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A REASSESSMENT OF CANADA'S INTERESTS IN CHINA AND OPTIONS FOR RENEWAL OF CANADA'S CHINA POLICY

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EXECUTIVE SUMMARY

- Because Canada is continuing to lose market share in China, the Government of Canada should clearly articulate its strategy for improving and promoting access to the Chinese market for Canadian business. This strategy should be focused on the distinctive characteristics of the Chinese market and business culture, and Canada's comparative advantage in that market vis-à-vis our competitors. Trade officials should be deployed with much better pro-active coordination between the Federal Trade Commissioners Service, provincial government trade promotions agencies, the Export Development Corporation and the Canada-China Business Council.
- The Government of Canada should phase out the CIDA program in China. Instead, Canada should engage in good governance, democratic development and human rights programming in China through the arms-length Canada Foundation for Democracy proposed by the Commons Foreign Affairs Committee. Stakeholder groups in Canada based on ethnic ties to China or with mandates to promote human rights in China should be better deployed to collaborate with Government to achieve the aims of the Canada Foundation for Democracy in its China programming. In addition, the Canadian Government and private sector should jointly engage in environmental sustainability programming through the Trade Section of the Canadian Embassy to China.
- The Government should reform its human resources procedures to ensure assignment of personnel with the requisite qualifications to undertake China-related positions. The effectiveness of the divisions of DFAIT, CSIS and DND responsible for Canada's relations with China is severely inhibited due to allocation of personnel without China-specific expertise to positions that demand this expertise. This demands requiring that civil servants assigned to certain China-related positions demonstrate appropriate Chinese language skills as measured by standardized Chinese language testing as a prerequisite to deployment. Personnel who have acquired China-specific expertise should be significantly rewarded through an incentives scheme designed to encourage Canadian civil servants to undertake careers with a sustained China focus.
- The Government of Canada should diversify its engagement of China. Canada should be directly engaging policy-makers in the Chinese Government and Communist Party whose decisions have implications for Canada's interests in China on an ongoing basis. The current focus on the Chinese Ministry of Foreign Affairs and International Cooperation offices of Chinese line ministries should be expanded to a more comprehensive engagement of policy-making and decision making agencies in the Chinese system.
- Reporting on China by DFAIT and the Intelligence Assessment Staff of the Privy Council Office as well as the Communications Security Establishment Canada and the Canadian Security and Intelligence Service should be refocused away from general assessments of Chinese affairs and should instead focus reporting on practical matters directly related to Canada's interests. The relevance to Canada and quality of these reports should be subject to periodic external review to ensure that they are fulfilling the strategic mandate of these agencies.
- The Government of Canada should pursue engagement of Chinese ministries on an ongoing basis at Director-General to Director-General and Assistant Deputy Minister to Assistant Deputy Minister level. "Strategic Partnership" at the Deputy-Minister level is not feasible due to economic asymmetry between Canada and China. Due to power asymmetry between Canada and China, high-level Canadian Government engagement of the Government of China on political and social issues through "quiet diplomacy" such as the Canada-China Bilateral Human Rights Dialogue has not proven effective. While it is certainly in the Canadian interest to raise human rights concerns in all Canadian Government interactions with Chinese leaders, more focused and targeted programming to encourage enhanced Chinese compliance with its commitments to the UN Human Rights Covenants should replace the previous moribund Human Rights Dialogue approach.
- The Government of Canada should strengthen the China-specific expertise of CSIS counter-espionage officers. Canada should also be more proactive in responding to Canadians of Chinese origin, and to Chinese nationals

temporarily resident in Canada, including ethnic Tibetans, Uyghurs and Mongolians who complain of harassment and intimidation by Chinese security agents and Chinese diplomats in Canada.

- The Government of Canada should solicit Tibetan, Uyghur and Mongolian diaspora communities' views, as well the views of their co-nationals still living in China, on the design and implications of Canadian Government supported programming in their native lands. This consultation will better ensure that the Government is fully attuned to ethnic sensitivities in its China-focused programming. Such consultation would not imply that the Government of Canada endorses Tibetan, Uyghur and Mongolian independentist claims to rightful sovereignty over these territories, nor that the Canadian Government intends to challenge the legitimacy of Chinese rule in these areas.
- The proportion of Chinese citizens working as support staff in the Consular sections of the Canadian Embassy and Consulates in China should be reduced. There should be corresponding augmentation of numbers of Canada-based staff with Chinese language skills and knowledge of Chinese police, prison, security agencies and the related Chinese Communist Party institutions.

RÉSUMÉ

- Le Canada continuant de perdre des parts de marché en Chine, le gouvernement canadien devrait énoncer clairement une stratégie visant à faciliter et à promouvoir l'accès des entreprises canadiennes au marché chinois. Cette stratégie devrait privilégier les caractéristiques spécifiques de la culture d'affaires et commerciale chinoise, de même que l'avantage comparatif du Canada sur ce marché par rapport à ses concurrents. L'affectation des délégués commerciaux devrait reposer sur une coordination beaucoup plus dynamique entre le Service canadien des délégués commerciaux, les agences provinciales de promotion du commerce, Exportation et Développement Canada ainsi que le Conseil commercial Canada-Chine.
- Le gouvernement canadien devrait supprimer graduellement le programme de l'Agence canadienne de développement international (ACDI) en Chine. En remplacement de ce programme, il devrait s'engager à y faire valoir la bonne gouvernance, le développement démocratique et les droits de l'homme par l'entremise de la Fondation canadienne pour la démocratie, organisme indépendant proposé par le Comité permanent des affaires étrangères et du commerce international de la Chambre des communes. Au Canada, l'action des groupes d'intervenants ayant des liens ethniques avec la Chine ou le mandat d'y promouvoir les droits de l'homme devrait être mieux coordonnée avec celle du gouvernement en vue de servir les objectifs du programme chinois de la Fondation canadienne pour la démocratie. De plus, le gouvernement et le secteur privé canadiens devraient conjointement s'engager en faveur de la durabilité écologique par le biais de la Section commerciale de l'ambassade du Canada en Chine.
- Le gouvernement canadien devrait réviser ses procédures en ressources humaines pour affecter aux postes se rapportant à la Chine un personnel doté des qualités requises. L'efficacité des directions responsables des relations avec la Chine au ministère canadien des Affaires étrangères et du Commerce international (AECIC), au Service canadien du renseignement de sécurité (SCRS) et au ministère de la Défense nationale (MDN) se trouve fortement amoindrie par l'affectation d'un personnel dénué d'expertise sur les questions chinoises à des postes qui nécessitent pourtant un tel savoir. Comme condition préalable à leur affectation, les fonctionnaires nommés à certains de ces postes devraient posséder une maîtrise de la langue chinoise adaptée à leur poste et déterminée par une évaluation de connaissances linguistiques standardisée. Le personnel ayant acquis une expertise sur les questions chinoises devrait en être récompensé par des incitations visant à encourager les fonctionnaires canadiens à poursuivre une carrière axée sur les relations avec la Chine.
- Le gouvernement canadien devrait diversifier son engagement auprès de la Chine. Il devrait pour ce faire établir des liens directs avec les décideurs et du Parti communiste chinois dont les décisions ont une incidence durable sur les intérêts du Canada en Chine. La focalisation actuelle sur les bureaux concernés du ministère chinois des Affaires étrangères et de la Coopération internationale devrait être élargie pour englober une action plus étendue auprès des organismes de prise de décision et d'élaboration des politiques du système chinois.
- Au lieu de s'en tenir aux analyses générales des affaires chinoises, les rapports sur la Chine d'AECIC et du personnel chargé de l'évaluation du renseignement au Bureau du Conseil privé, au Centre de la sécurité des télécommunications Canada et au SCRS devraient être recentrés sur les questions pratiques directement liées aux intérêts canadiens. La pertinence et la qualité de ces rapports devraient périodiquement faire l'objet d'un examen externe pour en assurer la correspondance au mandat stratégique des organismes précités.
- Le gouvernement canadien devrait cultiver des liens permanents avec les ministères chinois au niveau de la direction générale et des sous-ministres des deux pays. Un « partenariat stratégique » au seul niveau des sous-ministres ne serait pas réalisable étant donné l'asymétrie économique entre le Canada et la Chine. Et compte tenu de l'asymétrie du pouvoir entre les deux pays, la « diplomatie discrète » menée par les hautes sphères du gouvernement canadien auprès du gouvernement chinois sur les questions politiques et sociales, par le biais notamment du Dialogue bilatéral Canada-Chine sur les droits de l'homme, s'est révélée inefficace. Certes, le Canada a tout intérêt à soulever la question des droits de la personnes dans chacune de ses interactions avec

les dirigeants chinois, mais il est temps de remplacer l'approche moribonde du Dialogue sur les droits de l'homme par un programme mieux ciblé visant à inciter la Chine à respecter ses engagements auprès du Conseil des droits de l'homme des Nations unies.

- Le gouvernement canadien devrait renforcer l'expertise sur les questions chinoises des agents du contre-espionnage du SCRS. Il devrait aussi répondre de façon plus proactive aux plaintes de harcèlement et d'intimidation formulées à l'endroit des agents de sécurité et des diplomates chinois par les Canadiens d'origine chinoise et les ressortissants chinois vivant temporairement au Canada, y compris lorsqu'ils sont d'origine tibétaine, ouïgour et mongole.
- Le gouvernement canadien devrait solliciter l'avis des communautés de la diaspora tibétaine, ouïgour et mongole, de même que celui de leurs compatriotes vivant en Chine, en ce qui a trait à la conception et à l'incidence des programmes soutenus par le Canada dans leur pays d'origine. Ces consultations favoriseraient la prise en compte des sensibilités ethniques dans l'élaboration des programmes canadiens axés sur la Chine. Elles n'impliqueraient cependant pas que le gouvernement canadien appuie les revendications indépendantistes des Tibétains, des Ouïgours et des Mongols quant à la souveraineté de ces territoires, ni qu'il envisage de contester la légitimité du pouvoir de la Chine dans ces régions.
- Il faudrait réduire la proportion de citoyens chinois au sein du personnel de soutien des sections consulaires de l'ambassade du Canada et des consulats canadiens en Chine. De façon correspondante, il faudrait y accroître le nombre d'employés canadiens possédant une maîtrise de la langue chinoise et une connaissance des services de police, de l'administration pénitentiaire et des organismes de sécurité chinois, ainsi que des institutions connexes du Parti communiste chinois.

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About Us

A REASSESSMENT OF CANADA'S INTERESTS IN CHINA AND OPTIONS FOR RENEWAL OF CANADA'S CHINA POLICY

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INTRODUCTION

The goals of Canada's foreign policy with China are to promote Canada's prosperity through trade and investment and by the intake of high-quality Chinese immigrants. Through diplomatic means Canada also seeks China's full compliance with its international obligations to Canada. These international obligations are defined by the terms of the bilateral Memoranda of Understanding and the multilateral treaty obligations to the United Nations (UN), the World Trade Organization (WTO) and other transnational treaty bodies to which China and Canada are both signatory which regulate transnational obligations in areas of security, human rights, environment, intellectual property rights, health, etc. There is a high degree of nonpartisan consensus that these shared bilateral and multi-lateral obligations define Canada's national interest in China.²

Over the past decade there have been increasing indications that Canada's China policy has been falling short of expectations across a wide range of criteria. Canada's share of China's import market has been declining relative to other nations such as Australia, the UK, France and the United States. While high commodity prices have improved Canada's trade statistics, Canada has not been selling significantly greater volumes of raw materials to China. Canada's trade deficit with China has also grown dramatically over the past decade. Year by year, the Canadian economy becomes more and more dependent on Chinese inputs, including investment in Canada.³ Canada has considerable concern over China's less than satisfactory implementation of international obligations to free trade and market access, intellectual property protection, labour, the environment and China's commitment to uphold the principles of the Universal Declaration of Human Rights and associated UN Covenants.⁴

Canada's foreign policy toward China has been falling short because Canada's approach to China has been relatively stagnant while China has been transforming rapidly in all aspects of economy and society. In recent years Canada's existing China programming has become less and less relevant to Chinese conditions and less and less effective in fulfilling Canada's interest in China.

¹ Charles Burton is a 2008-2009 CIC Research Associate. He is Associate Professor of Political Science at Brock University.

² Charles Burton. "A 'Principled' Approach, Quiet Diplomacy and Harper's Message to Beijing," *Embassy: Canada's Foreign Policy Newsletter*. 14 November 2007. Accessed 10 October 2008, http://www.embassymag.ca/reports/2007/111407_em.pdf 14.

³ David W. Edgington, David W. "Australia, Canada's Foil in Asia Pacific." *Canada Asia Commentary*. no. 36. (August 2004).; Andrea Mandel-Campbell. *Why Mexicans Don't Drink Molson*. (Toronto: Douglas & McIntyre, 2007).; Francine Roy. "Canada's Trade with China," *Canadian Economic Observer*. (June 2004). Accessed 11 July 2008, <http://www.statcan.ca/english/ads/11-010-XPB/jun04.pdf> ; Francine Roy. "Canada's Trade and Investment with China," *Canadian Economic Observer*. (June 2005). Accessed 11 July 2008, <http://www.statcan.ca/english/ads/11-010-XPB/pdf/jun05.pdf>.

⁴ Bruce Gilley. "Elite-led democratization in China: Prospects, perils, and policy implications," *International Journal*. Vol. 2. No. 61. (2006); Bruce Gilley. "Reawakening Canada's China Policy," *Canadian Foreign Policy*. Vol. 2. No. 14. (2007); Parliament of Canada. House of Commons Standing Committee on Foreign Affairs and International Development. "May 27 Minutes: Evidence on Study of Canada-China Bilateral Human Rights Dialogue." (2008). Accessed 21 July 2008, <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=242499&Lang=1&PARLSES=392&JNT=0&COM=13185>.

Change in the relative international influence of Canada and China in the global community is another factor which has impacted Canada-China relations. The first Ambassador that China sent to Canada was Huang Hua, a very senior Communist, who later became Foreign Minister and Vice-Premier of the State Council. However, the quality of personnel that China has assigned to Canada in recent years is relatively weak compared to the quality of Chinese diplomats assigned to missions to major powers such as the Permanent Members of the UN Security Council. Therefore, the capacity of the Embassy of the People's Republic of China in Ottawa to effectively engage Canadians and its ability to present China in a favourable light through effective public diplomacy is sorely lacking compared to Chinese missions to the United States, the UK and other major powers. A Chinese official speaking under the "Chatham House rule" explained that:

China does not have the capacity for meaningful political engagement with all of the nations of the world. China can actively engage in political relations at senior levels with only a few major powers such as Permanent members of the Security Council such as the USA and France. China sees it as in China's interest to engage in economic relations only with "lesser nations."⁵

According to this official, senior policymakers in China perceive Canada as a country with a small population and little political influence which is situated far from China. Canada is not seen as important to China beyond being a source of raw materials and a market for Chinese products.

China's Ministry of Foreign Affairs regarded the Canada-China Bilateral Human Rights Dialogue, held annually from 1997-2005, as being of no interest to Chinese policy-makers and so no reports were made on it to higher levels.⁶ As another Chinese national expresses it: "Face it, China cares as much about western opinion as you care about Arab opinion. Its only worth as much as your importance."⁷ Canada's inability to get any meaningful response from the senior levels of China's regime to Canadian concerns about China's lack of compliance with international treaties related to the Chinese imprisonment of a Canadian, Huseyin Celil, is another expression of the same principle. That being said, Canada's weak initial response to China's violations of international law with regard to Mr. Celil further complicated the matter.⁸

Despite Canada's vast area and abundant natural resources, the economic relationship between Canada and China is necessarily asymmetrical as Canada's population is only 2.5 per cent that of China, which has over 40 times as many citizens. The population of China is estimated to be approximately 1.33 billion.⁹ The population of Canada is presently just over 33 million.¹⁰ While the President of the Asia Pacific Foundation of Canada urges that it be "the imperative for all businesses, indeed all government departments, to develop a China strategy,"¹¹ Chinese companies and government departments are unlikely to develop "a Canada strategy" per se because Canada competes for Chinese attention with a long list of other countries whose populations are higher than Canada's and whose overall economic importance to China is greater. China cannot be expected to have so many specific country strategies. Included in the group of countries whose populations are higher than Canada's and whose overall economic importance to China is greater are such nations as: Italy, Brazil, Thailand, Philippines, Indonesia and Spain among others.

⁵ Burton trans. 2008.

⁶ Charles Burton. "Assessment of the Canada-China Bilateral Human Rights Dialogue." Department of Foreign Affairs and International Trade Canada. (May 2006). Accessed 12 July 2008, <http://spartan.ac.brocku.ca/~cburton>.

⁷ GlobeSalon 2008.

⁸ Charlie Gillis. "Canadian Dissident in Chinese Jail Strains \$35-billion Relationship." *The Canadian Encyclopedia*. 4 December 2006. Accessed 11 October 2008, <http://www.thecanadianencyclopedia.com/index.cfm?PgNm=TCE&Params=M1ARTM0013018>.

⁹ United States Central Intelligence Agency. "World Factbook: China." (2008). Accessed 12 October 2008, <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>.

¹⁰ United States Central Intelligence Agency. "World Factbook: Canada." (2008). Accessed 12 October 2008, <https://www.cia.gov/library/publications/the-world-factbook/geos/ca.html>.

¹¹ Woo, Yuen Pau and Kenny Zhang. "China Goes Global: the implications of Chinese outward direct investment for Canada." *Horizons* Vol. 2. No. 9. Special Issue on China. Government of Canada. Policy Research Initiative. August 2006. Accessed 19 July 2008, http://www.policyresearch.gc.ca/doclib/HOR_v9n2_200608_e.pdf 34.

In terms of Chinese Government and business priorities Canada also arguably ranks behind nations with smaller populations who “punch above their weight” in relations with China such as Denmark and Australia. Moreover, there are many countries of much greater relative strategic importance to China such as the US, Japan, South Korea, Germany and of course China’s neighbours which include major powers such as India and Russia. So there are many nations who are much more likely to be considered worthy of the special attention at senior levels of “strategic partnership” than Canada ever will be. As another Chinese official also speaking under the “Chatham House rule” at a meeting in 2008 observed: “we expect the GDP [Gross Domestic Product] of Zhejiang Province alone to be greater than that of Canada in 10 years.” For this reason, annual Deputy-Minister level “strategic partnership” consultations with a substantial agenda between China and Canada, as announced when China’s President came to Canada in 2005, is not simply feasible. University of Alberta Political Science Professor Wenran Jiang has pointed out with regard to this “strategic partnership,” “other than an announcement of this new stage of bilateral cooperation, there was little of substance given by either side [...] little indication that it had more to say beyond its goodwill for better ties between the two countries.”¹²

While China is important to the Government of Canada, Canada is not so important, in political terms at least, to the Government of China. Canadian Deputy-Ministers might be prepared to devote a few days every year out of their demanding schedules to focus on functional relations with China; it is unlikely that any Chinese Deputy-Minister can devote an equivalent amount of attention to functional relations with Canada. Because “Strategic Partnership” at the Deputy-Minister level is not feasible due to economic asymmetry between Canada and China, the Government of Canada should rather pursue engagement of Chinese ministries on an ongoing basis at Director-General and Assistant Deputy Minister level. Due to power asymmetry between Canada and China, ongoing high-level governmental engagement through “quiet diplomacy” on political and social issues such as the Canada-China Bilateral Human Rights Dialogue has not been effective. While it is in the Canadian interest to raise human rights concerns in all Canadian Government interactions with Chinese leaders, more focused and targeted programming to encourage enhanced Chinese compliance with its commitments to the UN Human Covenants should replace the previous moribund Human Rights Dialogue approach.

Currently Canada engages China primarily through the Chinese Ministry of Foreign Affairs (MFA) and through the “International Offices” of Ministries. The Chinese MFA is a relatively weak player in the Chinese system. It is not a powerful or influential ministry in China compared to the State Council and Communist Party agencies active in foreign affairs and formation of foreign policy. The Canadian Embassy counterparts at the Chinese Ministry of Foreign Affairs and in the International Offices of Ministries have received formation in the English language and a large proportion of them are graduates of Chinese post-secondary foreign language training institutes. As our diplomats typically lack fluency in Chinese, and therefore lack the capacity to establish informal contacts with influential policymakers in the Chinese system, Canada has a high degree of reliance on the “gate keepers” at the Chinese MFA and International Offices of Ministries to gain access to the Chinese Government and Party system. Nevertheless, senior-level Chinese Communists are privately dismissive of their Foreign Ministry, pejoratively characterizing Foreign Ministry officials as “interpreters.” Indeed buttressing this point, the current Foreign Minister, Yang Jiechi worked for much of his career in “Translation and Interpretation” according to his official curriculum vitae.¹³ The same logic applies to the “International Offices” of Chinese ministries. Their primary function is to deal with matters relating to receiving foreign visitors and arranging for reciprocal Chinese delegations to foreign countries. But they are not involved in policy or decision-making. So, like the Chinese MFA, the International Offices of Ministries lack the authority to respond to concerns raised by representatives of foreign governments directly. They translate, repackage and refer the matters raised by

¹² Wenran Jiang. “Meeting the China Challenge: Developing a China Strategy,” in *Canada Among Nations 2006: A State of Minorities*, edited by Andrew Cooper and Dane Rowlands. (Montreal: McGill-Queen’s University Press, 2006): 252.

¹³ People’s Republic of China. Ministry of Foreign Affairs. “Biography of Yang Jiechi.” (2008). Accessed 14 October 2008, <http://www.fmprc.gov.cn/eng/wjwb/wjzbz>.

embassies to the higher-level Party and State Council officials who have decision-making authority. They then interpret the response of the higher-level Party officials to the foreign mission in a subsequent meeting held in the English language in the Ministry's reception rooms. This process, aside from being inefficient and sluggish, also leads to uncertainty on the part of the foreign embassy representatives as to whether or not their requests are being transmitted clearly to the people that actually decide the Chinese response to them. This process also reduces the foreign embassy into a role of supplicant to the International Office who, acting in their own institutional interests, may be disinclined to re-transmit foreign governments' messages if these messages are likely not to be well-received by their superiors.

The Government of Canada should diversify its engagement of China. Canada should be directly engaging policy-makers in the Chinese Government and Communist Party whose decisions have implications for Canada's interests in China on an ongoing basis. The current focus on the Chinese Ministry of Foreign Affairs and International Cooperation offices of Chinese Ministries should be expanded to a more comprehensive engagement of policy making and decision-making agencies in the Chinese system. Canadian diplomats need to better recognize that many of the most influential institutions in the current Chinese régime are actually not technically state institutions at all, but functions of the Chinese Communist Party. These institutions include the Chinese Communist Party Central Committee's Ministry of Propaganda, which has an important role in diverse areas of policy formulation in China beyond its role in overseeing all news media outlets and all publications. Similarly the Party's United Front Work Department also deals with politically sensitive matters of interest to Canada. It is central to Canada's interest to energetically and proactively engage China at the Central, provincial and local levels. The focus of our engagement should extend beyond formal engagement of the Chinese Government through conventional diplomatic channels. China requires a more comprehensive engagement strategy. In the United States, Canada does not focus on the US State Department alone. The Embassy of Canada in Washington engages the US Congress, the President and indeed all the elements of political power in the United States. This multi-faceted approach to US relations is informed by a policy decision taken by Canada more than 25 years ago that a more diversified approach was the most effective way for the Government of Canada to realize Canadian interests in Washington. To implement an effective comprehensive engagement strategy in China to better assert Canadian interests in China is very important to Canada's prosperity and overall international interests. But implementation demands a Canadian foreign affairs establishment capable of approaching this engagement with the requisite language and cultural skills and with enthusiasm, energy and creativity in policy implementation.

TRADE AND INVESTMENT

China is the world's fourth-largest economy after the US, Japan and Germany. Canada ranks ninth.¹⁴ Canada is China's eleventh largest trading partner. China has been Canada's second largest trading partner since 2003. In 2007 China replaced Japan as Canada's third largest export market.¹⁵ Competitively priced Chinese goods benefit the standard of living for ordinary Canadians, although there are concerns that Canadian out sourcing to China leads to domestic decline in affected sectors.

Chinese exports to Canada were valued at \$34.5 billion in 2006. Canadian exports to China amounted to \$7.7 billion in the same year. This represented an increase of 7.8 per cent over the previous year, less than the growth rate of the Chinese economy.¹⁶ Of course Canada is by no means alone in having a large trade imbalance with China.

¹⁴ World Bank. "Gross Domestic Product 2007." (2007). Accessed 15 October 2008, <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP>.

¹⁵ Government of Canada. Foreign Affairs and International Trade Canada. "Canada-China Economic Relations." (2007). Accessed 15 October 2008, <http://www.dfait-maeci.gc.ca/commerce/china/econ-relations-en.asp>.

¹⁶ Government of Canada. Statistics Canada. "International Merchandise Trade: Annual review." (2007). Accessed 15 October 2008, <http://www.statcan.ca/Daily/English/070508/d070508a.htm>.

In 2004, US-China trade was 5.66:1 in China's favour, Australia 1.53:1 and Canada 3.63:1. While services exports are challenging to track and therefore likely under reported, so the situation may not be so marked as it appears, the overall trend is not good. While the ratio of imbalance for the US and Australia has remained generally stable in recent years, Canada's imbalance in trade with China has continued to deepen. Between 2005 and 2006, it increased by 30 percent.¹⁷

The factors that have led to Canada's relatively disappointing performance in the Chinese market have been articulated along three main themes of interpretation:

1. The interpretation put forward by the Federal Government Policy Research Initiative that the Canada-China trade imbalance is reflective of structural characteristics in the nature of the Canadian economy vis-à-vis that of China in the global economy. This interpretation implies that there is no need for Government to see this trade imbalance as a problem requiring a solution because the imbalance is a phenomenon reflecting global market economic principles.¹⁸
2. Identifying Canada's weak performance in accessing the Chinese market as due to Chinese factors such as: manipulation of currency exchange rates to keep Chinese exports cheap and imports expensive; hidden subsidies to Chinese state owned enterprises and local government subsidies to local business; local government connivance in preventing Canadian businesses in Chinese from repatriating profits through theft of intellectual property; unfair adjudication of disputes with local partners, etc. and other non-tariff barriers including secret non-market politically-based decisions to give business to firms from countries other than Canada because of the Chinese Communist Party régime's unhappiness with the Canadian Government's "unfriendly" political engagement with the Chinese Central authorities.
3. That the problem lies in the "culture" of Canadian business which lacks vision, drive and which is conditioned by "coddling" from Government subsidies and incentive programs. So Canada's lack of energetic grasping of great opportunities in the Chinese market is at its source due to the same factors that have informed Canada's overall industrial decline as best exemplified by our failing auto industry in recent years. This explanation with regard to China is given at some length in the popular book by the journalist Andrea Mandel-Campbell, who resided for an extended period in China, *Why Mexicans Don't Drink Molson*.¹⁹ As the Canadian Chamber of Commerce has said with regard to its own membership: "many companies are small 'unworldly' and risk averse with limited knowledge of the Chinese market."²⁰

Another important factor that is difficult to square with the above three interpretations is that there are proportionately five times as many people of Chinese ancestry in Canada as in the United States, so Canada should have a significant advantage in terms of language, cultural understanding and willingness to function in a Chinese environment.

The explanatory factors in all three themes of interpretation all appear sufficiently valid to be worthy of consideration. All of these factors require active engagement for Canada to maintain its prosperity in a global trading environment in which China plays a more and more prominent role in years ahead.

Promotion of Canadian products and services in China has been hampered because the numbers of officers assigned by the Trade Commissioner Service to China has not kept pace with the growth of Canada-China trade.

¹⁷ Canadian Chamber of Commerce. "China and Canada: The Way Ahead, Strategies and Solutions for Addressing Barriers to Enhanced Trade and Investment with China." (September 2006). Accessed 20 July 2008, <http://www.chamber.ca/cmslib/general/china-e3.pdf>.

¹⁸ Madanmohan Ghosh and Weimin Wang. "Is Canada Underperforming in Foreign Direct Investments and Exports to China," *Horizons*. Vol. 2. No. 9. Special Issue on China. Government of Canada. Policy Research Initiative. (August 2006). Accessed 19 July 2008, http://www.policyresearch.gc.ca/doclib/HOR_v9n2_200608_e.pdf.

¹⁹ Andrea Mandel-Campbell. *Why Mexicans Don't Drink Molson*. (Toronto: Douglas & McIntyre, 2007).

²⁰ Canadian Chamber of Commerce. "Approved Destination Status." (2007). Accessed 17 October 2008 <http://www.chamber.ca/cmslib/general/INTDestination.pdf> 37.

While Canadian business respondents universally report frustration at the lack of responsiveness of Government personnel to business demands for assistance and support, there is general recognition that government trade officers in China at the Canadian Embassy, consulates and provincial offices are overwhelmed by competing demands. In addition, Canadian trade officers report frustration at being frequently distracted from their central function of providing service to Canadian business to gain better access to the Chinese market by other demands such as time spent organizing familiarization tours for visiting high-level Canadian Government delegations. Furthermore, the current rotation system of diplomat postings is problematic because it typically assigns foreign service officers to spend just three years on posting in China before being transferred back to Ottawa or on a cross posting elsewhere usually never to return to service in China. As a result, many of the officers working in the Trade Section of the Embassy lack knowledge of Chinese cultural norms and domestic standards and practices. This lack of knowledge seriously inhibits their effectiveness in trade promotion. There are no meaningful career benefits within the Trade Commissioner Service to encourage specialization in China or incentives or personnel mechanisms to ensure that staff with knowledge of and expertise in China are deployed there. This is at variance to the personnel practices of other G-8, Australia and European nations whose performance in the Chinese market compares favourably to that of Canada. The Canadian economic interest in China suffers as a result. That being said, the senior diplomats in China including the Ambassador and Minister are highly regarded for the priority that they give to assisting major Canadian investors in China resolve issues where principles of trade fairness have not been followed by Chinese authorities.

Because Canada continues to lose market share in China, Canada should more clearly articulate a strategy for promoting access to the Chinese market for Canadian business while taking into account the distinctive characteristics of the Chinese market and business culture, and also considering Canada's comparative advantage in that market vis-à-vis its competitors. Former Prime Minister Jean Chrétien's "Team Canada" missions regrettably did not lead to any perceptible improvement in Canada's overall penetration of the Chinese market as had been envisioned.²¹ So a more comprehensive and sustained and reinvigorated strategy needs to be implemented. Canadian trade officials should be deployed in a more strategic way with significantly improved pro-active coordination between the Federal Trade Commissioners Service, Provincial Trade Promotions agencies, the Export Development Canada and the Canada-China Business Council. This is a matter of some urgency. At present the split between provincial and federal agencies – and poorly coordinated efforts by specific ministries such as Agriculture, and provincial ministries of education – also severely dilute the Canadian "brand" in China. Moreover, there is a perception particularly among Western provinces that Foreign Affairs and International Trade Canada is too focused on central-Canada and the Federal Government. Provincial officials report that their provincial leaders' initiatives in China do not get the attention given to federal government delegations by Foreign Affairs and International Trade Canada (DFAIT). More DFAIT regional trade promotion presence in the western Canadian provinces and initiatives such as programs that allow provincial civil servants to work in embassies abroad on exchanges could reduce the tendency of provincial governments to feel that they have to "go it alone" by setting up offices in China that reduplicate, work independently of, and not in coordination with, DFAIT's Trade promotion programs.

Canada's competitors in the G-8, Australia and Europe typically have a much more coordinated commitment to the Chinese market and provide more support to medium sized business to help assess the feasibility of their entry into the Chinese market and to direct them to the relevant Government agencies and programs.²² Ireland, New

²¹ Wenran Jiang. "Meeting the China Challenge: Developing a China Strategy," in *Canada Among Nations 2006: A State of Minorities*, edited by Andrew Cooper and Dane Rowlands. (Montreal: McGill-Queen's University Press, 2006): 252; Francine Roy. "Canada's Trade with China," *Canadian Economic Observer*. (June 2004). Accessed 11 July 2008, <http://www.statcan.ca/english/ads/11-010-XPB/jun04.pdf>.

²² David W. Edgington. "Australia, Canada's Foil in Asia Pacific," in *Canada Asia Commentary*, no. 36. (August 2004): 5-7.

²³ Government of Canada. "Government of Canada expanding trade opportunities at home and abroad." (18 July 2008). Accessed 15 October 2008, <http://news.gc.ca/web/view/en/index.jsp?articleid=405849>.

Zealand and Singapore have trade promotion strategies in China focused on specific provinces. The 2008 Canadian Federal Government announcement that new trade offices will be opened in six cities across China: Chengdu, Nanjing, Qingdao, Shenyang, Shenzhen and Wuhan is highly welcomed.²³

Canada and China began negotiating the "Canada-China Foreign Investment Promotion and Protection Agreement" in September 2004. Since then, six additional rounds of negotiations have been held. The most recent round took place in October 2007. According to the DFAIT website's "Background on the Canadian Foreign Investment Promotion and Protection Agreement":

Canada's objective in these negotiations is to secure a high standard agreement with comprehensive scope and coverage and substantive obligations pertaining to national treatment, most-favoured-nation treatment, minimum standard of treatment, transparency, transfers and expropriation. Additionally, this Agreement should grant investors access to investor state dispute settlement that is governed by detailed rules in the Agreement on standing, procedural requirement and enforcement.²⁴

The purpose of the Agreement is "to ensure greater protection to foreign investors against discriminatory and arbitrary practices and to enhance predictability of the policy framework affecting foreign investors and their investments."²⁵ There are concerns that such an Agreement could override present and future Chinese domestic laws and regulations that protect labour rights and other human rights.²⁶ The negotiations have been held in secret. So there has been no input from Canadian stakeholders concerned about the implications for human rights and labour rights.

Opinion polls indicate that Canadian business leaders share the same concerns about human rights in China as Canadian citizens as a whole.²⁷ Standing for human rights in China is a broadly held Canadian concern, not simply the province of "special interest groups." There is broadly based consensus in Canada that it is not desirable that Canadians who do business in China engage in health, safety, environmental or working conditions practices that would be illegal in Canada, or profit from sale of technologies that assist China's security agencies or facilitate internet censorship. However, Canada lacks institutions able to sanction those who do.

The Investment Canada Act offers Government ministers considerable discretion to respond to concerns over the business practices or strategic intentions of Chinese companies seeking to make major investments in Canada.²⁸ The very vocal Canadian public criticism over China Minmetals' attempt to buy mining giant Noranda (which was eventually abandoned), along with the withdrawal of the China National Offshore Oil Corporation from discussions relating to investment in the Alberta oil sands, have left an impression that China does not find Canada an attractive venue for investment. More Chinese investment in recent years has been directed to China's fellow authoritarian régimes such as Zimbabwe, Venezuela and Sudan. The "Canada-China Foreign Investment Promotion and Protection Agreement" negotiations may be negatively impacted by this reality.

²³ Government of Canada. "Government of Canada expanding trade opportunities at home and abroad." (18 July 2008). Accessed 15 October 2008, <http://news.gc.ca/web/view/en/index.jsp?articleid=405849>.

²⁴ Government of Canada. "Background on the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA)." (2008). Accessed 25 July 2008, <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fipa-apie/china.aspx?lang=en>.

²⁵ Government of Canada. "Background on the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA)." (2008). Accessed 25 July 2008, <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fipa-apie/china.aspx?lang=en>.

²⁶ Mann, Howard. "International Investment Agreements, Business and Human Rights: Key Issues and Opportunities." International Institute for Sustainable Development. (February 2008). Accessed 25 July 2008, http://www.iisd.org/pdf/2008/iaa_business_human_rights.pdf.

²⁷ "Human Rights in China: Harper's Public Diplomacy Outperforms Chretien's Quiet Diplomacy; Excellent for Human Rights, Neutral for Business," *Financial Post*. COMPAS. BDO Dunwoody CEO/Business Leader Poll. (27 November 2006).

²⁸ Government of Canada. Industry Canada. "Investment Canada Act." (2008). 16 July 2008, <http://www.ic.gc.ca/epic/site/ica-lic.nsf/en/home>.

IMMIGRATION AND CONSULAR MATTERS

China has been Canada's largest source of new immigrants for over ten years.²⁹ Chinese is now the third most spoken language in Canada after English and French.³⁰ The important issue for Canada's interest in China with regard to immigration remains how to get the best people to apply to emigrate to Canada and how Canada can compete effectively with other advanced industrialized nations for those desirable immigrants. Certainly the length of time between application and issuing of a visa allowing a Chinese national to enter Canada permanently is a critical factor. In March 2008, the Government of Canada introduced changes to the Immigration and Refugee Protection Act. The changes aim to modernize Canada's immigration system and shorten the time it takes to immigrate to Canada. They were approved by Parliament on 18 June 2008. The objective of this legislation, Bill C-50, is to create a system in which new applications can "be dealt with in six to twelve months, not six years."³¹ In addition, the Government has been reviewing the positive experience of Australia in addressing issues of lack of host-country language ability in immigrants, non-recognized credentials and intake of immigrants with qualifications in fields with weak labour market demand.³²

There are also issues in the processing of Chinese nationals applying for short term visits. There continue to be problems of overstressed and poorly trained Embassy staff handling Chinese applicants with a lack of due graciousness. Less amenable to resolution is the issue of how to process applications in a timely fashion while also giving due attention to the problem of pervasive and massive fraud in the documentation. A disturbing proportion of certificates of professional qualifications and financial statements submitted in support of applications to enter Canada are forgeries. The "market value" of a Canadian entry visa is very high in Chinese terms. Chinese people who are not eligible for entry visas to Canada are prepared to pay up to \$60,000 to "snake heads" for a dangerous and uncomfortable ocean voyage that facilitates illegal residence in Canada. So for a legal entry into Canada some applicants are prepared to go to considerable fraudulent lengths in order to acquire a genuine Canadian entry visa. Presently the Embassy Immigration Section does not devote significant resources to countering visa fraud. The measures taken to counter this sort of fraud tend to be imprecise and unfocused. For example, if it is determined that applications from a certain region of China are accompanied by a disproportionate prevalence of false documentation, applications from that region may face more scrutiny and increased rejection rates. But due to lack of China specific expertise among Immigration officers processing files from the Peoples Republic of China and lack of resources applied to countering visa fraud, a significant number of Chinese nationals are coming to Canada under false pretenses.

The Honourable Mr. Justice de Montigny's judicial review, which overturned Citizenship and Immigration Canada's decision to return a Chinese national, Lai Changxing, who is accused of serious crimes by the Chinese authorities, back to China where he would face charges has far reaching implications for Canada-China relations.³³ Canada's refugee determination process extends the protections of Canada's Charter of Rights and Freedoms to foreign nationals in Canada. This protection is in contrast to the United States where foreign nationals do not enjoy the same protection of that country's Bill of Rights as American citizens, a reality very much highlighted by Maher Arar's testimony that he was denied access to a lawyer while in custody in the Metropolitan Detention Center in

²⁹ Government of Canada. Citizenship and Immigration Canada. "The Monitor: New Permanent Residents." (2007). Accessed 15 October 2008, <http://www.cic.gc.ca/english/resources/statistics/monitor/issue15/02-residents.asp>.

³⁰ Jean-Pierre Corbeil and Christine Blaser. Demography Division, Statistics Canada. "The Evolving Linguistic Portrait, 2006 Census: Findings." (2008). Accessed 15 October 2008, <http://www12.statcan.ca/english/census06/analysis/language/index.cfm>.

³¹ Government of Canada. Citizenship and Immigration Canada. "Reducing Canada's immigration backlog." (2008). Accessed 26 July 2008, <http://www.cic.gc.ca/english/department/laws-policy/irpa.asp>.

³² Lesleyanne Hawthorne. "The Impact of Economic Selection Policy on Labour Market Outcomes for Degree-Qualified Migrants in Canada and Australia," *IRPP Choices*. Vol 5. No. 14. (2008). Accessed 19 June 2008, <http://www.irpp.org/choices/archive/vol14no5.pdf>.

³³ Federal Court of Canada. "Lai Cheong Sing et al v. Canada (Minister of Citizenship and Immigration)." Honourable Mr. Justice de Montigny's judicial review of a PRRA officer's decision Docket: IMM-2669-06, Citation: 2007 FC 361. (5 April 2007). Accessed 10 July 2008, <http://decisions.fct-cf.gc.ca/en/2007/2007fc361/2007fc361.html>. Lai Changxing has been in Canada since 1999.

Brooklyn, New York, on the basis that he is not an American citizen.³⁴ It is likely that if Lai Changxing had sought refugee status in the United States instead of Canada that he would have been repatriated to China early on.

Due to the China's judicial system falling short of international standards for due process and rules of evidence, it has not been possible for Canada to negotiate an extradition treaty with China because of Canadian concerns that people extradited back to China may not get a fair trial upon return. Essentially as things stand now, any Chinese national who is accused of criminal activity in China who can flee Canada prior to arrest by the Chinese authorities is not able to be made accountable for the alleged crimes.

There are a number of other former officials of the Chinese Government and Communist Party with unexplained substantial wealth currently living and investing in Canada. For example, Gao Shan and Li Dongzhe, accused of embezzling \$150 million from the Heilongjiang Branch of the Bank of China, are both in Vancouver and thus unable to be made accountable for any criminal acts that they may have committed in China. The Chinese Public Security Bureau alleges that members of Chinese criminal gangs who have committed murder in China are now living in Canada. It goes without saying that providing an avenue for Chinese citizens who have committed serious offences in China to attain sanctuary in Canada was never the intention of Canada's Refugee Act. Moreover it is evident that a number of Chinese nationals accused of serious crimes committed in China prior to achieving refugee status in Canada continue to engage in criminal or illegal activity in Canada. There are allegations that Lai Changxing himself lives in considerable luxury in Vancouver off the proceeds of crime. But these allegations remain unsubstantiated and are denied by Mr. Lai.

China has not granted Canada "Approved Destination Status" which would allow Chinese nationals to visit Canada for tourism, although China has granted this to 80 other countries.³⁵ Canada's tourism revenues suffer substantially as a consequence. While the Chinese Government has not explicated its reasons for denying this status to Canada, a reasonable explanation is that the ease with which Chinese citizens can access Canada's refugee determination process once in Canada is a significant stumbling block in negotiations over China's extending of Approved Destination Status to Canada.

Corresponding to the increasing numbers of Chinese criminals resident in Canada are increasing numbers of Canadians incarcerated in Chinese prisons. Most of them are accused of drugs offences or transnational financial fraud. A number appear to have been incarcerated for arbitrary reasons arising out of business-related disputes with local officials or for political reasons. The case of a Canadian, Huseyin Celil, currently in custody in China but denied access to Canadian consular authorities in China, has brought the issue of poor Chinese compliance with multilateral treaties governing the treatment of foreign nationals by sovereign states to the attention of Canadians.³⁶ Because China's judicial and prison system falls short of international standards, it is important that Canada allocate more resources to consular work to better protect the rights of Canadians held in custody by the Chinese police and security agencies. In addition, the number of Chinese citizens working as support staff in the Consular sections of the Canadian Embassy and Consulates in China should be reduced. In their place, there should be augmentation of numbers of Canada-based staff with Chinese language skills and knowledge of Chinese police, prison, security agencies and the related Chinese Communist Party institutions.

³⁴ Arar, Maher. "Statement." (4 November 2003). Accessed 17 October 2008, http://www.maherarar.ca/cms/images/uploads/Maher_statement_nov04.pdf.

³⁵ Canadian Chamber of Commerce. "Approved Destination Status." (2007). Accessed 17 October 2008, <http://www.chamber.ca/cmslib/general/INTDestination.pdf>.

³⁶ Amnesty International Canada. "China: Husein Dzhelil (known as Huseyin or Huseyincan Celil) (m), aged 38, Canadian citizen." (2008). Accessed 18 October 2008, http://www.amnesty.ca/take_action/actions/china_celil.php. In March 2006 Huseyin Celil, a Canadian citizen who is a Uyghur originally from western China, was arrested while visiting his wife's family in Uzbekistan. In late June 2006 he was summarily deported back to China by Uzbek authorities, where he remains imprisoned.

DEVELOPMENT AND HUMAN RIGHTS

The Canadian International Development Agency (CIDA) started its program in China in 1982. As the CIDA website characterizes its work in China:

initially, CIDA helped China build international linkages and learn from foreign expertise by supporting people-to-people contacts and education programs in Canada and China. Today, CIDA's program objectives in China are environmental sustainability, human rights, democratic development, and good governance.³⁷

In the 1980s, CIDA's China program was designed to assist China to further the Chinese Communist Party's "opening and reform" policies which the Party had adopted in the wake of the disastrous failure of its 1966-1976 "Great Proletarian Cultural Revolution" policy program. Much of CIDA's programming focus was on providing opportunities for Chinese officials, scientists and academics to get exposure to modern Canadian technical expertise through training programs which were arranged through Canadian universities or other non-governmental organizations (NGOs) with the technical expertise and administrative capacity to undertake CIDA development programs. Under the terms of the "General Agreement between Canada and China on Development Cooperation" signed in 1983, CIDA's activities in China are subject to approval of China's Ministry of Commerce. The logic underlying Canada's agreement to make Canadian development programming subject to the approval of a foreign government's ministry was that Canada should not engage in developmental programming that is at odds with the recipient nation's own developmental priorities.

Over the past 25 years, the dozens of CIDA projects funded in China may, to some extent, have strengthened the capacity of China's Communist régime. Nevertheless, it is hard to point at concrete evidence that the large amount of Canadian resources allocated to promote China's development over the past 25 years has had much in the way of a meaningful sustained impact on China's development and democratization. So to what extent this expenditure of Canadian tax dollars over the past 25 years has furthered Canadian interests in China is a moot point. A comprehensive external assessment of CIDA's China programming would shed light on the overall efficacy of Canada's development programming in China, but whether such an assessment would inform future CIDA programming is debatable as CIDA has already phased out earlier programs in technical training in areas of science, technology and poverty alleviation in favour of a much more limited programming mandate in China.

Today, according to CIDA's website: "the goal of CIDA's current (2005-2010) Country Development Programming Framework for China is to contribute to sustainable development in China through support for human rights, democratic development, good governance, and environmental sustainability in accordance with Chinese government development strategies and the Millennium Development Goals."³⁸ This new focus away from poverty alleviation and training acknowledges the reality of China's extraordinary economic growth in recent years. China today has the resources, if not the political will, to engage in social transfers to alleviate poverty. China is able to pay for training programs in foreign countries out of its own national resources. Indeed, the sale of Canadian educational services to self-supporting Chinese students is now an important aspect of the Canada-China trade relationship. But the efficacy of human rights, democratic development and good governance programming "in accordance with Chinese government development strategies" is questionable.

The crux of the matter is that the definition of "human rights, democratic development and good governance" as understood by liberal democratic Canadians is very much at odds with the re-definition of these critical concepts by the Government of China under the leadership of one authoritarian party, the Chinese Communist Party. The Chinese Communist Party has an explicit policy of opposing "bourgeois liberalization" and condemns those who

³⁷ Government of Canada. Canadian International Development Agency. "China: Governance." (2005). Accessed 25 July 2008, <http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/JUD-31111939-M6C>.

³⁸ Government of Canada. Canadian International Development Agency. "China." (2008). Accessed 25 July 2008, <http://www.acdi-cida.gc.ca/china>.

call for "peaceful evolution" to "western-style" liberal democracy. To Canadians, democracy is the people's right to choose those who will govern. The Chinese régime puts forth that "maintaining and preserving the leadership position of the Chinese Communist Party" is the central political imperative in China for now and for all time.³⁹ The two are very much at odds. It is important that Canada not be complicit in supporting non-democratic institutions by standing idly by and tacitly accepting attempts by the Chinese regime to put forward a moral equivalence of China's one-Party state authoritarian political institutions and Canadian democratic institutions. For example the Parliament of Canada and the Chinese National People's Congress are by no means comparable. Canadians should not leave any impression that Canada accepts the line put forth by the Chinese participants in the Canada-China Legislative Association that the Chinese National People's Congress and the Parliament of Canada only vary due to developmental, cultural and historical factors, but that both are "democratic" in their own relative terms.

Canadian promotion of human rights and democratic development is intended to lead to fundamental political change in China. But the Canadian Government as a Government seeking to undermine the bases for the legitimacy of the Chinese Communist Party's one party non-democratic authoritarian régime that is today's Government of China, through Canadian Government programming in China is problematic in terms of international standards for relations between states. There are some notably effective CIDA Programs in China such as the Civil Society Program (CSP) which provides direct support for the development of emerging Chinese NGOs. According to the CIDA website, the purpose of the CSP is to:

increase the participation of citizens, communities and NGOs in the development of public policy and decision making; promote greater dialogue between the government, citizens and NGOs; and enhance access to legal reforms that promote the rights of citizens, with special emphasis on vulnerable groups such as women, the disabled and migrant workers.⁴⁰

But the appropriateness of a foreign government such as Canada being directly involved in such explicitly politically subversive programming supervised by Canadian diplomats out of the Canadian Embassy in Beijing is highly questionable.

The Canadian NGO, International Centre for Human Rights and Democratic Development (Rights and Democracy) which enjoys Canadian Government financial support has undertaken a program that provides Chinese human rights defenders with training abroad to assist them with strategies on how to best apply China's Constitution and existing body of legislation to better realize the assertion of Chinese citizens' entitlement to fundamental human rights. This program is an example of the kind of project that has great potential to make a genuine impact in China, but it is the sort of project that the Chinese Ministry of Commerce would never endorse and is therefore not too "edgy" for CIDA to undertake under the existing framework. Rights and Democracy's project is arguably more cost effective in terms of promoting effective positive change in China than the CIDA work which involves large projects requiring executing agencies with specialized bureaucracies able to deal with CIDA's elaborate and complex funding application and reporting requirements.

Based on the Government's response to the 2007 Democratic Development report of the House of Commons Foreign Affairs Committee, enabling legislation to set up an arms length Canada Foundation for Democracy will likely be introduced in the spring of 2009.⁴¹ In light of this important development Canada should phase out the

³⁹ Information Office of the State Council of the People's Republic of China "Building of Political Democracy in China." (2005). Accessed 28 January 2009, <http://english.peopledaily.com.cn/whitepaper/democracy/democracy.html>.

⁴⁰ Government of Canada. Canadian International Development Agency. "Civil Society Program Projects in Beijing." (2008). Accessed 17 October 2008, <http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/JUD-81124015-MK8>.

⁴¹ Parliament of Canada. House of Commons Standing Committee on Foreign Affairs and International Development. "Advancing Canada's Role in International Support for Democratic Development." Tabled Parliamentary Report. (11 July 2007). Accessed 10 June 2008, <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10475&Lang=1&SourceId=213353>.

CIDA program in China and engage in good governance, democratic development and human rights programming through the arms-length Canada Foundation for Democracy. Regardless of the reality of CIDA's role in facilitating development aid programs, it is hard to escape the impression that the "Development Section" of the Canadian Embassy to China is a charity agency because it funds activities in China for which Canada realistically can expect no economic return. This perception of China as a recipient of Canadian charity sends out a signal about relations between Canada and China that is at odds with contemporary realities and with Canada's agenda to better realize Canadian interests in China. Rather than through CIDA, Canada should engage in environmental sustainability programming through the Trade Section of the Canadian Embassy to China. China is one of the least efficient users of energy in the world. Many opportunities for Canadian businesses selling products and services to the energy sector exist in China.

Ultimately, it is Chinese people in China who will bring China to democracy. The best Canada can do is to support and empower agents of change in ways consistent with international norms of interaction between sovereign states. It is also important that stakeholder groups in Canada based on ethnic ties to China or with mandates to promote human rights in China should be better deployed to achieve the aims of the Canada Foundation for Democracy in its China programming, because the Canadians in these groups have strong expertise in understanding the situation on the ground in China and valuable contacts on the ground in China. Canada should draw on this expertise. Support for the work of these groups is not possible under the existing CIDA framework.

Canada should be fully committed to furthering human rights and democratic development in China. Some claim that Chinese culture traditionally puts collective rights before individual rights and therefore the Chinese Government should not be judged by "Western" human rights standards. But the current Chinese Government's violation of the collective rights of workers to organize free trade unions, and suppression of the collective political and cultural rights of ethnic minorities such as Tibetans and Uyghurs, make this argument ring hollow. What the current Chinese Government really seems to be proposing instead is that the power of the idea of human rights should not be used to make the Chinese State and its leaders accountable for unacceptable arbitrary action against certain of its citizens. Canadians clearly want their Government to support the aspirations of the Chinese people to democracy as defined in the UN Universal Declaration of Human Rights and associated covenants. The Canadian Government should effectively reflect deeply felt Canadian concern that Chinese people must have their human dignity preserved through the protections of a society based on democracy and rule of law and that Chinese people must fully enjoy their entitlements to human rights.

POLITICAL AND ECONOMIC RELATIONS

Clear communication is very important to effective diplomacy. But the linguistic and cultural expertise to engage Chinese policymakers directly is severely lacking in most of the personnel assigned by DFAIT to the Canadian Embassy in Beijing. Similarly, DFAIT's East Asia Division I, which is responsible for relations with China and Mongolia, is staffed mostly by people unable to read, speak or understand the Chinese language. The same issue largely applies to personnel in the Canadian Security Intelligence Service and Department of National Defence who are assigned to units responsible for Chinese affairs, although there is stronger Chinese language ability among the relevant personnel in the Communications Security Establishment Canada and in the International Assessment Staff of the Privy Council Office. That most of the people who work for Canada on Chinese affairs lack fluency in the Chinese language and lack Chinese cultural knowledge and even lack relatively basic knowledge of Chinese history and politics is a serious problem for Canada. This leads to highly degraded effectiveness in Canada's realization of its national interests in China.

The first three Canadian Ambassadors to China, Ralph Collins, John Small and Arthur Menzies, were Canadians born in China with native fluency in the Chinese language and a high level of cultural knowledge. They were therefore highly effective in representing Canada in China during the 1970s. Unfortunately due to the high xenophobic

Maoism of that period promulgated by the Chinese Communist Party's of "Proletarian Cultural Revolution," Canada's relations with China were highly constrained. With the exception of John Paynter who was Ambassador for ten months before his untimely death in 1995, none of the subsequent ambassadors from Michel Gauvin in 1980 to Robert Wright had previously served in China before being given the top job. This is evidently a short-coming of our DFAIT personnel system as this is not the norm for Ambassadors of other nations to China. Most nations' ambassadors to China have served in China previous to becoming ambassador. The same largely applies to the other Canadian diplomats assigned to Beijing. While there are a number of exceptions, most have only one posting in China. It appears that career advancement and progress through the ranks is the primary criteria for most assignments to the Canadian Embassy in Beijing rather than deploying people who have the best ability to engage key players in the Chinese system at all levels and most effectively further Canadian interests in China.

Nevertheless even among Canadian diplomats who have been trained in Chinese language at the Canadian Foreign Service Institute in Ottawa for up to two years prior to posting to China, including those who have been posted to China previously, the level of Chinese language ability is generally too low to be of much value in their diplomatic work. Nearly all cannot read even the local daily newspaper or understand the Central Chinese TV nightly news. Most could not have any sort of sophisticated conversation with a native speaker. This limits their contacts in Beijing to other speakers of English and French so information reported back to Ottawa by these non-Chinese competent diplomats tends to cross fertilize between networks of other foreign diplomats and foreign journalists but with limited reference to the Chinese mainstream community. Canada's diplomats in China are not building relationships based on friendship with their Chinese counterparts of comparable age and rank as they should be. To be frank about it, for the most part, Canadian diplomats speak "pidgin Chinese."

There is a degree of fraud in claims of language facility. Because the current DFAIT system does not value specialization, there is little incentive for Canadian diplomats to put in the hard hours over years necessary to improve their Chinese to genuine fluency. Considering that Chinese is Canada's third most spoken language, that Chinese is taught at universities all over our country, that at any given time there are hundreds of Canadians studying in China and that so many Canadians have lived and worked in China, it is unacceptable that Canadian diplomats cannot speak and read Chinese well. The solution would be to rate the minimum Chinese language facility in comprehension, speaking, reading and writing necessary for each of the jobs held by Canadian diplomats in China and civil servants working in China-related jobs in Ottawa along the eleven point scale of ranks of attainment in "China's TOEFL," the Chinese Proficiency Test, *Hanyu Shuiping Kaoshi*, and only allow qualified candidates to be considered for these assignments. If a rank over nine on reading or on oral comprehension was required for our political officers in Beijing, it is likely that most of the present incumbents would be found unqualified. This Chinese Proficiency Test is offered twice a year at universities in British Columbia, Ontario and Quebec and is open to all.

Another reason for the lack of encouragement of China specialization in our foreign service is the very rigid organizational structure of embassies, which is based on a steep pyramidal hierarchy of protocol ranking, arguably a relic of archaic 19th century social norms. A diplomat's status in the embassy is very much determined by progress through the ranks from third, second and first Secretary to Counselor to Minister-Counselor to Minister to Ambassador. In the Canadian Foreign Service there is a yawning gulf in prestige, salary and benefits between those civil servants designated as in the "foreign service" class and those in the elite "executive" class. The result is that many China specialists leave the DFAIT when their progress through the ranks stalls to seek better paid positions with more prospects for continuing advancement in China in the private sector. This undesirable situation could be resolved if the Government of Canada created meaningful incentives that specifically significantly reward China-specific expertise. But this creation would be perceived as a considerable challenge to the existing foreign service culture.

Due to the relatively low language attainment of most officers in the Political Section of the Canadian Embassy in Beijing, Canada Based Staff must rely on locally engaged Chinese staff to summarize newspapers and engage in "research projects." The locally engaged staff are not eligible for security clearance. These Chinese citizens

working in the Canadian Embassy in Beijing must be assumed to report to Chinese Government and Communist Party agencies on Embassy personnel and operations. Some are almost certainly in the direct employ of security agencies. These people are citizens of China and so their loyalties lie with the nation of the citizenship. They tend to lack strong motivation to further Canadian interests in China. Moreover, while they are called upon to function as interpreters and translators, they lack professional skills to undertake this kind of work. While Canada has a small number of superb interpreters of Chinese to and from English and a couple able to do French working usually on contract for the federal government's Public Works and Government Services Translation Bureau, no interpreters of the high level of competence that would qualify them for membership in the prestigious Geneva-based Association Internationale des Interprètes de Conférence are permanently attached to the Embassy.

As noted in the Introduction to this Report, because of the low level of language and cultural skills among our diplomats in China, their main Chinese contacts for engagement are English-speaking Chinese who work for the Chinese Foreign Ministry and the International Directorates of Chinese Ministries. China's Ministry of Foreign Affairs is not a powerful agency in China's political system. Senior Chinese officials in the State Council and Party tend to dismiss the Foreign Ministry as "interpreters." Similarly the International Offices attached to Chinese Government agencies' primary function is "foreigner management" and not determination of policy and programming of their unit. The Canadian interest would be much better served if Canada could go beyond the Foreign Ministry and International Directorates to engage the diverse foci of power in the Chinese system through a strategy comparable to how we engage a wide range of US political elements beyond the State Department in Washington. In particular, Canadian engagement with the agencies of the Chinese Communist Party who are the real "players" in the Chinese system is very much lacking. But for Canada's diplomacy in China to be more effective, Canada needs more diplomats with high-level Chinese language and cultural skills who possess long term commitment to the realization of Canadian interests in China.

Political officers in Beijing are in great demand to make demarches and representations on bilateral and multi-lateral matters to the Government of China and to coordinate visits to China by Government and Parliamentary delegations. There is also a reporting function to the job. But many of these classified political assessments are often on topics self selected by junior political officers that reduplicate reports by their colleagues in other embassies to China and tend to be of low quality, particularly when compared to assessments in The Economist Intelligence Unit, Oxford Analytica and political journals such as Foreign Affairs. The cost of producing these reports is high considering the salary and many other costs associated with keeping a Canadian diplomat serving abroad. The circulation of these reports is necessarily limited and they tend to have little sustaining value. The Government of New Zealand requires that political officers estimate the cost of production of political reports according to criteria set down by the New Zealand Foreign Ministry and note this at the top of the page.

Reporting on China by DFAIT and the Intelligence Assessment Staff of the Privy Council Office as well as the Communications Security Establishment of Canada and the Canadian Security and Intelligence Service should be focused on matters more directly related to Canada's interests in China and subject to periodic review to ensure that these reports are fulfilling the strategic mandate of these agencies.

TAIWAN, TIBET, UYGHUR, MONGOLIAN ISSUES AND FALUNGONG ISSUES

In October 1970 Canada released a statement that formed the basis for establishment of diplomatic relations between Canada and the People's Republic of China (PRC). This statement indicates that Canada recognizes the Government of the People's Republic of China as the "sole legal government of China" and "takes note" of China's position that Taiwan is an "inalienable part of the territory" of the PRC. The PRC authorities strongly oppose the idea of nations having a policy of "two Chinas" or "one China, one Taiwan." Canada properly does not have a foreign policy of "two Chinas" or "one China, one Taiwan." Whether people living in Taiwan and the

Pescadores should or should not be subject to the rule of the Government in Beijing is not a matter that is rightly the direct concern of Canada. Presently they are not subject to rule from Beijing, nor have they been for over 60 years (and arguably quite a lot longer) and so Canada's foreign policy addresses the situation vis-à-vis the PRC and Taiwan as it exists. Taiwan is a member of the WTO under the name "Chinese Taipei." It is in the interest of Canada that "Chinese Taipei" participate fully in multilateral organizations in areas where both share a common concern, in particular the World Health Organization. The principle that Canadian interest should be foremost in our foreign policy should predominate over political pressure from the Government of China.

A similar principle should apply to claims over the sovereignty of Tibet and Xinjiang. Exile groups outside China claim that China has seized territory that should be under the sovereign control of Tibetans and that China has seized territory that should rightly be part of a larger state called "East Turkestan." Some Mongolians aspire to re-unite China's Inner Mongolia with Mongolia (formerly known as "Outer Mongolia") to its north. As to the legitimacy of these claims, they are not a matter that is rightly the direct concern of Canada. But the Government of Canada should solicit Tibetan, Uyghur and Mongolian exile communities' views on the design and implications of Canadian Government supported programming in their native lands. This does not imply that the Government of Canada endorses their claims to rightful sovereignty nor that the Canadian Government intends to challenge the legitimacy of Chinese rule in these areas. The Dalai Lama's "Central Tibetan Administration" in Dharamshala, India has issued guidelines for Tibet's development focused on environmental protection and not encouraging mass migration of Han Chinese into areas where ethnic Tibetans predominate in the population.⁴² These guidelines are reasonable, well thought-out and worthy of Canada's close consideration in any collaboration with the Chinese authorities involving Tibetan areas.

It would be improper for the Government of China to have a "One Canada" policy as this would constitute interference with Canada's domestic politics with regard to the sovereignty of Quebec and other separatist political forces in other parts of Canada. China does not have a "One Canada" foreign policy and reciprocally has no basis to expect that Canada will actively implement a "One China" foreign policy. Moreover, under the terms of UN Covenants that bind both Canada and China, Tibetans Uyghurs and Mongolians have human rights to their identity, language and culture. It is in the interest of Canada to engage China on this. Some believe that it is not in the rational self-interest of Tibetans, Uyghurs and Mongolians to publicly demonstrate and express their dissatisfaction with the political status quo in China, and that political demonstration will only result in more hardship for their people. This is again a matter that it not rightly the concern of the Government of Canada. People in Canada enjoy the protections of the Charter of Rights and Freedoms to express their political opinions and to organize themselves and make political demonstrations. To date there is no evidence that any Canadians of Chinese origin in Canada are members of terrorist groups as the Chinese Government alleges with regard to some Uyghur Canadians.

The Chinese Government has designated the Falungong as an "illegal evil cult." But this concept of "illegal evil cult" does not exist in Canadian law, so Canada is unable to respond to Chinese Government concerns over the activities of the Falungong in Canada, except if individual adherents of the Falungong violate Canadian law in some way. However, to date people identifying with the Falungong appear to be scrupulously law-abiding.

Canada should strengthen the China-specific expertise of CSIS counter-espionage officers and be more proactive in responding to Canadians of PRC origin including ethnic Tibetans, Uyghurs and Mongolians who complain of harassment and intimidation by Chinese security agents and Chinese diplomats in Canada.

⁴² "Environment and Development in Tibet: A Crucial Issue." 2nd ed. Central Tibetan Administration. Department of Information and International Relations. Environment and Development Desk. (2008). Accessed 16 January 2009, <http://www.tew.org/publications/crucialIssue2008.pdf>.

PUBLIC DIPLOMACY

Canada's public diplomacy in China is particularly challenging. The Canadian "brand" does not have as much presence in China as that of other nations. The United States and European nations such as Italy and Germany have a brand in China partially defined by a distinctive and much admired world historical legacy of great musicians and internationally-renowned writers. The cultural power that works by Italy's Verdi, Germany's Beethoven, Britain's Jane Austen and contemporary Hollywood actors and actresses and American pop singers enjoy in China is not matched by Canadian cultural creations. Canada lacks such an international cultural character that makes Canada stand out among the many nations pursuing high levels of engagement in trade and diplomacy in China. The welcoming message of the current Ambassador of Canada to China on the Canadian Embassy website notes that "most Chinese know the remarkable story of Canadian Dr. Norman Bethune."⁴³ But identifying Norman Bethune with the Canadian brand in China no longer has much resonance in China or Canada today. Bethune was a Canadian Communist who died in China 70 years ago and was subsequently the subject of a 600 word long obituary by Mao Zedong wherein Bethune was held up as an exemplar of "true communist spirit." Unfortunately Chinese people are inclined to know little else about Canada beyond Bethune and in more recent years the "other Canadian" in China, actor and comedian Mark Rowswell, a member of the Order of Canada who is by far the most famous foreign national active in China. Mark Rowswell can be recognized under the name "Dashan" by the vast majority of Chinese people. But one could not fairly characterize Rowswell's artistic output as a Canadian cultural product as he is not active as an artist in Canada. Canada is also known in China as where the alleged Chinese smuggler, Lai Changxing, and a number of corrupt Chinese Communist officials, have sought refuge.

The Cultural Affairs part of the Political and Economic Relations and Public Affairs Section of the Canadian Embassy in Beijing is responsible for assistance to Canadian Studies centres at universities in China and the national "Association for Canadian Studies in China," for promotion of Canadian cultural products including sale of Canadian TV series and films to the Chinese market; sports and other cultural exchanges such as performances in China by Canadian musicians and other performers; art exhibits, museum exhibitions of Canadian artifacts and media relations. Nevertheless, Canadian Studies is of little overall influence in China. Chinese "Canadianists" tend to be weaker academic "second stringers." Their stronger colleagues are more inclined to go to the US on Fulbright Fellowships or to apply to become Nieman Fellows at Harvard or comparable programs at "more important" nations. Canada has little in the way of marketable films and TV series that could serve to improve Chinese people's knowledge and impression of our nation. Canadian performers who make successful tours of China mostly do this on a commercial basis without reference to the Embassy Cultural Section.

The mandate for Cultural Promotion should be removed from the Embassy and the funds for this reallocated to an independent Canadian institute that could be funded by private sector donations along the lines of the German "Goethe Institute," Spanish "Instituto Cervantes," British Council and Japan Foundations. This Canadian cultural institute would function on a closer people-to-people basis and would likely be more effective than the DFAIT cultural programming run by diplomats at the Embassy in Beijing: many of these diplomats have little background in arts and culture which inhibits their effectiveness in this role. China has already established five "Confucius Institutes" in Canada, but Canada has no reciprocal initiative in China.

Most of the media coverage of Canada in China tends to be negative and of a sensational nature such as extensive coverage of the alleged Chinese smuggler currently resident in Canada, Lai Changxing, or the murder of a Chinese student, Wei Amanda Zhao, who was brutally killed while in Canada as a student.

But that being said, Canada has a generally positive image in China that stems not only from Bethune but from friendly relations with the PRC in general over the years, especially in the early years of contact between Canada

⁴³ Robert Wright. "Ambassador's Page." Canadian Embassy to China. (2008). Accessed 28 July 2008, http://geo.international.gc.ca/asia/china/political_economic/ambassador-en.asp.

and the People's Republic of China including Canada's sales of wheat during China's famine in the early-1960s and Canada's relatively early recognition of the PRC in 1970. The Canadian "Dashan" enjoys a reputation for respect for China and its people and for moral and ethical integrity which has helped to reinforce that image in turn. This friendly, non-threatening image is so deeply ingrained that it is not much affected by the short-term ups and down of the political relationship.

However, our bilateral relationship is simply not a focus of public and media attention in China. Of course, Chinese are very sensitive to developments in the US and Japan, and other powers such as France. Canada, in comparison, benefits to some extent as the only G-8 nation that has never invaded or occupied China. Canada benefits from a generally positive image in China, but in Chinese people's general perspective, Canada is not important enough to warrant much attention, except as a desirable destination for emigration by those who aspire to leave China in search of a freer and better life far away.

How to significantly improve the Canadian "brand" in China and raise Canada's profile in China in positive ways that could have downstream benefits to Canada's "soft power" in China is regrettably not amenable to ready solution.

CONCLUSION

In the course of preparation of this report, interviews were conducted with Chinese Communist officials, other Chinese people and with Canadian Government officials and political leaders at the federal and provincial levels, business people and Canadians associated with China and human rights focused NGOs. Canada-China relations are a topic of discussion that elicits a great deal of passion and significant diversity of perspective. In general, though, some overall themes have emerged:

1. Chinese respondents stress the importance of not causing officials of the Chinese Government and Communist Party to "lose face." Some speculate that maladroit diplomacy on the part of Canada over the Huseyin Celil or Lai Changxing cases may have inadvertently and unnecessarily led to "loss of face" on the Chinese side. Other ideas raised include urging Canada to focus on "matters relating to Canada's national interest" in relations with China and therefore keeping silent on "domestic problems" such as human rights, Taiwan, Tibet, Xinjiang etc. Canada is also urged to respond more seriously and concretely to PRC concerns over Chinese people who have sought sanctuary in Canada after being alleged to have committed serious crimes in China, in particular officials of the régime who have absconded with embezzled or corruptly obtained monies.
2. A number of Canadians repeated Jean Chrétien's statement at the December 2006 Liberal Party convention in characterizing the current Canadian Government's China policy as "immature" and oppose "putting conditions of our relations with China."⁴⁴ But the definition of "immature" in this context has not been clearly set out.
3. Pitman Potter, Director of the Institute of Asian Research at the University of British Columbia, sharply contrasted to the above themes in comments made to the Commons Foreign Relations Committee in May 2008. He noted that "We should avoid unconditional engagement and unconditional dialogue because this often works to confer legitimacy without requiring action. Attention to legitimacy as a motivator can support constructive, normative engagement and institutional capacity building."⁴⁵

⁴⁴ Lee Berthiaume. "Chrétien Defends Liberals' China Policy: with China's envoy at last weekend's Liberal convention, Jean Chrétien recapped what he did for bilateral relations, though one expert says Liberal-China love is a betrayal," *Embassy: Canada's Foreign Policy Newsweekly*. (6 December 2006). Accessed 21 July 2008, http://www.embassymag.ca/html/index.php?display=story&full_path=/2006/december/6/china.

⁴⁵ Parliament of Canada. House of Commons Standing Committee on Foreign Affairs and International Development. "May 27 Minutes: Evidence on Study of Canada-China Bilateral Human Rights Dialogue." (2008). Accessed 21 July 2008, <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=242499&Lang=1&PARLSES=392&JNT=0&COM=13185>

Canada gains more respect in China by being open and honest in its interaction with the Chinese Government. In China the paradigm articulated by the régime for "friendship" with outsiders arguably contains elements of emotional blackmail: to be "a friend of China" a Government should hold its tongue and be polite. When the "friend of China" Government finds it disagrees with certain things, it should say nothing publicly, and in return have the possibility of a small cautionary word in private, which is readily ignored by the Chinese "friend." Silence by Canadian leaders in response to reports of human rights abuses can be misinterpreted as tacit complicity in those egregious Chinese Government policies and practices that Canadians find deeply repugnant. Respectful honesty is always the best policy, even in international diplomacy. But that being said, not causing Chinese people to "lose face" is critical if dialogue is to continue. Respect and dignity are very important in Canada-China relations. But this is a matter of approach and cultural sensitivity, not of substance. Canada should listen carefully to what officials of the Chinese Government and ruling Communist Party and ordinary Chinese citizens tell us because Chinese people's understanding of China's circumstances deserve to be taken very closely into consideration.

The Government and people of Canada should not rush to judgment on Chinese Government policy even in sensitive political aspects. But that is not to say that the Government of Canada should suspend judgment and not seek to exert Canadian influence even if it is simply moral suasion to right wrongs and promote institutions that will support justice for Chinese citizens. As the Prime Minister of Australia stated in a speech to students at Beijing University in April 2008: "A strong relationship and a true friendship are built on the ability to engage in a direct, frank and ongoing dialogue about our fundamental interests and future vision."⁴⁶

Moreover, politics is not the centrepiece of Canada-China relations. As one respondent noted: "for us *laobaixing* [ordinary people] who are engaged in business or cultural and academic exchange or simply have family connections in China, the political relationship between the two governments isn't necessarily all that relevant."

China is very important to Canada. In "Canada's International Policy Statement" released in 2005 by the Martin Government, but never implemented, Brazil, China and India were categorized together as "emerging economies."⁴⁷ But China in fact stands rather apart from those two. India's Gross Domestic Product is not even half of China's. The value of annual growth of China's foreign trade actually exceeds the total value of India's foreign trade.⁴⁸ It is critical that Canada has an engagement strategy for China that recognizes the very great importance for Canada of China's unique political economy.

China's sense of "global citizenship" in terms of China's willingness to follow the existing norms of international relations has significant future implications for Canada in the global order. There are concerns about a much more economically powerful China's reinterpretation of its obligations to the United Nations' human rights covenants that it has signed and its less than satisfactory role in the UN Human Rights Council. There are concerns that China is already starting to push the boundaries of the accepted consensus of the range of interpretation of the rules of the WTO in a number of areas including expectations of transparency and openness. China has also been reluctant to assume its share of responsibility to take action to address global environmental issues.

As China becomes a more powerful nation in the world, it could impose its own interpretations of the terms of the important treaties and conventions that govern international relations in ways that would disproportionately serve Chinese economic and political interests. Canada's prosperity, security and ability to stand for democracy

⁴⁶ Kevin Rudd. "A conversation with China's Youth on the Future." Peking University. (9 April 2008). Accessed 19 July 2008, http://www.pm.gov.au/media/speech/2008/speech_0176.cfm.

⁴⁷ Government of Canada. Canadian International Development Agency. "China: Governance." (2005). Accessed 25 July 2008, <http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/JUD-31111939-M6C>.

⁴⁸ United States Central Intelligence Agency. "World Factbook: China." (2008). Accessed 12 October 2008, <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>; United States Central Intelligence Agency. "World Factbook: India." (2008). Accessed 12 October 2008, <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>.

and human rights as a universal good, both domestically here in Canada and internationally, could also be degraded by the rise of a China that does not internalize the values of global citizenship.

Canada's interest is therefore served by devoting more attention and resources to our relationship with China as a country that is important to Canada now and will almost certainly become much more important to Canada in years ahead. A powerful non-democratic strongly nationalistic China that attempts to impose non-democratic norms on the international order of an increasingly globalized world into which Canada is more and more integrated would be very damaging to global peace and stability. But a wealthy and powerful democratic China would be of benefit to global prosperity, the environment we all share, and the cause of furthering international human rights. It is important that Canada continue to engage China bilaterally and multilaterally on its international obligations to fulfill the terms of the UN Covenants and treaties China has pledged to uphold and to ensure that China fulfills the terms of China's entry into the WTO.

A future democratic China based on the rule of just laws is strongly in the interests of both China and Canada.

ACRONYMS LIST

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| CIDA | Canadian International Development Agency |
| CSIS | Canadian Security Intelligence Service |
| CSP | Civil Society Program |
| DFAIT | Department of Foreign Affairs and International Trade |
| DND | Department of National Defence |
| GDP | Gross Domestic Product |
| MFA | Ministry of Foreign Affairs |
| NGO | Non-governmental organization |
| PRC | People's Republic of China |
| UN | United Nations |
| WTO | World Trade Organization |

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