, chrysotile asbestos is a construction material that has been banned in Canada for years, and yet Canada has continued to trade this substance, which we know poses very serious health hazards, to the Third World (7 of Canada's top 10 markets are Third World countries), particularly India, which is the largest recipient of Canadian asbestos, comprising almost half of the industry's \$90 million in yearly revenues. Canada exported \$40.3 million worth of asbestos-related products to India in 2010, according to Industry Canada, despite the fact the World Health Organization says asbestos causes an estimated 8,000 deaths each year in India.²² More than 50 countries including 10 European Union members have banned asbestos, and yet Canada remains the second largest exporter of it, behind Russia. The Quebec government's decision not to renew a \$58-million loan to that province's Jeffrey Mine is a positive development – as was the announcement of \$50 million promised by the federal government to assist in diversifying the community's economy away from asbestos, underscored by the fact that the government will no longer oppose the international labelling of asbestos as a dangerous substance. Yet it remains up to the mine's owners to decide whether they will continue to export this dangerous substance.²³

In 2011 Canada's planned free trade agreement with India, the Canada-India Comprehensive Economic Partnership Agreement, denied Canadian citizens the opportunity to raise questions about the exporting of asbestos during an environmental review because the mandate of the assessment only looked at the deal's domestic impacts.²⁴ Citizens could only express concerns they might have over the agreement's environmental impact on Canada. Meanwhile India does not conduct any of their own environmental impact assessments for trade deals; in fact, India's policy is not to include environmental issues at all in trade talks.

While the influence of environmental assessments on individual trade deals might be debatable, it would nonetheless be positive for relationship-building if Canadians were given the opportunity to raise questions about what the World Health Organization and other health authorities have characterized as an epidemic of health and environment problems associated with products such as asbestos and tobacco and fossil fuels.

TWINNINGS

Many cities and towns across Canada have some sort of twinning program with Chinese cities. The purpose of these "sister-city" relationships is to facilitate cooperation between local governments in Canada and their Chinese counterparts. However, many of these twinings fail to achieve practical results because they are not based on sound criteria, nor is there broad local support for cooperation.

In fact, more often than not they are little more than ceremonial or one-dimensional relationships growing out of family ties or personal relationships, perhaps between local mayors, businesspeople, or senior administrators from local institutions. As a result, many of these arrangements go dormant or extinct in the absence of strategic and multi-faceted approaches. Regrettably, ill-conceived twinings continue to be more prevalent. British Columbia offers a useful example. The province has given a significant amount of money over recent years towards twinning programs – local governments in BC are involved in more than 100 twinning arrangements with international communities, and approximately half of these arrangements are with communities in Asia Pacific, including cities in Japan, China, India, and South Korea.

22 http://banasbestosindia.blogspot.ca/2011_11_01_archive.html

23 <http://www.cbc.ca/news/canada/montreal/story/2012/09/14/montreal-canada-thetford-mines-asbestos.html>

24 <http://embassymag.ca/page/view/india-11-23-2011>

In 2007 the B.C. government (in partnership with the Union of B.C. Municipalities and the Ministry of Community Services) published its BC|Asia Twinning Toolkit: Opening BC Communities to the World.¹ That same year the provincial government made substantial grants available at year-end to communities seeking to initiate or reinvigorate twinning programs. Despite numerous attempts to persuade B.C. to choose a meaningful theme for cooperation, such as sustainable community development, and to provide criteria for successful matches, such action was not taken. Since that time attempts to obtain clear, complete information on the outcomes of these twinning grants have not been successful and we can only assume that little or nothing of practical value was accomplished. The tool kit offers little more than expressions of good intentions.

Existing twinning arrangements typically emphasize tapping short-term economic gains, business, tourism, education, etc. They are rarely conceptualized or pursued in terms of promoting Canadian leadership on a more effective model of international dialogue and cooperation which builds bridges between business, education, government, and civil society here and in our partner communities abroad.

Because twinings are often one-off collaborations initiated by single institutions or sectors they are less resilient and do not effectively leverage shared expertise and existing relationships within and across regions. What is required is a coordinated approach to twinning – one that brings together leaders from business, trade and investment, tourism, civil society, education, and culture to work together to create opportunities and meet challenges. Municipalities on Vancouver Island, for instance, could partner with communities in coastal China that have similar climate and geography as well as shared economic activities and goals. Such a twinning could focus on eco-tourism, education, high technology, and integrated resource management.

Coordinated, multi-sector twinings have far better prospects for mutually beneficial cooperation in trade and investment, culture, governance and education etc. With due respect for provincial and municipal jurisdictions, twinings need to be part of a comprehensive China-Canada and provincial strategy. Each match needs to be reviewed to ensure it serves the interests of the whole community and is based on shared economic and education priorities; similar industry, climate, and geography; and a strong commitment to development that is socially and environmentally sustainable. When twinings are based on shared objectives (such as sustainable community development) and enjoy multi-sector cooperation between and within regions, prospects for success will rise. Funding provided to support twinings based on performance criteria, not good intentions would better serve the public interest. The approximately \$4 million spent by B.C. in the 2007 example provided above could have achieved far greater benefits if this co-operative approach had been applied and the money used to achieve long-term development.

RULE OF LAW AND THE INALIENABLE RIGHTS OF FREEDOM, JUSTICE, AND PEACE

It would be difficult for Canada to have a principled, effective foreign policy and bilateral trade relationship with China without legal reforms in that country. That is, greater progress is required on the part of China both in building an effective legal framework and in enacting, implementing, and enforcing these laws.

The inherent weaknesses of rule of law in China are not only a challenge for its democratic trading partners in trade, investments, contracts, and intellectual property but also in the fundamentally important areas of human rights, the environment, government as well as corporate accountability.

¹ <http://www.britishcolumbia.ca/Connect/Twinning/Pages/ToolKit.aspx?section=connect>

The trade relationship cannot function effectively without legal reforms in China, but this is entirely separate from the need for legal reform to reflect international human rights and democratic standards, which are necessary for our relationship with China to be both principled and practical.

Therefore, governance issues around human rights, environmental protection, intellectual property, public health, and occupational health and safety issues, among others, must be addressed and resolved with China with the same energy and determination as trade and business are conducted. Non-democracies may not care about human rights or government accountability but they and their companies do want the revenue from trade with Western democracies.

Trade agreements should require protections and specify provisions but the onus remains on China to ensure its own legal apparatus is functioning effectively. This involves the enactment of new laws and regulations as well as the enforcement and implementation of existing ones.

Canada has played an important role with respect to judicial reforms and legal aid services, particularly in poor and remote parts of China. In 2002 the Canadian Bar Association, with funding from the Canadian International Development Agency's (CIDA) Bilateral Branch, administered the Canada-China Legal Aid and Community Legal Services Project which sought to "strengthen China's legal aid and community legal services system by integrating and coordinating the legal aid system, providing training and development for legal aid workers and increasing public awareness and information."¹ The 1997-2002 China-Canada Criminal Justice Cooperation Project (CCJCP) launched by the International Center for Criminal Law Reform and Criminal Justice Policy (ICCLR) promoted criminal justice reforms and occurred at a time of significant transition to the rule of law.² The projects undertaken by ICCLR included a CIDA-supported initiative to develop "a model law for community corrections in China."³

There are still many areas where Canada can play a more active role. As was discussed in the Trade section, the human rights situation in China remains serious. Canadian companies that operate in China or trade with Chinese suppliers can respond to this issue by developing Corporate Social Responsibility (CSR) programs which address social and economic rights and health and environmental issues. Thus beyond merely complying with existing Chinese legal requirements, companies should be encouraged to undertake initiatives that lead. For example, Intel China has taken action to improve employee health conditions through workshops on HIV/AIDS and SARS prevention.⁴ GE has supported teacher training and community leadership development.

In addition, involving trade union representatives in decision making – within the limits of Chinese law – has allowed for progress on labour and human rights issues. Initiatives such as these may not have an impact on fundamental human rights issues such as the one-child policy or the treatment of minorities, but they will allow businesses to serve as models on labour issues. It also would be important for individual companies to assist in strengthening the rule of law and modeling the highest standards of performance.

CSR is often understood "as a company doing more than the law requires [and] it appears to be widely accepted in the CSR community that where national law is absent or insufficient in comparison with relevant international law, a company that assumes obligations set by international law will be acting 'ethically' that is

1 <http://www.lawsociety.bc.ca/page.cfm?cid=717&t=Law-Society-helps-China-develop-legal-aid>

2 http://www.icclr.law.ubc.ca/Publications/Reports/ICCLR%20MAY%202008%20%20PARLIAMENTARY%20Committee_English.pdf

3 http://www.icclr.law.ubc.ca/Site%20Map/Whats_New/Whats_New.htm

4 ej.lib.cbs.dk/index.php/cjas/article/download/521/551

in accordance with the highest standards of CSR.”⁵ Serious actions that Canada and our companies make to assist with strengthening the rule of law not only show respect for the Chinese people, but also will help ease apprehensions that Canadians still feel about trade and investment with China.

Canadian companies have indicated that rule of law and environmental problems are the most significant constraint in doing business in China.⁶ And yet, from our experience and enquiries of CSR leaders in China, it seems that Canadian companies have not kept up with other Western companies, let alone exercised leadership.

NATIONAL SECURITY AND THE CHANGING ARCTIC

National security is central to any discussion of foreign policy, especially when dealing with a country like China led by a self-appointed government exercising political control over the media and courts and much of the business community. As a result, many Canadians are uncertain about whether China is a friendly and reliable partner – a concern that deserves to be addressed when examining trade and investment prospects and our overall relationship.

It is incumbent upon those who promote the great business and trade prospects with China to also address legitimate concerns about human rights and environmental abuses in China and about how Canadian companies do and can deal with them as well as with the potential security risks from Chinese state-owned enterprises operating in Canada.

For example, Huawei, a Chinese telecom giant, has encountered problems in Australia and the United States. The company has cited Chinese state secrecy laws for their refusal to hand over corporate documents to a U.S. government committee trying to determine whether Huawei and ZTE, another Chinese telecom company, threaten U.S. national security. Concerns are heightened by reports that Huawei Technologies was founded by a former Chinese military engineer, but even private enterprises are not free from government influence and control.¹

The proposed takeover bid of Nexen by CNOOC Ltd., a Chinese state-controlled company, is also raising concerns.² Whether or not there is a net benefit to Canadians to have foreign ownership of our natural resources is a serious issue worthy of thoughtful discussion: most other OECD countries have an energy security policy and restrict foreign ownership in this sector. In addition to developing an energy security policy, Canada needs to address concerns about whether or not Chinese companies will respect Canada’s labour, environment, and patent and copyright laws.

The future of the Arctic is another area of increasing concern to Canada, and one to which China has introduced itself as a powerful player throughout the last decade. While it has no territory in the Arctic region, it has described itself as a “near-Arctic-State.”³ Certainly the effects of climate change in the high North impact China’s deserts and its surrounding sea levels, so it is understandable that China has a stake in the changing North. Canada must continue to assert its longstanding claims in the North as it maintains

5 ej.lib.cbs.dk/index.php/cjas/article/download/521/551

6 <http://www.asiapacific.ca/media/video/kenny-zhang-constraints-and-opportunities-canadian-businesse>

1 <http://www.cbc.ca/news/politics/story/2012/05/15/pol-weston-huawei-china-telecom-security-canada.html>

2 <http://www.cbc.ca/news/business/story/2012/09/20/cnooc-nexen-shareholders.html>

3 <http://www.thestarphoenix.com/news/China+Arctic+Council+will+test/7240578/story.html>

the four pillars of our Arctic policy – Environment, Economic and Social Development, Sovereignty, and Improving and Devolving Governance.⁴

Canada's two-year term as chair of the Arctic Council beginning in May 2013 will be an important opportunity to take a leadership position with respect to Canada's interests, but also to extend recognition to legitimate Chinese interests. Granting China observer status on the Arctic Council would be a positive diplomatic development in the Canada-China relationship. Importantly, the gesture would show bilateral support for China's continuing scientific study of the Arctic.⁵

FINAL THOUGHTS AND RECOMMENDATIONS

Based on Harmony's experience in China and the considerable research and consultations conducted over the past year to produce this paper, there is a need for and considerable benefit would be derived from a comprehensive, multi-faceted, and forward-looking China policy, and a coherent strategy to implement it. The specific section-by-section recommendations presented here offer guideposts for that strategy.

It is our conclusion that Canadian Foreign Policy is too focused on short-term economic interests and falls short in the traditional conduct of foreign policy; that is, building long-term relationships and meeting Canada's international goals and obligations, social and environmental, as well as economic.

The purpose of this paper has been to put forward constructive ideas to contribute to the development of what we believe will be a more effective and responsible policy. To this end we call upon Canada's leaders, business, government, and civil society to undertake a cooperative, non-partisan process, with active public participation, to

- » reflect on and discuss our role in the world and to re-set our foreign policy accordingly; and
- » produce a foreign policy that represents core Canadian values.

The authors encourage Canadians from all walks of life to join the discussion and urge our leadership to provide all Canadians with the opportunity to participate in the public decision making process. Nothing could more poignantly demonstrate the greater strength of an inclusive democratic society.

If, in fact, we are predominantly interested in trade and economic development, then we should have the courage of our convictions and declare that as Canada's predominant value. However, if we want Canada to be respected as a serious player in addressing the world's pressing challenges such as human rights, social justice, and environmental stewardship, then we need to express these as core values through meaningful actions. That means both setting a good example and helping others to raise their own standard of performance. How much longer can we trade on the goodwill of Norman Bethune, who died in 1939?

The authors have every confidence that the expertise, innovation, and integrity of Canadians will produce an outstanding strategy that will serve us well into the future.

4 http://www.canadainternational.gc.ca/united_kingdom-royaume_uni/bilateral_relations_bilaterales/arctic-arctique.aspx?lang=eng&view=d

5 <http://www.polarcom.gc.ca/index.php?page=canada-and-china-in-the-arctic>

Agriculture

Canada needs to be more imaginative and ambitious in responding to the growing health and wellness markets. Canada should desist from selling products that we know to cause harm to public health and the environment.

Education

K-12

Canada should promote opportunities for our students and teachers and those in schools abroad to learn together to promote the mutual understanding and respect necessary in an inter-connected world.

Language Training

Canada should ensure that students recruited to English or French language learning programs here receive a consistently high standard of education.

Universities

Canada should treat education as essential to social development in parallel with a revenue opportunity, providing ample financial support for international students in need of assistance, and balance this with the campaign to recruit wealthy students paying multiples of the standard tuition.

Canada should ensure that all international students offered opportunities in Canadian institutions have the requisite competencies, including language, to succeed here and that their graduation is contingent upon meeting all of the requirements for receiving an academic degree.

Confucius Institutes and Canada Abroad

Canada should invite other countries to establish programs that promote language, culture, and cooperation in areas of mutual interest as long as they are not “propagandizing” Canadians or putting their nationals in Canada under surveillance.

Canada should develop its own programs abroad based on language, culture, and cooperation in areas of mutual interest, such as sustainable community development, clean technology, public health, and poverty alleviation.

Environmental Cooperation

Canada should make its expertise and knowledge more readily available to countries that need assistance with environmental conservation, protection, or management and coordinate these efforts with the provinces.

Canada should ensure that changes to domestic regulations do not undermine our international commitments or obligations and the safety of others.

Canada should ensure that our companies follow the highest possible standards for environment, health, and safety when operating abroad, at least abiding by Canadian domestic practices.

Official Development Assistance

As a prosperous country Canada should meet its commitment to ODA, which is 0.7 % GDP.

Maintain ODA as an instrument for progress on Canadian core values – for social development, public health, poverty alleviation, environmental protection, democratization, and human rights – not as a subsidy to help businesses meet their corporate responsibilities.

Give priority to funding civil society organizations; their greater efficiency, independence, and local connections provide greater results and a better return on investment over the long term.

Tourism and Culture

Canada should promote and emphasize, for visitors, tourism that reflects our rich history, culture, arts, and natural beauty rather than commercialized activities.

Canada should avoid tourism agreements that perpetuate the lack of personal freedom of choice in the home country or that are used as a carrot and a stick to leverage concessions from us in other sectors.

Trade

Canada needs to be more imaginative and ambitious in developing and supporting the clean technologies, energy sources, and products of the future.

Canada should desist from selling products that we know cause harm to public health and the environment.

Canada needs to develop and manage its non-renewable resources more sustainably.

Canada needs to respect human rights without qualification, declining trade and investment opportunities at home and abroad that jeopardize public health, worker safety, or the environment.

Twinning

Canada should emphasize “sister-city” relationships that are coordinated, multi-sector twinings:

- » Based on shared priorities and similarities between sister-cities such as industry, climate, and geography, and;
- » Build multi-sector cooperation within our communities and within our twinned communities.

Rule of Law and the Inalienable Rights of Freedom, Justice, and Peace

Canada and Canadian organizations operating abroad should abide by international accords, agreements, and conventions, and by domestic law on corruption, bribery, human rights, social justice, environmental protection, intellectual property, public health, and occupational health and safety, and give preference to partnerships with countries and businesses that do the same in conducting their domestic and international affairs.

National Security and the Changing Arctic

Canada needs to articulate and implement a clear policy on national security as it relates to trade and investment, foreign policy, and the Arctic.

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