

Research Paper

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US and the Americas Programme | July 2020

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# Canadian Views on China From Ambivalence to Distrust



### Summary

- Public opinion surveys in Canada indicate that attitudes towards China have hardened dramatically since the two countries became locked in a diplomatic dispute in late 2018. Whereas public views of China had long been ambivalent, they are now strongly negative.
- Hardened Canadian attitudes are likely to persist, even if the current dispute ends. The two countries appear to have entered a new, warier phase in their relationship. A return to the status quo ante in bilateral relations is unlikely.
- China's detention of two Canadian citizens and its trade actions against Canada have startled the country. So has the Trump administration's mercurial treatment of Canada and other US allies. These developments have highlighted risks that Canada faces in a world of intensified geopolitical rivalry, where Canada may be subject to direct forms of great-power coercion.
- Although managing the current dispute with China is important, Canadian leaders understand that maintaining productive relations with the US and reliable access to its market is a vital national interest. Canada is not 'neutral' in the growing rivalry between the US and China. It will align with the US, but it will also seek to prevent tensions with China from escalating.

## Introduction

China's handling of the COVID-19 crisis, including its apparent suppression of information about the initial outbreak in Wuhan, has produced a backlash against Beijing in several countries.<sup>1</sup> For many Canadians, however, these developments have reinforced existing misgivings. Public opinion surveys indicate that attitudes towards China have undergone a dramatic shift – from ambivalence to distrust – since the two countries became locked in a diplomatic dispute in late 2018. This paper argues that these hardened sentiments are unlikely to dissipate even after the current dispute ends. Canada–China relations seem to have entered a new, warier phase.

Tensions emerged in December 2018 when Canadian police arrested Meng Wanzhou, the deputy chair and chief financial officer of Chinese telecommunications equipment manufacturer Huawei, following an extradition request from the US. In apparent retaliation, China quickly detained two Canadians on suspicion of endangering national security, and imposed costly restrictions on certain Canadian imports.

Canadians' mounting distrust of China should not be mistaken for hostility. Large majorities express a preference for negotiating the dispute rather than retaliating and ratcheting up tensions, perhaps recognizing that Canada, alone, cannot 'out-escalate' China. The challenge for the Canadian government – as for many other countries – will be to resist China's increasingly assertive behaviour while preventing tensions from escalating out of control and sustaining cooperation in areas of mutual interest, such as public health, climate change and the stability of the global economy. Ideally, Canada would reduce its exposure to Chinese pressure by coordinating with other countries.<sup>2</sup> Although some coordination is taking place, it ultimately requires US leadership to be effective, but the Donald Trump administration has preferred to deal with China unilaterally, effectively leaving its traditional allies, including Canada, to fend for themselves. Until multinational coordination is achieved, Ottawa will need to handle relations with an emboldened China – and a less predictable US – with extreme care.

## A thumbnail history of Canada–China relations

Canadian Prime Minister Pierre Elliott Trudeau, the father of the current prime minister, was one of the first Western leaders to establish diplomatic relations with the People's Republic of China in 1970, nine years before the US did the same. Canada's policy towards China has more or less tracked that of the US since then. Like Washington, Ottawa pursued a policy of engagement that rested on hopes for the commercial potential of the relationship, and on the expectation that China would gradually liberalize its domestic affairs and become a responsible member of the international community. This approach persisted even after the indiscriminate killing of protesters in response to the Tiananmen Square demonstrations in 1989. In the aftermath of that event, Canada condemned the Chinese leadership and suspended cooperation in several areas, but as Joe Clark, then secretary of state for foreign affairs, put it: 'We have not become, and will not become, anti-China [...] We must try to avoid measures that would push China towards isolation.'<sup>3</sup> Canada quickly resumed cooperation with China, again aligning with the US stance.

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<sup>1</sup> Erlanger, S. (2020), 'Global Backlash Builds Against China Over Coronavirus', *New York Times*, 3 May 2020, <https://www.nytimes.com/2020/05/03/world/europe/backlash-china-coronavirus.html> (accessed 19 May 2020).

<sup>2</sup> Paris, R. (2020), 'Disunited Democracies Cannot Face the Challenge of China', Chatham House Expert Comment, 4 June 2020, <https://www.chathamhouse.org/expert/comment/disunited-democracies-cannot-face-challenge-china> (accessed 8 Jun. 2020).

<sup>3</sup> Quoted in Evans, P. (2014), *Engaging China: Myth, Aspiration, and Strategy in Canadian Policy from Trudeau to Harper*, Toronto: University of Toronto Press, p. 40.

Prime Minister Stephen Harper briefly abandoned this policy when he gained power in 2006, accusing previous Liberal and Conservative governments of failing to defend human rights and democracy in China. Among other gestures indicating a shift in the Canadian approach, Harper pledged that he would not sell out important Canadian values ‘to the almighty dollar’;<sup>4</sup> met the Dalai Lama in his Ottawa office (with a Tibetan flag displayed upon his desk); and announced pointedly that he would not attend the 2008 Summer Olympics in Beijing. By 2009, however, Harper was travelling to China and promoting bilateral cooperation and trade, prompting one commentator to write of his ‘Damascene conversion to the importance of Asia’.<sup>5</sup> The conversion seemed complete in 2012, when Harper praised the two countries’ ‘strategic partnership’ and announced, jointly with his Chinese counterpart Wen Jiabao, the successful negotiation of a bilateral foreign investment promotion and protection agreement.<sup>6</sup> The two leaders also launched a joint study to examine ‘the feasibility and some of the potentials of a free-trade agreement’ (FTA).<sup>7</sup>

By late 2017 Canada and China appeared poised to announce the formal start of negotiations towards an FTA. However, the two countries were ultimately unable to agree on the ground rules for the negotiations, leaving further discussions in limbo.

Justin Trudeau, who replaced Harper as prime minister in 2015, was also interested in expanding Canadian trade with China. President Xi Jinping and other Chinese officials greeted Trudeau’s election by proclaiming a ‘golden era’ in bilateral relations, but the Canadian leader was more circumspect. Before authorizing exploratory discussions on a possible Canada–China FTA, he pressed China to remove import restrictions on certain Canadian agricultural products and to release Kevin Garratt, a Canadian resident in China since 1984 who had been detained by Chinese authorities in 2014 and falsely accused of military espionage. Following Garratt’s release and return to Canada in September 2016, exploratory discussions proceeded, and by late 2017 Canada and China appeared poised to announce the formal start of negotiations towards an FTA. However, the two countries were ultimately unable to agree on the ground rules for the negotiations, leaving further discussions in limbo. Meanwhile, US President Trump’s threats to disrupt trade with Canada had become the focus of the Canadian government’s attention.

Such was the status of Canada–China relations in late 2018, when the US Department of Justice formally requested that the Canadian authorities detain Meng Wanzhou as she was changing planes at Vancouver airport, pending an extradition request that accused Meng of the federal crimes of bank fraud and wire fraud. In addition to being the chief financial officer of Huawei, China’s foremost telecommunications company, Meng is the daughter of its founder Ren Zhengfei, a former member of the People’s Liberation Army who reportedly has strong connections to the Communist Party of China. As reported in *The Globe and Mail*, Trudeau insisted that there was no political involvement

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<sup>4</sup> Laghi, B. (2006), ‘Harper promises he won’t “sell out” on rights’, *The Globe and Mail*, 16 November 2006, <https://www.theglobeandmail.com/news/national/harper-promises-he-wont-sell-out-on-rights/article971520/> (accessed 19 May 2020).

<sup>5</sup> Ibbitson, J. (2009), ‘A new era for Canada rises in the East’, *The Globe and Mail*, 8 December 2009, <https://www.theglobeandmail.com/news/politics/a-new-era-for-canada-rises-in-the-east/article1346340/> (accessed 19 May 2020).

<sup>6</sup> CBC News (2012), ‘Harper’s “strategic partner” China yields investment deal’, 8 February 2012, <https://www.cbc.ca/news/politics/harper-s-strategic-partner-china-yields-investment-deal-1.1137462> (accessed 8 Jun. 2020).

<sup>7</sup> MacCharles, T. (2012), ‘Harper in China: Free trade agreement with China in Canada’s sights?’, *The Star*, 11 February 2012, [https://www.thestar.com/news/canada/2012/02/11/harper\\_in\\_china\\_free\\_trade\\_agreement\\_with\\_china\\_in\\_canadas\\_sights.html](https://www.thestar.com/news/canada/2012/02/11/harper_in_china_free_trade_agreement_with_china_in_canadas_sights.html) (accessed 19 May 2020).

in the Canadian decision to arrest Meng.<sup>8</sup> Indeed, such decisions fall to career law-enforcement officials in Canada's Department of Justice, and ultimately to Canadian judges, who review extradition requests. The justice minister technically has the power to suspend such proceedings, but typically plays a role only at the final stage: deciding whether to surrender the suspect to the requesting state.<sup>9</sup> Nevertheless, the Chinese government accused Canada of making a politically motivated arrest.

Days after Meng's arrest, Chinese authorities detained Michael Spavor, a Canadian business executive, and Michael Kovrig, a former Canadian diplomat working as a policy adviser for the International Crisis Group think-tank, arresting both men on 'suspicion of engaging in activities that endanger national security'.<sup>10</sup> They have reportedly been held under harsh conditions in Chinese detention facilities,<sup>11</sup> whereas Meng has been afforded due process and is living in one of her two Vancouver mansions for the duration of her extradition hearing, where she is represented by a team of lawyers. It was not the first occasion on which China had detained Canadians in an apparent bid to pressure Canada.<sup>12</sup>

Two weeks after the detention of Kovrig and Spavor, in January 2019, Canadian Robert Schellenberg, who in November 2018 had been sentenced by Chinese courts to a 15-year jail term for drug-trafficking, was retried at short notice. Judges at the second hearing deliberated for barely an hour before ruling that Schellenberg's previous sentence was too light and sentencing him to death – proceedings so extraordinary and rapid that even Chinese legal experts openly expressed surprise. In March, China also restricted imports of certain Canadian agricultural goods – firstly canola, and subsequently beef and pork. The new restrictions proved painful to the agricultural sector: Canada's exports to China of canola seeds, alone, amounted to C\$2.7 billion in 2018.<sup>13</sup> Taken together, China's actions seemed intended to coerce the Canadian government into suspending the extradition proceedings against Meng and releasing her.

### Hardening views of China are likely to endure

The current diplomatic crisis seems to have reshaped Canadians' perceptions of China. For many years, public opinion polls had revealed ambivalent – neither strongly positive nor strongly negative – attitudes. Survey questions about human rights had generally elicited negative views of China, but questions about trade had often prompted positive responses, revealing no clear overall stance towards China. In spring of 2018, a matter of months before the dispute erupted, a survey by the Pew Research Center reported that 44 per cent of Canadians held favourable views of China, against 45 per cent holding unfavourable views – a roughly even split.<sup>14</sup> However, when the same survey was repeated in early 2019, shortly after China had detained Kovrig and Spavor, it showed that 67 per cent

<sup>8</sup> Fife, R. and Chase, S. (2018), 'Trudeau says he knew about the arrest of a top Huawei executive', *The Globe and Mail*, 6 December 2018, <https://www.theglobeandmail.com/politics/article-canada-prepared-for-possible-chinese-cyber-retaliation-over-arrest-of/> (accessed 19 May 2020).

<sup>9</sup> Government of Canada (2020), 'General Overview of the Canadian Extradition Process', Department of Justice, <https://www.justice.gc.ca/eng/cj-jp/emla-ej/extradition.html> (accessed 8 Jun. 2020).

<sup>10</sup> Fifield, A. and Coletta, A. (2018), 'Second Canadian detained in China amid row over Huawei extradition', *The Washington Post*, 13 December 2018, [https://www.washingtonpost.com/world/asia\\_pacific/beijing-suggests-think-tank-that-employed-analyst-they-arrested-illegally-in-china/2018/12/12/74847c42-fdec-11e8-ba87-8c7facdf6739\\_story.html](https://www.washingtonpost.com/world/asia_pacific/beijing-suggests-think-tank-that-employed-analyst-they-arrested-illegally-in-china/2018/12/12/74847c42-fdec-11e8-ba87-8c7facdf6739_story.html) (accessed 19 Jun. 2020).

<sup>11</sup> Vanderklippe, N. (2019), '365 days of detention in China: What life is like for Canadians Michael Spavor and Michael Kovrig', *The Globe and Mail*, 9 December 2019, <https://www.theglobeandmail.com/world/article-michael-kovrig-michael-spavor-china-detained-canadians-huawei/> (accessed 19 May 2020).

<sup>12</sup> Paris, R. (2019), 'Canada Is on the Front Lines of Challenges to Rule of Law', Chatham House Expert Comment, 25 January 2019, <https://www.chathamhouse.org/expert/comment/canada-front-lines-challenges-rule-law> (accessed 19 May 2020).

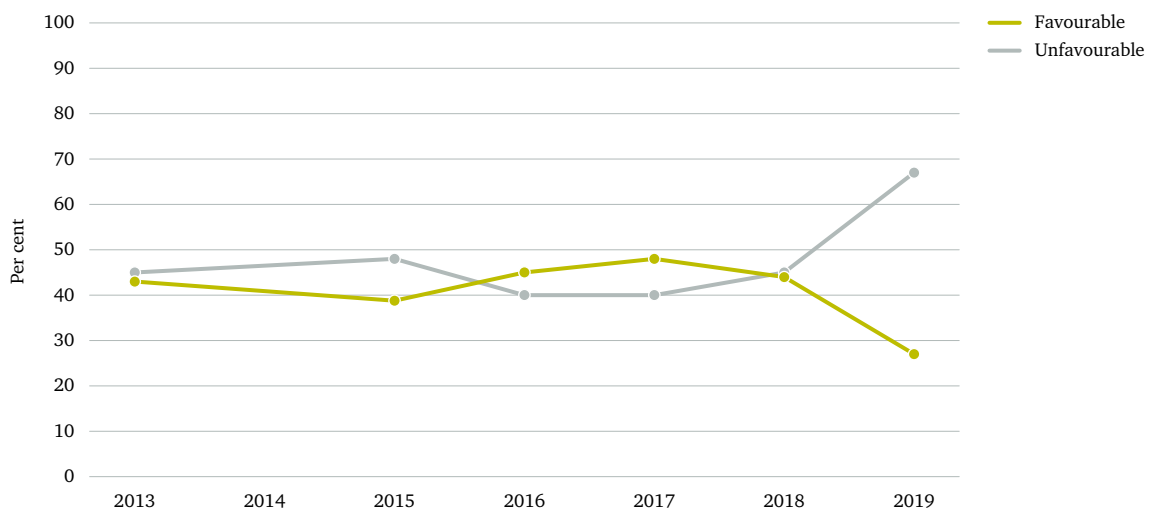
<sup>13</sup> Canola Council of Canada (2019), 'Challenges persist for canola seed exports to China', 21 March 2019, <https://www.canolacouncil.org/news/challenges-persist-for-canola-seed-exports-to-china> (accessed 8 Jun. 2020).

<sup>14</sup> Pew Research Center/Global Indicators Database (2020), 'Opinion of China', <https://www.pewresearch.org/global/database/indicator/24/country/ca/> (accessed 19 May 2020).

of Canadians expressed an unfavourable opinion of China, or more than double the 27 per cent declaring a favourable view (Figure 1). Other surveys have revealed a similar sea change in public views since late 2018.<sup>15</sup>

Strongly negative views of China are likely to endure for several reasons. First, Kovrig and Spavor’s detention is a source of ongoing consternation in Canada, and the Chinese government is unlikely to consider releasing them until Meng’s extradition case is resolved. Her extradition proceedings may continue for several months, or even longer. Moreover, if they culminate in her extradition to the US – the usual outcome of such cases – Chinese authorities may retaliate further, which would almost certainly deepen bilateral tensions and reinforce Canadians’ negative perceptions of China.

Figure 1: Canadian public views of China



Source: Pew Research Center/Global Indicators Database.

Second, Canadians showed signs of souring on China even before the current crisis. Studies conducted by the Angus Reid Institute found that public support for developing closer trade ties with China fell steadily from 40 per cent of respondents in early 2015 to 24 per cent in 2017, a year before the crisis – a trend that has since accelerated (Figure 2).<sup>16</sup> Indeed, the diplomatic crisis occurred at a stage when Canadians were expressing growing apprehension about other aspects of the Chinese government’s behaviour, including alleged cyberattacks and espionage, and China’s expanding military capabilities.<sup>17</sup> Beijing’s actions in the wake of Meng’s arrest appear to have crystallized these concerns – and there is no reason to expect them to disappear.

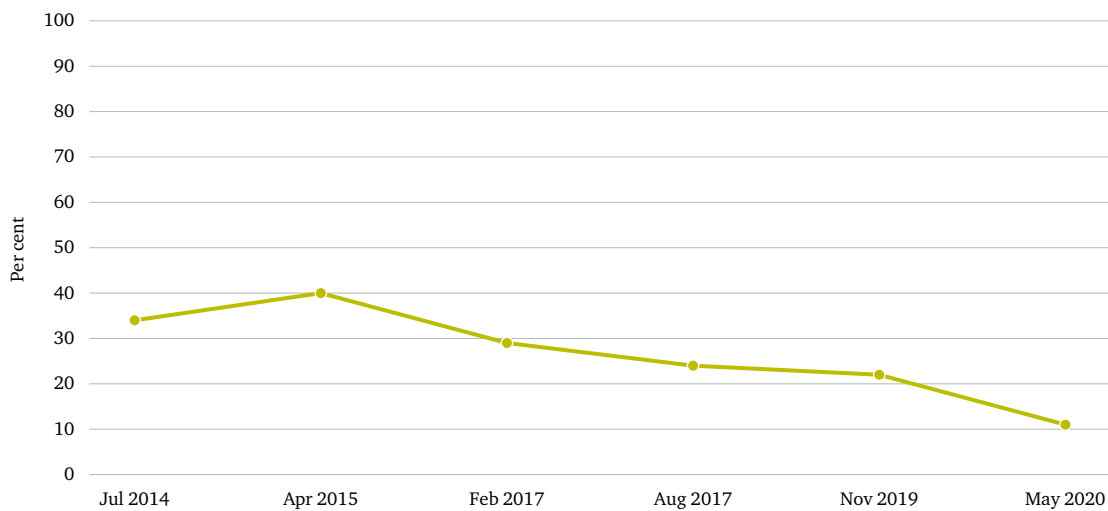
<sup>15</sup> Evans, P. and Li, X. (2019), *Third National Survey on Canadian Public Attitudes on China and Canada-China Relations*, University of British Columbia, Report of Collected Data, 31 October 2019, <https://sppga.ubc.ca/wp-content/uploads/sites/5/2019/10/Full-Findings.30oct19-1.pdf> (accessed 19 May 2020); Research Co. (2020), 'Poll conducted by Research Co. on Views of Other Countries in Canada – January 10, 2020', [https://researchco.ca/wp-content/uploads/2020/01/Tables\\_Countries\\_CAN\\_10Jan2020.pdf](https://researchco.ca/wp-content/uploads/2020/01/Tables_Countries_CAN_10Jan2020.pdf) (accessed 19 May 2020).

<sup>16</sup> Angus Reid Institute (2020), 'Canadian opinions of China reach new low', 13 May 2020, <http://angusreid.org/covid19-china> (accessed 8 Jun. 2020).

<sup>17</sup> Evans and Li (2019), *Third National Survey on Canadian Public Attitudes on China and Canada-China Relations*.

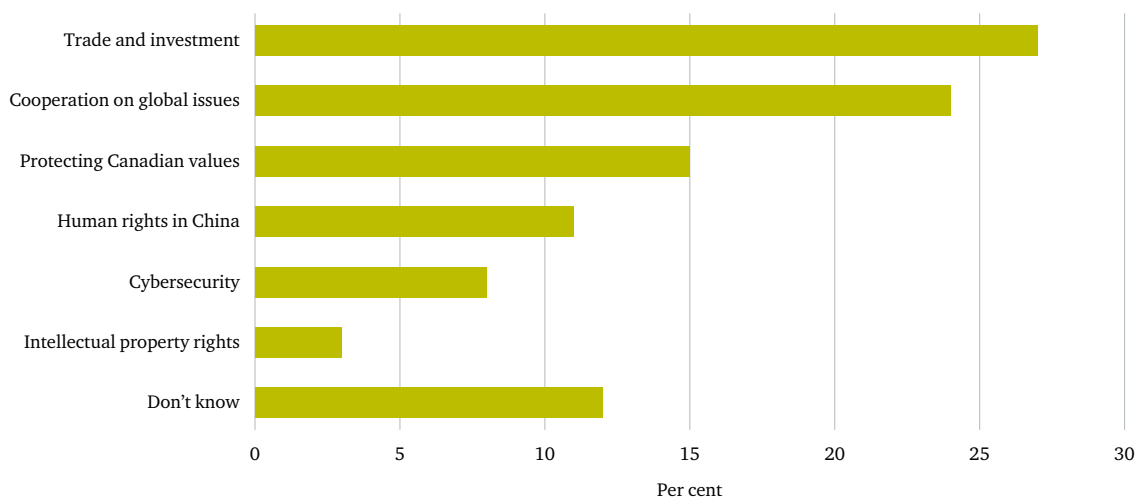
Third, the COVID-19 pandemic has focused attention not only on China’s apparent suppression of information concerning the initial outbreak of the coronavirus in Wuhan, but also on its harsh response to calls for an international investigation into the origins of the pandemic. In a recent Research Co. poll, two-thirds of Canadian respondents agreed with the statement that the Chinese government ‘should take responsibility for its role in the COVID-19 outbreak’, with more than one-third ‘strongly’ supporting this assertion.<sup>18</sup>

**Figure 2: Support for closer trade ties with China**



Source: Angus Reid Institute.

**Figure 3: Which elements of the relationship with China should be the highest priority for the Canadian government?**



Source: University of British Columbia, October 2019.

<sup>18</sup> Research Co. (2020), ‘Poll conducted by Research Co. on COVID-19 in Canada – March 24, 2020’, [https://researchco.ca/wp-content/uploads/2020/03/Tables\\_Poli\\_COVID19\\_CAN\\_24Mar2020.pdf](https://researchco.ca/wp-content/uploads/2020/03/Tables_Poli_COVID19_CAN_24Mar2020.pdf) (accessed 19 May 2020).

Still, public distrust of China should not be confused with hostility, or with a desire to escalate the current bilateral dispute. Canadians continue to favour a diplomatic solution. One poll conducted in early June 2019, for example, just six months after Kovrig and Spavor's detention, showed overwhelming support for decreasing tensions through diplomatic talks (65 per cent) rather than by Canada boycotting Chinese goods (15 per cent).<sup>19</sup> Another survey found that nearly two-thirds of Canadians wanted their government to 'work diligently and behind the scenes' to resolve the dispute.<sup>20</sup> In addition, Canadians continue to support cooperation with China in less contentious areas, with respondents in the third national survey on Canada–China relations conducted by the University of British Columbia identifying bilateral trade and investment as the highest priority for the Canadian government (Figure 3).<sup>21</sup>

### What happens next?

The Canada–China relationship remains tense and largely frozen. Chinese officials initially refused to speak with their Canadian counterparts following the mutual arrests, but communications resumed in mid-2019. A few months later, the two countries exchanged ambassadors, filling positions that had been vacant on both sides. China resumed its imports of Canadian pork and beef in November, perhaps due to domestic shortages as a result of an epidemic of African swine fever in 2018–20. Bilateral talks aimed at restoring canola shipments began in late 2019 and have continued. The necessity of responding to the COVID-19 pandemic from early 2020 also fostered a measure of cooperation between the two governments: Canada delivered protective equipment to China at the height of its outbreak, and China reciprocated when the disease spiked in Canada.

However, the détente was short-lived. In May 2020, a Canadian judge rejected a motion from Meng's lawyers to end her extradition proceedings. Three weeks later, Chinese authorities formally indicted Spavor and Kovrig on charges of espionage and 'gathering state secrets and intelligence for foreign countries'.<sup>22</sup> China also announced the discovery of beetles in a shipment of logs from Canada, raising concerns that another Canadian export might be subject to restrictions.<sup>23</sup> The timing of these developments suggested that China was responding to the Canadian court's ruling and seeking to apply further pressure on the Canadian government.

China's imposition of a new national security law in Hong Kong has also exacerbated tensions. In July 2020, Canada warned travellers of an increased risk of arbitrary detention in Hong Kong, blocked Canadian exports of sensitive military goods to the city, and suspended the Canada–Hong Kong extradition treaty. China's foreign ministry, in turn, has vowed 'consequences' for Canada's actions, without specifying what these might be.<sup>24</sup>

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<sup>19</sup> CTV News/Nanos Survey (2019), 'Canadians prefer to decrease tensions and engage in diplomatic talks with China rather than increasing tensions by boycotting Chinese goods', June 2019, <https://www.nanos.co/wp-content/uploads/2019/07/2019-1443C-CTV-May-Relationship-between-China-and-Canada-Populated-report-with-tabs.pdf> (accessed 19 May 2020).

<sup>20</sup> Anderson, B. and Coletto, D. (2019), 'Sour Canada-China Relations: Canadians blame China', Abacus Data, 24 July 2019, <https://abacusdata.ca/sour-canada-china-relations-canadians-blame-china/> (accessed 18 May 2020).

<sup>21</sup> Evans and Li (2019), *Third National Survey on Canadian Public Attitudes on China and Canada-China Relations*.

<sup>22</sup> Hernández, J. and Porter, C. (2020), 'China indicts 2 Canadians on spying charges, escalating dispute', *The New York Times*, 19 June 2020, <https://www.nytimes.com/2020/06/19/world/asia/china-canada-kovrig-spavor.html> (accessed 19 Jun. 2020).

<sup>23</sup> Vanderklippe, N. and Chase, S. (2020), 'China says it has found insects in Canadian logs, raising fears that Beijing is targeting another key export', *The Globe and Mail*, 16 June 2020, <https://www.theglobeandmail.com/world/article-china-says-it-has-found-insects-in-canadian-logs-raising-fears-that> (accessed 19 Jun. 2020).

<sup>24</sup> Vanderklippe, N. (2020), 'Chinese government threatens Canada, warning its own citizens to exercise caution when travelling to the country', *The Globe and Mail*, 7 July 2020, <https://www.theglobeandmail.com/world/article-chinese-government-threatens-canada-warning-citizens-to-exercise> (accessed 7 Jul. 2020).



Canadians and their political leaders will not soon forget the Chinese government's behaviour during this period. Domestic support for launching major new bilateral initiatives has evaporated and is unlikely to return, even if Kovrig and Spavor gain their freedom. Resuming discussions on a potential comprehensive FTA, for example, is virtually inconceivable.

Ottawa may, however, pursue trade opportunities with China at the sectoral level, driven in part by the perceived urgency to diversify Canada's trade relations and to reduce dependence on the US market. During his term in office, Trump has threatened Canadian economic interests in unprecedented ways, including by imposing 'national security' tariffs on Canadian steel and aluminium, stating that he would 'tear up' the 1994 North American Free Trade Agreement (NAFTA), and threatening to impose significant import tariffs on Canada's automobile sector, which accounts for 10 per cent of the country's manufacturing GDP.

**In the October 2019 University of British Columbia survey, 61 per cent of Canadians agreed with the statement: 'Canada can no longer trust the United States to do the right thing in the world.'**

These dangers have been averted for now: steel and aluminium tariffs were lifted and NAFTA renegotiated as the Canada–United States–Mexico Agreement (CUSMA).<sup>25</sup> However, the experience has shaken Canadian confidence in its closest ally and trading partner. In the October 2019 University of British Columbia survey, 61 per cent of Canadians agreed with the statement: 'Canada can no longer trust the United States to do the right thing in the world.'<sup>26</sup> Many Canadians also believe that the Trump administration has done too little to secure the release of Kovrig and Spavor, and that the White House has failed to acknowledge the price Canada has paid for fulfilling the terms of its bilateral extradition treaty with the US. After all, Meng is wanted by American, not Canadian, prosecutors.

Another potential flashpoint in Canada's relations with China (and perhaps with the US) may arise over 5G communications. Canada is the only participant in the Five Eyes intelligence-sharing alliance still not to have decided what role, if any, Huawei equipment will play in these new networks. Ottawa has been mulling its decision for more than a year and a half, but it is unlikely to approve the use of Huawei components in the 'core' of the network, or perhaps in any part of it. The Canadian government could follow the UK's initial determination (recently reversed) to allow Huawei equipment in the 'periphery' of its 5G network – Canada's signals intelligence agency reportedly holds that doing so would not compromise security, whereas the country's security intelligence service is said to disagree.<sup>27</sup> However, such a decision might expose Canadians to unknown surveillance risks from China, as well as to possible retaliation by the US, which has repeatedly warned Ottawa that it will limit intelligence sharing with Canada if Huawei components are permitted in Canadian 5G networks.<sup>28</sup>

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<sup>25</sup> The pact is called the United States–Mexico–Canada Agreement (USMCA) in the US.

<sup>26</sup> Evans and Li (2019), *Third National Survey on Canadian Public Attitudes on China and Canada-China Relations*.

<sup>27</sup> Fife, R. and Chase, S. (2020), 'Canadian intelligence agencies at odds over whether to ban Huawei from 5G networks: official', *The Globe and Mail*, 12 November 2019, <https://www.theglobeandmail.com/politics/article-canadian-intelligence-agencies-disagree-on-whether-to-ban-huawei-from> (accessed 8 Jun. 2020).

<sup>28</sup> Scherer, S. (2019), 'Canada's use of Huawei 5G would hamper its access to U.S. intelligence: U.S. official', Reuters, 23 November 2019, <https://www.reuters.com/article/us-usa-huawei-tech-canada/canadas-use-of-huawei-5g-would-hamper-its-access-to-u-s-intelligence-u-s-official-idUSKBN1XX0LA> (accessed 8 Jun. 2020); Simpson, K. (2020), 'State Department says U.S. will reassess intelligence-sharing with Canada if it lets Huawei into 5G', CBC News, 4 June 2020, <https://www.cbc.ca/news/politics/huawei-5g-state-department-trudeau-china-1.5598548> (accessed 8 Jun. 2020).

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Perhaps seeing that the writing is on the wall, two of Canada's major telecommunications companies, TELUS Corp. and BCE Inc., announced in June 2020 that they would build their 5G systems with European-made equipment.<sup>29</sup>

China's trade actions against Canada and its detention of Kovrig and Spavor, along with the Trump administration's mercurial treatment of Canada and other US allies, have startled Canadians. They have highlighted risks that Canada faces in a world of intensified geopolitical rivalry, where Canada may be subject to direct forms of great-power coercion. Although there is no equivalence between the US and China in terms of moral authority – the former being a troubled democracy, the latter an increasingly repressive autocracy – the US has greater potential to harm Canada if it wishes to do so. Seventy-five per cent of Canada's merchandise exports, representing approximately one-fifth of the country's GDP, are destined for the US. China, by contrast, receives less than 5 per cent of Canada's exports.<sup>30</sup> Although managing the current dispute with China is important, Canadian leaders understand that maintaining productive relations with the US and reliable access to its market is a vital national interest.

With tensions rising between the US and China, Canada will need to weigh its strategy carefully. The perception of China as a strategic competitor of the US has rapidly taken hold within the US government and in both major US political parties. This view, which will almost certainly outlast Trump's tenure in office, also has implications for Canada–US relations. During the negotiations that led to the conclusion of the revised North American trade agreement, US officials insisted on adding new text providing for the expulsion of any party that negotiated a comprehensive FTA with a 'non-market country', widely understood as meaning China. This provision was unnecessary – legally it added nothing to the agreement, and the political conditions in Canada have all but precluded free trade with China, as we have seen – but it was a clear warning shot from the US administration. It also offered a glimpse of the kind of pressure Canada and other countries could face in the future, particularly if the US veers towards a more confrontational strategy with China and demands that its traditional allies follow suit: 'Are you with us or against us?'

### A coordinated approach to China?

Ideally, the White House would work with Canada and other countries to devise a common approach towards China – one that sets out clear limits on harmful Chinese behaviours, such as the misappropriation of intellectual property, or the use of state-controlled Chinese companies to gain control of strategically sensitive resources and technologies – along with joint responses if China ignores these limits.<sup>31</sup> There are some indications of increasing coordination.<sup>32</sup> In June 2020, for example, the US, the UK, the EU, Japan, Canada, Australia and New Zealand all issued statements critical of China's decision to impose the new national security law in Hong Kong. But a genuinely coordinated approach among these countries would begin with their commitment to work together across a broader range of issues.

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<sup>29</sup> Blatchford, A. (2020), 'Canadian telecom giants move to European 5G suppliers as government mulls Huawei ban', Politico, 3 June 2020, <https://www.politico.com/news/2020/06/03/canadian-telecom-giants-move-to-european-5g-suppliers-as-government-mulls-huawei-ban-298994> (accessed 8 Jun. 2020).

<sup>30</sup> The figure was 4.98 per cent in 2018, before the recent crisis, and fell to 4.11 per cent in 2019. See Statistics Canada (2020), Table 12-10-0133-01, 'Canadian international merchandise trade by province and country, and by product sections, customs-based, annual (x 1,000)', <https://www150.statcan.gc.ca/t1/tb1/en/tv.action?pid=1210013301> (accessed 9 Jun. 2020).

<sup>31</sup> Paris (2020), 'Disunited Democracies Cannot Face the Challenge of China'.

<sup>32</sup> Small, A. (2020), 'Transatlantic Cooperation on Asia and the Trump Administration', German Marshall Fund of the United States, 30 October 2019, <https://www.gmfus.org/publications/transatlantic-cooperation-asia-and-trump-administration> (accessed 8 Jun. 2020).

This seems unlikely while Trump remains president, given his preference for dealing with China unilaterally. Nor are America's traditional partners of a single mind on how to handle China – divisions within Europe, for example, have been pronounced.<sup>33</sup> Nevertheless, the strategic necessity for all of these countries to work together will only grow over time; the challenge of an emboldened China is not going away. If anything, Beijing has become more assertive during the coronavirus pandemic. In addition to the legislative blow dealt in Hong Kong, the Vietnamese government claimed in April that a Chinese surveillance ship rammed and sank a Vietnamese fishing boat near the Paracel Islands in the contested South China Sea.<sup>34</sup> In May, China imposed import tariffs of up to 80 per cent on Australian barley, after the Australian government called for an independent investigation into the initial COVID-19 outbreak<sup>35</sup> – the scale of which, according to some reports, China initially sought to hide.<sup>36</sup>

**The strategic necessity for all of these countries to work together will only grow over time; the challenge of an emboldened China is not going away.**

The COVID-19 crisis has also exposed the vulnerability of medical supply chains to disruption. While Canada has joined 41 other countries, including the UK, in calling for 'the continued flow of vital medical supplies and other essential goods and services across borders during this health crisis',<sup>37</sup> many of these countries are urgently developing new sources of supply for medical equipment and pharmaceutical raw materials to reduce their current dependence on Chinese suppliers.<sup>38</sup> As just one example of this trend, in March the Canadian government announced a C\$1 billion plan to 'build the industrial capability needed to manufacture critical supplies at scale in Canada'.<sup>39</sup> A movement in Canada and elsewhere towards reshoring some of these supply chains seems inevitable.

On these and other issues, Canada has also sought closer cooperation with like-minded countries and, in some cases, with private actors and non-governmental organizations. Flexible plurilateralism – diverse combinations of states and non-state actors working together on specific goals – can be useful in addressing certain global problems.<sup>40</sup> In April, for example, Trudeau joined the leaders of 19 other countries, along with US philanthropist Bill Gates, in a virtual meeting where they pledged to cooperate in developing a coronavirus vaccine and other treatments, and to provide worldwide access to these technologies.<sup>41</sup> The US declined to attend this meeting because it was hosted by the

<sup>33</sup> Smith, J. and Taussig, T. (2019), 'The Old World and the Middle Kingdom: Europe Wakes Up to China's Rise', *Foreign Affairs* (September/October 2019), pp. 112–124.

<sup>34</sup> Khanh, V. (2020), 'Vietnam protests Beijing's sinking of South China Sea boat', 4 April 2020, Reuters, <https://www.reuters.com/article/us-vietnam-china-southchinasea/vietnam-protests-beijings-sinking-of-south-china-sea-boat-idUSKBN21M072> (accessed 8 Jun. 2020).

<sup>35</sup> Smyth, J. and Sun, Y. (2020), 'Australia threatens China with WTO challenge over barley tariffs', *Financial Times*, 19 May 2020, <https://www.ft.com/content/09bd2c90-9b32-4c62-b556-5a247c6de163> (accessed 8 Jun. 2020).

<sup>36</sup> Wadhams, N. and Jacobs, J. (2020), 'China Concealed Extent of Virus Outbreak, U.S. Intelligence Says', Bloomberg, 1 April 2020, <https://www.bloomberg.com/news/articles/2020-04-01/china-concealed-extent-of-virus-outbreak-u-s-intelligence-says> (accessed 8 Jun. 2020).

<sup>37</sup> World Trade Organization (2020), 'Ministerial statement on COVID-19 and the multilateral trading system', 4 May 2020, <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/GC/212.pdf> (accessed 8 Jun. 2020).

<sup>38</sup> The UK is one example. Wright, O. and Fisher, L. (2020), 'Boris Johnson wants self-sufficiency to end reliance on Chinese imports', *The Times*, 22 May 2020, <https://www.thetimes.co.uk/edition/news/boris-johnson-wants-self-sufficiency-to-end-reliance-on-chinese-imports-bmlxn18jl> (accessed 8 Jun. 2020).

<sup>39</sup> Government of Canada (2020), 'Prime Minister announces Canada's Plan to Mobilize Industry to fight COVID-19', 20 March 2020, <https://pm.gc.ca/en/news/news-releases/2020/03/20/prime-minister-announces-canadas-plan-mobilize-industry-fight-covid> (accessed 8 Jun. 2020).

<sup>40</sup> Paris, R. (2019), *Can Middle Powers Save the Liberal World Order?*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/sites/default/files/publications/research/2019-06-18-MiddlePowers.pdf> (accessed 19 May 2020).

<sup>41</sup> Wintour, P. (2020), 'US stays away as world leaders agree action on COVID-19 vaccine', *Guardian*, 24 April 2020, <https://www.theguardian.com/world/2020/apr/24/us-stays-away-as-world-leaders-agree-action-on-covid-19-vaccine> (accessed 8 Jun. 2020).

World Health Organization (WHO), which the Trump administration has shunned, claiming that the organization has become a Chinese ‘puppet’.<sup>42</sup> Many other democratic countries have also expressed misgivings over the WHO’s initial handling of the COVID-19 crisis, but they had implored Trump not to cut US funding to the world’s main public health agency during a global emergency.

Although plurilateral solutions are promising in terms of some issues, when it comes to dealing with China, an emerging giant, US leadership is essential. However, effective leadership will require whoever occupies the role of US president after January 2021 to rediscover the value of working with, and listening to, America’s traditional partners. It will also require these partner nations, including Canada, to acknowledge the seriousness of the China challenge that is now preoccupying Washington.

A strategically sound approach would establish clear limits on China’s problematic behaviours and uphold these restrictions. In addition to this clarity of purpose and resolve, restraint is also essential. If the US charts a reckless course with China, it should not expect its allies to follow suit. In recent months, Trump’s language has become increasingly belligerent – not unlike the rhetoric of his pugnacious trade adviser, Peter Navarro, whose published works have included titles such as *The Coming China Wars* and *Death By China*. There is too much at stake – for the global economy and, ultimately, for international peace – to abandon prudence.

Until such a coordinated approach crystallizes, Canada must continue to manage its relations with both the US and China with extreme care, for it is now exposed to the caprices of both. In the end, however, there should be no doubt about Canada’s alignment in the growing contest between these two great powers. By virtue of Canada’s history, geographical location, economic imperatives, security requirements, values and cultural connections, the US will remain Canada’s closest ally and trading partner – even if the US administration does not see Canada in precisely the same light.

## Conclusion

The ongoing dispute between Canada and China is proving an inflection point in their relations. Unlike previous disagreements, this one seems to have transformed Canadians’ long-standing ambivalence about China into a sharper distrust, and the COVID-19 pandemic appears only to have reinforced these sentiments. Appetite in Ottawa for major joint initiatives with China has all but evaporated. Lower-level cooperation will continue – along with bilateral trade – but there is little prospect of returning to the status quo ante in bilateral relations, even after the current dispute is resolved.

At the same time, Ottawa must tread carefully, because China has demonstrated its willingness to use harsh methods to pressure Canada, while ‘America First’ unilateralism has left many Canadians wondering if the US will come to Canada’s assistance at times of need. A multinational effort to define and uphold limits on Chinese behaviours would benefit Canada, provided that it exercises due caution to avoid triggering a broader confrontation. Canadians want neither to be the target of an emboldened China, nor to bring about an unnecessary new cold war.

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<sup>42</sup> Holland, S. and Nichols, M. (2020), ‘Trump cutting U.S. ties with World Health Organization over virus’, Reuters, 29 May 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-who/trump-cutting-u-s-ties-with-world-health-organization-over-virus-idUSKBN2352YJ> (accessed 8 Jun. 2020).

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## Acknowledgments

This paper is part of a multi-year project led by the US and the Americas Programme at Chatham House that analyses the foreign policy debate on China's rise in the US, Canada, the UK, Germany, France, Italy and the European Union. It benefited from an expert roundtable discussion held at Chatham House in December 2019, as well as supplementary desk-based research. We would like to thank those who contributed to the roundtable discussion and those who provided feedback through anonymous peer reviews.

Chatham House would also like to thank the Konrad Adenauer Foundation (Konrad-Adenauer-Stiftung) for its generous support of this project.



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Cover image: China's President Xi Jinping and Canada's Prime Minister Justin Trudeau attend a session on women's workforce participation, future of work and aging societies at the G20 Summit on 29 June 2019 in Osaka, Japan.

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ISBN 978 1 78413 405 1

This publication is printed on FSC-certified paper.



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