



2016 Canada-China Relations Forum

Executive Summary of the Canada-China Relations Forum

Ottawa, Ontario, Canada
October 12, 2016

On October 12, 2016 in Ottawa, the China Institute at the University of Alberta (CIUA) in partnership with the Chinese People's Institute of Foreign Affairs (CPIFA) hosted the Canada-China Relations Forum. Against the backdrop of the recent visits by Prime Minister Trudeau to China and Premier Li Keqiang to Canada, around 120 participants, including senior government policy experts, diplomats, business and academic leaders from both countries, gathered to exchange ideas on a wide range of issues regarding Canada-China relations.

Around four experts' panels, Forum discussions were conducted on strengthening economic cooperation, dealing with issues of environment and climate change, addressing questions of governance, finding common ground on global and regional security, and future prospects for bilateral relations.

The first panel, **Closer Economic Cooperation: FTA and Investment**, looked at the trend of economic cooperation between the two countries. Panelists examined ways to take advantage of economic potential across a diversity of industry sectors, including how best to overcome trade restrictions, and how to maximize investment opportunities that can contribute to enhancing the economic relationship between China and Canada. One panelist pointed out the need for a fair, transparent and welcoming business environment for Canadian businesses looking for opportunities in China. Panelists also discussed extensively the implications of a potential Canada-China free trade agreement, and potential implications for various sectors in both countries. It was noted that a FTA would provide

numerous opportunities for Canada, - including \$78 billion in new exports and 25,000 new jobs by 2030 according to one estimate. At the same time and with differences in economic systems, there are also challenges that would need to be addressed, including issues of "reciprocity" and how to ensure any FTA would meet the practical needs and priorities at the company level (e.g. intellectual property, brand development, talent access and profitability). There was a general consensus that the best agreement would build on the WTO and create rather than divert trade. One outcome was discussion of the need for a serious feasibility study to assess further potential impacts on both economies. Furthermore, using the example the China-Australia FTA, a number of Forum participants opined that Canada and China should take the necessary time to negotiate a win-win agreement despite the fact that both economies are highly complementary. It was also mentioned that public opinion in Canada regarding China remains quite negative. This is seen in part as a consequence of weak levels of awareness of facts about the nature and magnitude of Chinese investment in Canada. Therefore Stakeholder engagement and public education would be essential in building consensus.

The second panel explored the theme **Environment, Climate Change, and Governance**. This panel discussed the issues of greenhouse gas emissions and adaptation to climate change, and examined the Chinese and Canadian approaches to addressing these challenges. The longstanding issue for both countries remains the question of the economy versus the environment. It was questioned whether China, Canada and the United States can meet their commitments made during the COP21 in Paris. Some panelists argued that, particularly in the context of rapid urbanization, the Chinese government is well aware of the environmental challenges and disastrous consequences a failure to address these challenges poses, and that China is strongly committed to addressing the issue. It was affirmed that these processes would create opportunities for businesses and boost technological innovation in both countries and that there is advantage in a collaboration framework to jointly address this global challenge.

Environment and climate change represent an example and a test for broader issues of governance. Progress in governance in turn affects levels of public support for and confidence in a deepened Canada-China

relationship. It was acknowledged that, in addition to stronger environmental measures, China had made significant progress on modernizing governance and in achieving poverty reduction, but that perceived and real weaknesses in civil and political rights as well as in certain areas of business law and practice in China remain problematic for Canadians. As with the environment/economy interface, questions of seeking and achieving governance are not, or should not be, seen as “zero-sum”. Nevertheless, Canadians’ concerns over governance had limited support for ambitious bilateral progress on a range of agendas. Both substantive dialogue at bilateral levels on questions of governance and public engagement at home will be helpful going forward.

Panel three, **Global Security Issues: Canadian and PRC Perspectives**, focused on current security issues, including maritime and cyber security. The Sino-Philippines South China Sea disputes, and specifically the decision reached by the Permanent Court of Arbitration in July of 2016 on this matter, was widely debated. Some panelists explained the Chinese views and perspectives on this matter include their historical and legal aspects. It has been said that it would be in Canada’s interest to become more involved in this dispute in order to assure that the South China Sea remains a peaceful maritime zone and a stable and open international passage. Canada does not have naval vessels stationed in the region despite its importance containing the busiest trade routes in the world. A question was raised on whether and how the Canadian and Chinese navies can cooperate on this matter. While differences must be overcome on how best to allocate work among bilateral, regional and multilateral approaches, panelists agreed that the territorial and maritime disputes over the South China Sea must be resolved through peaceful means. At a bilateral level, issues of both maritime security and cybersecurity were considered significant and useful topics of dialogue and that progress in both areas would be instrumental in building confidence both for security and business development.

For the final panel, **Prospects for Bilateral Relations: A Look over the Horizon**, speakers presented their views on the future prospects of the Canada-China relationship. There is a broad recognition of the importance of working towards a new level of bilateral economic cooperation, to strengthen the dialogue, and to expand exchanges in numerous sectors (tourism, education,

trade, finance and others). For instance, one panelist argued that more effort should be made to increase the number of Chinese tourists in Canada; as of 2015, the number of Chinese overseas tourists is estimated at over 100 million per year, while the number of Chinese tourists visiting Canada is only about half a million. Another panelist argued for the importance of people-to-people exchanges in culture and values, cooperation among universities and research institutions, and the essential role of such initiatives for a better understanding of China by Canadians. He also flagged that a lot of potential investors from China don’t have enough information about Canada, and need more resources to help better understand how to best operate in the Canadian market. Speakers reiterated the importance of enhanced environmental cooperation in a wide range of areas such as biodiversity conservation, climate change, and environmental monitoring and assessment, which will be beneficial for both countries dealing with considerable environmental challenges.

This summary does not attempt to capture or distill all thoughtful comments made by participants, nor the full spectrum of issues surrounding the Canada China relationship. Instead, it reflects the general course and highlights of the day’s discussions. The various participants’ comments at this forum highlighted the importance of strengthening a constructive dialogue in order to enhance economic and social benefits for both countries. This could serve as an effective tool in improving cooperation in the wide range of topics mentioned above, and to promote the necessary mutual understanding and confidence that both nations need going forward to build the relationship in a constructive and productive manner.

The CIUA and CPIFA are above all grateful for the support of the University of Alberta and to the panel chairs, panelists and attendees, all of whom strongly contributed to the success of this forum. The CIUA and CPIFA were very pleased to welcome participants from across Canada (public and private sectors), academic experts, and from China and the Chinese embassy in Canada.

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