



“Past and Future in China-Canada Relations”

**Co-hosted by the Institute of Asian Research &
the Shanghai Institutes for International Studies**

**Shanghai, China
November 10-12, 2010**

Papers presented by;

**Lu Congmin
Bernie Frolic
Mei Peng
Jack Austin
Gordon Houlden**

Background Note
“China-Canada Relations: New Dimensions in Cooperation”
Hangzhou, China
3-5 September 2012

The meeting is being organized as the second in a series on “Emerging Issues in Canada-China Relations,” organized by the Shanghai Institutes of International Studies and the Institute of Asia Research, University of British Columbia.

The series was conceived in 2009 with the intention of providing a non-governmental, track-two venue for expert discussion of policy-related issues in the bilateral relationship. The participants are academics, business leaders, and past and serving officials, all in their private capacities. The fabric of Canada-China dialogues and exchanges has strengthened substantially in the past decade at both official and academic levels. The SIIS-UBC series is designed to take a broad, comprehensive and forward looking approach to Canada-China relations. The aim is to create a relaxed and informed conversation about possibilities, obstacles and instruments for deepening and widening bilateral relations in the context of a shifting balance of global power and the interests and values of both countries.

I. Shanghai, November 2010

The initial meeting on “Past and Future in China-Canada Relations: A Forty-Year Perspective” took place in Shanghai 10-12 November 2010. It brought together about 25 people from both countries, several of whom have played central roles in the relationship since the 1970s and who have a special interest in the background and content of the strategic partnership that was announced by President Hu and Prime Minister Martin in September 2005.

The discussion in Shanghai drew on several position papers and formal remarks that helped generate a lively, frank and constructive discussion. The agenda and papers are included here as an attachment. The discussion revolved around two main subjects.

First, on the pattern and history of the diplomatic relationship, considerable attention was given to the key individuals, issues and events that were critical to the evolution of political relations between 1970 and 2006. Bernie Frolic, drawing on extensive archival research and interviews, provided an overview and summarized several specific issues that lay behind Canadian thinking and planning during the negotiations of 1968 to 1970.

Two Chinese participants offered an unprecedented look into the thinking and planning on the Chinese side during the same negotiations based on unprecedented access to the archives of the Ministry of Foreign Affairs. One of the insights of Mei Ping and Chen Wenzhao centred on why the Chinese side accepted the Canadian formula on the status of Taiwan. Even more revealing were the insights into the key question of why Zhou Enlai, with the support of the other seven members of Standing Committee of the Politburo, including Mao, decided to open negotiations with Canada rather than Italy or Belgium. The answer was that Canada was seen as close to the United States, somewhat independent of the United States, and had a perspective on world order

larger than bilateral commercial relations. There was considerable discussion on whether and in what ways Chinese views of Canada's strategic significance had evolved in the succeeding years.

Lu Congmin reviewed the history of the relationship, emphasizing the careful diplomacy on the two sides and the absence of historical resentments or conflict of fundamental interests while noting some of the "uncertainties and unstable elements" and "ups and downs" that entered into the relationship in the early years of the Harper government before the Prime Minister's visit to China in December 2009 and the joint statement that the visit produced.

Second, on the strategic dimension, Jack Austin assessed the domestic and international reasons that each side believed the other was important to it and analyzed the signature initiatives after 1970, among them the Team Canada and visits by senior leaders. In looking to the next forty years in relations he raised the fundamental question: "Do these two countries have any special need of one another in the international framework of global peace and security or in terms of unique positioning in their respective domestic contexts?" He looked particularly at areas of trade, investment, transportation infrastructure, and education but paid special attention to managing the environment and the transformation of global trade, agriculture and food security, and geo-politics. He raised a provocative argument that in an era of drastic climate change, the opening of Canada's North would make Canada more valuable to China than in past. He concluded by citing a June 2009 speech by Yang Jiechi, China's Minister of Foreign Affairs:

China and Canada are respectively the largest developing country and largest developed countries in terms of territory. There is no conflict of fundamental interests between us. Rather we share broad common interests and a good foundation for cooperation. Under the current circumstances, there is more reason for our two countries to enhance cooperation and work together to promote early recovery of the world economy and effectively meet all global challenges...China and Canada should...enrich the strategic content of bilateral relations in the fields of counter-terrorism, justice, law enforcement, science, education, culture and health, and on global issues and regional hotspots such as UN affairs and climate change

On emerging issues, the presentation by Gordon Houlden focused on the prospects and complications of bigger two-way investment flows and the presentation by John Wiebe on the opportunities afforded in the environmental technology sector, sustainability and a low carbon economy.

The conversation ranged widely on the spirit and content of the strategic partnership, including the G-20 agenda, how to approach cooperation on human rights and the rule of law, addressing climate change, mechanisms for high-level political dialogue. Yang Jiemian concluded with observations on four areas for cooperation on the international agenda: trouble shooting on international problems ranging from terrorism and failed states to financial markets; rule making in a dramatically different international context; institution building at the global and regional levels; and promoting value convergence in areas including democracy and good governance. He assessed China's leadership capabilities in all of these domains and raised a fundamental question about whether Canada was still committed to playing a middle power role and what

specifically it would look like in the context of tensions between developed and developing economies and a shifting balance of power associated with Asia's rise in what Paul Evans described as a mess multi-centric world order.

The participants were enthusiastic about the tone, depth, and direction of the discussion and looked forward to a second round that would drill deeper into specific issues while maintaining the strategic focus. Topics suggested included natural resources and the environment, cooperation in international institutions, and the global identities of China as a rising power and Canada as a middle power in a rapidly changing international system.

Past and Future of China-Canada Relations

Participant List

Jack Austin	Senator (retired)
Paul Evans	Director, Institute of Asian Research, University of British Columbia (UBC)
Tim Cheek	Professor, University of British Columbia (UBC)
Bernie Frolic	Professor, York University
Gordon Houlden	Head, China Institute, University of Alberta
John Wiebe	Leading expert on environment issues
Mark McDowell	Counselor of Public Diplomacy, Canadian Embassy in Beijing
Daniel Bell	Visiting Professor, Tsinghua University
Zhao Weiping	Deputy Director-General, Department of North American and Oceanian Affairs, Foreign Ministry of China
Dong Minchuan	Second Secretary, Department of North American and Oceanian Affairs, Foreign Ministry of China
Lu Congmin	Vice Chairman, Foreign Affairs Committee, the 10th National People's Congress of China
Mei Ping	Former Chinese Ambassador to Canada
Zhang Wenpu	Former Chinese Ambassador to Canada
Chen Wenzhao	Former Chinese Consul General to Toronto
Zhou Xingbao	Former Chinese Consul General to Toronto
Zhou Shijian	Former Vice Chairman of China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCMC)
Zhu Yinghuang	Editor-in-Chief Emeritus of China Daily Newspaper Group
Yang Jiemian	President, Shanghai Institutes for International Studies (SIIS)
Chen Dongxiao	Vice President, SIIS
Zhao Gancheng	Executive Director, Institute for International Strategy Studies, SIIS
Zhang Haibing	Deputy Director, Institute for Economic Comparative Studies, SIIS
Zha Xiaogang	Assistant Researcher, Institute for Economic Comparative Studies, SIIS
Wu Chunsi	Deputy Director, Institute for Foreign Policy Studies, SIIS
Liu Xin	Assistant Researcher, Institute for Foreign Policy Studies, SIIS

(As of Nov. 5, 2010)

Friendship and Cooperation in Full Sails:

To the 40th Anniversary of the Establishment of Diplomatic Relations between China and Canada

—A recollection by a witness of history

Lu Congmin

Being a distant nation, Canada is always related to a great name in our mind. Seven decades ago, Chairman Mao Zedong published a well-known article *In Commemoration of Doctor Bethune* which brought Norman Bethune's motherland much closer to the Chinese people. Regretfully, China and Canada didn't establish diplomatic relations until two decades after the People's Republic of China was born.

History moves forward. The trend of times never disappointed the Chinese and Canadian people. On October 13th, 1970, the two governments published a joint communiqué on the establishment of diplomatic relations, opening a new chapter in the history of relations between the two countries. Canada was, at that time, related to another great name, Pierre Elliott Trudeau, then Liberal Party leader and Prime Minister. He was a legendary statesman in western world who observed a brand new concept of respecting different cultures, different beliefs and different roads of development, and believed in strengthening engagement and developing relations with China. Not long after taking office, he held an all-around deliberation on Canada's foreign policies, emphasizing that diplomacy should serve Canada's national interest in the global geopolitical context, and independent thinking and policies should be applied in handling foreign relations of which Asia-Pacific region is an integral part. It was one of the preferential goals, to recognize and establish diplomatic relations with People's Republic of China. His political wisdom and diplomatic insight was demonstrated in the courage to withstand pressure from the United States, as well as the correct decisions made on issues related to China's core interests, removing barriers of negotiations to establish diplomatic ties and laying foundation for a complete success.

During Trudeau's two terms of office, China-Canada relations enjoyed a good momentum of development with increasing political mutual trust, acting in an exemplary manner for friendly cooperation between countries with different social systems. Trudeau paid an official visit to China from October 10 to 17, 1973, on the occasion of the 3rd anniversary of establishment of diplomatic relations. When meeting with him, Chairman Mao Zedong and Premier Zhou Enlai highly appreciated his significant and unique contribution to the establishment of bilateral ties. On October 13, he held a return banquet for Premier Zhou Enlai in the Great Hall of the People and delivered a speech which reflected on his diplomatic concept and expressed his profound feelings of that visit. "It is not mountains, forests or rivers that block mutual understanding most, but always the obstinate attitude in people's mind. Despite different perspectives when observing the same thing, we can at least understand each others' point of view. We find many things in common through discussion and sincerely hope that our two peoples live together in friendship. We also hope that this friendship could spread all over the world." Mr. Trudeau's sincerity and aspiration of making light of traveling from afar to pursue understanding, friendship and cooperation, his good intentions and compassion towards the Chinese people lasting from the very beginning, his understanding and respect of the great social practice of New China, all added a spectacular chapter to the history of China-Canada relations.

The Liberal Party held power for most of the 21-year period from 1984 when Trudeau quitted the political stage to 2005, except for a couple of years under Martin Brian Mulroney administration of Conservative Party. However, both parties adopted favorable policies towards China, ensuring generally stable bilateral relations and active contacts between governments and peoples. A span of eleven years from 1994 and 2005 witnessed major progress in bilateral relations featuring frequent exchange of high-level visits and pragmatic cooperation in an all-round way. Major state leaders of two countries visited each other, successively Premier Li Peng, President Jiang Zemin, Premier Zhu Rongji, Premier Wen Jiabao and President Hu Jintao on Chinese side and Prime Minister Jean Chretien and Prime Minister Paul Edgar Philippe Martin on Canadian side. There are two milestones in the development of bilateral relations: one in November, 1997, when two countries established comprehensive and cooperative

partnership towards 21st century during President Jiang Zemin's visit to Canada, the other one in September, 2005, when strategic partnership was established between the two sides during President Hu Jintao's visit to Canada. The past 11 years contained many special references to Chretien who stayed for a comparatively long time in office and made lots of achievements. Used to be a minister in Trudeau administration, he carried on Trudeau's favorable policies towards China, and spared no effort in conducting pragmatic cooperation. During his ten-year term in office, Chretien visited China as many as 6 times, especially in November, 1994, and February, 2001, when he respectively led a huge delegation known as Team Canada to visit China (nearly 500 people for the first time and 600 for the second, including government officials, entrepreneurs, provincial leaders and university presidents). Both visits yielded fruitful results, making it a rare spotlight among western leaders' visits to China.

Despite that Prime Minister Martin didn't stay in office for quite a long time, he adopted active attitude towards China as influenced by his father who used to be Foreign Minister of Canada. He said in an assembly not long after he inaugurated that China's development would present opportunities for Canada, and China should be an integral part of Canada's foreign relations. During his official visit to China in January, 2005, Martin initiated Sino-Canada Strategic Working Group together with Chinese counterpart, making imperative political preparation for President Hu's visit to Canada in September during which two state leaders decided to upgrade bilateral relationship to strategic partnership.

In January, 2006, the Conservative Party led by Stephen Harper won the general election, putting an end to Liberal Party's administration for 12 consecutive years.

The Chinese side was undoubtedly concerned over the uncertainties and unstable elements in bilateral relations brought about by the changes of Canada's political situation. In the first two years of the new administration of Conservative Party, the bilateral relationship underwent ups and downs frankly because of the inappropriate measures of Canadian side on issues related to China. Gratefully, the relations improved step by step due to the joint efforts made by both sides. In early 2008, the Canadian government stressed in its official statement the importance to develop relations with China, reiterated One China Policy, explicitly aired

support to Beijing Olympics, expressed condolence on many occasions to victims of Wenchuan Earthquake, and provided relief assistance. As the Chairman of China-Canada Legislative Association on Chinese side, I personally felt the change of Canada's attitude towards China. The fact that the bilateral relationship came back to the right track was fully demonstrated in Harper's official visit to China in December, 2009, which was not only the first one for him, but also the first one for major Canadian leaders to step on the land of China in the past 5 years. The Chinese leaders held many meetings and talks with him, extensively and deeply exchanging views on the development of bilateral relations and reaching important consensus. The two sides issued China-Canada Joint Statement, and signed many agreements regarding cooperation on climate change, mineral resources, cultural and agricultural education. The statement was of great political significance, because it was not only the outcome of the visit, but also the first document released together by Chinese government and Canadian Conservative Party Administration. It showcased the positive approaches two governments adopted on developing bilateral ties to "develop a long-term and sound cooperative relationship on the basis of mutual respect, equality and mutual benefit", pointing out direction for future development of bilateral relations. The statement also incorporated many important guiding principles, for example, to reaffirm the fundamental principle of respecting each other's sovereignty and territorial integrity, core interests, and major concerns; either side should not support any action done by any force to violate above-mentioned principles; to recognize the fact that each country and its people are entitled to choose their own ways of development.

All the important political consensus and pragmatic cooperation outcome was no easily come by. When meeting with Prime Minister Harper, President Hu said that "Your visit will help increase mutual understanding, extend pragmatic cooperation, and raise Sino-Canada relations to a new height." Premier Wen also gave the following remarks: "Your visit is a success. It is of utmost importance that leaders of two states trust each other. Without mutual trust, other aspects of bilateral relations will be impacted as well. I hope your visit this time can be a brand new start."

Some media holds that this visit should have come much earlier. It is not altogether without reason to say so. However, when talking about nation-to-nation relations, we always look forward rather than backward. Undoubtedly history is important, but not as important as today. Given that Prime Minister Harper and his government conformed to the trend of times, complied with the shared aspirations of the two peoples, and served the common interests of the two countries, his visit to China was highly recognized by both sides.

This year marks the 40th anniversary of the establishment of Sino-Canada diplomatic relations. Despite twists and turns in the past four decades, the bilateral relations achieved historic progress. In such a unique year, President Hu paid a state visit to Canada in June, marking the beginning of a new era for the bilateral ties. The most important outcome of the visit was the deepening political mutual trust and cooperation. During Hu's talks with the Canadian leaders, he stressed adherence of two sides to the correct direction of strategic partnership, and put forward 5 proposals including strengthening high-level contacts and exchanges of various levels, extending pragmatic cooperation, broadening people-to-people communications, enhancing cooperation on major international and regional affairs, and respecting each others' core interests and major concerns. Prime Minister Harper and other Canadian leaders responded positively, affirming the importance of strategic partnership and the outcome of pragmatic cooperation, committing to the joint efforts with Chinese side to build a stronger and more powerful bilateral relationship.

My memory was cohesively clung to the 40-year development of Sino-Canada relationship which I saw with my own eyes. Thanks to the joint efforts made by leaders of several generations and people of all walks of life, two sides constantly broadened areas of communication and improved cooperation level, establishing over 40 exchange and cooperation mechanisms on diplomacy, legislatives, economy and trade, judicial affairs, security, energy and resources, environmental protection, science, education, culture and public health. The two countries also held increasingly close cooperation under multilateral frameworks including United Nations, World Trade Organization, G20, Asia-Pacific Economic Cooperation Organization, and Inter-Parliamentary Union.

Inter-parliamentary exchange is an integral part of the bilateral relations. Back to as early as 1988, the National People's Congress of China and Parliament of Canada established a friendship group respectively. In order to meet the need for further development of bilateral relations, the two sides decided to upgrade it to legislative association in 1998 and made the exchanges regular and institutional. I'm privileged to participate the establishment of the mechanism and serve as the Chairman on Chinese side from 2003 to 2008. My predecessor was Mr. Jiang Xinxiong while my successor was Mr. Zheng Silin. A few days before the 40th anniversary, CCLA Co-chairs on Canadian side Senator Joseph Day and Member of Parliament Daryl Kramp led a delegation to visit China and attend the 13th round of meeting under the framework of exchange mechanism from September 9 to 19. It is proved by previous practice that to strengthen and deepen the Parliamentary exchange mechanism will play a positive role in increasing mutual understanding, deepening friendship, strengthening mutual trust, and developing cooperation.

Being an important part of bilateral relations, economic and trade cooperation between China and Canada enjoys a huge potential. Our two economies are also high complementary to each other. It evolved from single pattern trade in the very beginning to diversified cooperation of all scales and in multiple fronts. Flow of goods, service and capital becomes more and more frequent, with a 230-fold surge in two-way trade volume from USD 150 million in the beginning of establishment of bilateral ties to USD 34.52 billion in 2008. China is now the second largest trading partner, the third export market and the second import source of Canada. Personnel exchanges boosted constantly, making China one of its major source of immigrants and overseas students. There are currently more than 1.4 million overseas Chinese and almost 100 thousand Chinese students living and studying in Canada. Chinese has become Canada's third largest language and there are 44 pairs of sister provinces and cities between the two countries.

As two important countries in Asia and Pacific region, China and Canada do not have either historical resentment or conflicts of fundamental interests, on the contrary, we share significant interests and huge potential for cooperation in both bilateral and multilateral areas,

which constitutes a solid cornerstone of lasting development of bilateral relations. Both sides should make best of President Hu's visit to Canada, Prime Minister Harper's visit to China, and the 40th anniversary as well, unswervingly stick to the direction of strategic partnership from strategic height and long-term perspective, injecting new dynamics to the development of bilateral relationship. That's the obligation shared by all walks of life of our two countries. As President Hu said in Prime Minister Harper's welcoming banquet in Ottawa on June 24 this year, let us work hand in hand to navigate China-Canada relations towards an even brighter future with friendship and cooperation in full sails.

On the uniqueness and far-reaching significance of the establishment of diplomatic relations between China and Canada

Chen WenZhao

(Former Chinese ambassador to New Zealand and Consul- General to Toronto)

13th October this year marks the 40th anniversary of the establishment of diplomatic relations at ambassadorial level between China and Canada. This is a day worth commemorating. The establishment of diplomatic relations between China and Canada made a precedence in its creative wording on the issue of Taiwan, i.e. the well-known "Canada Formula."

The creation of "Canada formula"

As early as 24 August 1949 prior to the founding of the People's Republic of China, Canadian Ambassador Davies met Huang Hua, then chief of Military and Foreign Affairs Division in Nanjing and told Huang Hua that the Canadian government was considering the recognition of New China. On 26 June Mr. Chester Ronning, then First Secretary of Canadian Embassy was asked to prepare for the negotiation with Beijing for a "satisfactory agreement" on the establishment of diplomatic ties. Unfortunately against people's wishes, on the very same day, the Korean War broke out and Canada followed the US by sending troops to Korea. As a result, the establishment of diplomatic relations between China and Canada was put off by 20 years.

In June 1968, liberal party won the general election and its leader Pierre Trudeau became the Prime Minister. Pierre Trudeau had visited China in 1940s and 1960s and obtained some knowledge of China. After return from China, he wrote the book "Two innocents in Red China" in which he denounced the anti-China remarks in some countries. Pierre Trudeau was ideologically leftist and as a result blacklisted and denied entry by the US. After taking office, he intended to distance himself from the US on China policy. He made it public that Canada would do something that the US didn't agree or like to do and used the analogy of touching the tail of the tiger. He said Canada planned to recognize New China as soon as possible and would support China's restoration of its membership in UN. Despite what he said, Mr. Trudeau had to take into account the attitude of US which, as a neighbor country has a great influence over Canada. Three months before he took office, Mr. Trudeau talked with President Nixon about this and Nixon told him that it was not wise of Canada to enter into negotiations with China right now. Under the pressure of US, Mr. Trudeau said, Canada would not forget that "there is an independent government in Taiwan." And that then Foreign Minister Sharp interpreted it as "the Canadian Government hopes that there will be a scenario of two governments both being recognized. And that statement, in essence, was "one China, one Taiwan" and "Two China's."

On 6 February, the Canadian Embassy in Stockholm telephoned the Chinese embassy and asked to engage with China on the establishment of diplomatic relations. As agreed, the first round of negotiations was held in the Chinese embassy in Stockholm on 20 May 1969. The second round was held in the Canadian Embassy in Stockholm. In the two rounds of negotiation, both sides expressed their positions. The Chinese side elaborated on its consistent principle on the

establishment of diplomatic relations, i.e. thought to recognize the government of the PRC as the sole legitimate government representing the whole Chinese people, to recognize Taiwan as an inalienable part of Chinese territory and sever relations of all kinds with the Chiang Kai-shek clique, not to support the membership of Chiang Kai-shek in the UN. The Canadian side put forward three proposals. First, the Canadian Government agrees to establish diplomatic relationship with the PRC government and send ambassadors to each other's country. Second, both governments agreed to give necessary help for the establishment of embassies where necessary. Third, both governments agree to receive a special delegation from each other before the establishment of embassy in its own capital so as to make arrangements for housing, communications and other technical facilities. The Canadian side also wished to discuss with the Chinese side on trade, consular, civil aviation and cultural relations.

It was obvious that the Canadian side evaded the principled issue of Chinese concern. Taiwan is an issue of principle on which all countries wishing to establish diplomatic relations with China must indicate its position. During the negotiation, the Chinese side upheld its principal. The Canadian side held up quite blurred position, i.e. "neither recognized nor deny" and "neither dispute nor make any off opinion" on Taiwan issue. On the issue of UN membership, the Canadian side maintained that "Canada can't undertake responsibility for future action" and separate the recognition of China from supporting China's legitimate right in UN in order shrug its responsibility to evict Chiang Kai-shek clique. As the two sides were seriously divided on this issue of principle and were unable to reach consensus, the negotiation was stalled.

From the 3rd round of negotiations, Ambassador Wong Dong and his aides Mr. Liu Jicai and Mr. Chen Weiming held in-depth negotiation with his Canadian counterpart. Both sides focused on the issue of Taiwan and exchanged views in an in-depth and equitable manner. During the 4th round, the Canadian side indicated explicitly that the Canadian Government promised unreservedly not to engage in "Two China's" policy or "one China, one Taiwan" activities. The Canadian side respected the sovereignty and territorial integrity of China. With respect to the status of Taiwan, the Canadian government would not engage in any activity in support of Taiwan special status. That statement by the Canadian side eliminated the hurdle for the establishment of diplomatic relations and laid foundation for the remaining negotiation.

On 14 to 1969, the fifth round of negotiations was held. From this round, the two sides concentrated on the draft joint Communiqué and its wording. That was a tough process. All in all, the two sides held 9 rounds of negotiations. The focus of the negotiation was on the attitude towards and position on Taiwan issue. The Chinese side demanded that the Canadian side included his position on Taiwan issue explicitly in the Communiqué. The Canadian side insisted on taking a blurred position of recognizing the PRC but not mentioning the territorial boundary. As such, the Canadian version of the Communiqué was: the PRC government reaffirms that Taiwan is an inalienable part of the territory of the PRC. The Canadian government takes note of this position, but is not in the position to comment on the territorial boundary of China. The Canadian side also maintained that the positions of both sides should be recorded in the affix to the Communiqué. By using "take note of," the Canadian side circumvented public statement on Taiwan issue. This formula was designed by Canadian Foreign Minister Mitchell Sharp and had never appeared in our Communiqué for establishment of diplomatic relations with other countries. Given his unprecedentedness, the Chinese side needed to take it very seriously.

Therefore, the following negotiation, the Chinese side was not yet to accept the Canadian proposal.

The next few rounds of negotiations, the two sides exchanged their views heatedly. The Chinese side took a positive but no-haste attitude. We encourage the positive expression by the Canadian side and fight with its negative expression in a reasonable, constructive and measurable manner. We rejected categorically the Canadian proposal of characterizing Taiwan issue as one of “territorial boundary.” The Chinese side made as through case of it and finally aborted the unrealistic proposal. We also refused the Canadian proposal of making a lengthy negotiation minute as the affix to the Communiqué. During the final phase of the negotiation, the two sides had further discussion on the wording of the Communiqué in a friendly and considerate manner. The Canadian side maintained its blurred position but conceded that it would recognize the PRC government as the sole legitimate government of China. The Chinese accommodated the Canadian side on the precondition of upholding principle. Finally with the approval of Chairman Mao Zedong, the Chinese side adopted the Canadian formula of “taking note of” the position of the Chinese government. As a result, during the 14th round of negotiations on 17 September 1970, the two sides reached the following consensus:

“The Chinese Government reiterates that Taiwan is an inalienable part of the territory of the People's Republic of China. The Canadian government takes note of this position of the Chinese government”.

On 7 October 1970, The 15th round of negotiation was held and that was the last round of negotiations. During the negotiation, the two sides agreed upon the Chinese and English versions of the Communiqué. As always the Chinese embassy in Stockholm telegraphed Beijing for advice on next steps. On 10 October, Ambassador Wang Dong and his Canadian counterpart signed the Communiqué on behalf of their respective governments. The negotiation was concluded in success after one and half years. On 13 October, the two countries issued the Communiqué at the same time. The innovative expression of “take note of” used by the Canadian side in the Communiqué was later termed as “Canadian Formula.”

The significance of “Canadian Formula”

Soon after that China-Canada Communiqué on establishing diplomatic relations was issued, the “Canadian Formula” drew wide-ranging attention across the world. That had huge influence on China's relations with the rest of the world.

First, it reflects the state-of-the-art-negotiation skill.

During the 15 rounds of negotiations, the two sides made their positions clear-cut to each other. And the difference between the two sides was focused on the expression on Taiwan issue. In other words, the key lies in whether the Chinese side agrees to accept the Canadian formula of “take note of.” As Taiwan issue is one of principle, we should insist on it and never give in. But the way we conduct the negotiation can be flexible. As premier Zhou Enlai said “we should uphold principle but work it out in a flexible way to achieve success.” It test the diplomatic wisdom and strategic thinking to combine principal and flexibility in the negotiation for the easy solution of the problem. In that regard, Premier Joe made an excellent example in dealing with

the China UK relations.

On 6 January 1950, the UK government notified the Chinese side that it recognized the Chinese government as “government in Chinese law” and was ready to establish diplomatic relations with China. But during the following negotiation, the UK side refused to accept our principal for establishing diplomatic relations. The UK was not willing to sever its connection with KMT regime and managed to keep its consulate in Tanshui of Taiwan. Nor did UK support our bid for the restoration of seat in the UN. As we stuck to the principal, the negotiation was stalled for quite long time. During the Geneva Conference in 1954, in view of the fact that the UK held a different position on Indo-China issue from US and that it reiterated for several times its willingness to improve its relations with China, we agreed to exchange Charge de affairs with UK. As Premier Zhou put it, the UK just agreed to accept our principal for establishing diplomatic relations in half, and so we agreed to establish a “quasi-diplomatic relations.” This was truly an unprecedented innovation. The purpose of the China-Canada negotiation was to make agreement. The Canadian side had made explicit commitments on Taiwan issue during the initial four rounds of negotiations, but wished to use the expression of “take note of” in the Communiqué so as to keep its ambivalence it on this issue. In hindsight, had we stuck with principle during the final hours of the talk and not taking into account the difficult situation of Canada under the US pressure, the negotiation could have been deadlocked for another extended period of 20 years. That was not good for country and people as well. At the time, we proceeded from the principle of “cherishing our own interest while respecting others” and mutual accommodation and compromise, showed our flexibility without giving up principal. The Chinese side finally accepted the “Canadian formula” and ensured the success of the negotiation. By so doing, we turned over a new leaf in the history of China-Canada relations.

Second, it showed a far-sighted perspective.

During the Cold War in 1970s be to hegemonies of Soviet Union and US were at their odds. Chairman Mao put forward the strategic thinking of so-called “a large swathe” and “a long line.” Developed countries such as Europe and Canada belong to this “large swathe” of middle ground. As China needed to expand the anti-hegemony reunion united front, we had to strengthen the relations with “middle ground” countries. Given the global situation at that time we established diplomatic relations with Canada not only to develop bilateral relations but also make it as part of the anti-hegemony united front. Among the pile of documents on the desk of Premier Zhou Enlai on late night of 7 October was the telegram from our Embassy in Stockholm about the text of the Communiqué. Actually the negotiation was led and instructed by Premier Zhou from beginning to end. Today, the negotiation finally came to fruition. Premier Zhou felt relieved with smile in face. On the early morning of 8 October, Premier Zhou reported this to Chairman Mao at his residence. On hearing this good news, Chairman Mao laughed and said, “Now we have made a friend in the backyard of America!” Canada I was America's ally. The establishment of diplomatic relations with Canada broke a hole in the backyard of America. And that was piece of slap on America's anti-China policy of “two China's” and “one China and one Taiwan.”

Third, it had a knock-on effect.

Canada was a medium developed country and had certain level of influence among western

countries. Canada's establishment of diplomatic relations with China had a huge impact on other countries which quickly followed suit. What's more, Canada created a new formula and circumvented the status of Taiwan. That was appreciated by other western countries. Many countries followed suit and declared that they recognized that PRC and wished to establish full diplomatic relations with China. That led to wave of establishment of diplomatic relations with countries such as Italy (November 1970), Chile (December in 1970), Austria (May 1971), Belgium (October 1971), Peru (November 1971), Iceland (December 1971), Malta (January 1972), West Germany (October 1972), Luxembourg (November 1972), Australia (December 1972), New Zealand (December 1972). Among these countries, Peru adopted the "Canadian formula." Former Chinese Foreign Minister Huang Hua recalled in his memoir, "against the international background at that time, it was unrealistic to acknowledge unequivocally in public that Taiwan was an inalienable part of China. If we didn't find a compromised way, the negotiation would be stalled. In view of this, I suggested that "the Chinese government reiterates that Taiwan was and an inalienable part of Chinese territory and the Peruvian government takes note of this position." We thought that so long as the Peruvian didn't oppose to the above expression, it meant that a tacit agreement was reached. That was actually the formula we used in Communiqué on establishing diplomatic relations with Canada.

On 13 October 1973, Premier told Prime Minister Pierre Trudeau that, in 1970 Canada was the first country in North America to recognize PRC. The establishment of diplomatic relations between China and Canada gave impetus to similar diplomatic actions taken by a series of European countries. Premier Zhou went on to say, Canada voted for the restoration of PRC's seat in UN General Assembly of UN in 1971. That move achieved some positive effect. It is fair to say that the establishment of diplomatic relations between China and Canada was like throwing a stone into tranquil lake. It drew world-wide reaction. The lot the list of countries establishing diplomatic relations with China expanded rapidly and so was the international standing of China.

Before concluding this essay, I wish to know one point. Some Canadian scholars studied whether the establishment of diplomatic relations between China and Canada had a role in the decision of United States to normalize its relations with China. And their conclusion is there's no sufficient evidence to show that the two events are directly linked. In my view, apart from the Canadian factor, the wave of establishment of diplomatic relations with China in 1970s was also partly due to Dr. Kissinger's secret visit to China and the subsequent the détente between China and US.

Time flies. it is now 40 years since China and Canada bonded their diplomatic ties. I hope this article will give some memory of this important event.

Remarks given by Amb. Mei Ping at the Symposium on China-Canada Relations

The establishment of diplomatic relations and mutual recognition between China and Canada was an extremely important event, not only to our two countries, but also to the whole world.

Canada became the first major Western country to establish diplomatic relations with China in the seventies during the Cultural Revolution , which led to a new wave of recognition initiatives.

It changed the balance of power in international relations and helped China restore its lawful seat in the United Nations.

Canada demonstrated its vision and ability to play a major independent role in international affairs despite American influence. And China eventually came out of the shadow of the self- imposed seclusion caused by the Cultural Revolution.

It's a win-win result for both Canada and China, which should be attributed to the wisdom and courage of the leaders and the creative and painstaking work of the outstanding veteran diplomats of our both countries. They include Chairman Mao, Premier Zhou, Prime Minister Trudeau, and Mitchell Sharp, Chester Ronning and many others.

I just want to add a few details, which we found in the archives of the Foreign Ministry, to support what Amb. Chen has said just now. And I also hope in doing so I'll answer some of the questions our Canadian friends have in mind concerning the recognition process.

There are four things I want to talk about.

I'll be very brief on each and everyone of them to let others pick up and flesh out.

First, China's response to the Canadian initiative, what China did to bring the negotiations to a successful conclusion. From the very outset, China thought highly of and paid great attention to the initiative taken by Prime Minister Trudeau, and made an effort to work closely, cooperatively with the Canadian side to bring our relations to a new level.

1, Mr. Trudeau mentioned China at least 4 times in his public speeches on May 10th, 20th, 25th and 29th of 1968.

He said: "I would be in favor of any measures including recognition on suitable terms which can intensify the contacts between our two countries and thus normalize our relations."

He stressed: "China must become a member of the world community because many of the major world issues will not be resolved unless and until an accommodation has been reached with the Chinese nation."

He declared: “our aim will be to recognize the People’s Republic of China government as soon as possible and to enable that government to occupy the seat of China in the United Nations...”

These words reached Zhongnanhai and did not fall on deaf ears. The Chinese government took immediate action.

As early as July 16, 1968, the Chinese Foreign Ministry, under the instruction of Premier Zhou, sent cables to all our diplomatic missions abroad asking them to watch out and report immediately if they are approached by Canadian diplomats.

But due to internal reasons, we know now, that the DEA started an internal policy review in the interim and had cabinet debate on the issue, Canada did not formally approach China until early Feb. 1969.

2. China reacted in a quick and positive manner once we got the message. On Feb 11, 1969, twice in a day Premier Zhou, with the approval of Chairman Mao, instructed the Foreign Ministry to send cables to our Embassy in Stockholm, telling our charge’ d’affaires to have an initial contact with the Canadian officials and at the same time to explain our three basic principles for establishing diplomatic relations with other countries.

Diplomats of the two sides met eventually on Feb. 19 for the first time.

On March 29, Premier Zhou again instructed our embassy in Stockholm to “Tell the Canadian Side we are ready to start formal negotiations.” and

appointed Charge de' affairs Liu as our representative. The venue could be Stockholm, we said, if Canadian side had no objection. This fully reflects our seriousness and earnest.

But due to the late arrival of Mr. Frayer, the Canadian chief adviser, the formal negotiations did not begin until May 20th. And as an indication of the importance we attached to the matter, China appointed and sent Amb. Wang Tung to Stockholm at the end of June as the official representative of the Chinese government.

3. We gave due regard to and encouraged in a timely manner every positive step taken by the Canadian side and helped to move the negotiation forward. On July 22, Minister Sharp made the following important statement in parliament: " We are not promoting either a Two Chinas or a One-China One-Taiwan policy. Our policy is to recognize one government of China."

"We do not think it would be appropriate that Canada should be asked to endorse the position of the government of PRC on the extend of its territorial sovereignty. To challenge this position would, of course, also be inappropriate." "If agreement is reached to establish diplomatic relations with PRC, Canada will sever diplomatic relations with Formosa."

To us, that means that Canadian government has basically accepted our principles for the establishment of diplomatic relations. So Amb. Wang received instruction on August 3, to express our satisfaction and propose to shift the negotiations focus from the principles to the wording of a joint

statement. And we suggested that we could also start discussions on the concrete administrative matters concerning the setting up of an embassy, the so-called practicalities.

To further clarify Canadian position on Taiwan, Mr. Sharp made another statement, saying “we do not ask the Chinese government to accept our sovereignty over the Arctic.” This helped to remove the ambiguity of the previous statements. On Sept. 17th, at 13th round, Amb. Margret presented two versions for us to choose from. One of them reads “Canada recognize the government of P.R.C as the sole legal government of China. The Chinese government reiterated Taiwan is an inalienable part of its territory. The Canadian government takes note of the position of the Chinese government.” A version very close to the final document.

4. To break the deadlock on the Taiwan issue, China took the American factor and Canada’s difficulty into full account and showed greatest flexibility. For the first time on Oct. 3, China said it can accept the Canadian formula, thus bringing the prolonged negotiations to a successful conclusion.

In stead of “respects”, the Canadian government “takes note” of the position of the Chinese government on Taiwan.

The full text of the final agreement consists of 3 paragraphs: the key two paragraphs read as follows. “The Chinese government reaffirms that Taiwan is an inalienable part of the territory of the People’s Republic of

China. The Canadian government takes note of this position of the China government.

“The Canadian government recognizes the government of the People’s Republic of China as the sole legal government of China.”

Second, why did it take so long, a year and half, and 18 rounds of meetings to settle the matter?

1. Canadian side’s refusal to make a clear-cut commitment or openly recognize Taiwan as part of China. Its “neither endorse nor challenge” position is a disguised form of the theory of undetermined status of Taiwan, therefore totally unacceptable to China.

We found what Canada really wanted is to maintain relations with Taiwan, giving it a de facto recognition. This was clearly shown in Sharp’s own words: “I hope we can bring about a situation in which the existence of a separate government in Taiwan is recognized and then we can at the same time, recognize the PRC government is effectively in control of the main land area.”

Mr. Sharp admitted later on that is what can be tolerated by the U.S after his meeting with Dean Rusk in Washington.

We welcome Canadian’s initiative and its desire to pursue an independent foreign policy. But we were also aware that Canada lives under the shadow of the U.S. and there is a limit to how far it can maneuver.

Canada wants a certain amount of independence but only to the extent of not offending the United States.

2. Slowly and gradually, Canada's position changed while negotiating with China on this matter. On Sept. 20th, Margret joined the negotiations for the first time. She declared "whatever has been said by Canadian leaders on the Taiwan issue, which might have led you to believe Canada pursues a two China policy. From now on, the Canadian government will absolutely not follow a two Chinese governments or two Chinas policy." So after months of tough negotiations, we finally reached a tacit agreement on the three basic principles. But the process ran into another obstacle: the Canadian side didn't want to make it public. We refused to yield, because Canada was the first major western country to negotiate diplomatic relations with China in the heat of the Cultural Revolution. Other countries are watching. We must have a joint statement which embodies our basic principles, set an example, so others can follow. In Premier Zhou's words "we should have a better statement, higher than what we did with the French."

Besides, Canadian government has held a long and erroneous stand and made numerous statements on the Taiwan question in the past, now is the time for it to clarify its position publicly.

3. In the eyes of Chinese negotiators, Canadian side wanted to use China's representation in the UN as a Card to bring pressure on the Taiwan issue.

Therefore, while both sides are making progress in Stockholm, Canada voted in favor of the U.S.-led motion in the U.N. General Assembly. This happened at the end of 1969, when we were quite close to reaching an agreement.

Amb. Wang received instructions to have “cold treatment”-that is to give the negotiation a cooling off period-which, to the bewilderment of many, lasted for as long as 5 months. This shows on principle matters we would rather wait than rush to reach an agreement.

4. Mutual recognition is an important thing but not a so urgent matter. There is no domestic pressure for a quick solution in either of the two countries.

Particularly in China, the government has many other things to attend to, including preparations for the Ninth Party Congress, the border skirmishes with the Soviet Union. Canada was not on top of the priority list.

5. Besides, the Chinese Foreign Ministry was in the process of rebuilding itself after the shocks brought by the Cultural Revolution, especially Wang Li's August 7 speech.

Marshall Chen Yi was being repudiated and literally removed from office. Premier Zhou has to look after the day to day affairs of the Ministry.

And important cables, instructions, concerning state affairs like negotiations with Canada, have to be circulated among the other 8

members of the standing committee of the political bureau, and above all have to be approved by Mao himself.

6. The unreasonable demands raised by the Canadian side aroused suspicion among the Chinese negotiators. We don't know if Canada is serious in reaching an agreement.

Canadian side insisted that instead of discussing principles, the negotiations should focus on such practical matters as visa arrangement, cultural exchanges, compensation on confiscated properties, and other administrative matters.

The Chinese government therefore instructed Chinese Embassy in Stockholm to tell the Canadian side that "before we reach agreement on the principles, it's not appropriate nor realistic to discuss other matters." And "if you are sincere, you should sever relations with Taiwan and recognizes Taiwan as part of China. Support restoration of China's legal seat in the UN." We insisted

"Canada must clarify its position on these important matters of principle."

Canadian's stubbornness on the above-mentioned matters led us to believe they have a "fallback plan". That is, if the negotiations on diplomatic relations fail, they still can have trade and cultural relations with China and perhaps like a few other countries to set up a trade office in Beijing.

We insisted to talk about political matters first, for it's not only a fundamental principle for us, but also meant to dispel any unrealistic illusions Canada might have on the outcome of the negotiations.

Third:

1. The global impact of the establishment of diplomatic relations between China and Canada. The successful conclusion of the negotiations demonstrated to the world China's firmness on principles and a high degree of flexibility in tactics. Above all, it shows China's confidence to resolve the Taiwan issue through its own efforts in peaceful unification. This stems from our conviction that the Taiwan question, in the final analysis, is an internal affair of China, which brooks no outside interference. This is fully reflected in what Amb. Huang Hua wrote in his memoirs about his first meeting with Trudeau after he presented credentials as the first Chinese ambassador to Canada. After a few minutes of mutual greetings and small talk, their conversation naturally turned to the topic of the Canadian formula which helped to overcome the last stumbling block in recognition. Amb. Huang Hua expressed our appreciation and said he assumed that Canada chose not to endorse nor challenge China's positions because it believed Taiwan is an internal affair of China. Trudeau nodded his head and said "you can interpret it that way."

2. the immediate repercussion of the event is the official joint announcement by China and Italy to establish diplomatic relations on Nov.6, about three weeks after China and Canada issued the joint statement.

Formal negotiations between China and Italy started early in mid Feb.1969. But no agreement was reached until we had created the Canadian formula. The Italians simply borrowed it and cloned the exact wording .There are at least over two dozen other western countries followed suit, thus defeating the U.S led scheme to create “One China and One Taiwan” and bringing about the third wave of diplomatic initiative to establish relations with China.

Fourth: What we can learn from this historical period in our bilateral relations:

1. We should always keep in mind the broader picture, the significance of bilateral relations in the global context. If 40 years ago, Canada helped to bring China back to the world community, it can do its part now to bring the world to accept a peacefully rising China.

2. Give due respect to the core interest and major concern of the other side and no interference in each other’s internal affairs. Taiwan question, among a few other matters, must be handled properly.

3. Canada remains a major developed country and plays an increasingly important role in international affairs. It should formulate its own foreign policy, independent of outside influence and in accordance with its own national interests.

4. We will not be able to see eye to eye on every issue, but we can focus and build on our common interests and prevent our differences from affecting the development of the overall relationship.

Notes for a Presentation to a Seminar on " Canada China Relations: A Forty Year Perspective" held at the Shanghai Institutes for International Studies on November 11 and 12, 2010.

Presenter: Senator Jack Austin, Honorary Professor at the Institute for Asian Studies at the University of British Columbia.

Topic: Contemporary Canada China Relations: The Strategic Concept

Introduction and Background

An objective review of contemporary Canada China relations in the forty year period since the exchange of mutual diplomatic recognition on October 13th, 1970, will show that Canada and China each had reason to believe that the other was important to it. Initially much of the value of the relationship had to do with domestic issues. In Canada's case it demonstrated to the Canadian public that Canada was a progressive and leading player in the international theatre with an independent (from the United States) foreign policy. It was the politics at home of international stature. Canadians had raised their international presence in their participation in World War II and had confirmed their significance with the diplomatic work which secured a cease fire in the Suez Canal crisis of 1956, as a result of which Canada's Lester Pearson won a Nobel Peace prize. Canadians had an appetite for the international spotlight and Prime Minister Trudeau's leadership on engagement with China suited the Canadian domestic context. There was very little if any negativity in the Canadian domestic response to recognition, just the opposite.

China had its own domestic reasons to reach out to Canada. In the domestic context Chinese leadership was increasingly aware that their "closed door" policy was severely hampering domestic economic growth. The lack of modern technologies which were undergoing rapid transformation globally would result in China's increasing weakness, not only in economic terms but in China's ability to defend itself from possible military pressure by smaller but more advanced countries. Critical to China's stability at home was the ability of China to feed and adequately cloth and shelter its population. There had been enough disappointment in its recent past. In Canada they had a developed nation without a history of Chinese colonization. It was not a military threat to China. Canada had responded positively to China's need for wheat and grains in 1960. Dr. Norman Bethune, a Canadian surgeon with the Communist Party's army forces in 1939, had died heroically and his role as a selfless foreigner was made known by Chairman Mao to all generations of Chinese. Canada's image was positive and Prime Minister Trudeau had held out an invitation to engagement with China. And no other developed country was known to be willing to fend off the United States and the US Congress.

Over the first thirty five years Canada and China built a good working relationship in the international and multilateral dimension. Canada worked to secure, for the People's Republic of China, the China seat in the United Nations General Assembly and its Security Council. Canada supported China in taking up its role in many international bodies and played a role behind the scenes in the early China United States discourse in those organizations. As well Canada was helpful to China in accession to the World Trade Organization in 2000. At the business and trade

level Canada continued to be an active supplier of wheat, grains and fertilizers and a transferor of agricultural and animal technologies.

China for its part, given where it started in 1978 with its economy and its distance from the global and particularly the developed world economy, had to raise the expectations and therefore the work incentive of its people. From 1978 on China did this with spectacular success by gradually drawing in foreign direct investment and technologies but more specifically by mobilizing domestic capital to the objectives of manufacturing for export and to domestic agricultural production. Canada was happy to support China's request for energy, communication and transportation technologies. China's remarkable management of its own economic policy was admired by Canadian leaders.

From 1994 to 2001 China and Canada exchanged high level visits in every year. In 1994 Prime Minister Jean Chrétien led nine Premiers and three territorial leaders along with over 350 senior Canadian business executives to Beijing for meetings among business counterparts but also to raise the level of leadership contacts following the Tiananmen event in 1989. For China this largest political and business group to come to China after 1989 had domestic value in that it signaled that the developed nations were reconciling to the past and were prepared to move beyond that time. Even more important to the Chinese leadership was the return visit of Premier Li Peng to Canada in 1995. Premier Li had a disappointing tour to Europe earlier in that year and the warm welcome given by the Canadian government and business leaders sent the right tone and news back to China.

The visit of President Jiang Zemin to Canada in 1997 was a great public success and among other matters produced a formal agreement to establish a permanent relationship between the Parliament of Canada and the National People's Congress. A high watermark was reached at a banquet in Beijing in November 1998, attended by Prime Minister Chrétien and Canada's Premiers and business leaders, when Premier Zhu Rongji departed from his text to declare that "Canada is our best friend". A second high point in the bilateral relationship took place in Ottawa in September 2005 when President Hu Jintao proposed that Canada and China enter into a "strategic relationship". While the details were sent to senior officials to define, the clear intent was that Canada and China would work together to support their respective requirements and interests, both bilaterally and in the global system.

The election of the minority government of Conservative Prime Minister Stephen Harper in February 2006 saw Canada's new government take the bilateral relationship in a very new direction. The idea of a strategic relationship was rejected and China was reduced in foreign affairs priorities to a conventional status. While business was not directly discouraged, the political relationship descended to the level that the Conservative Foreign Minister would not respond for months to requests by the Chinese Ambassador for a meeting to discuss the relationship. It did not help that Prime Minister Harper refused the invitation of President Hu to attend the 2008 Summer Olympics in Beijing, one of the few foreign leaders not to attend. However in December 2009 Prime Minister Harper made an official visit to China and his government has made an increasing effort to raise the level of interaction.

The China of 2010 is not the China of 1978. Today's China has risen to be the world's second largest economy and in the top tier of trading nations. China has become a key motor in world economic growth and in its search for energy and mineral resources to fuel its economic growth, China has become a major investor in the infrastructure of a good part of the developing world. At home China has developed a middle class of more than 300 million people, the largest anywhere, and lifted more than a billion people out of poverty as defined by UN standards. The level of education is reaching international standards and is widespread in the country. China is a major factor in the world of international institutions and its diplomatic reach and weight is well established. The world's top two Banks are Chinese and its stock exchanges along with the Hong Kong exchange mobilize more new capital than in any other part of the world.

Looking Forward

So the question arises: In the next forty years what will be the basis for the Canada China bilateral relationship? What will be of importance to China and what will be of importance to Canada? Do these two countries have any special need of one another in the international framework of global peace and security or in terms of unique positioning in their respective domestic contexts? Is there a role in trade cooperation, China's outward investment strategies, environmental challenges, education and exchanges of people? Is there a role for Canada in its unique positioning as a neighbor and key trade partner with the United States and a long time friend and supporter of China, in facilitating their dialogue and interchange in what is clearly the most significant bilateral relationship in global management?

There are no easy answers. There are many sectors of activity in which Canada and China can work together to their mutual benefit but there are also constraints. China remains interested and active in investment in the Canadian energy and resource sector but it is far from China's priority target given their investment levels in other parts of the world. At the same time Canadians are cautious about the non commercial objectives of state owned enterprises which form the bulk of Chinese investors. The United States is a major export market for Chinese consumer goods and Canada has sought through its Asia Pacific Gateway programs to offer port and transportation efficiencies via Vancouver and Prince Rupert for the movement of those goods to market. Yet Canadians remain reluctant by developed world standards to be direct investors in the Chinese production economy, well behind others in the G 8 and well behind Australia.

As China seeks foreign education for some of its student population, Canada has been a welcoming beneficiary in its schools and Universities. These institutions are also active in creating relations in China with counterpart schools and Universities. Canada offers China a basis for global access to the English language world of commerce and technology. China offers Canada access to the dynamic developments of nearly a quarter of the world's population, an access of which Canadians have yet to take serious advantage. There is far more needed on both sides to realize the potential of mutual benefit.

It is in the field of various global challenges that Canada and China can act together in some unique ways to lead developments. Possibly the most important of these is in the challenge of managing the environment and in the adaptation of the world community to change. Professor Lawrence Smith, a geographer at the University of California in Los Angeles, argues that Canada

will emerge as a world power within 40 years as a result of climate change with its consequent transformation of global trade, agriculture and geo-politics. In his new book "The World in 2050: Four Forces Shaping Civilizations Northern Future" he proclaims the rise of the "Northern Rim" nations. His thesis points to population growth, looming resource scarcity and global integration as key forces shaping the developments of the next half century. Climate change will give access to Arctic oil and gas deposits along with coal and iron which will in turn bring migration and settlement. These resources will become available exactly at the time when resources now being developed are becoming depleted making Canada important not only economically but also politically. In some areas agriculture will become economically significant.

Professor Smith contends that countries in sub-tropical and southern temperate climates will feel increasing pressure on scarce water resources: coastal inundation: heat waves and energy distortions with real population disturbance and even violence due to the competition by too many for too few economic resources. In the Arctic, with the melting of the sea ice and the consistent warming trend, the permafrost is melting and is releasing methane gas which has been stored for several millennia. This trend will exacerbate global warming.

A recently issued report by Australia's Macquarie Agricultural Funds Management advises that to feed a global population that will expand by 40% by 2050, heroic efforts will have to be made. Some countries will struggle and they noted the food riots which broke out in the crisis of 2008. They said: "those countries with a robust agricultural sector, sustainable farming practices, modern infrastructure, reliable water access, and stable political structures, will increasingly become global agricultural powerhouses".

Canada meets these tests and with technological expertise and fertilizers including potash, recently made prominent in Canadian business affairs, Canada has much to offer.

China will be affected by these changes and it is not too soon for China to be focused on developing strategic relationships to ameliorate its situation. Among the "Northern Rim" nations, none is more compatible to China than Canada. This should be an area of special bilateral interest. Of course they have every reason to work together in the multilateral system for addressing climate change, environmental resource management and an adequate food supply. These should be mutual priorities and established as such.

Nothing remains in Chinese awareness as more prominent than food supply. Within our lifetime famine has been experienced in China with consequent millions of deaths. It is not so long ago than when a familiar greeting in China was to ask a friend "have you eaten today?" Fish and sea foods are a major source of protein in the Chinese diet. While some part of the supply comes from aqua culture, China by its size is one of the nation's most affected by the drop in catch size and the dramatic depopulation of the world's stocks of edible fish. In a major report by the University of British Columbia, Canadian scientists state that in economic terms the world's fishermen are taking losses of US \$36 billion each year with related industries sustaining another US \$100 billion compared to the level of a sustainable fishery. The current value of ocean fishing is about US \$240 billion compared to the sustainable level of US \$400 billion. The conclusion is that the global community needs a global fisheries management agreement. Canada and China as two nations with substantial coastlines could act bilaterally to

protect their fisheries and lead in developing a producer - consumer International Commodities Agreement to the benefit of all.

Demography is a challenge to many societies and China does not escape the problems of an aging population and the decline in the ratio of the productive population to the dependent population. The year 2010 is quoted as the last in which in China the demographic equation of the last three decades reaches its productive peak. Since the 1970's China's birth rate and therefore its number of dependent children began a sharp decline while at the same time with better living conditions, food, shelter and health care, the number of people leaving the work force grew substantially. In 2010 the ratio stated by China's statistics bureau is 0.4. By 2050 that ratio will increase to 0.6. This is the proportion of people at work to dependents. From now on the number at work will decline and the number of dependents will rise rapidly. The elderly will live longer and with a burst of new births as the one child policy is lessened, child dependents will also increase. It has been said that "China is unique in getting old before it gets rich".

To deal with the demographic problem is to tackle at the same time the very high personal savings rate of Chinese individuals which is necessary to provide for themselves in their non-productive years. When China's economic players were state owned the "danwei" system provided comprehensive social security for all, but with the establishment of the "socialist market" system nothing was set up in a comprehensive way to take its place. Canada has established over the last 70 years a variety of national social security programs and if China is interested in remobilizing the savings of its people by introducing universal and nationally guaranteed plans for health care, pensions, employment insurance, child care and/or the disabled, Canada's experience in policy and operations could be of assistance and would form a basis for long term cooperation. I recall a comment by a Chinese businessman when I explained to him the costs of the Canadian social security system which would have to be taken into account when making an investment, that "Canada is too socialistic".

Canada and China are among the world's largest trading nations and both have benefited greatly from the globalization of trade with its access to new markets and with the general world growth in demand. The current global financial, economic and trade pressures with their decline on the demand side are making it more difficult to keep the growth trend. In fact trade protectionism is rising in a number of economies to protect domestic markets and domestic employment. By way of illustration, US Trade Representative Ron Kirk in May, 2009, told the US Chamber of Commerce that: "the Administration would use all the tools at its disposal, including consultation, negotiation and litigation to enforce US trade rights". He went on to add that to keep open foreign markets and trade arrangements, the US will "first have to appease domestic workers and industries worried about offshore competition and lost jobs".

The tyre tariff issue with China is an illustration of this point in action.

The United States remains Canada's largest trading partner, taking about 75% of our exports, much of it in energy and natural resources. While the US pays the market price, its dependability as a purchaser has been much less secure to the Canadian producer. The US sees Canada as a supplementary supplier when their domestic resources cannot meet the demand. This has been a long term problem with our forest industry and happily China has begun to purchase Canadian

forest products and demand is increasing. As US oil and gas domestic production has declined, and in oil the US relies on foreign production for more than half of its requirements, the US is a dependable purchaser of conventional oil for Canada. With respect to the Alberta oil sands, which contain the largest deposit of oil in the world, environmental issues in the US have made capital investment less secure at this time. Chinese State Enterprises have invested some \$9 billion in Alberta's energy properties at this time and there are proposals for pipelines to be built to take oil and natural gas to China.

It is clear that Canada and China have much to gain in working closely in the expansion of the global trading system and in the further utilization of Canada's energy resources. These points were part of the understanding when President Hu Jintao proposed a "strategic relationship" in 2005 and should form a basis for a renewed bilateral cooperation.

Of the many areas of significant interest to both Canada and China, at the top of the list is the United States and the role that country plays in global affairs large and small. Obviously Canada has a long and deep relationship with the US with over 200 years of history as neighbors and with a 4500 kilometer common boundary. The exchange of peoples both by immigration and by tourism is vast with many Canadians connected to the US by family, business and education. Our legal systems are similar and we have a common language which aids in communication. Our political systems are different in execution but they are based on each citizen entitled by vote to participate in the selection of those chosen to govern. As mentioned, the US is Canada's largest export market and Canada receives some 20% of US exports. For a long time Canada and the US have had the largest two way trade relationship on the globe.

We also have our disagreements, often based on differences in both our domestic values and international perspectives. Our recognition of China in 1970 is one illustration. Our unwillingness to participate in the military intervention in Iraq is another. In the Viet Nam war Canada would not join but did serve as a member of the tripartite commission with Poland and India. Domestically we have a strong sense of social value whereas we see the American value as focused on the individual with a lower concern about community and a higher esteem given to self-reliance. We are different but we understand the United States as well as any nation. I referred to the US tariff on tyres. From a Canadian perspective, the September 2009 decision imposing a tyre tariff gave China the moral high ground in trade negotiation but China threw that advantage away by threatening retaliation. China also lost creditability in its use of the rare earth issue as a political weapon.

My point is that Canada and China have a host of reasons to work together in the global system and in their bilateral affairs. Some of these reasons are economic and trade, some are education and social policy and some relate to the environment and resources. Important to both is their respective relations with the United States. In many areas of the China United States bilateral relationship Canada will have nothing to add. But there are areas where working together can reduce tensions and assist in issue identification and even at times issue solution. These are not matters for public disclosure but should be part of a working matrix; normal and background.

Mention must be made of the important people to people links between Canada and China. China is now the largest sources of immigrants and students into Canada. We have an overseas Chinese

community of nearly 1.5 million and in addition about 60,000 students from China are studying at our schools and Universities. Chinese is now the third largest language spoken in Canada. There are over 40 "sister" relationships among Provinces and cities. Chinese culture, commerce, food and tastes in clothing and design are commonplace in Canadian cities. The Chinese language is now becoming widely studied in Canada and China's importance in the global system and to Canada is more and more recognized .

In Ottawa on June 23rd, 2009, the Chinese Foreign Minister, Yang Jiechi, in a public speech said:

"China and Canada are respectively the largest developing country and largest developed country in terms of territory. There is no conflict of fundamental interests between us. Rather, we share broad common interests and a good foundation of cooperation. Under the current circumstances, there is more reason for our two countries to enhance cooperation and work together to promote early recovery of the world economy and effectively meet all global challenges with a view to bring greater benefits to people of the two countries and the world".

"The enormous potential of our cooperation is also reflected in a wide range of other areas. China and Canada should actively pursue the converging interests, expand mutually beneficial cooperation and enrich the strategic content of the bilateral relations in the fields of counter-terrorism, justice, law enforcement, science, education, culture and health, and on global issues and regional hotspots such as UN affairs and climate change".

A more comprehensive offer of engagement would be hard to imagine.

On the part of Canada we have much to resolve in the field of foreign policy in general and in Canada China relations in particular as we begin the second decade of the 21st century. Do we have a picture of mutual value and mutual interest to propose to China? Canadians are aware that China has become a key player in the global community, not just because of the significance of its economy but because of its emerging role and responsibility as a key governor of a secure, stable and growing global society. We have to decide whether our role is to be a player or an onlooker in the passing parade.

In the current status of the relationship Canada must take the initiative in responding to the Chinese proposal to redefine and develop the basis for a strong bilateral relationship. Both sides must renew the bilateral consultation on human rights issues and do so in a constructive way, not as some who search for the moral high ground in a setting of advocacy but with respect and understanding for history, cultural values, and domestic stability. The discourse must be direct, frank and friendly. No nation is without blemishes in the field of human rights but Canada and China must strive to reach a higher level of performance for themselves and as an example to the world community.

Canada has withdrawn much of its participation in the Asian regional multilateral process under the Harper government. This is a theatre of immense significance to China and also to the United States. As noted, that interface is of profound importance to the regional and global community and therefore on Canada's interests. We should be there an active member of the Asia Pacific

community, engaging the players, participating in the events and helping where we can with Canada's good offices. The security of that area is the security of Canada. Canada is an Asia Pacific country!

To Conclude

Human relationships are the foundation of the behavior of nations. Canada and China must work to bring their people into closer and more active contact. We must increase the exchanges with students and faculty, with tourists, with cultural groups, with business leaders and investors, with families and last but not least among our political leaders at all levels, national, provincial and municipal. Over 20% of the Chinese Diaspora live in Canada. These people to people relationships with family and friends in China can be an enormous factor in the building of understanding and cooperation.

We have the basis for a new strategic partnership. It is time to act!

DRAFT

November, 2010

Chinese Investment in Canada

Chequered Progress Masks Great Potential

Gordon Houlden, Director, China Institute, University of Alberta

The history of Chinese investment in Canada is one of tentative first steps, beginning with modest measures in the 1980's by Chinese state enterprises, following substantial private investment from Hong Kong that began a decade earlier. While the shape and size of the Chinese economy evolved rapidly from 1980 to 2010, the pace of investment by China did not keep pace, and remains well below the potential of the two economies.

As a nation with a huge territory, rich in natural resources, it has been the Canadian national experience for most of its history to be a net importer of capital.

When Canada established diplomatic relations with the People's Republic of China on October 13, 1970, the economies of China were polar opposites in terms of economic structure. Canada's economy was and is heavily oriented towards trade, but traded dominated by exports and imports with its market-driven southern neighbour. China, with an economy then focused on agriculture and Soviet-style heavy industry had not yet emerged from the internal disruption and chaos of the Cultural Revolution.

Trade between the two nations was exceedingly modest, although imports of Canadian grain had begun, largely in response to China's failed agricultural policies. But underlying this generally feeble economic exchange between a pre-reform Asian giant and a modern OECD economy was a latent potential for trade and investment arising from economies that were fundamentally compatible.

1980's

While the foundation for the reform of the Chinese economy was laid with the end of the Cultural Revolution and the return to power of Deng Xiaoping, the focus of the initial Chinese economic reforms were centred on the agricultural sector, and had a still modest connection to China's external trade sector.

China, with a huge population, has difficulty in feeding itself. Canada is one of a handful of countries that is capable of large-scale exports of temperate zone foodstuffs. While both countries are rich in mineral resources, the precise mix is distinct, particularly in the energy sector. Obviously the vast differences in population are a key part of the compatibility of the two economies, particularly as Chinese labour-intensive export

industries began to develop in the 1980's, that began a gradual shift from traditional Canadian trade surpluses to Chinese trade surpluses.

It is hard now to conceive, given the economic fluorescence of China over the past three decades, but at the beginning of the Chinese economic reform in 1978 the volume of Canadian foreign trade exceeded that of China, and China at that time played a minor role in the global flows of Foreign Direct Investment, although that latter role was to change quickly as the pace of Chinese economic reform quickened and deepened.

1990's

But in the case of Canada the renewed pace of development of the Chinese economy, and the rapid increases in the size of Chinese trade volumes was not matched in the Canadian instance by a concomitant growth in investments into Canada by Chinese state enterprises.

Hong Kong Factor

While Hong Kong in 2010 is an important, but hardly dominant dimension of Canada's investment relationship with China, this was not always the case. Hong Kong immigrants represent the vanguard of modern Chinese immigration to Canada, and in the 1970's and 1980's they were transforming the face of the Chinese Canadian communities in Canada, and bringing their own entrepreneurial talents to bear in their adopted country.

While only a small minority of these immigrants were wealthy, there were amongst them persons who had qualified in the "investor" category of immigrant and who in Canada identified investment opportunities for themselves, and often for relatives who remained in Hong Kong. This investment is generally not counted as "Chinese investment in Canada", in part because Statistics Canada separates Hong Kong statistics from investment from the PRC. (Canada did not recognize Hong Kong as part of the PRC until the July 1, 1997 transfer of sovereignty of Hong Kong from Britain to China).

However, while it is understandable that the flows of investments brought from Hong Kong to Canada with immigrants, and the subsequent flows of capital from their businesses and family members remaining in Hong Kong should not necessarily be included in official accountings of capital flows from the PRC, their exclusion creates a somewhat artificial distinction between the territory of Hong Kong and the Chinese mainland when these two economies are increasingly integrated.

Real Estate

Real estate is an important component in investment from China, and one that tends to be unreported, in part because of the inflow of funds is often associated with immigrants to this country, or is the result of immigrants who have returned to Hong Kong but who continue to invest in the real estate sector. The longstanding attraction of the real estate

sector to Hong Kong residents, and the prominence of real estate developers in the Hong Kong economy no doubt was a factor in this focus.

There has also been some substantial investment from Hong Kong into sectors other than real estate, such as the Li Ka-shing family stake in Husky and CIBC (the latter holding now liquidated). Because the Husky holdings of the Li family constitute the bulk of the corporate investment from Hong Kong Statistics Canada does not report investment from Hong Kong to Canada as it would reveal the size of the Li Ka-Shing holding (approximately \$6 billion).

Australian Contrast

In the early stages of the development of Canada's economic relationship with China Canada held a greater share of trade with the PRC than Australia, but over time this lead dissipated, and Canada fell well behind Australia in terms of the importance of its connections with China. There are possible explanations based on distance, but despite while China and Australia lie within the same hemisphere, but the distances are not minor, and are in the same order of magnitude as those between Canada and China. (Vancouver and Shanghai are slightly closer than Shanghai and Sydney.)

But there are other reasons for the disparity of trade and investment volumes with China in the case of Australia and Canada. Likely reasons include the presence beside Canada of the huge US market, a natural trading partner and source of foreign investment. Secondly, in the Australian case, there appear to be specific linkages, one being iron ore, the other being natural gas, where the perfect alignment of Chinese demand and Australian supply have aligned to produce extraordinary outcomes.

However, Australia, like Canada has concerns about the potential effects of large-scale foreign investments, and wishes to ensure that these are in the long-term interest of Australia. Both states have legislation that governs foreign investment, and which allows the state to approve or disallow specific foreign investments. In both states the degree of foreign control by a given foreign state or corporation is governed by legislation, but which allows determination by the national government if the proposed investment is in the interest of the nation.

Both states need external capital, but both generally are uncomfortable with the acquisition of flagship national assets by foreign entities.

FIPA

In an economy where the state plays a major role, and where the system of legal remedies is often opaque and this is certainly the case with China, states often seek additional reassurances through the negotiation of an investment protection agreement, or treaty, which would seek to assuage the concerns of investors. But in the case of Chinese investment into Canada we have seen no evidence of Chinese nervousness regarding the safety of Chinese investments in Canada, and no public statements to that effect. Thus

the long delays in the conclusion of a Canada China Foreign Investment Protection Agreement does not seem to have been a major factor in restraining Chinese investment into Canada.

Rather, the Chinese concerns have been focussed on political or administrative barriers that Chinese state enterprises face, or believe that they have faced, in making investments in Canada. The Chinese concerns rose significantly in 2005 when China Minmetals was identified as making a bid for the Canadian mineral producer INCO. The subsequent public and media controversy led to abandonment of the bid, but at a cost of the loss in confidence on the part of the Chinese government and state sector in the openness of Canada to Chinese investment.

Political Sub-text

Politics is always present to some extent in the trade relationships between nations. Even in the case of Canada's closest trading partner, the United States, the creation of the Canada-US Free Trade Agreement, as well as the subsequent North American Free Trade Agreement were the focus of sustained national debate, and the early roots of this debate go back to the 19th and early 20th centuries when Canadians debated the merits of Imperial trade links versus the attractions of the nearby US market.

But in the case of China there has been greater concern, perhaps because of the Communist and state-monopoly origins of the PRC economy, and perhaps in part due to the perception, fair or unfair, that Chinese state enterprises are not independent economic entities due to direct or in direct supervision by state ministries.

These concerns are part of the backdrop that that has long been part of some popular resistance to foreign investment in general. In the 1960's and 1970's Canadian nationalist reaction against foreign control of the Canadian economy.

The debate about the desirability of foreign investment was complicated by the economic nationalism of the 1960s and the 1970s, which introduced issues of the control of Canada's economic destiny, which was supposed by some to be under threat from a combination of US and multilateral firms.

Similarly, the tenor of the debate over the merits and demerits of Chinese investment in Canada was influenced, particularly following the 1989 Tiananmen violence, and subsequently, by popular views of the character of the Chinese government and society.

While the generalized nervousness of the Canadian public, and opinion leaders, regarding foreign investment in Canada's economy dissipated in the 1980's and 1990's when economic and trade pragmatism led to the signing of key free trade agreements with Mexico, and a general lowering of Canadian tariffs and barriers to investment, there remained, and remains to this day a latent concern in the Canadian public over the purchase of high-profile firms.

However, despite this political background, and despite the addition of a specific policy adjustment under the Canada Investment Act to address investment by state-controlled firms, the power of the Canadian Foreign Investment Review Board to block a foreign investment has only been invoked twice since the current government came to power – once in the case of an proposed US purchase of a high-tech company, and this fall, in the case of the proposed purchase of Potash by the Anglo-Australian firm BHP.

Energy

China, now the world's factory, has a prodigious need for raw material inputs, but energy is the single-most important element of that input demand. Canada as a source of petroleum, with total reserves, largely unconventional, second only to Saudi Arabia is attractive to China. But the level of investments remained modest, with an absence of the massive investments that have come to characterize China's economic relationship with Australia. This situation began to shift only in 2009 and 2010. Why is this?

There appear to be both economic and political factors in play. The 2005 failed effort by the Chinese state enterprise Minmetals to purchase the Canadian mining firm Noranda undoubtedly created ill-feelings in China towards similar investments in Canada.

The 2008 global financial crisis may have been a factor in shifting Canadian public and governmental opinion towards a more open attitude towards Chinese inward investment, particularly in the resource sector where valuations of both output and corporate entities were cut by the recession. In the immediate wake of the 2008-2009 recession, with sharp increases in unemployment in Canada there was both a greater willingness to contemplate Chinese investment in Canada than was the case in the past.

The gradual improvement in the political relationship between Canada and the PRC in 2009, as contrasted with a more difficult political relationship in the 2006-2008 period appears to have helped both Chinese confidence in investing in Canada, as well as increased Canadian governmental willingness to contemplate large-scale Chinese investment. It is not necessary to list the quickening pace of energy investments in 2009 and 2010 to make the point that this represented a turning-point in the character of Chinese investment in Canada.

POTENTIAL

It is normal in the economic development of states that their development is fuelled by foreign investment, and that only in the later or mature stages of economic development does the economy become a significant capital exporter. China has stood this development on its head, with its extraordinary savings rates, and with a recognition that it was in the interest of a manufacturing powerhouse that is dependent on inputs of raw materials to make upstream investments in the supply of those investments.

It is probable that the largest foreign investments in Canada will continue to be made by the United States for the foreseeable future, reflecting both the proximity of what will remain the largest economy in the world for at least several decades. China, despite the pace of its development and the speed of the growth of its export industries is also unlikely in even the medium term overtake either the United States or the EU in the magnitude of its investments in Canada.

China still lacks a stable of high-profile brand-name exporters (although this will change), and Chinese domestic manufacturers, whose greatest advantage is their low-labour costs, are unlikely in the near future to make large investments in a relatively high-cost wage environment such as Canada, unlike the US, Europe and Japan. It is probable that Chinese investment in Canada will remain focussed on raw materials, and their extraction and processing.

However, Canada as a leading source of raw materials, albeit with a considerable manufacturing capacity, is certain to remain an attractive target for Chinese investors, particularly in the energy sector, where China has strategic vulnerabilities due to its rapidly growing dependence on imported petroleum, and the likelihood that the Chinese economy will remain a relatively low-cost processing and manufacturing hub for the foreseeable future.

It is more difficult to chart the attitudes of the Canadian public and governments regarding large-scale Chinese investment in the future. The global financial crisis and recession of 2008-2009 appears to have increased the willingness of Canadians to accept investment by Chinese state enterprises, including in Canada's strategic energy sector, but 2010 has seen the emergence of indications of re-awakened latent economic nationalism that may cause a re-examination of foreign investment regulations. The federal government has also signalled a plan to re-examine existing legislation regarding foreign take-overs of Canadian firms, and one can assume that the motivation is the public's sense that the investment rules need tightening.

But to know with accuracy the future role of Chinese investment in the Canadian economy it would be necessary to know the future course of the Chinese economy itself. While it may be a relatively safe assumption that China will continue to enjoy fast-paced growth patterns by global standards does not mean that does not answer the question as to the magnitude of the Chinese economy over the course of the next several decades. However, with Chinese growth likely to be a multiple of North American increases in GDP over the course of at least the next five years, it is not rash to assume that the Chinese interest in Canadian raw materials will grow, even if we can not know with any precision the magnitude of that demand, or its precise characteristics.

There will continue to be a debate within Canada, and in other Western states, about the merits and risks of enhanced Chinese investment. But while we cannot know with any confidence the precise dimensions of the Chinese investment pattern, we do know that it

will represent a key and growing dimension in the global economy, and, more specifically, the Canadian economy.

China, the only national economy on earth that has the capacity in this 21st century to overtake the United States as an economic power, already poses policy challenges as Canada adapts to the rise of China. Chinese investments, still with a heavy component of state ownership in its overseas investments, will continue to raise questions for some Canadians, both because of its potential volume, and because of concerns that high levels of Chinese ownership by Chinese state enterprises would have implications for national sovereignty.

However, I am modestly confident that over time, and with increased public adjustment to the reality of a global economy that will be increasingly dominated by Asia, Canadian views will gradually shift, in the same manner that the often sharp public opposition in the 1960's and 1970's to US domination of the Canadian economy, was replaced by public acceptance of far closer economic ties in the 1980's and 1990's, capped by free trade agreements.

This gradual acceptance, and even welcoming, of enhanced trade and investment ties with China will take time. China's rise has been remarkably swift, and just as it has taken three decades for the international institutions to adapt to China's rising economic power, and to accommodate this power in global governance, public attitudes in the Canada will evolve only gradually.