



**“Re-Engaging Asia: Global Pathways to Regional Diplomacy”**

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Why should one of the premier annual Asian conferences on regional affairs devote a plenary session to middle powers and regional governance? Is this not the period where the ascendancy of local actors managing their own destinies confronts the energies and interests of the United States and China? America is seeking new ways to leverage multilateral support for unilateral actions while, looming large, is China exerting its extensive lateral pressures in ways that are meant to create sufficient presence and capacity that its place in Asia and eventually in global affairs is assured?<sup>1</sup> What, therefore, is the purpose or the question underlying the invitation from the conference organizers to explore the issue of middle powers in this context?

We presume that there is a curiosity – perhaps even a subtle hope – that in some ways so-called middle power countries can contribute to constraining the excesses that come with the turbulence of status inconsistency when major powers are in transition and system rules are in flux.<sup>2</sup> There also most likely is a recognition that a world of more than 195 countries, with a dramatic increase in the number of international, regional, and sub-regional organizations, with the interposition of non-state actors in transnational affairs, and with digital and internet connectivity that breaks through and breaks down conventional and traditional forms of identity is a world, that is increasingly open to exogenous forces. Further, it may not be a world where one or two countries have such residual power that they can guarantee order and prosperity across all sectors in all places at all times. Having gone from five to seven to ten members, “One Southeast Asia” and its premier regional institution, ASEAN, represents simultaneously an inclusive but penetrated space. The “ASEAN + 3” configuration is emblematic of an effort to find a means to address the regional convergence by the three East Asian powers. To manage the benefits while reducing the costs, and to retain control and advantage must be the overriding concern of each of ASEAN’s ten national governments while simultaneously engaging others to ensure that they are fully part of the changing world of internationalization of politics and the globalization of economics. Further, all this must be accomplished while retaining a vigilant approach to the northern three East Asian powers as well as so many others from beyond who have interests and ambitions within Asia.

The increasing diversity and absolute numbers of actors involved in transnational affairs, the permeability of state boundaries to all sorts of transactions where there is only modest regulatory capacity, the mobility of knowledge, wealth, material goods, and people, along with the globalization of the production cycle and the marketplace makes cooperative and collaborative forms of governance more not less vital to security and well-being. In the 21<sup>st</sup> century, the mid-20<sup>th</sup> century idea of a middle power no longer is sufficient or perhaps even appropriate. At that time, middle powers were countries of modest means that, due to location and legacy along with the availability of collective security organizations such as the UN, could serve as diplomatic and occasionally functional bridge-builders in a polarized world dominated by a global security architecture that presented zero-sum situations institutionalized by aggregated collectives of states that pursued similar ideological, political and economic goals and means. In just a few decades, much has changed. While the term remains, its meaning has changed.

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<sup>1</sup> Nazli Choucri, and Robert C. North, *Nations in Conflict: National Growth and International Violence* (San Francisco: W. H. Freeman and Company, 1975).

<sup>2</sup> See the classic work by Michael D. Wallace, *War and Rank Among Nations* (Latham: Lexington Books, 1973).

Our proposition, to be explored through the lens of the Canadian case, is that when there is a confluence of state capabilities and interests with a looser, more diverse and diffuse international system, and where some countries have distinctive soft and hard power capabilities, there might be opportunities for such states not only to pursue their interests but, in so doing, contribute to the governance, order and well-being of specific regions of the world, whether their own or others. Moreover, in pursuing such efforts, these ‘principal powers’ open opportunities for regionally significant countries to find their own opportunities on the global stage and, by so doing, enhance the strength and stability of their respective regions. In order for this to happen, those regionally significant countries must present the basic characteristics of openness, flexibility, confidence, and reliability, and an interest in pursuing issue-specific partnerships and even coalitions within their regions. Sustainable commitments and positive receptivity to initiatives are basic requirements of principal powers, along with the obvious condition that transaction costs must be seen as favourable by a majority of those involved. The question, then, is whether the situation in East Asia in the early part of the 21<sup>st</sup> century lends itself to this sort of innovative approach to both regional and global governance? Has sufficient change occurred within East Asia and globally to pursue this premise? Secondarily, if so – or at least approaching the possibility – are countries such as Canada useful interlocutors? And finally, we would argue that in order for principal powers and regionally significant countries to work together for the common goal of creating regional order and governance, in the 21<sup>st</sup> century it is increasingly likely that there must be an explicit effort to ensure that any region and any regionally significant country must have a voice in global governance regimes.

There is little doubt that East Asia, much like the global order itself, is in a period of considerable change. The locus of economic dynamism has shifted towards the so-called developing world, with annual growth rates in the emerging economies far exceeding those in most of the OECD; global military power remains concentrated in the hands of great powers but within specific regions new militarily capable actors are ascendant; and a wider array of actors and institutions now see it their place to help shape the global agenda in the wake of an unprecedented global economic crisis. These patterns of change are occurring in most regions of the world but they are understood as globalizing phenomena. They may be most distinctively recognized in East Asia where the underlying economic and social forces are so pronounced in both absolute and relative terms, and in which much of the leading economies elsewhere are heavily invested. In spite of structural challenges, Japan continues to have a significant regional and global economic presence; South Korea is a dynamic force in the world economy; India is a prominent actor that connects a number of regions, has growing impact in East Asia, and will develop and eventually pursue a worldwide presence. However, it is China that now seeks to remake aspects of regional and global order, while the region’s established military power, the United States, and the region’s traditional economic power, Japan, struggle to retain influence.<sup>2</sup>

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<sup>2</sup> Vlado Vivoda, “China Challenges Global Capitalism,” *The Australian Journal of International Affairs* 63, no. 1, (2009), pp. 22-40; Gregory Chin and Ramesh Thakur, “Will China Change the Rules of Global Order?” *The Washington Quarterly* 33, no. 4 (2010), pp. 119-138; Robert J. Art, “The United States and the Rise of China: Implications for the Long Haul,” *Political Science Quarterly* 125, no. 3 (2010), p. 379; James Manicom, “Beyond Boundary Disputes: Understanding the Nature of China’s Challenge to Maritime East Asia,” *Harvard Asia Quarterly*, vol. 12, no. 3&4, (Winter 2010/11), pp. 46-53.

Against this backdrop, East Asian states seek to capitalize on the prospects and manage the pitfalls of this contest.

East Asian states have proven quite adept at managing such challenges in the past. The end of the Cold War led to speculation that East Asia could disintegrate into a series of interstate conflicts given historical animosities and the paucity of regional security institutions.<sup>3</sup> There was sufficient apprehension about regional security architecture that countries then seen within the traditional middle power rubric such as Canada, Australia and Japan found diplomatic space and opportunity to contribute to regional security efforts. Regional architecture has proliferated in the economic and security spheres which have enmeshed the region in a series of overlapping institutions, regimes and norms.<sup>4</sup> Concurrently, East Asian states are more confident and experienced in multilateralism. East Asian states have sufficient domestic capacity that they are less reliant on external funding to initiate and to coordinate regional security efforts. Also, there are now more state actors and international organizations that espouse interests in the future well-being of and connections with the countries and peoples of East Asia. The ability of non-Asian or extra regional states to affect East Asian regionalism is now quite limited. Asian regionalism is truly being driven by Asians.

In this context, non-Asian states may find it difficult to engage the region. Strategically, East Asia's strategic sphere is now dominated by one unifying concern: China. American regional dominance or fears of Japanese remilitarization are no longer seen as proximate never mind existential threats.<sup>5</sup> China is simultaneously the region's most promising opportunity and its greatest concern, and in either terms uncertainty defines. China more than any other Asian country, has interests and capacities that reach well beyond East Asia. East Asian states have managed well the contemporary presentation of a powerful China through a blended strategy of engagement and balancing called hedging.<sup>6</sup> An extra-regional state that wants to engage East Asia may balk at the sheer degree of strategic contest ongoing in the region.

Furthermore, the region's political and economic architectures are uniquely Asian. Ratification of the Treaty of Amity and Cooperation (TAC) is a prerequisite to a deeper engagement with Asian states. The TAC brings with it clear proscriptions against commenting on the style of

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<sup>3</sup> Richard K. Betts, "Wealth, Power, and Instability: East Asia and the United States after the Cold War," *International Security* 18, no. 3 (1993/94), pp. 34-77; Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security* 18, no. 3 (1993/94), pp. 5-33; Kent E. Calder, "The New Face of Northeast Asia," *Foreign Affairs* 80, no. 1 (2001), pp. 106-122; David Dewitt, David Haglund, John Kirton, eds., *Building a New Global Order* (New York: Oxford University Press, 1993).

<sup>4</sup> Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia," *International Security* 32, no. 3 (2007/2008), pp. 113-157.

<sup>5</sup> T.J. Pempel, "How Bush Bungled Asia: Militarism, Economic Indifference and Unilateralism have Weakened the United States across Asia," *The Pacific Review* 21, no. 5, (2008), pp. 547-581; Michael J. Green, "The United States and Asia after Bush," *The Pacific Review* 21, no. 5, (2008), pp. 583-594.

<sup>6</sup> Thomas J. Christensen, "Fostering Stability or Creating a Monster? The Rise of China and US Policy toward East Asia," *International Security* 31, no. 1 (2006), pp. 81-126; Kuik Cheng-Chwee, "The Essence of Hedging: Malaysia and Singapore's Response to a Rising China," *Contemporary Southeast Asia* 30, no. 2 (2008), pp. 159-185; David C. Kang, *China Rising: Peace, Power and Order in East Asia* (New York: Columbia University Press, 2007); James Manicom and Andrew O'Neil, "China's Rise and Middle Power Democracies: Canada and Australia Compared," *International Relations of the Asia-Pacific* 12, no. 2 (2012), pp. 1-30; Anne-Marie Murphy, "Beyond Balancing and Bandwagoning: Thailand's Response to China's Rise," *Asian Security*, 6, no. 1 (2010), pp. 1-27.

governance or behaviour of regional states.<sup>7</sup> This stands in contrast to emerging global norms such as the responsibility to protect which challenges the traditional notion of the inviolability of the sovereign. Moreover, economic regionalism in East Asia could be perceived as inward focused. The Asia Pacific Economic Cooperation (APEC) model towards trade liberalization remains far too ambitious for most East Asian states, which have decided instead to pursue ASEAN-centred trade pacts with different combinations of Northeast Asian states. This necessarily omits some states that may view themselves as actors with interests in and relevance to East Asia such as Australia, New Zealand, Canada, Russia and India. In numerous ways, as has been well known at least for the past three decades, engaging East Asia has significant challenges as well as opportunities for any country interested in doing so. But unlike the 19<sup>th</sup> and 20<sup>th</sup> centuries of imperial and colonial politics, the terms of reference and the locus of control now are considerably different.

This paper explores the case of Canada, a state that has recently made clear that it intends to better engage East Asia, but which has yet to determine its preferred pathways for doing so. Although Ottawa's primary interests in the region are economic, Canada retains a stake in a stable East Asian security environment. Two of Canada's top five export markets are located in the region and Canadian business is looking to the region for new economic opportunities.<sup>8</sup> East Asia might never have needed Canada, but there was a brief period where there were mutual benefits accruing to a stronger East Asia-Canada relationship built on Canada's particular "location" straddling history, geography, demography, economy and diplomatic capacity linked with its East Asian and South Asian connections, and its special relationships with the United States and the trans-Atlantic community. While these factors remain, the global and regional contexts have changed. East Asia—both south and north—has integrated and implemented aspects of cooperative security in a way that has managed although not eliminated inter-state tensions while also addressing numerous non-traditional security concerns.<sup>9</sup> Canada may again be well placed to contribute to East Asia in a way that supports regional and Canadian interests. As in the past, this opportunity presents itself because of what is occurring globally, regionally and locally, including a new awareness of the intersection of Canadian domestic factors -- economic and demographic (the multiple Asian diasporas that carry increasing political currency within Canada) -- with these exogenous dynamics.

Despite accusations of its declining global importance, Canada exhibits the characteristics of what some might refer to as "middlepowermanship" but categorize as a principal power.<sup>10</sup> It is a

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<sup>7</sup> Although this remains the dominant norm, and not all that unfamiliar to European and North American states that for three centuries conducted interstate relations on the Westphalian model of non-interference, even in Asia there are indicators that between back-channels and various forms of diplomatic efforts, governments recognize that transactional costs are now greater for behaviour that is deemed problematic.

<sup>8</sup> Asia Pacific Foundation of Canada, Points of View Asia-Pacific. Issues Survey #1 Outlook for Asia 2011. February 2011.

<sup>9</sup> On cooperative security see David Dewitt, "Common, Comprehensive and Cooperative Security," *The Pacific Review*, 7, no. 1 (1994), pp. 1-15. Note that cooperative security was never designed to eliminate conflicts, but rather to assist in mitigating and managing to the point of more effective resolution.

<sup>10</sup> David Dewitt and John Kirton, *Canada as a Principal Power* (Toronto: John Wiley & Sons, 1983); Ryerson Christie and David Dewitt, "Middle Powers and Regional Security," paper presented at "IBSA, Argentina and Regional Security," Buenos Aires, Argentina, 31 May 2006; Paul Heinbecker, Meliha Altunisik, Fen Hampson, eds.,

member of the most important global institutions both universal and selective, and most recently has contributed considerably to the international response to the global financial crisis. Canada's technical competencies in the financial regulatory sector have become a major and highly regarded diplomatic asset. If indeed Asia no longer needs Canada to contribute to regional security, it may find Canada's perspectives on international diplomacy, its networks of and access to expertise, and its continued presence on the world's stage through membership in a host of key multilateral organizations and associations of some considerable value. In short, Canada can leverage its credentials to support East Asian diplomatic, economic, and development goals, contribute to regional security broadly understood while enhancing Canadian regional interests, the latter helping reassure Asian partners that Canada has good reasons to sustain its commitments in and to Asia.

Whereas the previous Canadian experience in East Asia during the Cold War was often defined by its middle-power role as a bridge builder and agent of UN defined collective security concerns, and in the immediate post-Cold War period more as a principal power that helped set and direct agendas in pursuit of both singular and common interests during a period of some global as well as regional uncertainty and growing diversity and openness, Canada's latest foray into Asian regionalism should be as an opener of doors to the wider global institutional architecture. The argument proceeds as follows. We set out the changing global context and argue that it reflects one in which states of capacity – what we've identified as regionally significant countries -- can reach above their traditional role and act as principal powers. The second section briefly puts forth the criteria of a principal power and introduces the case of Canada. The third section offers background on Canada's middle power legacy in the region. The fourth section assesses alternative pathways into Asia for Canada and asserts Canada's preferred regional architecture. The fifth section illustrates how Canada might act as a principal power, notably in cooperation with regionally significant actors and based on Canada's place in global institutions, to engage East Asian states by leveraging its global role. The sixth section addresses possible counter arguments.

### *1. Assessing the Global Situation: Opening Windows for Principal Powers*

Due to the emergence of rapidly growing developing economies in South America and Asia, global power has increasing diverse locations and is becoming more diffuse.<sup>11</sup> Combined with the diffusion of select components of state sovereignty to international institutions, the world is becoming increasingly non-polar.<sup>12</sup> As a consequence of these processes and its own military adventurism coupled with arguably one of the worst economic crisis in a century, the United States is in a state of *relative* decline.<sup>13</sup> It is under these conditions that it might be possible for

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*Constructive Powers Initiative: Managing Regional and Global Security – a Conference Report* (Waterloo: Centre for International Governance Innovation, June 2011).

<sup>11</sup> Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East* (New York: Public Affairs, 2008).

<sup>12</sup> Richard N. Haas, "The Age of Nonpolarity: What Will Follow U.S. Dominance," *Foreign Affairs* 87, no. 3, (2008), pp. 44-56.

<sup>13</sup> As distinct from terminal decline. See Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Vintage Books 1989); Richard Rosencrance ed. *America as an Ordinary Country* (Ithaca: Cornell University Press, 1979); See more recently Paul K. MacDonald and Joseph M. Parent. "Grateful Decline? The Surprising Success of Great Power Retrenchment," *International Security* 35, no. 4 (2011), pp. 7-44.



both traditional middle powers who, due to the increasingly diffuse international system in the post Cold War and post 9/11 world, along with a second-generation middle power community of emerging economies, that a new type of 21<sup>st</sup> century middlepowermanship that occasionally was available to the few principal powers can flourish by pursuing interests unilaterally when possible and through coalitions of interested parties when necessary.<sup>14</sup>

Global economic power is shifting towards the developing world.<sup>15</sup> Sovereign wealth funds from China, Singapore and India bid for stakes in Western countries who themselves are on the brink of economic collapse. Although many developed democratic countries such as Canada, Australia and South Korea have weathered the global financial crisis well, they continue to be challenged by growing investment in resource and telecommunications sectors from the developing world. Simultaneously, although military power remains concentrated in the hands of the United States and its NATO allies, recent experiences suggest a sense of battle fatigue has set in. The US was reluctant to take the lead in the campaign to remove Moamar Gadhafi from Libya following withdrawal from combat missions in Iraq and Afghanistan. These conflicts laid bare the challenge presented by a local enemy employing asymmetric tactics and capabilities.<sup>16</sup> Such concerns also abound at the inter-state level. In East Asia and in the Middle East states have developed capabilities and tactics to deny access to conventional US forces.<sup>17</sup> Consequently, without the necessity of entering an arms race, some states have dramatically increased the costs to the United States of combat and have thus limited its freedom of action.

International institutions are shifting to reflect this diffusion of power. Developing states are being allocated more votes in the International Monetary Fund (IMF);<sup>18</sup> there is talk of UN Security Council reform to accommodate developing countries like India, Brazil and South Africa, as well as established powers like Japan. New institutions have emerged independently of the US led Western order. The BRIC states now meet in an annual summit—despite obvious conflicts of interest—and the Shanghai Cooperation Organization seems intent on keeping the United States out of Central Asia.<sup>19</sup>

Nowhere is the shift in global governance more apparent than in the creation of the G20, which is self-designated as “the premier forum for [their] international economic cooperation.”<sup>20</sup>

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<sup>14</sup> Dewitt and Kirton, pp. 40-45; Christie and Dewitt, section 8.

<sup>15</sup> Paola Subacchi, “New power centres and new power brokers: are they shaping a new economic order?” *International Affairs* 84(3) (May 2008): 485-498; Timothy M. Shaw, Andrew F. Cooper and Agata Antkiewicz, “Global and/or regional development at the start of the 21<sup>st</sup> century? China, India and (South) Africa,” *Third World Quarterly* 28(7) (2007): 1255-1270.

<sup>16</sup> The situation in and with Syria since the summer of 2011 and regarding Iran since at least 2005 reinforces this observation and suggests additional considerations about the shifting nature of diplomatic, military, and economic instruments of influence. These two examples also raise some interesting issues about multilateral institutions.

<sup>17</sup> Roger Cliff, Mark Burles, Michael S. Chase, Derek Eaton, and Kevin L. Pollpeter, *Entering the Dragon's Lair: Chinese Antiaccess Strategies and Their Implications for the United States* (Santa Monica, CA: RAND Corp., 2007).

<sup>18</sup> “IMF Board Approves Far-Reaching Governance Reforms,” *IMF Survey Magazine*, 5 November 2010, available <http://www.imf.org/external/pubs/ft/survey/so/2010/new110510b.htm>.

<sup>19</sup> The BRICS leaders held their first summit in 2009. Notably, at the latest BRICS meeting in March 2012, the leaders outlined a plan for a joint development bank.

<sup>20</sup> “G20 Leaders Statement: The Pittsburgh Summit,” September 24-25, 2009, available via <http://www.g20.utoronto.ca/2009/2009communique0925.html>.

Combined, the members produce more than 85 percent of global GDP and are home to two-thirds of the world's population.<sup>21</sup> Established at the heads of government and heads of state level to lead a globally coordinated response at the height of the financial turmoil in 2008, the leaders of nineteen of the world's most important countries along with the heads of the European Union first met in Washington to prevent another Great Depression.<sup>22</sup> Summits at the leaders' level have since been held in London, Pittsburgh, Toronto, Seoul and Cannes; Mexico will chair the 2012 summit this June. The G20 offers a global platform for member countries to address their interests which, in principle, be cognizant of larger regional and global forces and factors. As a result, unlike the G7, the membership reflects the importance of the emerging economies and, although more inclusive, remains selective and should not be assumed to be representative of the full diversity of global actors or interests. Nevertheless, the simple fact is that in an era of relative US decline, world order is now affected more than ever by the perspectives of rising powers.<sup>23</sup> This international context is one in which some middle powers can reach beyond their traditional roles to act as principal powers.<sup>24</sup>

## 2. *Principal powers: Capacities and Role*

The term principal power encompasses capability, behavioural, and directional components. Principal powers are those that sit at the top of the international hierarchy, just below the great and superpowers. They are countries that possess capabilities beyond the next tier of countries; they have "surplus capability" that allows them to more than simply meet the basic necessities of statehood and statecraft.<sup>25</sup> They can act autonomously when their interests are threatened and possess the resources and arrangements required to defend their homeland. They are the principal players on the international stage rather than the "supporting cast."<sup>26</sup>

Behaviourally, principal powers act as agents of their own destiny. They behave in a manner that reflects their own interests, determined endogenously. They do not mediate as a matter of necessity, but pursue their interests within the framework of international associations and institutions. They do not act as agents for other states. Principal powers act globally, but often bilaterally, in an interest based fashion. They maintain a presence in all global forums and when necessary exercise leadership to form new groupings that help protect their interests.<sup>27</sup>

Directionally, principal powers have a role in "establishing, specifying and enforcing international order."<sup>28</sup> Their status has been achieved in no small part due to international order and they seek to protect it not only because it is their interests to do so, but because of a sense of

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<sup>21</sup> G20 Membership: Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States. Spain is a permanent guest. The heads of the international organizations and regional groups like ASEAN are invited to attend the summits.

<sup>22</sup> The group originated as the Group of 20 Finance Ministers and Central Bank Governors in the aftermath of the Asian Financial Crisis in 1999.

<sup>23</sup> Fareed Zakaria, *The Post-American World* (New York: W.W. Norton & Company 2008).

<sup>24</sup> John J. Kirton, *Canadian Foreign Policy in a Changing World*. (Toronto: Thompson-Nelson, 2007), p. 105.

<sup>25</sup> Dewitt and Kirton, p. 38

<sup>26</sup> Kirton, *Canadian Foreign Policy in a Changing World*, p. 82.

<sup>27</sup> Dewitt and Kirton, p 42; Kirton, *Canadian Foreign Policy in a Changing World*, p. 82.

<sup>28</sup> Dewitt and Kirton, p 38



responsibility to do so.<sup>29</sup> When their vital interests are threatened by potential shifts in this order, stemming from great powers or coalitions of other powers, they will act to mould order in their image. Under such circumstances unilateral action is likely to be insufficient so principal powers will “forge alliances with those that have manipulated the system successfully, and those who are likely to be candidates for major-power status in the future.”<sup>30</sup>

In the current international context, the shifting fortunes of middle powers become clear.<sup>31</sup> The post Cold War world has been one shaped by a broadening definition of security, numerous failures of internationalism in the developing world and the diffusion of economic and military power away from the Western world. Furthermore, not all middle powers emerged from the Cold War with equal assets and with similar foreign policy traditions. While some countries have continued to serve as bridge builders with the modest and focussed capacity of the traditional middle power, such as Norway, others such as Canada and Australia have pursued more classically realist foreign policies usually attributed to powers seeking to shape the international agenda and trying to effect change through strategic allocation of a wider range of resources. They have combined bilateralism with strategic coalition building on issues of importance. In these cases this was due to exogenous systemic events beyond their control such as meeting collective security and/or alliance commitments after 9/11. Both states have emerged relatively unscathed and retain considerable international influence. Both are members of the G20, both are stable producers of natural resources; both have weathered the global financial crises relatively well. Simultaneously, as a product of the processes noted above, a wider array of countries with requisite minimum capabilities could be labelled as second generation middle powers, including Indonesia, South Korea, South Africa, India, Turkey and Brazil. However, few of these states have yet adopted the revised, activist foreign policy agenda or role of the new type of 21<sup>st</sup> century middle power that would allow them to be viewed by their policies and their actions as principal powers. In the absence of the adoption of this role, we refer to these states as regionally significant powers.

Such countries that act on both the regional and global stages are characterized as much by their conduct as by their assets, remembering that the possibilities for influence is at least partially determined by the particular structure of the international system at the time. Canada is the world’s 14<sup>th</sup> largest economy<sup>32</sup>, possesses a considerable amount of increasingly scarce hydrocarbon resources, an advanced, battle hardened military and one of the world’s most advanced education systems. Canada acts globally, not only through established international organizations such as the UN, the IMF, the G8 and the OECD, but also through the G20.<sup>33</sup>

<sup>29</sup> Kirton, *Canadian Foreign Policy in a Changing World*, p. 82.

<sup>30</sup> Dewitt and Kirton, p 44.

<sup>31</sup> Christie and Dewitt, p. 29.

<sup>32</sup> This is in PPP terms and reflects the consensus of the IMF; World Bank and CIA World Factbook. See these rankings collected for comparison at [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(PPP\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)).

<sup>33</sup> Canada has memberships in the following organizations: ADB (nonregional member), AfDB (nonregional member), APEC, Arctic Council, ARF, ASEAN (dialogue partner), Australia Group, BIS, Commonwealth of Nations, CDB (nonregional member), EAPC, EBRD, FAO, FATF, FSB, G20, G7, G8, G10, IADB, IAEA, IBRD (also known as the World Bank), ICAO, ICC, ICCt, ICRM, IDA, IEA, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC, MIGA, MINUSTAH, MONUSCO, NAFTA, NATO, NEA, NSG, OAS, OECD, OIF, OPCW, OSCE, Paris Club, PCA, PIF (partner), SECI (observer), UN, UNAMID,

Canada acts as a principal power by exercising leadership that reflects its interests which are determined endogenously, but taking into account exogenous pressures. They are not determined by other powers or international circumstances alone. For instance, Canada has played an active role in Afghanistan to combat terror and preserve its close defence ties with the United States, just as it took a special role in the action against Libya.<sup>34</sup> It has also taken positions that risk alienating the US or global public opinion such as its decision not to participate in the US led invasion of Iraq and its recent posture towards global climate change.<sup>35</sup> The remainder of the paper considers the case of Canada, a middle power, which due to the exogenous circumstances outlined above, has the opportunity to act as a principal power. Far from being an act of benevolence, the opportunity exists to fulfill Canadian interests while building capacity in East Asia.

### *3. Canada and East Asia: Middle-power Legacies and Problems of Re-engagement*

Canada has a long track record of diplomatic activism in East Asia consistent with the internationalist, bridge-building qualities of a middle power. It was a member of the Colombo Plan, an original ASEAN Dialogue partner, and a founding member of the ASEAN Regional Forum (ARF). In the latter capacity, in the early 1990s Canada was instrumental in training Chinese diplomats in the subtleties of diplomatic conduct. During this time Canada made a number of contributions to East Asian security at both the official and unofficial levels.<sup>36</sup> Working through the Canadian International Development Agency (CIDA), Canada funded the Indonesian hosted South China Sea dialogues beginning in the early 1990s.<sup>37</sup> These were an important confidence building measure at a time of escalating tension over maritime disputes and the only meeting where all claimants, including Taiwan, were present. Canada's role as an honest broker was evidenced by the fact that the Chinese were on record as preferring Canadian funding to US or Japanese funding for future South China Sea workshops.<sup>38</sup> Canadians also took the lead by initiating the North Pacific Cooperative Security Dialogue (NPCSD), a track-two precursor to the Six-Party Talks. Through CIDA, it also supported a tri-lateral research project on development and security in Southeast Asia, and was a long-term contributor to the ASEAN-ISIS Asia Pacific Round Table, and to the Council for Security Cooperation in the Asia Pacific (CSCAP). Currently, Canada contributes tangible assets to regional security exercises. Canada deployed a Disaster Assistance Response Team (DART) to Sri Lanka after the 2004 Asian tsunami and offered similar assistance to Burma after cyclone Nargis in 2008. Furthermore, Canadian naval vessels attend the annual Rim of the Pacific (RIMPAC) exercise among US Pacific allies, and Canada is a member of the North Pacific Coast Guard Forum and is an

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UNCTAD, UNDOF, UNESCO, UNFICYP, UNHCR, UNMIS, UNRWA, UNTSO, UNWTO, UPU, WCO, WFTU, WHO, WIPO, WMO, WTO, Zangger Committee.

<sup>34</sup> John Kirton, "Canada Shows its Strength," *Toronto Star* 31 October 2006.

<sup>35</sup> For other examples see Kirton, *Canadian Foreign Policy in a Changing World*.

<sup>36</sup> Stewart Henderson, "Zone of Uncertainty: Canada and the Security Architecture in Asia Pacific," *Canadian Foreign Policy* 1, no. 1, (1992/1993), pp. 103-120; Peter Jones, "Canada and Track Two Diplomacy," *Canadian Foreign Policy in a Changing World* no. 1, Canadian International Council 2008.

<sup>37</sup> Hasijm Djalal, and Ian Townsend-Gault, "Managing Potential Conflicts in the South China Sea: Informal Diplomacy for Conflict Prevention," in C.A. Crocker, F.O. Hampson, and P. Aall, eds, *Herding Cats: Multiparty Mediation in a Complex World* (Washington, DC: United States Institute of Peace Press, 1999), pp. 107-133.

<sup>38</sup> Scott Snyder, Brad Glosserman, and Ralph Cossa, "Confidence Building Measures in the South China Sea," *Issues & Insights* (2 August.-01), 2001.

observer at the Western Pacific Naval Symposium (WPNS); the latter two both include China. Despite all this, Canada has failed to keep up with the accelerating pace of regionalism in East Asia. Consequently, East Asian diplomats privately indicate that Canada is now on the sidelines in the region.<sup>39</sup>

Canada began to turn from the region in the late 1990s as budget cuts severely curtailed aid projects and engagement efforts like the ASEAN-Canada Centre.<sup>40</sup> Ministerial interests also resulted in a reconsideration of government priorities. Furthermore, the human security narrative of 1990s Canadian foreign policy focused on the individual as the security referent. Ministerial interests again intervened in reducing the currency of this global initiative, but this also coincided with some in East Asia for whom the human security concept was incompatible with the state or even regime centric notion of security embodied by the 'ASEAN way'.<sup>41</sup>

The Harper government has made re-engaging the region a priority. As noted by the Prime Minister at the APEC summit in November, "our government has been aggressively expanding commercial relations with the Asia-Pacific region to create jobs and economic benefits here at home."<sup>42</sup> This approach has been a blend of limited engagement across the security, political, and economic spheres. For instance, during his recent visit to Thailand, Harper pledged \$12 million to building Southeast Asian capacity to prevent human smuggling.<sup>43</sup> Politically, the Harper government has welcomed the shifts occurring within Burma and has been particularly critical of North Korea. Simultaneously, overt expressions of human rights violations in China have vanished. Following this about face on China where his government turned from a 'values' based foreign policy to an economic one, Canada has deepened cooperation with a number of states including South Korea, Japan, Indonesia and Thailand.<sup>44</sup> Canada signed the TAC, which could pave the way for deeper ties with ASEAN states and is a prerequisite for membership in the East Asian Summit (EAS), which is emerging as the region's premier institution.<sup>45</sup> Ultimately however, Canadian re-engagement efforts to East Asia, while informed by endogenously developed concerns about economic recovery, lack strategic vision and, more importantly, fail to leverage Canadian strengths that are more potent in a time of global power diffusion.

#### 4. *Alternative Pathways to East Asian Re-Engagement.*

<sup>39</sup> Campbell Clark, "In Southeast Asia, Baird Mends Some Long-Neglected Fences," *Globe and Mail*, 20 July 2011.

<sup>40</sup> Paul Evans, "Canada and Asia Pacific's Track Two Diplomacy," *International Journal* 64, no. 4 (2009), pp. 1027-1038.

<sup>41</sup> Richard Stubbs and Mark Williams, "The Poor Cousin: Canada-ASEAN Relation," *International Journal* 64, no. 4 (2009), pp. 927-938; Amitav Acharya, *The Quest for Identity: International Relations of Southeast Asia* (Singapore: Oxford University Press, 2000).

<sup>42</sup> "PM Highlights Strong Canadian Engagement in the Asia-Pacific Region," Press Release, 12 November 2011, <http://pm.gc.ca/eng/media.asp?id=4473>.

<sup>43</sup> Murray Brewster, "Harper Takes Aim at Human Smuggling with Cash and Equipment for Thai Police," *Globe and Mail*, 23 March 2012.

<sup>44</sup> Wenran Jiang, "Canada Resumes Summit Diplomacy with China," *China Brief*, 10, no. 1 (2010), pp. 8-10; Jeffrey Simpson, "Better Late than Never, the Harperites Get the Hang of China," *Globe and Mail*, 19 August 2009.

<sup>45</sup> Brian Job, "Revitalizing Canada-Southeast Asia Relations: The TAC Gives US a Ticket...but Do We have a Destination?" *Canada-Asia Agenda* no. 11, 25 August 2010.

Like its most important ally, the United States, Canada is also “pivoting to Asia” albeit for different reasons.<sup>46</sup> Although Canada’s posture towards the region has thus far focused on economic matters, there are a number of alternative pathways to re-engage East Asia including political and security engagement. As noted above, despite its activism towards Burma and North Korea, Canada has not engaged the tougher issue of human rights abuses within China, preferring instead to focus on economic opportunities.<sup>47</sup> Likewise, Canada remains a spectator in the traditional security arena of East Asia. As the region grapples with the rise of China and the growing disconnect between China, the region and the United States on the norms and rules of maritime conduct for instance, Canada has been suspiciously silent. This contrasts sharply with the Harper government’s activism in the economic realm. Nevertheless, Canada is currently excluded from ASEAN driven trade liberalization and marginalized in similar APEC efforts. Therefore, neither security nor economic pathways hold much promise for Canadian re-engagement with East Asia. Thus, an engagement strategy modelled on fostering linkages with regional states via global economic institutions like the G20 is in Canada’s interests.

It could be argued that a more traditional engagement strategy via regional security efforts—building on Canada’s efforts in the 1990s—is a tempting way forward.<sup>48</sup> Although this might be viewed as filling the competitive economic and diplomatic spaces, Canada likely would be appreciated by Canada’s friends in the region—especially Australia, Japan and South Korea—which are exploring deeper security cooperation amongst themselves and with the United States in an effort to address growing Chinese military power and assertive behaviour. There is little doubt that Canada’s traditional partners in the region have become more wary of China, particularly on the issue of navigational freedoms through regional waters.<sup>49</sup> Officials from some of these states have privately sought Canadian support for regional condemnations of China’s behaviour in recent years, which reflects the wider trend towards improved defence ties between US allies in East Asia. In 2007, Japan sought to extend its Trilateral Security Dialogue, with Australia and the United States, to include India. Australia eventually withdrew after only one round of talks due to concerns that the Quadrilateral Dialogue was unnecessarily provocative towards China. Nevertheless, “the Quad” remains relevant informally, at least in the Chinese view, as a mechanism to discuss Chinese foreign policy behaviour.<sup>50</sup>

Canada could participate in this regional balancing act against China in a number of ways. It could pursue closer bilateral defense cooperation with friendly states, illustrated by the recently

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<sup>46</sup> Hillary Clinton, “America’s Pacific Century,” *Foreign Policy* (November 2011); Brian L. Job, “Ottawa Pivots to Asia: Priorities, Prospects, and Problems,” Remarks for delivery to the 10<sup>th</sup> Canada-Japan Peace and Security Symposium, Tokyo, 20 April 2012.

<sup>47</sup> For the reasons elucidated above serious political engagement is not a likely or promising pathway for Canada to engage East Asia.

<sup>48</sup> RADM Tyrone Pile, Keynote address. *Japan-Canada-US Conference Series on Trilateral Cooperation*, 16 October 2009, Peter Wall Institute, University of British Columbia.

<sup>49</sup> Abraham M. Denmark and James Mulvenon eds. *Contested Commons: The Future of American Power in a Multipolar World* (Washington D.C.: Center for a New American Security, 2010); Michael Auslin, *Security in the Indo-Pacific Commons: Towards a Regional Strategy* (Washington D.C.: American Enterprise Institute, 2010); Dan Blumenthal with Randall Schriver, Mark Stokes, L.C. Russell Hsiao and Michael Mazza, *Asian Alliances in the 21st Century*, Washington D.C.: Project 2049 Institute, 2010).

<sup>50</sup> Rory Medcalf, “Squaring the Triangle: An Australian Perspective on Asian Security Minilateralism,” in *Assessing the Trilateral Strategic Dialogue*, NBR Special Report, December 2008, pp. 23-31.

concluded Acquisition and Cross Servicing Agreement (ACSA) agreement with Japan. It could conduct more frequent military exercises with regional states—particularly in the naval realm—perhaps by piggy backing on the annual RIMPAC exercise. Canada could also reinvigorate its efforts at defense diplomacy in the region by regularly attending the Shangri-la Dialogue and by becoming a more active ARF partner, both with a view to being invited to the ASEAN Defense Ministers Meeting Plus (ADMM+).<sup>51</sup> Although this latter effort does not need to be explicitly directed at China, there is little doubt that China is the dominant security concern in the region.<sup>52</sup>

Such an effort would require a dramatic increase in Canadian diplomatic and defense resources directed at Asia, at the likely expense of more traditional areas of interest like Europe and the Americas. Notwithstanding existing path dependencies with Canadian foreign and defence policy, this policy pathway is flawed on two counts. First, it risks exposing Canada to the vulgarities of regional power politics, from which Canada has always remained aloof. Ottawa is reluctant to weigh in on security questions to which it does not see itself a part of, particularly security questions surrounding the rise of China.<sup>53</sup> Quiet diplomatic pressure has been applied to Canada, by its friends in the region, to address the growing disconnect between China, its neighbours and the United States on maritime security and navigational freedom in East Asia. Although it could be argued that gaining Canadian and EU support for the American and Japanese position would further isolate China and strengthen the message that its behaviour at sea is inconsistent with international norms, building upon China's recent censure on this issue at the 2011 EAS meeting, this view overlooks longstanding trends in Chinese foreign policy.<sup>54</sup> Although China has become socialized into select international norms, it has not meaningfully adjusted its behaviour on norms that it perceives are consistent with vital national interests.<sup>55</sup> China remains wary of incurring material and normative costs from international obligations that restrict its freedom of action. Therefore, additional diplomatic support from Canada on South China Sea issues for instance may in fact do little to modify Chinese behaviour. Little may be gained from another power criticizing Chinese behaviour, unless it is to consolidate Canada's status among other concerned states. Chinese officials and scholars have decried the 'pivot'—the rebalancing of American security policy towards Asia—as a perpetuation of a "Cold War mentality", akin to containment.<sup>56</sup> Consequently such a statement from Canada might further reinforce the dominant nationalist narrative within China, in which Western states are perceived by China to seek to impose their will on China and violate its 'core interests'. Therefore,

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<sup>51</sup> The ADMM+ is a meeting of Defence Ministers of EAS member states.

<sup>52</sup> For further discussion see James Manicom, "China's Rise Canadian Debates about China: Wither the 'China Threat'?" paper presented at *Canada and Asia: Building a New Policy Agenda*, Ottawa, February 21-21, 2012.

<sup>53</sup> One could imagine this changing if the Chinese begin to more actively assert their interests in the Arctic, for example, or depending on how problematic Chinese efforts to purchase control of Canadian energy assets along with related transit capabilities is received by the Canadian government and people.

<sup>54</sup> Minxin Pei, "Is It China's Turn to Pivot?" *The Diplomat*, 28 November 2011, <http://the-diplomat.com/2011/11/28/is-it-china%E2%80%99s-turn-to-pivot/>.

<sup>55</sup> Ann Kent, *Beyond Compliance: China, International Organizations and Global Security* (Stanford: Stanford University Press, 2007); Alastair Iain Johnston, *Social States: China in International Institutions, 1980-2000* (Princeton: Princeton University Press, 2007); Alastair Iain Johnston, "Is China a Status Quo Power?" *International Security* 27, no. 4 (2003), pp. 5-56.

<sup>56</sup> Bonnie Glaser and Brittany Billingsley, "US-China Relations: US Pivot to Asia Leaves China off Balance," *Comparative Connections*, (January 2012).



renewed Canadian security diplomacy in the region could be complex and depending on preferred goals, it may have mixed outcomes.

Second, it could be argued that East Asia does not need Canadian contributions to successfully manage its security challenges. Since Canada turned away from East Asia in the latter part of the 1990s, the region has implemented with remarkable agility “habits of dialogue” coupled with ever-more clearly articulated and focussed efforts at inclusive regional multilateralism, both core elements of cooperative security.<sup>57</sup> When Canada was last a player in regional security issues, the region was confronted with a host of traditional security challenges, with few mechanisms by which to address them, and with legacy of Cold War politics still present and uncertain. It could be argued that little has changed on the demand side: threats to regional stability persist including rising military spending, overlapping boundary and sovereignty claims, non-traditional security challenges as well as ongoing poverty and environmental problems. Also, a number of scholars have dismissed regional security institutions as mere “talk shops”.<sup>58</sup> Yet, there has been progress on the supply side. Viewed through the lens of cooperative security, East Asia has done a great deal to build institutions capable of mitigating instability. Regional security meetings abound and have expanded to include regional states as well as interested parties from beyond East Asia like India, the US and Russia. Moreover ASEAN has recently expanded its mandate to address military issues via the ADMM process. This builds on a host of economic institutions which foster deeper economic integration. Track Two processes have been institutionalized through CSCAP, the ASEAN-ISIS Asia Pacific Round Table, and the Shangri-la dialogue.<sup>59</sup>

On balance, Canada now has little more to contribute to regional security beyond enhancing technical competencies and contributing to the legitimacy and credibility of regional institutions via norm building and governance arrangements that would ensure inter-regional cooperation of assets, whether intelligence or more of the “hard” type. East Asian states do not need Canada to consolidate and perpetuate the ongoing process of security regionalism that is occurring in East Asia. Furthermore, there may be little diplomatic recourse for Canada in an East Asian region that is becoming increasingly polarized, unless by its presence it contributes to the perceived security of one side of this polarization. Despite statements to the contrary, there is an active effort by the United States to reach out to new partners in the region that have been alienated by China’s behaviour and there are now overt calls for a ‘democracy league’ to align against China. Canada may not be comfortable with such language, although its current government is known to be supportive of informal “coalitions of the like-minded”. That noted, others in Canada are prepared to argue that its interests may in fact be best served by avoiding the entanglement of regional security concerns and confine its engagement strategy to the economic realm, holding in reserve its security assets for arenas that emerge from global, collective security or alliance commitments.

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<sup>57</sup> Dewitt, pp. 7-8.

<sup>58</sup> Ralf Emmers and See Send Tan, “The ASEAN Regional Forum and Preventative Diplomacy: Built to Fail?” *Asian Security* 7, no. 1, (2011), pp. 44-60; David Martin Jones and Michael L.R. Smith, “Constructing Communities: the Curious Case of East Asian Regionalism,” *Review of International Studies* 33, no. 1 (2007), pp. 165-186. See also the foundational work by Michael Leifer on the formative years of the ASEAN Regional Forum in Michael Leifer “The ASEAN Regional Forum”, *Adelphi Paper #302* (London: IISS, 1996).

<sup>59</sup> David Cape and Brendan Taylor, “The Shangri-la Dialogue and the Institutionalization of Defence Diplomacy in Asia,” *The Pacific Review*, 23, no. 3 (2010), pp. 359-376.

This ambivalence towards political and security issues contrast sharply with Canada's economic initiatives to East Asia, which are driven by the imperatives of economic recovery and supported by a coalition of domestic private sector economic interests often supported by some provincial governments and Ottawa, along with the domestic political constituencies. The emerging markets represent two-thirds of global economic growth which are seen to be integral to the recovery of the developed world. Bank of Canada Governor Mark Carney has warned that Canada's export performance is the second-worst in the G20; since the onset of the financial crisis, Canada's loss in world market share can be attributed to overexposure to advanced economies combined with under-exposure to emerging markets.<sup>60</sup> According to this view, Canada can no longer rely on the United States and must refocus on new markets for future growth and prosperity. Canada has strong connections to the Asia-Pacific region through the flow of people, goods and services. The Government of Canada has invested over \$1.4 billion in the Asia-Pacific Gateway and Corridor Initiative and has approved a 20-year licence to export liquefied natural gas from British Columbia to the region.<sup>61</sup> There are a number of bilateral trade deals at various stages of negotiation as well. In light of the exclusionary nature of ASEAN-centred trade liberalization, Canada's preferred regional economic architecture is through the APEC. It is worthwhile therefore to consider the viability of the Trans Pacific Partnership (TPP) as a possible entry point for Canada into Asia.

The TPP is viewed as a "high-standard, 21<sup>st</sup> century regional agreement" that encompasses core trade and investment issues and new cross-cutting issues to secure Asia-Pacific-wide economic integration.<sup>62</sup> It is an important example of the power of ideas. Smaller players, including Brunei Darussalam, Chile, New Zealand and Singapore, initiated the negotiations in 2006 as the Trans-Pacific Strategic Economic Partnership Agreement. The United States joined, adding considerable economic and diplomatic heft to the process. Canada, Mexico and Japan announced at the December 2011 APEC summit in Honolulu that they are seeking admission. It has been reported that Philippines and China are contemplating membership. The TPP makes sense for its existing members. Between them, Australia, Malaysia, Peru, the United States, Vietnam, Brunei, Chile, New Zealand and Singapore boast 25 bilateral trade deals.<sup>63</sup> Integration would therefore remove a number of regulatory inconsistencies between member states. Furthermore, the APEC group seeks to find a way to harmonize the bevy (42) of bilateral FTAs among its members and has committed itself to negotiating a Free Trade Area of the Asia-Pacific (FTAAP). The TPP

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<sup>60</sup> Mark Carney, "Exporting in a Post-Crisis World," Remarks to the Greater Kitchener-Waterloo Chamber of Commerce, Waterloo, Ontario, 2 April 2012.

<sup>61</sup> "Canada's accomplishments in the Asia-Pacific Region," Honolulu, Hawaii, 12 November 2011, <http://pm.gc.ca/eng/media.asp?id=4474>.

<sup>62</sup> Office of the United States Trade Representative, "Trans-Pacific Partnership," accessed May 4, 2012, <http://www.ustr.gov/tpp>. It has become fashionable to describe the regulatory harmonization proposed by TPP as "21st Century" free trade as distinct from "20<sup>th</sup> Century" free trade which focused on tariff reduction. See Richard Baldwin, "21<sup>st</sup> Century Regionalism: Filling the Gap between 21<sup>st</sup> Century Trade and 20<sup>th</sup> Century Trade Rules," *Policy Insight*, no. 56. London: Centre for Economic Policy Research, 2011.

<sup>63</sup> Shiro Armstrong, "TPP Needs Less Haste, More Caution," East Asia Forum, 17 April 2011, <http://www.eastasiaforum.org/2011/04/17/tpp-needs-less-haste-more-caution/>.

can thus be seen as a sub-APEC harmonization attempt.<sup>64</sup> In light of the failed WTO Doha Round talks, the multilateral trade agreement represents the next wave of globalization.

For Canada the TPP represents significant export potential since Canada has the resources manufacturing countries need. However, Canada, Mexico and Japan have only recently stated their interest in joining the group, which has yet to negotiate the terms of the agreement. Prime Minister Harper and Ed Fast, Minister of International Trade and Minister for the Asia-Pacific Gateway, have or will visit all current TPP member countries to build support for Canada's accession, leveraging the country's strength as an "energy superpower". Problematically, existing members have emphasized that negotiations towards a trade agreement amongst themselves takes priority over the issue of whether to accept new members. Furthermore, several members including the United States have expressed apprehension of Canadian membership due to high tariffs barriers that protect Canadian dairy farmers, as well as a lack of progress on copyright reform.<sup>65</sup> Bilateral efforts with South Korea have stalled and Canada is one of a long list of countries rhetorically interested in freer trade with China. The TPP is thus another pathway to trade diversification and it is natural for Canada to be interested.

Simultaneously, the Trans Pacific Partnership presents a significant challenge to Canadian Asia policy. The TPP is a reflection of the longstanding US preference that multilateral Asian trade partnerships include a 'Pacific' component rooted in the APEC process. Since its inception this body has existed in tension with regionally directed trade agreements, such as the ASEAN free trade area and deals between ASEAN states and China—based on ASEAN plus 3—and with Japan which would encompass the entire EAS (and be called the Comprehensive Economic Partnership for East Asia). Although economic concerns have driven much of East Asian regionalism, trade multilateralization has always been considered in tandem with strategic prerogatives.<sup>66</sup> There is thus little evidence that TPP membership will enhance Canada's standing in the region given its agnostic approach to East Asian geopolitics. Although it is unlikely that it will significantly damage Canada's efforts to reinsert itself in the region, it will not gain Canada any traction in its efforts to join the two leading East Asian regional institutions, the EAS and the ADMM+. Indeed if, as argued by some, the TPP is the latest American effort to shore up its strategic alliances in East Asia, Canada may find the TPP to be a far more complex diplomatic issue than originally conceived.<sup>67</sup> In addition to the risk of alienating ASEAN states by supporting an APEC driven trade area, there may also be small risk that TPP countries may fall afoul of China. Nevertheless, at the moment the TPP is the only pathway available to Canada to enter into a multilateral trade deal with East Asian states.

In sum, neither security nor economic regionalism holds much promise for Canada to engage the region. It would be difficult in the current strategic climate in East Asia for Canada to play much

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<sup>64</sup> Ann Kapling and John Ravenhill, "The TPP: Multilateralizing Regionalism or The Securitization of Trade Policy?" Paper presented at the Annual Convention of the International Studies Association, San Diego, 1-4 April 2012.

<sup>65</sup> Barrie McKenna, "Canada Hits Snag in Bid to Join Asian Deal," *Globe and Mail*, May 10 2012.

<sup>66</sup> John Ravenhill, "The 'New East Asian Regionalism': A Political Domino Effect," *Review of International Political Economy*, 17, no. 2, (2010), pp. 178-208.

<sup>67</sup> Bernard K. Gordon, "The Trans-Pacific Partnership and the Rise of China," *Foreign Affairs*, 7 November 2011, <http://www.foreignaffairs.com/articles/136647/bernard-k-gordon/the-trans-pacific-partnership-and-the-rise-of-china>.

of a role in the security field without being pulled into increasingly tense regional power politics. There is no doubt Canada has an interest in strategic stability in East Asia, however its ability to foster that stability is limited. Although Canada's preferred regional architecture is economic, the above suggests that ASEAN-centred processes are not in the Canadian interest as it is excluded from them by definition. Furthermore, although Canada is an APEC member, it sits on the outside of the latest APEC centred effort at trade liberalization. Faced with this challenge, Canadian interests are best served by leveraging its global status to boost its standing in East Asia.

### *5. Canada as a Principal Power between Asia and the World*

Acting as a principal power, Canada can leverage its status to open doors between the centres of Asian power and the emerging international institutions that underpin international order. This approach serves both Canadian and East Asian interests. Previously, Canada has found common cause on the international stage with Japan by pursuing nuclear non-proliferation initiatives through the G8 and co-chaired the 2010 G20 symposia with South Korea. Canada is a leading G20 member due to the amount of political capital it has committed to the organization and its expertise in the financial sector. Canada is thus well placed to support Asian initiatives in the G20, particularly from regionally significant powers—Australia, South Korea and Indonesia—while engaging Asia's major G20 economies, India, Japan and China.<sup>68</sup>

The G20 is an arena where Canada already has exercised considerable leadership, modeled on its track record in the G8 in which it “increasingly creates issue- and interest-specific groupings of principal powers in a flexible, leaders-driven G8 concert and G20 companion to infuse Canadian interests and values into the global order, even without an initially supportive United States. Canada accordingly expands the summit's agenda, pioneers innovative principles and agreements on key issues, complies with G8 commitments and induces its G8 colleagues to do so, and develops the G8 system for global governance as a whole.”<sup>69</sup> The origins of the idea and elevation of the G20 can be attributed to former Canadian Prime Minister Paul Martin.<sup>70</sup> Martin envisioned Canada as being at the center of the forum, playing a “far greater role than our size

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<sup>68</sup> Constructive powers are defined as “influential, economically significant, non-nuclear-armed states with a proven track record of proactive and innovative diplomacy at the regional and global levels.” Heinbecker et al, *CIGI Workshop Report*, p.6. This is a somewhat looser and less specific definition than the definition of principal power found in Dewitt & Kirton (1983). Either one provides more assertive leadership with greater capacity to help develop, refine, and lead initiatives in cooperation with others, and to do so in ways that engage both greater and lesser states than with the traditional middle power definition. See also Christie and Dewitt, 2006, for some quantitative as well as qualitative indicators and metrics.

<sup>69</sup> John Kirton, “Canada as a G8 and G20 Principal Power,” University of Toronto, POL 312Y March 23 2010, p. 3.

<sup>70</sup> Paul Martin, “A Global Answer to Global Problems,” *Foreign Affairs* (May/June 2005); Gordon Smith, “An idea whose time has come,” *The Globe and Mail*, 22 October 2004; John Ibbitson and Tara Perkins, “Making both ends meet: When the G20 gathers in Toronto next week, it will be a kind of homecoming,” *The Globe and Mail*, 19 June 2010.

might suggest.”<sup>71</sup> In 2010, for example, against its traditional Western allies, Canada led a coalition of emerging economies to prevent the G20 from endorsing a global bank tax.<sup>72</sup> Furthermore, other countries see the Canadian response to the global financial crisis as worth emulating, which has increased Canada’s soft power.<sup>73</sup> True to form as a principal power, Canada has used the G8/G20 to further its own interests while ensuring these institutions remain at the heart of global governance. In light of the role of the G20 in emerging debates about the role and architecture of global governance, including the BASEL agreements, IMF restructuring and financial assistance to EU states, there is no doubt that Canada has an opportunity to continue to shape international order. This may well enhance Canada’s transactional value to those in East Asia who are pursuing a political, security and economic order that is compatible with Canadian preferences. Coalitions of common interests are possible and need not be permanent.

As the U.S. and Canada look to the emerging economies to lead global growth and with the debt-ridden EU states looking for infusions of new IMF capital, Asia has economic influence in the G20.<sup>74</sup> The six members from the region (A6), with a combined 25 percent of world GDP and 44 percent of the world’s population, could be able to drive the process and reshape the international order as responsible global powers if they are coordinated.<sup>75</sup> Yet they have failed to organize their G20 efforts at the summits through their existing regional architecture. In advance of each summit, there have been regional and bilateral consultations related to G20 agenda items. Just before the emergency Washington summit in 2008, for example, the finance ministers from Japan, South Korea and China met to coordinate strategy.<sup>76</sup> Still there has been no effort to limit coordination and pre-summit consultations to the Asia-Pacific region. Ahead of the first summit, while it is notable that Japan also dispatched envoys to Indonesia and South Korea, many other meetings and calls between representatives occurred: the United States met or called with European and G8 members, Australia, Israel, Japan, Mexico, South Korea, India and Brazil; Australia called China; Canada called Japan, Australia, France, India, Mexico, Germany, Italy and the United States; the United Kingdom talked with China and Germany; as did Russia with Italy, Germany, United Kingdom and Australia. A similar flurry of activity between all members

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<sup>71</sup> Jeff Sallot, “As his long wait draws to a close, Martin sets his sights on the world,” *The Globe and Mail*, 14 November 2003.

<sup>72</sup> Paul Vieira, “Canada comes and conquers; G20 Summit,” *National Post*, 26 April 2010.

<sup>73</sup> Sneh Duggal, “Harper Takes ‘Soft Power’ Cred to G20,” *Embassy*, 2 November 2011, <http://www.cigionline.org/articles/2011/11/harper-soft-power-g20>.

<sup>74</sup> See *The Telegraph*’s interactive breakdown of the latest \$430bn worth of firepower secured by the IMF in April: <http://www.telegraph.co.uk/finance/financialcrisis/9219919/Interactive-graphic-breakdown-of-the-IMFs-new-430bn-firepower.html>. As of 22 April 2012, Australia, China, Japan and South Korea are expected to contribute at least \$142bn. India and Indonesia are also expected to contribute. Firm figures will be released at the June Los Cabos G20 Summit.

<sup>75</sup> Source: World Bank WDI and GDF 2012. See Barry Carin and Peter Heap, “Asians can think: a time for Asian leadership,” *East Asia Forum Quarterly*, October-December 2010: 13-14.

<sup>76</sup> “Japanese, S. Korean, Chinese finance ministers to meet before summit,” *Kyodo News*, 12 November 2008.



occurs in the lead up to each summit.<sup>77</sup> There was no media reporting on Asian unity at the G20 high table in Washington, nor after each leaders' summit since.<sup>78</sup>

Asian countries have not acted within the organization as a bloc like the Europeans, who are joined together in a monetary union. While we may be seeing increased regional cooperation in Asia on financial regulation and monetary reforms as a result of the financial crisis, there is no coherent global agenda.<sup>79</sup> For example, China, South Korea and Japan recently began buying a larger share of each other's bonds. Simultaneously, the ASEAN plus 3 meeting with strengthen currency swap mechanisms through the Chiang Mai initiative.<sup>80</sup> While they may also align on important issues like reform of the International Financial Institutions (IFIs), the importance of stability in the global economy and the need to prioritize the restoration of confidence in markets, within the A6 there are different priorities, different levels of growth and economic development, and different opinions on currency reform. This phenomenon was recently labelled the "North East Asian Paradox of the G20". China, Korea and Japan in particular have demonstrated little coordination of G20 policies and have openly clashed on major currency issues.<sup>81</sup> With at-times divergent national goals, Asia collectively is not pushing or coordinating a G20 agenda.<sup>82</sup> Nor has any country appeared eager to take a regional leadership role and form an Asian G20 caucus.<sup>83</sup> This can be partially attributed to the existence of other established clubs within the G20: China and India work within the BRICS group and Japan identifies more closely with the G7. Also, due to the nature of the organization, there are more opportunities for issue-based dynamic coalitions (variable geometry) as opposed to geography-based groupings.

In this void, and as the great powers publicly face-off, the timing may be ripe for regionally significant powers—South Korea, Australia and Indonesia—to play strategic roles as the G20 shifts from crisis-buster to global steering committee. Given Canada's multilateral credentials and expertise on G20 agenda items, Canada can support the efforts of Asian states to upload

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<sup>77</sup> See the "Plans and Preparations" documents prepared by the G20 Research Group at the University of Toronto for the Washington, London, Pittsburgh, Toronto, Seoul and Cannes G20 Summits, <http://www.g20.utoronto.ca/g20plans/>.

<sup>78</sup> In contrast, media summitry and G20 agenda coverage is flooded with reports on the joint positions and role of the BRICS (Brazil, Russia, India, China and South Africa). See for instance: "BRICS want 'policy space' for developing nations," *Indian Express*, 21 April 2012; "BRICS to work together at G20, WTO," *Indo-Asian News Service*, 28 March 2012; Wu Jiao, "BRICS to play a big role in G20 summit," *China Daily*, 4 November 2011; "Chinese President Urges Closer Cooperation Among BRIC Nations," *Xinhua*, 15 April 2010; Kang Yi, "Roundup: BRIC nations call on G20 to maintain stimulus measures to ensure economic recovery and growth," *Xinhua*, 4 September 2009; "Emerging powers warn on protectionism, 'inadequate' IMF funds," *Agence France Press*, 14 March 2009; Marc Burleigh, "Key emerging economies want financial system overhaul," *Agence France Press*, 7 November 2008.

<sup>79</sup> See Gregory Chin, "Responding to the Global Financial Crisis: The Evolution of Asian Regionalisms and Economic Globalization," ADBI Working Paper Series No. 343, January 2012.

<sup>80</sup> "China, Japan and South Korea to Boost Investment in Each Other's Bonds," Reuters May 12 2012.

<sup>81</sup> Yves Tiberghien, "Post G20 Seoul Summit Meeting and East Asia," *EAI Issue Briefing* No. MASI 2011-04, 26 August 2011.

<sup>82</sup> Takashi Ito, "Towards a new world financial architecture," East Asia Forum, 5 November 2010, <http://www.eastasiaforum.org/2010/11/05/towards-a-new-world-financial-architecture/>.

<sup>83</sup> Hugh Dobson, "The G20: Engine of Asian Regionalism?" GIGA Research Unit: Institute of Asian Studies. Working Paper No. 179, November 2011.

priorities to the G20 when interests and visions align.<sup>84</sup> The goal of issue-based alliances would not necessarily be to balance the great powers, but to gain legitimacy for ideas and encourage cooperation to ensure the success of the G20 so that it is not displaced by an alternative that excludes them. As noted by the distinguished theorist of global political economy, Robert Cox, it is in the middle power's interest to support the process of international organization.<sup>85</sup> Traditionally, middle powers operated through multilateralism to "punch above their weight." As a principal power with residual and discretionary capacity, Canada can be a cooperative leader with Asian states. These countries could continue to work together (reflecting the old school of neo-functionalism) on technical issues and exercise their influence by issuing joint public statements to build credibility around the table and behind the scene. Canada and at least a number of the critically emerging Asian powers need to identify common goals and interests and exercise their collective influence to advance them. This collective effort need not be limited to Asian states nor to Asian issues; coalitions on specific issues with fluid partnerships highlight the abilities of principal powers to mobilize the allocation of discretionary resources for the moment, shifting to other concerns with a different coalition as required and as possible.

Asian states are already in a position to exercise considerable influence on G20 processes. For instance, each of the Asian countries provides valuable technical leadership as co-chairs of the five working groups of the G20. Canada and India co-chair the Framework Working Group, Australia and Turkey co-chair the International Financial Architecture Working Group, the Energy and Commodities Market Group is co-chaired by the United Kingdom and Indonesia, and South Korea co-chairs both the Energy and Growth Subgroup with the United States and the Development Working Group with France and South Africa.<sup>86</sup> Beyond collaboration within the low-optic/high-substance working groups, members are connecting and collaborating on higher-profile initiatives to restore momentum to the G20 process. For instance, in an effort to influence the agenda, the leaders of Canada, Australia, Indonesia, Mexico, the Republic of Korea and the United Kingdom sent a letter to then-G20 chair French President Sarkozy in advance of the 2011 Cannes Summit calling for hard policy decisions and strong action "to support growth, confidence and credibility."<sup>87</sup>

There also are bilateral opportunities to build coherence at the pre-summit stage. Canada can support and assist with the implementation of East Asian country-specific initiatives and shared interests within the G20, an effort that if well and wisely managed should contribute to strengthening its relationship with each of the other participating states.<sup>88</sup> Each potential partner state has notable convergences of interest with Canada, exemplified as follows:

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<sup>84</sup> Mexico has established five priorities for the G20 this year: economic stabilization and structural reforms as foundations for growth and employment; strengthening the financial system and fostering financial inclusion to promote economic growth; improving the international financial architecture in an interconnected world; enhancing food security and addressing commodity price volatility; promoting sustainable development, green growth and the fight against climate change. See: <http://www.g20mexico.org/en/mexican-presidency-of-the-g20/mexican-presidency-of-the-g20>.

<sup>85</sup> Robert W. Cox, "Middlepowermanship, Japan, and Future World Order," *International Journal* XLIV autumn 1989: 826.

<sup>86</sup> Note that in this list of working group co-chairs, it is the United States that is the outlier in terms of where it fits within global society.

<sup>87</sup> "Open letter to French President Nicolas Sarkozy," September, 22 2011, <http://pm.gc.ca/eng/media.asp?id=4359>.

<sup>88</sup> These states, by virtue of their membership in the G20, qualify as regionally significant powers.

**Australia:** Like Canada, Australia is not supportive of a financial transactions tax.<sup>89</sup> Australia will host and chair the G20 in 2014.<sup>90</sup> Hosting allows countries to play bigger than their size by shaping the international agenda and setting priorities. There have been indications that Australia will use its turn as chair to tackle the gridlock in the global trade talks.<sup>91</sup>

**Korea:** Korea's 2010 Seoul Summit marked the first time a G20 summit was hosted outside of a G7 country. Korea views itself as a bridge between G7 and developing countries. It championed the addition of development assistance for low-income countries and the strengthening of global financial safety nets to the agenda. Like Mexico, Korea is focused on the importance of sustainable development and green growth to support global economic recovery. As past co-chairs, there is a certain amount of pressure on Canada and Korea to ensure that the G20 follows up on commitments made during their tenure in 2010.

**Indonesia:** A relatively quiet presence on the world stage, Indonesia is prepared to focus on becoming a more active reformer in the G20.<sup>92</sup> It has begun pushing for a global infrastructure funding initiative to be established by the G20 to support infrastructure in developing countries in addition to global education initiative for financial inclusion.<sup>93</sup> Canada is well placed to support these initiatives.

**Japan:** Prime Minister Noda has taken a more active role in the G20 than his predecessors and is coordinating global economic policy through his office.<sup>94</sup> Like Canada, Japan has chosen to exercise influence in both the G8 and G20.<sup>95</sup> Still recovering from last year's triple disaster, Japan may wish to add disaster-recovery management to the agenda. Such an initiative, as Wihardja proposes, would align with the regional interests of disaster-prone Indonesia, Australia and the US.<sup>96</sup> Canada has experience offering technical expertise and

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<sup>89</sup> Prime Minister Julia Gillard quoted in press conference transcript, Cannes, 3 November 2011, <http://www.pm.gov.au/press-office/transcript-press-conference-cannes>.

<sup>90</sup> Interestingly enough, beginning in 2016 the G20 chair will be selected by region. The first region is the Asian group, which includes China, Japan, Korea and Indonesia.

<sup>91</sup> Prime Minister Julia Gillard quoted in transcript of interview with Deborah Cameron, ABC Sydney, 1 November 2011, <http://www.pm.gov.au/press-office/transcript-interview-deborah-cameron-abc-sydney-0>; Prime Minister Julia Gillard quoted in transcript of doorstep interview, Cannes, 2 November 2011, <http://www.pm.gov.au/press-office/transcript-doorstep-interview-cannes>; Press Office, "Australia to host G20 in 2014," 4 November 2011, <http://www.pm.gov.au/press-office/australia-host-g20-2014>.

<sup>92</sup> Maria Monica Wihardja, "Strengthening Indonesia's links, position, contribution at the G20," *The Jakarta Post*, 25 April 2012, <http://www.thejakartapost.com/news/2012/04/25/strengthening-indonesia-s-links-position-contribution-g20.html>.

<sup>93</sup> Hans David Tampubolon, "Indonesia pushes G20 to develop infrastructure fund," *The Jakarta Post*, 25 April 2012, <http://www.thejakartapost.com/news/2012/04/25/indonesia-pushes-g20-develop-infrastructure-fund.html>.

<sup>94</sup> Yves Tiberghien, "A New Japanese Voice at the G20," Asia Pacific Memo #118, 8 November 2011, <http://www.asiapacificmemo.ca/a-new-japanese-voice-at-the-g20>.

<sup>95</sup> John Kirton, "Japan's Contribution to the G8, G20 and Global Governance," Opening Keynote Address to the Japan Futures Initiative Spring Symposium 2012 hosted by the Balsillie School of International Affairs, Waterloo, Canada, 14-15 March 2012.

<sup>96</sup> Maria Monica Wihardja, "The 2012 G20 Summit: facing down global challenges in Mexico," East Asia Forum, 11 February 2012, <http://www.eastasiaforum.org/2012/02/11/the-2012-g20-summit-facing-down-global-challenges-in-mexico/>.

relief assistance in response to major natural disasters abroad, most recently in Japan. There are financial aspects and economic risks associated with disaster-recovery management.

**China:** Countries like Canada, looking to stay out of the ongoing currency debates between China and the United States, can pursue linkages to China by sharing a focus on expediting reforms of the IFIs, particularly IMF quota adjustment and surveillance function.<sup>97</sup> However, while China supported the IMF's latest fundraising campaign, Canada did not.<sup>98</sup> Like Canada, China is also against the financial transaction tax.

**India:** India is increasingly active in East Asia. Although the country has a relatively low profile at G20 summits, it has also been vocal in its support for reform of the IFIs.<sup>99</sup> India works closely with Canada as co-chairs of the Framework Working Group since its inception.

Through targeted collaboration on agenda items like the above, like-minded countries can build relationships at different official levels through the G20 process. Member countries can also strengthen the consultation process by bringing the interests of non-G20 members to the forum. Canada can take Asia-Pacific priorities to G7, G8 and NATO meetings. Global connections will open the regional door for Canada while also creating new opportunities for each partner. In light of the growing diffusion of the international system, these regionally significant powers are well placed to emerge as principal powers in their own right.

## 6. *Addressing Some Counter-arguments*

There are at least three potent counterpoints to the argument. First, it could be argued that the paper overstates Canada's international status as a principal power. Canada's share of global GDP is shrinking, it boasts no major companies or brands of note, it lacks innovative capacity and the rejection of Canada's bid for a UN seat in 2010 is a reflection of Canada's vulnerability on the world's stage. However, this view underestimates Canadian assets (not least in energy resources and technologies as well as in other commodities) and expertise, particularly in the wake of the global financial crisis. Canadian expertise in financial regulation and the health of its financial system have given Canada sought after technical competence in the issues that are germane in the 21<sup>st</sup> century. This is no better reflected than in the appointment of Mark Carney, Governor of the Bank of Canada, as the head of the global Financial Stability Board.

Second, it could be argued that opening doors for Asian countries in global governance is a fool's errand. These states do not have a unified agenda vis-à-vis global governance and continue to view their primary concerns through a regional lens. However, this view underestimates the

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<sup>97</sup> Remarks by H.E. Jintao, President of the People's Republic of China at the Fourth G20 Summit, Toronto, 27 June 2010, <http://www.fmprc.gov.cn/eng/wjdt/zyjh/t712799.thm#>.

<sup>98</sup> Developing countries actively donated to leverage their push for greater say in the institution, despite their reservations. For more explanation, see: Luo Lan, "Why China supports IMF's fundraising plan," *People's Daily Overseas Edition*, 27 April 2012, available at: <http://english.peopledaily.com.cn/90778/7801454.html>. For the motivation behind Canada decision, see: Jim Flaherty, "The eurozone should sort out its own mess," *The Telegraph*, 1 May 2012.

<sup>99</sup> "PM Manmohan Singh's statement ahead of Cannes G20 Summit," *International Reporter*, 2 November 2011, <http://www.internationalreporter.com/News-7839/pm-manmohan-singh-s-statement-ahead-of-cannes-g20-summit.html>.

increasingly global perspective in many East Asian states. Many of these states share Canadian concerns on international financial regulation, such as a financial transactions tax. In light of the regional experience following the Asian financial crisis, it could be argued that East Asian states now have considerable expertise to offer international financial regulators.

Finally, it could be argued that if Canadian Asia policy were directed primary at G20 Asian states, it would necessarily overlook important states like Singapore, Malaysia, and New Zealand. Furthermore, Canadian bilateralism with Asian G20 members could drive a wedge between ASEAN members. However, this overstates the lack of unity within ASEAN. Furthermore, no state can be everywhere and relations with these states can be developed through Canadian membership in newly emerging multilateral arrangements, possibly including the TPP.

## *7. Conclusion*

This paper used the case of Canada to explore possible pathways of regional engagement into East Asia under fluid international conditions. As an increasing number and diversity of countries employ considerable assets to assert their influence and to pursue their interests, and as it becomes more difficult and less likely that any one country can marshal sufficient hard and soft power to act unilaterally across critical dimensions of global affairs, it is in the Canadian interest to ensure managed change at global and regional levels while doing what it can to ensure that alterations reflect Canada's preferences and interests. Not surprisingly, this is a conservative view that focuses on managed change. It thus becomes incumbent upon Canada to exercise leadership and to leverage its considerable assets in the pursuit of these interests. Canada's efforts to build coalitions at the G20, to help define the agenda, and to reach out to emerging East Asian economies, as well as regionally significant East Asian powers reflect its status as a principal power that seeks moderated change. Canada can open doors to the world through its membership in the world's most powerful multilateral organizations. The G20 offers an ideal opportunity for Canada to connect and build relationships with emerging economies. The process of global power transition presents an opening within the G20 particularly for new and traditional middle powers, and most notably for those emerging as the new principal power community.<sup>100</sup> Such capacity spills over into other forums and affects other issues. It provides Canada with the status and credibility to harness its capabilities to build cross-cutting coalitions when necessary, some transitory for the issue at hand, others with the promise of providing a sustained voice on issues of mutual concern.

If connections with and within Asia are of current and future significance to Canada, then a renewed Asian engagement policy serves Canadian economic, political and security interests by allowing Canada to influence new shapers of international order. Another way of putting the same proposition forward is to argue that for Canada to pursue its preferences and interests, then Asian countries may well offer distinctive opportunities for stakeholding partnerships in areas of common cause. Therefore, Canada should leverage its capacity as a supporter of global governance mechanisms to engage East Asian states. This would support Canadian interests by

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<sup>100</sup> Andrew F. Cooper and Jongryn Mo, "Middle Power Leadership and the Evolution of the G20," HGCY Working Paper Series, Working Paper No.11-02, August 2011.



improving relations with East Asian states, reinforcing a rules based international order, improving Canada's diplomatic posture in East Asia while keeping Canada a step removed from any deterioration in the region's security situation.

Canada's approach may appeal to regionally significant powers in East Asia. As global power becomes more diffuse and as international order shifts to reflect more of the preferences of rising powers, a number of challenges emerge. Although some rising powers, such as China, have benefitted from the existing international order, there is little doubt that rising powers will seek to modify this order to reflect their interests. In this context East Asian states are seeking both regional and global pathways to development, security and prosperity. Although regional mechanisms have historically been the source of the means to achieve these goals, global processes are becoming increasingly relevant to East Asian states as the world seeks to recover from, and prevent, another economic calamity. In this context East Asian states may find partnership with Canada on common interests a fruitful way forward.

As a consequence of shifting regional and international structures and norms, 'middlepowermanship' has changed fundamentally. More states can be classified as middle powers in material terms, yet fewer yet act as "new" middle powers on the world's stage. Canada is in transition towards acting more consistently as a 'principal power', an approach which is the surest way forward if one wishes to be at the table in setting the agenda, creating coalitions, and making others stakeholders in issues of self-defined importance. It has been an aphorism to note that Canada is a regional power without a region. As more regional powers become ascendant, the opportunities for affecting governance and order within any specific region is enhanced when so much of what now occurs in economics, business, trade, financial regulation and "hard" security issues takes place either globally or at least across as well as within regions, whether in formal institutional arrangements or through organized "habits or forums of dialogue" and decision-making. Unilateralism, even by great powers, is increasingly the curiosity of history. Future research could address the question of whether the Canadian case is unique. Australia, for instance, may well qualify as a principal power. It clearly has the residual capacity required to balance its security relationship with the United States with its growing closeness to China while pursuing its regional interests more generally throughout East Asia. It is managing to engage both powers, at little cost to relations with the other.<sup>101</sup> Japan, South Korea, and Indonesia are but three East Asian cases that also might well be explored within this context.

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<sup>101</sup> James Manicom and Andrew O'Neil, "Accommodation, Realignment, or Business as Usual? Australia's Response to a Rising China," *The Pacific Review*, 23, no. 1, (March 2010) pp. 23-44.