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# Special Committee on the Canada–People’s Republic of China Relationship

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Chair: Mr. Ken Hardie





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• (1835)

[English]

**The Chair (Mr. Ken Hardie (Fleetwood—Port Kells, Lib.)):** It's time to call the meeting to order.

Welcome to meeting 32 of the House of Commons Special Committee on the Canada–People's Republic of China Relationship. Pursuant to the order of reference of May 16, 2022, the committee is meeting for its study of Canada–People's Republic of China relations, with a focus on Canada's Indo-Pacific strategy.

I'll make a few comments for the benefit of the witnesses and the members.

Today's meeting is taking place in a hybrid format. Members are attending in person in the room and remotely by using the Zoom application. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic and please mute yourself when you're not speaking.

For interpretation for those on Zoom, you have the choice at the bottom of your screen of floor, English or French. Those in the room can use the earpiece and select the desired channel. I remind you that all comments should be addressed through the chair.

For members in the room, if you wish to speak please raise your hand, and for members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as best we can. We appreciate your patience and understanding in this regard.

We have one substitution. In place of Mr. Cormier we have Mr. Serré, who's joining us virtually tonight.

Before we get to the witnesses on our first panel, I will turn to the clerk to ask if there's been any correspondence of interest for today's session.

**Ms. Nancy Vohl (Committee Clerk):** In relation to the motion that was moved the other day and the request to have the Minister of Finance, I got a note that the Deputy Prime Minister and Minister of Finance will be available to appear on Monday, February 26, from 8:30 to 9:30.

**The Chair:** Thank you for that update. I appreciate it.

We have half our first panel available to us. Mr. Nagy, from the International Christian University and the Macdonald-Laurier Institute, will appear via video conference from Tokyo. We have yet to connect with him, so we will instead turn to Meredith Lilly, asso-

ciate professor and Simon Reisman chair in international economic policy at Carleton University.

Ms. Lilly, you have five minutes for opening comments, and then we'll go to questions.

**Dr. Meredith Lilly (Associate Professor, Simon Reisman Chair in International Economic Policy, Carleton University, As an Individual):** Thank you, Mr. Chair and committee members, for the invitation.

As the committee considers Canada's Indo-Pacific strategy, I will focus my comments on the links between economics and security, particularly with respect to Canada's international trade interests in the region.

Engaging with the Indo-Pacific is vital for Canada, as it's the fastest-growing and most dynamic economic region in the world, home to 60% of the world's population and 40% of its economic output, but some course correction is necessary. Recognizing the increasingly dangerous and threatening international context, Canada must work with allies to link our economic interests in the Indo-Pacific with our foreign and defence policy objectives. Most importantly, we need to adjust our trade diversification outlook to reflect our core interests.

Our diversification efforts in the Indo-Pacific are often framed as reducing our dependence on U.S. markets, but this is simply not supported by theory or evidence. The reality is that if Canadian firms trade internationally at all, they first trade with the United States. This of course makes perfect sense as the U.S. is Canada's only land neighbour, the world's largest economy and a country that shares cultural, legal and regulatory frameworks with Canada.

It is only after Canadian firms are comfortable trading with the United States that a subset of those branch into additional markets. According to Global Affairs' 2023 “Canada's State of Trade” report, 46% of Canada's large firms export exclusively to the United States, half export to the U.S. plus other countries and 4% export only outside the United States.

Reframing our Indo-Pacific strategy to build on our foundations of trade with the U.S. can simplify and streamline our approach moving forward. Canada should pursue economic opportunities with countries in the region only if they are compatible with our trade interests with the United States. This means we have to be much more strategic and deliberate about trade with China, while recognizing China is the major trade partner for all countries in the region. To that end, I recommend the government focus on four areas.

First, while the U.S. moves forward forcefully to de-risk supply chains, Canada has been entirely reactive. It is essential that Canada work more proactively to understand the threat environment and the potential impacts on our supply chains and that it devote more resources to actively monitor and enforce Canadian laws around security and forced labour violations in imported products.

Second, there are opportunities in the Indo-Pacific for Canada to lead others, particularly where the U.S. is absent. This year Canada serves as chair for the comprehensive and progressive trans-Pacific partnership. A number of countries have applied to join, including Taiwan and China. In adjudicating these applications, I have recommended that CPTPP members apply a clear set of criteria, including the country's record of economic openness, trade liberalization and reciprocity. A successful record must be established prior to entry to the CPTPP, a lesson China itself taught us when it joined the WTO in 2001 without reforming its economy.

Third, Canada should not shy away from making tough foreign policy choices out of fear of losing access to China's market. China has been pursuing self-sufficiency for decades already and will continue to import Canadian agricultural, meat and natural resource products so long as it serves China's interests. However, China will not hesitate to close its markets to Canadian products for the same reasons, as it did with Canadian canola in 2019. Australia is far more exposed to Chinese trade action in this respect, yet it continues to pursue its AUKUS security alliance and confronts China when warranted.

Finally, Canada must be relevant to the Indo-Pacific, and on this I think we are failing. Countries in the region are primarily interested in Canadian energy exports, especially LNG. The current Canadian government has sent them packing, ignoring the very real security challenges this poses for allies such as South Korea and Japan. Meanwhile, the United States became the world's largest exporter of LNG in 2023, helping to provide allies with alternatives to Russian energy exports. The U.S. may be our closest trading partner, but we are also energy competitors, and it is eating Canada's lunch.

After mismanaging the oil and gas file, the government cannot repeat these failures on critical minerals. The federal government must work to restore foreign investor confidence in Canadian energy products and use its full legislative powers to work with provinces to prioritize and accelerate the regulatory permitting processes needed for success.

Time is precious and we need to match our efforts to the serious context in which we live.

Mr. Chair, I would be happy to answer questions from committee members.

● (1840)

**The Chair:** Thank you, Ms. Lilly.

We are going to suspend for a moment. Our second witness, Mr. Nagy, is online, but we have to do a sound check first. We will suspend until that's done.

● (1840)

(Pause)

● (1845)

**The Chair:** We are back in session.

Mr. Nagy is online and available.

I wonder if they found a snowplow in Tokyo. Maybe they borrowed Vancouver's snowplow, but I don't know.

Stephen Nagy is the senior associate professor at the International Christian University and senior research fellow of the Macdonald-Laurier Institute. He is coming to us from tomorrow in Tokyo.

Mr. Nagy, you have five minutes for an opening statement.

**Mr. Stephen R. Nagy (Professor, International Christian University, MacDonal-Laurier Institute, As an Individual):** Thank you very much, Chair.

Yes, they do not have snowplows in Tokyo; they use water to blow away the snow.

Thank you very much for the opportunity to share these points and speak on peace and security in Canada's Indo-Pacific strategy. I'd like to frame my comments in three particular areas. One is contradiction, two is IPS priorities and three is minilateral engagement.

In terms of contradictions, I would like to outline the many contradictions that I think the current government has been engaged in regarding how we are thinking about peace and security in the Indo-Pacific and resources.

In 2022, the Trudeau government released its long-awaited Indo-Pacific strategy, promising at least \$2.3 billion Canadian over five years to implement the strategy. That announcement came at the same time as our national defence minister at the time, Anita Anand, promised Canada would spend \$4.9 billion on modernizing our North American air defence. At the same time, our government committed funds to its objectives in Europe, including \$2.6 billion to renew and expand Operation Reassurance, part of NATO's defence and deterrence measures in eastern Europe. We also had an announcement about defence cutbacks. These contradictory positions raised inconvenient questions about how Canada is going to sustain its foreign and defence policy within the Indo-Pacific while resources are being diminished across the board or being deployed in Ukraine.

How do we meet our priorities within the Indo-Pacific in both foreign policy and defence policy? They really are being challenged. I think these contradictory positions are raising serious concerns among our allies and partners about where Canada sits in the Indo-Pacific, what kinds of resources are going to be deployed in the Indo-Pacific and whether we can engage in a sustained, meaningful and fruitful diplomacy.

My second point has to do with Indo-Pacific priorities. Here again I think that, quite frankly, we've spread the peanut butter way too thin in how we are engaging in the Indo-Pacific. What should be Canada's defence priorities within the foreign policy and defence policies in the region?

Here, I particularly advocate for limiting or pulling back our Indo-Pacific engagement from the western Indian Ocean and primarily focusing on the South China Sea, the East China Sea and the Pacific Ocean. These are critical for Canada. They have sea lines of communication that ferry about \$4.5 trillion U.S. in trade through the South China Sea, in and around Taiwan and through the East China Sea.

The major economies in the region, whether it's South Korea, Japan, China, Taiwan or Southeast Asian countries, really are the most important players for Canada. We need to make sure that the sea lines of communication remain secure and stable and that Canada can engage freely within the region.

The third point that I think is important is stable supply chains, in particular semiconductor supply chains. This revolves around cross-strait relations. We need to find critical ways to foster peace and stability across the Taiwan Strait to ensure that semiconductors can continue to be exported to Canada to employ Canadians.

North Korea is also an actor that I think we need to find ways to work with. I'm going to come back to that, as North Korea continues to produce weapons of mass destruction, in both quantity and quality.

Another area I'll focus on is China. This is the Canada-China committee. I think we are on the same page of the book. China is interested in reshaping the region's security environment and security architecture and how rules are being promoted within the region. We have a deep-seated interest in a rules-based order within the region. We have a deep-seated interest in pushing back against disinformation and other tactics for reshaping the region that will

be unfavourable to Canadian interests, including in trade and in supporting our key partners like Japan, South Korea, Singapore and others.

What are the key tools for engagement? Here, I'm advocating for minilateral partnerships. This doesn't eschew multilateral partnerships. They're much more focused, functional partnerships, with four or five other like-minded countries, to deal with specific issues that will enable Canada to add meaningful value within the region.

A good example, of course, is plugging into the quadrilateral security dialogue. "Plugging in" means that we, on an ad hoc basis, plug into the quadrilateral security dialogue's maritime exercises, perhaps search and rescue exercises and humanitarian, disaster and assistance relief exercises to add value, considering our limited resources.

• (1850)

Another good example is plugging into the AUKUS agreement. I think the nuclear submarine part of the AUKUS agreement is distant from Canadian interests, but the AI and quantum computing components of the AUKUS agreement are clear areas where Canada can contribute, considering we've already secured a budget for co-operation in these areas.

We need to advocate for—

**The Chair:** Professor Nagy, I'm sorry, but you've gone over the five minutes. Do you care to wrap up quickly so we can get to questions?

**Mr. Stephen R. Nagy:** I'll finish on one point.

We need to advocate for new minilaterals, focusing on core areas that I think are of interest to Canada, like disinformation. An interesting combination could be working with Taiwan, Australia, Japan, South Korea and the U.S. to focus on disinformation identification and combatting it within the region.

The last point is working in minilateral co-operation with the Pacific Islands on environmental issues and perhaps indigenous issues.

Thank you.

**The Chair:** Thank you.

We'll go to our first round of questioning. We'll begin with Mr. Kmiec for six minutes or less.

**Mr. Tom Kmiec (Calgary Shepard, CPC):** Thank you, Chair.

Professor Lilly, I want to go back to the comment you made about how we need to be relevant to countries in the region. You described some of the failures to be relevant in the Indo-Pacific strategy.

I'm going to quote from the Canada West Foundation report. One of the briefing notes it put out online says:

Repeated studies have found that an LNG export industry equivalent to 30 MT-PA (million tonnes per annum) in British Columbia would inject about \$7.4 billion into the Canadian economy over 30 years, along with supporting 65,000 jobs.

It goes on to explain that the export opportunities are mostly in Asia and LNG markets.

When you talked about the failures, you said that time is precious. Do you think we've missed the boat on an opportunity to export Canadian LNG into Asian markets?

**Dr. Meredith Lilly:** Thank you for the question.

I don't think we have necessarily missed the boat, but there's a lot more we could be doing. We have sent some of our allies packing, telling them there's none left for them and we're not going to build additional infrastructure beyond what is coming.

I'm excited about the successes we have, but we have to do a lot more. The messages Canada is sending right now are very mixed, and lots of countries wonder why we aren't doing more to provide them with the LNG they need, particularly in the current climate.

We're seeing other partnerships go around Canada, essentially, to secure energy from partners that are willing to sell it to them, including the United States.

**Mr. Tom Kmiec:** Are there any specific countries beyond Japan? Japan is the typical example that's given for what used to be an opportunity for Canadian LNG.

Are there any other markets that we could reach as a country through the Indo-Pacific strategy that could use our energy supply as a safe source of supply?

**Dr. Meredith Lilly:** I know Korea was interested in the past. I don't know whether they've moved on at this point to seek it from others.

These conversations come up, and I'm fortunate, being in Ottawa, that I'm regularly invited to speak with foreign diplomats here. The message they constantly receive is that this isn't something Canada wants to explore.

How many times do they ask and get rebuffed before they move on to others who are happy to sell to them? I couldn't say.

**Mr. Tom Kmiec:** Thank you, Professor.

Professor Nagy, I have a question for you. You said "minilateral" deals. Why shouldn't we have a minilateral deal with, let's say, the Government of Japan to export our LNG to them? Wouldn't that be an example of using our comparative advantage, which is our west coast access to export LNG to a country like Japan? Shouldn't we and couldn't we do a minilateral deal with the Government of Japan to help them get the energy they need?

• (1855)

**Mr. Stephen R. Nagy:** Thank you very much for the question.

When I speak of minilateralism, I'm thinking about partnerships with three or four countries to deal with one potential functional issue. I think exporting LNG to Japan would be a bilateral agreement. Here, when we're talking about bilateral agreements, the comparative advantages may be Japan's ability to build the technologies to export the LNG, and Canada would be the provider.

I think you're slightly mischaracterizing what I mean by minilateral. I'm fully on the same page, but I think this is a partnership that has comparative advantages and shared interests. There's an opportunity for Japan to be a country that helps Canada open up its markets for energy resources not only to Japan, but to key partners within the region.

**Mr. Tom Kmiec:** Professor Nagy, I'm going to go back to the Canada-Japan action plan 2022. Six areas were outlined in it between Ottawa and Tokyo. They agreed to bolster co-operation. This is from your writing, so I'm just referencing it. Point number four talks about energy security.

Wouldn't LNG exports, in providing more of a clean-burning Canadian energy to a market like Japan, help them meet their energy needs while also removing other sources of energy that are from conflict zones or addressing their overreliance on other countries that are not as secure a supplier as Canadians are? I thought the action plan you've referenced in the past in your writing could form the basis of these minilateral deals with other countries as well. Could it not?

**Mr. Stephen R. Nagy:** Absolutely, and I think we've lost an opportunity with some of our environmental policies in Canada. We have not been able to export to the countries that rely on safe, transparent and stable energy resources, and that's something Canada can be.

I think it could be an energy superpower, whether it's through this joint action plan with Japan or working with three or four other countries within the region to build steady supply chains of energy and critical minerals to the region to ensure their economies are stable and they can continue to provide the goods they do to Canada and Canadian citizens.

**Mr. Tom Kmiec:** For a country like Japan, how important is it to have a safe and stable supply of energy?

**Mr. Stephen R. Nagy:** It's critical. They don't have indigenous energy resources, so they import 90% to 95% of their energy. To work with a stable country like Canada, which has huge energy resources, would be a key asset.

I would advocate deepening that relationship and then using our energy and critical resources to benefit Canadians and be the energy superpower that supplies the third-largest economy on the planet.

**The Chair:** Thank you, Mr. Kmiec.

We'll now go to Mr. Oliphant for six minutes or less.

**Hon. Robert Oliphant (Don Valley West, Lib.):** Thank you, Chair.

Thanks to both of you for sharing your expertise with us tonight.

Professor Lilly, I want to give you a chance to help me with the notion of not being afraid of China as a trading partner and then your subsequent comment about weaponizing trade, as they have done in the past. You didn't use that word, but they have weaponized trade a number of times with Canada on a number of products—mostly western Canadian products, but not completely.

Help me with the one about opening availability and recognizing the reality of China while also recognizing that we have a problem past, and then all of the other issues you mentioned, like labour and forced labour.

**Dr. Meredith Lilly:** Thank you for your question.

What I meant by my comment that China is the major trade partner is that it's not just that Canada needs to think about its own trade interests with China, but that for every country in the Indo-Pacific, the major trading partner is China. Just as Canada is very dependent on our bilateral trading partner the United States, all of those countries are very dependent on their trade relationship with China.

That goes for something like the CPTPP. Canada and Mexico are very much different animals in that arrangement, because all other countries in the CPTPP have very strong trade ties with China first and then the United States and/or other markets second. That means we need to be aware of the ways in which we are trading with those other countries. They are behaving the same way towards us that we behave when we think about trading with the United States. We're both thinking about our respective elephant in the room, and we need to make sure that our own trade rules and trade behaviour are cognizant of that. That's one point.

The second point is that we shouldn't be afraid to stand up to China, particularly in instances where Canada's national interest is at play. We know that China will weaponize trade against Canada. In my view, China will continue to import products from Canada when it wants to—when it is in China's interest to do so. There's some evidence that when it banned Canadian canola, it was not just about the detention of the two Michaels. There happened to be, during that same period of time, a record canola crop in China, so it was quite convenient to reduce the amount of Canadian canola going to China at that time.

I think we have to be extremely smart about it, and we must not at any time, in my view, sacrifice our goals as a country out of fear that China might turn around and reduce market access.

• (1900)

**Hon. Robert Oliphant:** You mentioned that we should have clear criteria with respect to the CPTPP and the accession of new members. I think we have a reputation of being very clear, having added a progressive nature to that agreement and the hoops the U.K. went through to get into that world.

What are you suggesting would be helpful in addition to what we're doing now?

**Dr. Meredith Lilly:** Canada, as chair this year, is in a unique position to help steer that conversation. The accession of new members to the CPTPP, though, is by consensus, and the reality is that, while Canada and some others have serious concerns about the entry of China, there are other members that would like China to enter.

I think a good process to follow in attempting to depoliticize these issues and not make it solely about China—because if we make it about China, China will make it about Taiwan and so on—is to follow clear criteria on things like to what extent countries allow foreign investment in and how they treat Canadian companies in their economies. Using the existing record of success or not to evaluate the applications and not accepting promises of behaviour change in the future as criteria would potentially allow a very large member to be accepted into the CPTPP.

**Hon. Robert Oliphant:** Thank you.

I want to turn to Professor Nagy. You mentioned North Korea as being a country we need to work with. You're the first person I have heard say that in several years, so I'm wondering what you mean by working with North Korea.

**Mr. Stephen R. Nagy:** I don't think I said that. I said that we need to work with other countries to deal with the challenge of North Korea. The reality of North Korea's weapons of mass destruction and proliferation is a challenge to the region.

**Hon. Robert Oliphant:** Thank you for that clarification, because you did say it. We all noticed it, and eyebrows were raised all around the table, so thanks for clarifying that. I wanted you to clarify because I didn't think that's what you meant.

**Mr. Stephen R. Nagy:** No, not at all.

**Hon. Robert Oliphant:** Okay. The clarification was important.

When you talk about focusing the IPS in certain regions and not in other regions, what criteria are you using to make those decisions? What are you saying they should be? Obviously, there are Canadian interests and values, all those things we all know, but you've been very specific about targeting within the IPS, which I think is already quite targeted. What are the criteria you have used to suggest the South China Sea, etc.?

**The Chair:** We'll ask for a brief answer, Professor Nagy. Thank you.

**Mr. Stephen R. Nagy:** One, an abidance to the rule of law is critical as to which countries we choose to deepen our relationships with. Two, converge strategic interests. This creates more opportunities to work with countries that don't share the same political system—for example, Vietnam.

This is a challenge. How do we match these two contradictory positions? If we want to have a sustained position within the Indo-Pacific and in particular in and around Southeast Asia, we'll have to have some flexibility in how we deal with countries with different political systems.

In terms of criteria, countries like South Korea, Japan and Singapore are clear priorities, but we need to have some flexibility to ensure that we have partnerships with countries that don't share the same respect for democracy, human rights and the rule of law, such as Vietnam. I think this is the only way to have a sustained, meaningful presence in a heterogeneous region that has so many different political systems.

• (1905)

**The Chair:** Thank you very much, Mr. Oliphant.

We'll now go to Monsieur Bergeron for six minutes or less.

[*Translation*]

**Mr. Stéphane Bergeron (Montarville, BQ):** Thank you, Mr. Chair.

Ms. Lilly and Mr. Nagy, thank you for being with us this evening. I think your comments will enlighten us as we move forward.

Ms. Lilly, what I'm going to raise here will be helpful to Mr. Nagy, who obviously wasn't able to hear your testimony. Right off the bat, you stated that Canada is economically dependent on the United States. In many cases, Canadian companies are dependent because it's easy for them to do business with the United States. We take the easy way out, even though we tend to put all our eggs in one basket as a result. Therefore, when the United States adopts more protectionist policies, it necessarily has an impact on our economy and our businesses. As the saying goes, when the United States sneezes, Canada is bedridden.

I don't know if you both agree with me, but it seems to me that one unstated goal of Canada's Indo-Pacific strategy is to diversify our economy. Several attempts have been made to do that in the past, first during the Pierre Elliott Trudeau years, then during the Jean Chrétien years, and finally during the Stephen Harper years. However, none of their efforts were successful, or at least not as successful as expected.

Ms. Lilly, you partly addressed the following issue when you talked about the need to do business with various countries that are signatories to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. However, my question is for you and Mr. Nagy. From both your perspectives, how will this Indo-Pacific strategy lead us to succeed when we have so often failed in the past?

**Dr. Meredith Lilly:** Thank you for the question.

[*English*]

How will the Indo-Pacific strategy help us succeed? To be honest, I'm not sure we will move from our current situation. Upwards of 75% of Canadian exports are now going to the United States. I'm not sure we'll see much of a change to that.

I would agree with you that the Indo-Pacific strategy is framed as something that is supposed to help Canada diversify its trade. The reality, as I said in my opening comments, is that only once a company is exporting to the United States will it also consider exporting to the the Indo-Pacific, Europe or anywhere else. A small minority are exporting somewhere other than the United States. As we diversify, we will also trade more with the United States as a result. That is just what our firms will do.

It's not that Canada is lazy, in my view. This happens the world over. In all regions of the world, you are most likely to trade with your neighbours and large economies. Our next door neighbour happens to be the world's largest economy. It fits theory and evidence that we do that.

It is important for us to trade with other economies. It can help in our relationship with the United States to demonstrate that we have relevance elsewhere and to demonstrate to the Americans how we can be helpful to them.

I will be honest. Thinking about trading with the Indo-Pacific as a way to move away from the United States is not the right tack, and I don't think it will be successful.

[*Translation*]

**Mr. Stéphane Bergeron:** Mr. Nagy, what do you think?

**Mr. Stephen R. Nagy:** Thank you for the question.

[*English*]

I would agree with Professor Lilly with regard to the Canadian Indo-Pacific strategy. I don't think it is an effort to diversify away from the United States. I think it is an effort to diversify away from an over-dependence on the Chinese market. We've seen investments in Southeast Asia. We have Paul Thoppil, who's based in Indonesia right now. He is our trade representative there. We have opened an office in Manila. We are likely to invest more resources in Singapore.

These are key elements to diversify away from China. That doesn't mean decouple. I would like to be very clear about that. It means diversify away from the potential weaponization and monopolization of trade by China that could harm Canadian interests.

In terms of the Canadian Indo-Pacific strategy, this is quite clear. How do we manage our relationship with the United States and our economic over-dependence on the United States? We should use the market to be more competitive and to understand how we can diversify not only with the United States but within the United States to create more economic opportunities for Canadians.

I'll stop there. Thank you.

• (1910)

[*Translation*]

**Mr. Stéphane Bergeron:** Perhaps that will trigger a debate for my second turn.

Mr. Nagy, in your August 2021 article, “Why Does Canada Need an Indo-Pacific Strategy as Part of Its Foreign Policy?”, you advocate for an Indo-Pacific strategy that maximizes opportunities for Canada while adapting to regional challenges and creates an independent Canadian brand so that Canada is not perceived as a secondary partner to the United States.

It's a bit of a chicken-and-egg dilemma. How do we diversify our trade, and how do we ensure we are not perceived internationally as permanently aligned with the United States? What would you suggest?

[English]

**The Chair:** At this point, Mr. Bergeron, your six minutes have expired. We'll park that question with Mr. Nagy, and in the next round he may have the time to give you the answer you're looking for.

Right now we'll go to Ms. McPherson for six minutes or less.

**Ms. Heather McPherson (Edmonton Strathcona, NDP):** Thank you very much, Mr. Chair.

Thank you to both the witnesses for being here today and sharing their expertise with us.

I am interested in your discussion or comments on diversifying. Last week we heard witness testimony that even when we diversify, even when we are working with other countries in the region, we are in fact still working with China because of those close relationships they have.

I'm looking at that context. I'm also looking at the United States, where we're talking about the idea of our over-dependence on trade with the U.S. and a potential Trump presidency, which could be extremely difficult for our trade relationships going forward.

What things does Canada need to do to increase that diversification? Frankly, we've had this Indo-Pacific strategy for some time now. Has it led to any diversification, from your perspective, to this point?

Dr. Lilly, I'll start with you.

**Dr. Meredith Lilly:** Thank you.

Has any diversification happened yet? It's difficult to say. Part of the challenge in assessing that is that the Indo-Pacific strategy was officially launched a year ago. While the Minister of Trade and others are very fond of saying that Canadian trade is higher than ever and we've been trading more than ever, the reality is we know for a fact that Canada's increased trade since 2020, since the pandemic, is the result of inflation, not increased volumes of trade. This is in the Global Affairs Canada 2023 report—from Global Affairs itself.

We know that higher prices are fuelling Canada's increased trade with the United States and others. If you're looking at any figures, even a \$2-billion increase or a \$20-billion increase, first you have to ask yourself if it's the result of prices or increased volumes of trade. We know volumes of trade are actually down and have not recovered.

There are a couple things we can do that are important. First, just because we don't trade very much with the Indo-Pacific doesn't

mean those exercises aren't important, particularly if they help us build relationships for the long term for other reasons.

We're talking about wanting to sign an FTA with ASEAN, but Global Affairs Canada's own assessments say that if we were to sign a deal, it would increase trade exports by Canada by \$2.7 billion per year. It's frankly a rounding error when you think of the relationship with the United States. This \$2.7 billion is great, but it's still not a huge amount of trade. If that helps us improve our relationships and helps both sides, who each have a respective elephant in the room, think about ways to co-operate with each other without always thinking about China or the United States, I think that's good.

Middle power is finding ways to be the fabric that keeps the global trading system together, where the two big powers aren't necessarily in the room or guiding the direction of that. I think that can be a really positive contribution we can make.

• (1915)

**Ms. Heather McPherson:** Thank you.

Mr. Nagy, do you have anything from your perspective?

**Mr. Stephen R. Nagy:** When we're talking about diversification of trade, we probably need to think about a sectoral approach to it. Western Canada has different comparative advantages, with energy and agriculture resources that are definitely needed throughout the region, and services and other products that can be delivered to Canada may be more suitable to Southeast Asia.

I think we need a more nuanced approach to thinking about what we mean by diversification, but we also need a federal government that's going to unleash or release some of the untapped resources that exist within Canada.

Right now, in terms of energy, critical security and our critical minerals, this is an area that many of the countries within the region are very interested in, but they find the current policies of the federal government frustrating because they're not able to get the kinds of resources that will create more economic security for the partners within the region. We should be very clear that it's not serving Canadians either.

**Ms. Heather McPherson:** Thank you.

One of the next questions I have—and perhaps I'll start with you, Dr. Nagy—is with regard to risks to Canadian businesses. We spoke about forced labour, and there were some comments about that. So far, the only piece of legislation that has come out from the Canadian government is Bill S-211, which the NDP didn't support because we didn't think it was nearly sufficient. We were told that other legislation would come forward. To date, that has not been done.

What are the risks to Canadian companies? What are the risks that goods made with forced labour are getting into our supply chains, and what should Canada be doing to stop that?

**Mr. Stephen R. Nagy:** In general, I think issues such as forced labour are moral issues, but I think the real risks to Canadian businesses revolve around supply chains, sea lines of communication and, if there is a potential kinetic conflict within the region, how this will disrupt critical technology, such as semiconductors, being exported to the manufacturing sectors in Canada.

Let me just give you an example. Of course, semiconductors are all the fashion, but in reality, semiconductors go to the automobile factories that are producing cars in Canada and employing Canadians. If we have a challenge across the Taiwan Strait or in the South China Sea that disrupts these sea lines of communication, this will affect the automobile industries in Canada and the prospects for Canadian citizens.

I think we need to look at this in a more complex way. Any businesses in Canada that use products from the region—critical minerals, lithium, semiconductors or small parts—will be affected by some kind of conflict within the region.

I don't mean to downplay the forced labour issue, because I think it's really important, but unfortunately, I think it's a moral issue that I'm not sure we can deal with. We need to think about, again, the challenges associated with sea lines of communication and the weaponization of supply chains.

Thank you very much for the thoughtful question.

**The Chair:** Thank you, Ms. McPherson. That is your six minutes.

We will now go to Mr. Chong for five minutes or less.

**Hon. Michael Chong (Wellington—Halton Hills, CPC):** Thank you, Mr. Chair.

I'd like to ask Madam Lilly a question.

You advised the former prime minister on foreign affairs and international trade, so I'd like to ask you a question about LNG exports.

As you know, 15 years ago the United States exported virtually no LNG. I looked it up, and last year the United States exported about 4.5 trillion cubic feet of LNG. It's not inconceivable that Canada could export 4.5 trillion cubic feet of natural gas, which would add almost half a per cent to GDP right there, if not more.

If you were working in a prime minister's office, what legislative, regulatory and machinery-of-government changes would need to be put into place to get us to 4.5 trillion cubic feet of LNG exports? Maybe we can start with the machinery of government.

• (1920)

**Dr. Meredith Lilly:** Some of this is beyond my expertise. I can certainly speak to the trade side of things and to some of the regulatory pieces.

Having everyone sing from the same song sheet is helpful. This is across departments of government and across federal-provincial partnerships, and it includes municipalities and indigenous popula-

tions, ensuring that indigenous populations can benefit. There is an imperative there, really, that everyone has to be rowing in the same direction. I don't think we have that today.

I think as well that I wouldn't underestimate the importance of language from the top. It really does matter. When prime ministers are visited by foreign heads of state whose hands are out asking for LNG, and the prime ministers say that we've moved on and that there is no business case for that, it's incredibly damaging, not just to that relationship but to the rest of the world, which is also watching.

I know that your question is specific to LNG, but the other concern I have about this is that the same experience and mentality of everyone watching will then be transferred to Canada's critical minerals approach right now. They say, "Well, they can't build that pipeline and had to sell it to the government, and they've cancelled several LNG projects. Now they say they care about critical minerals because it's the right kind of energy, only we're pretty sure they can't get all of these regulatory processes through." There doesn't appear to be any urgency or sense that we must move much faster. It's important for all of those things to be moving together in tandem.

Those are a couple of things I would say from a trade perspective.

**Hon. Michael Chong:** I notice that in other countries, governments are much more directly involved when it comes to LNG imports and exports than we are. The German government directly ordered the construction of six new LNG facilities, some of which have already come online. Japan's government, I think about a month ago, ordered Mitsubishi to sign long-term LNG import contracts. We've not traditionally had that close relationship between the government and our oil and gas sector that you see outside of North America.

I'm wondering how we can get government and industry working more closely together to meet what I believe is in Canada's strategic defence and security interests, which is to get more LNG to global markets, particularly for allies like Japan and Germany, and to reduce reliance on authoritarian states for those critical energy supplies. I'm wondering what machinery-of-government changes and regulatory and legislative changes are required in order for us to get the kind of speed to market that we see in places like Japan and Germany.

**Dr. Meredith Lilly:** I think a lot of it does come down to political will. I have been very impressed by the speed with which the ISED minister, Minister Champagne, has put political will behind the EV battery plants. We've seen rapid movement around regulatory approvals in all departments of government and co-operation with the provinces. That has happened very quickly—at lightning speed by Canadian standards—so I think it's entirely possible. However, I would agree: I don't think it has been prioritized that way in natural resources.

**The Chair:** Thank you, Mr. Chong.

We'll now go to Ms. Yip for five minutes or less.

**Ms. Jean Yip (Scarborough—Agincourt, Lib.):** Thank you both for coming tonight.

Professor Lilly, you mentioned in your opening statement that, unlike the U.S., which has taken steps to de-risk supply chains, Canada has been reactive. What steps could Canada take to be more proactive in this area?

• (1925)

**Dr. Meredith Lilly:** I think we could be doing a number of things. One is that we have to be looking for problems, and that takes resources and money. Canada tends to adopt a reactive approach in that we rely on the reporting in voluntary attestations of what's in shipments. We take people's word for it that what they say is in the box is in the box. What we have to do is much more proactive investigations of imports.

Certainly on the forced labour side of things, that is something we have to do. There was a story last year—and I have not been able to investigate the veracity of it—in *The Globe and Mail* that the United States had intervened against 1,300 shipments due to forced labour compared to Canada's one. It's just not possible that there isn't a more comparable.... If we had a 10:1 ratio, we should have at least 130 cases in Canada. If we're not looking, we're not going to see things. We can't just rely on attestations and company reports when we're looking at these things.

There are a number of other things. I should say that Canada and the U.S. do have a supply chain investigation group, a co-operative group. It has an interesting work plan. I have not yet seen the results of that, but we are looking at some integrated supply chain aspects, and I look forward to seeing the reporting out of that.

**Ms. Jean Yip:** You're suggesting we need more teeth.

**Dr. Meredith Lilly:** Absolutely. If we care about these things we should implement them well, but if we don't care about these things we should stop talking about them. That's my honest view.

**Ms. Jean Yip:** Professor Nagy, you suggested that Canada pursue minilateral partnerships to deal with particular issues, including disinformation. I believe you mentioned Taiwan and Australia as potential partners in this area. How might Canada work with these countries and other Indo-Pacific nations to counter disinformation?

**Mr. Stephen R. Nagy:** Thank you very much, Ms. Yip, for your question.

First, I think we have to recognize Taiwan for what it is. It's a political entity, according to our one China policy. We need to be very clear about that. They are at the forefront of disinformation from

China. As a result, they have the experience and institutions to be the central nexus to help Canada deal with some of the disinformation challenges we face within our own relationship with China.

I also mentioned South Korea. South Korea faces disinformation challenges with regard to the north.

Again, I think collectively using the different kinds of experiences these countries on the forefront of disinformation have is critical for identifying disinformation, finding ways to combat disinformation and pushing back on disinformation. I include Australia because Australia's experience over the past several years with China has been very difficult. It also has experience in managing disinformation. This is why I've advocated for Taiwan, South Korea, perhaps Japan, Australia and the United States to collectively work with Canada to share the patterns of disinformation they've identified, the processes with which they push back and, importantly, how they educate citizens to be more critical of the kind of information they read online so they can pre-empt the challenges associated with disinformation.

This is how I am envisaging a minilateral partnership with these countries and political entities.

**Ms. Jean Yip:** Thank you.

**The Chair:** We'll now go to Mr. Bergeron for two and a half minutes.

[*Translation*]

**Mr. Stéphane Bergeron:** Mr. Nagy, I don't know if you remember my last question, but you may now answer it.

[*English*]

**Mr. Stephen R. Nagy:** I do.

Honestly, I think a Canadian brand is very important. A Canadian brand is going to include focusing on comparative advantages. Currently, the Asia Pacific Foundation is doing quite an interesting job focusing on agriculture-related technologies and spearheading those initiatives in Southeast Asia. Other areas we could focus on include education, energy and critical minerals. These are the comparative advantages Canada has. We need to develop a distinct brand: a good and stable supplier of services within the region. These are important because we can have a position distinct from that of the United States. At the same time, this doesn't mean we're in an antagonistic relationship with the United States.

Again, education, critical minerals, agriculture-related technology and climate-related technology are some key advantages we can use, I think, to build a brand to engage with in the region.

• (1930)

[Translation]

**Mr. Stéphane Bergeron:** What would you say to the claim that Canada has twice failed to land a seat on the United Nations Security Council because, more and more, developing countries are seeing Canada as an arm of the United States when it comes to a number of global issues, particularly the Israeli-Palestinian conflict?

[English]

**Mr. Stephen R. Nagy:** I think Canada has an increasingly challenged relationship in not having a principled approach to many issues. This is not so much related to the United States as it is a track record over the past 15 years.

You mentioned the conflict in Gaza. That is an example. What is our principled position on Gaza? This creates challenges in how developing countries see Canada as an independent thinker on issues. We've moved away from a position where we are an honest broker between the United States and other countries. We need to move back to that principled approach, one where we chart out a Canadian path, not a path that is necessarily always aligned with the United States.

However, let's be clear. We are aligned with the United States on many issues because we share an economy. We have many shared cultural issues. We have respect for the rule of law. As a result, I think we will naturally be aligned with the United States on more issues than not.

**The Chair:** Thank you, Mr. Bergeron.

We'll go now to Ms. McPherson for two and a half minutes or less.

**Ms. Heather McPherson:** Thank you very much, Mr. Chair.

Dr. Nagy, I'm going to start with you.

You talked about the fact that forced labour is a moral issue. I have to push back on that a bit. The reason is that I believe there are economic impacts when we are seen by the rest of the world as not having, as you say, a principled position.

Dr. Lilly, you talked about the global fabric and the role Canada has to play. If we abdicate our responsibilities with regard to forced labour, are not seen as having principled positions on a number of different fronts and apply human rights and these principles in-

equitably in different situations, I think it's very problematic. With the way we're seeing China interact in sub-Saharan Africa and South America right now, spaces we are increasingly absent from, that's an economic danger to us, not just an ethical or moral issue.

I'd like to give the floor to Dr. Lilly for her comment first, then, if we have time, to Dr. Nagy.

**Dr. Meredith Lilly:** I think it is obviously a moral issue but also an economic issue, and some of that is due to all the reasons we know. Modern-day slavery and forced labour are awful. For the countries that practise it, it also means that goods are cheaper in those places.

For instance, in the world of critical minerals, much of the world's cobalt is harvested by enslaved children in Congo and other places in sub-Saharan Africa. All of that is awful, and we should fight it for all of the right reasons. It also reduces the global price of cobalt to a level below what the market should be paying, and that is bad for us, frankly. I don't like to put it in those self-interested terms, but it is all related.

It's essential that we address those issues. It does make trade more expensive and does make commodities more expensive, but that is part of the point.

**The Chair:** Thank you, Ms. McPherson.

We have time for two more slots, and we'll start with Mr. Chong for five minutes or less.

**Hon. Michael Chong:** I think Mr. Seeback wants a round.

**The Chair:** Mr. Seeback, go ahead.

**Mr. Kyle Seeback (Dufferin—Caledon, CPC):** Thank you very much, Mr. Chair.

It's so hard to decide what questions to raise.

Dr. Lilly, between the CPTPP and pursuing one-off free trade deals in the Indo-Pacific, what would you say? Should we bring people into the CPTPP or pursue one-off trade deals?

• (1935)

**Dr. Meredith Lilly:** You'll have lots of time, because it's straightforward for me. It's the CPTPP. I think one-off trade deals are a bad idea. I think that CPTPP is a first-gen agreement, meaning that it's a top agreement with high standards. We should want to trade with economies that can play at that level, and if they can't, I don't know why we want to pursue free trade agreements with them.

**Mr. Kyle Seeback:** Thank you.

When you look at trade with China, what do you think the course forward is for Canada? I know we're not going to get a deal like the U.S. got on their phase one, but would pursuing some...? Because we have so many trade irritants and China has a unilateral ability to impose all kinds of things on Canadian trade, what would be the right course for trying to pursue a better trade arrangement, for lack of a better term, with China, or is there one?

**Dr. Meredith Lilly:** I'm not sure we'll win that game, and I truly think that China will continue to import from Canada when it serves China's interest.

At the moment, we're under the WTO's MFN tariffs. They're already quite low in most things. We could pursue some narrow sectoral trade arrangements. They're technically supposed to be illegal under the WTO, but this is the direction the United States has gone. They've said, "Just watch me", and it seems to be working for them.

If we wanted to pursue some narrow sectoral arrangements in agriculture, meat, minerals and those kinds of things, we could if they wanted to do so as well, but without that, the status quo might be the best we can do.

**Mr. Kyle Seeback:** Quickly switching back to forced labour, under the CUSMA or the USMCA, there are provisions that prohibit the importation of goods made with slave labour. The United States has put together an entities list. They have also set the standard lower. If they suspect that a business engaged in their supply chain is using forced labour, they have to prove they're not, and until they do, they can't come in.

Canada won't copy the entities list. Canada has set the standard that CBSA has to prove something has been made with forced labour.

Should the government smarten up, for lack of a better term, and change the system to be like the United States' to ensure we don't have forced labour in our supply chains?

**Dr. Meredith Lilly:** If there's evidence in certain specific regions where we know that forced labour is ubiquitous, then yes, I would say that adopting the negative list approach would be smart. It doesn't surprise me—and I think I'm familiar with the position of the Canadian government—that they don't want to do that, but I would agree with you that I think we need to grow up a bit.

**Mr. Kyle Seeback:** I am getting, as we say sometimes, into the weeds. Are you familiar with the U.S. entities list and how that came about?

**Dr. Meredith Lilly:** I'm familiar with the list, but I don't know how they developed it.

**Mr. Kyle Seeback:** Do you think it would make sense for Canada—the U.S. is one of our closest allies—to be more aligned with the United States on this and to look at using their entities list? It seems like a very simple solution to the problem.

**Dr. Meredith Lilly:** Using their list or at least following a similar process could make a lot of sense. During the USMCA negotiations, an area of real dispute between Canada and the U.S. was the transshipment of Chinese steel. The United States had concerns that steel bound for the United States was coming in through Canada.

We can't afford to have Canadian exports to the United States cut off because of American concerns. For instance, there could be goods produced from forced labour transiting through Canada. We should not be allowing that alone to happen, because it's bad, but separately it's also bad for Canadian interests directly.

**The Chair:** You're just about out of time.

**Mr. Kyle Seeback:** Okay.

**The Chair:** In fact, you're so close that you are out of time.

We will go to Mr. Fragiskatos for five minutes or less.

**Mr. Peter Fragiskatos (London North Centre, Lib.):** Thank you, Chair.

Thank you to both of you for being here tonight.

Professor Lilly, you have said many very interesting things here tonight. I always like to give witnesses, if they like, the chance to summarize their main argument for us or what they want us as a committee to really take away from their perspective through a recommendation they think is of critical importance to the government.

I realize I'm probably forcing you to repeat yourself going way back to your testimony, but a lot has been said since then, so I would like to offer that opportunity to you.

• (1940)

**Dr. Meredith Lilly:** Sure. Thank you for the question.

If the committee could take away the reality that trade diversification goes through the United States, I think that would be a good thing. As much as we seem to understand it, we constantly try to forget that reality. When we're trying to diversify trade, we must do it in a way that works for that primordial trading relationship.

We also need to be much more realistic going forward about supply chain resilience and the increasing marriage of national security with economic security. The Business Council of Canada came out with a report on that. If business is figuring this out, then we really should also be figuring it out and working to ensure that when we're operating in the Indo-Pacific and advancing our relationships with Indo-Pacific countries, we do so in a manner that's consistent with all those things.

**Mr. Peter Fragiskatos:** I know sometimes academics think and really even worry about whether or not people read their articles. I see that in 2017 you published a piece called "How Demographic Transition Can Help Predict Canada-U.S. Trade Relations in 25 Years". It was a very interesting piece, so rest assured that people are reading your stuff for sure.

This is a very general question, but do you think demography and understanding Canada's demography have utility in this whole discussion about Canada-China relations?

**Dr. Meredith Lilly:** I do absolutely. I think we often forget the importance of demography and aging populations. China has an aging population. There's lots of commentary about how perhaps its economy has peaked. If you look at the aging demographic profile of China, that makes lots of sense.

If you're looking at markets where we should be spending more time thinking, "This one is rising", we should be thinking a lot more about Mexico, actually.

**Mr. Peter Fragiskatos:** Thank you very much.

Let me turn to Mr. Nagy, if I may.

Last week, Mr. Nagy, we heard from someone else from the Paterson School, Professor Hampson, who told us not to worry about the BRICS nations. They are Brazil, Russia, India, China and South Africa, obviously. The alliance, if you can call it that, has grown a bit recently. He said not to worry about it right now, but that Canada might have to worry about it in five years and plan accordingly. That was his basic argument.

What do you make of an argument like that? I think we have to keep these questions in mind as we go forward.

**Mr. Stephen R. Nagy:** Thank you very much for the question.

I think the expansion of the BRICS committee is meant to create alternatives to the U.S. currency being one of the global reserve currencies and to perhaps eventually internationalize it through amendment B.

However, the reality is that when we look at the heterogeneity of BRICS and the expansion of its members, I really don't think it provides the kind of economic foundation that would be a viable alternative to the U.S. dollar as a global reserve currency in five or 10 years. Can it make substantial changes in each of those countries so they are more reliable and stable and can create a viable alternative to the reserve currency of the United States? It's possible, but a lot of stars need to align to make that happen.

As Canada looks to BRICS and its ability to be a viable alternative to a western-led or a U.S.-led global financial system, I think we should be more aware of how the BRICS represents the global south or developing countries, and how it may have a position in shaping some of the choices within international institutions such as the United Nations.

I'm a bit more pessimistic about BRICS being a viable financial alternative to the current U.S.-led financial order, but at the same time, I recognize that it has a bigger voice and can shape the global south, and this can affect Canada's engagement internationally.

• (1945)

**Mr. Peter Fragiskatos:** Thank you.

**The Chair:** Thank you, Mr. Fragiskatos.

That brings us to the end of our first panel.

Professor Lilly, thank you for your time.

Professor Nagy, it must be a beastly hour of the morning where you are right now. You're looking surprisingly chipper for the hour of the day you're dealing with. You can go and throw yourself in

front of a vat of coffee or something and get on with the rest of your day.

Thank you both for being here.

**Mr. Stephen R. Nagy:** Thank you.

**The Chair:** We will suspend while we set up for our next panel.

• (1945)

(Pause)

• (1950)

**The Chair:** I call our session back to order.

I want to welcome everybody back for our second panel.

We had somebody from Tokyo in the first panel and now, in the second panel, we have somebody coming in from Great Britain. We are stretching the calendar and the time zones quite a bit tonight.

We have Cleo Paskal, associate researcher at Chatham House, the Royal Institute of International Affairs, in London, United Kingdom, by video conference. From the Balsillie School of International Affairs, we have Ann Fitz-Gerald, who is the director. Also, as an individual, we have Deanna Horton, distinguished fellow at the Munk School of Global Affairs and Public Policy at the University of Toronto, by video conference.

I trust that the folks on Zoom have been given the information with respect to interpretation if they need it, as well as the "raise hand" function and all of that. You're all set to go. Excellent.

Ms. Paskal, we will begin with you for five minutes or less.

**Ms. Cleo Paskal (Researcher, Montreal Centre for International Studies, Université de Montréal, As an Individual):** Thank you very much.

Just to clarify, having had enough of British weather, I am now in Miami.

**The Chair:** You just lost the sympathy vote.

**Some hon. members:** Oh, oh!

**The Chair:** Good for you.

**Ms. Cleo Paskal:** Chair, vice-chairs and members of the committee, thank you for inviting me to testify today and for your service to democracy. This is an excellent committee. It's very inspiring.

I'm going to begin by explaining very broadly how I think the Chinese Communist Party looks at the world. With that in mind, I'll offer some suggestions for how Canada might like to engage in one specific area.

To understand CCP strategies, it helps to note two terms that are common in PRC think tanks. The first is comprehensive national power, abbreviated to CNP.

China's Ministry of State Security-like think tank describes CNP as “the sum total of the powers or strengths of a country in economy, military affairs, science and technology, education and resources, and its influence.” It is a very broad definition. Adopted by Beijing in the 1990s, PRC researchers obsessively calculate every country's comprehensive national power score. As Captain Moreland, who served as U.S. Coast Guard liaison to Beijing, explained, “For the Chinese Communist Party, Comprehensive National Power as measured by a CNP score is a goal in itself and pursuit of CNP justifies just about anything.”

Apart from the continued survival of the CCP, the main goal of the CCP is for China to be number one in the world in comprehensive national power. Given that rankings are relative, that can be achieved either through out-competing others or by knocking others down and then comparatively being in a better position.

One way the PRC works to increase its own comprehensive national power while decreasing that of others is through unrestricted warfare. That's the second PRC term to remember. A 1999 book by the same name was written by two People's Liberation Army, PLA, air force colonels. It details a “no rules apply” approach to targeting an enemy. This doesn't mean actual fighting is neglected. Actual fighting is just one of a very wide range of weapons in the tool kit that the PRC employs, guided by perceptions of efficacy rather than morality or law.

The colonels' book details 24 different warfares, including legal warfare, which we know as lawfare; media warfare; and drug warfare. As an example, drug warfare can mean either taking control of medical supply chains to increase your comprehensive national power relative to a country that relies on you for pharmaceuticals, or pumping fentanyl into target countries to weaken them and their comprehensive national power from the inside.

The Chinese Communist Party uses unrestricted warfare to increase its relative comprehensive national power. It is the concept that connects the dots of everything from the artificial islands in the South China Sea to the BRI to getting Canadian teenagers addicted to TikTok.

What does this mean for Canadian global engagement? First, it's an acknowledgement that any good plan, something that bolsters a country's resilience and serenity, will be seen by Beijing as a loss to the PRC's comprehensive national power score and is likely to be attacked. That means anything you try to build should include a plan to protect it and block malign influence. We need a “block and build” approach.

As for Canadian engagement, let's look at one geographic area, Oceania, including the Pacific Islands. This is the contested strategic front line between Asia and the Americas. If China gains control, it can box in Taiwan, Japan, South Korea and Australia, and push America back to Hawaii, as Imperial Japan tried to do through its control of its islands during World War II. Conversely, if democracies flourish, it means the survival of a free and open Indo-Pacific. The stakes couldn't be higher.

In this context, there are broadly three ways for Canada to engage internationally. First is by bolting onto existing multilateral fora, such as the Pacific Islands Forum. Second is by joining a new consortium early enough to shape its development from the start. For example, this would have happened if we had joined Quad or AUKUS. Third is bilaterally, people to people, ideally through specific Canadian strengths.

While all three are important, it might be helpful to spend more time on bilaterals, though they are often last on the list. It would show partners that Canada isn't just a weaker version of Australia but has something special to offer.

For example, there are cultural and historical linkages between the Polynesians and some first nations, specifically the Haida. First nation and Inuit leaders know and understand the challenges of tight-knit communities living in relatively isolated locations, in many cases with complex communal land laws. A knowledge exchange program between them and the people of Oceania would be groundbreaking and would build trust and resilience, something few, including the CCP, can offer.

Another potential advantage for Canada is language. Some of the Pacific Islands speak English, some French. There's limited crossover between English and French analyses. Canada, in particular Quebec, could set up a global centre for excellence for bilingual Oceania analysis that could host visiting scholars from the region, as well as from the U.S., Japan, India and elsewhere. As an additional bonus, French citizens could study for graduate degrees in Quebec at the same rates Quebecers pay. Students from French Polynesia and New Caledonia are already studying in Quebec. Quebec's proximity to Washington and the United Nations in New York is also a benefit. This is the sort of approach that can explain to the world “why Canada”.

● (1955)

The CCP will not stop in its attempts to increase its comprehensive national power, including by using unrestricted warfare. To ensure democracy continues to flourish in the Indo-Pacific and beyond, we need to block and build, ideally using the tools that are uniquely and wonderfully Canadian.

I'd like to thank you and the excellent interpreters.

**The Chair:** Thank you, Ms. Paskal.

We'll now go to Ms. Horton for five minutes or less.

[*Translation*]

**Ms. Deanna Horton (Distinguished Fellow, Munk School of Global Affairs and Public Policy, University of Toronto, As an Individual):** Thank you, Mr. Chair.

[English]

Members of the committee, thank you for the opportunity to appear before you this evening.

I would like to focus my remarks on three major themes.

First, while the announcement of Canada's Indo-Pacific strategy was welcomed by many stakeholders, Canada should make every effort to ensure its implementation and even go further in order to reverse its flagging reputation as a reliable partner.

Second, the increasing activity of Asian states, including China, in the Arctic means that, de facto, the Arctic is part of the Indo-Pacific and Canada should be upping its game in support of Arctic development and security.

Third, Canada should be leveraging its relationship with key U.S. allies in the north Pacific, namely Japan and Korea, and should work with them not only in the Arctic but also in Southeast Asia, where they are major investors, and take advantage of their long-standing experience in dealing with China.

My first point is that Canada has a long history of coming and going in Asia. The Indo-Pacific strategy could indeed be a generational change, but its budget is not large, and it may be a challenge to keep the funds flowing in an era of budget cuts. Canada should stay the course and leverage other relationships for greater impact.

In this context I would like to make the point that Canada does very little to leverage one of its most important assets in Asia, namely our large Asian diaspora and alumni from Canadian universities. These pools of human capital would no doubt prove invaluable if we were to call upon them to get involved and to share their knowledge of Indo-Pacific markets, business norms, culture and local politics. Our representatives abroad are likely already in contact with some of these talented people, but this should be actively encouraged and supported by the Government of Canada.

My second point is that many Canadians would be surprised to know the extent to which Asian nations are implicated in the Arctic. China has declared itself to be a near-Arctic state with the development of the so-called polar silk road as a priority. Japan has a long history of Arctic engagement, in particular regarding scientific activities, polar research and innovation. With climate change and the prospect of greater use of the Northwest Passage, South Korea will also focus on shipbuilding. All are interested in mineral development, including critical minerals.

As Munk School founding director Janice Stein stated in a conference last year, the Arctic will be “the next big bucket of investment for Canada”. However, the necessary investments in Arctic infrastructure and security, in spite of the fact that this region is central to Canadian interests, are yet to happen in any significant way. I would argue that further investments in technologies such as spatial and drone reconnaissance and combining with NATO and other partners to shore up defences and build the Arctic's economic resilience would be a long-term benefit to Canada.

My third point is that Indo-Pacific strategies arguably came about as a means of countering China's growing influence in Asia. Canada joined the fray after many of the other players. I believe that in order for Canada to achieve the maximum impact on a sus-

tainable basis, we should be allying with other democratic nations, in particular U.S. allies such as Japan and South Korea. The trilateral summit—the U.S., Japan and South Korea—that took place in August 2023 was truly groundbreaking. There is little doubt that part of the incentive for the increased level of collaboration was the push not only for enhanced communication and interoperability, but also for greater burden-sharing.

The U.S. is facing challenges on all fronts and would no doubt appreciate Canada taking on its fair share in the Arctic, which could free up vital resources for other Indo-Pacific ventures. In addition, Canada should be taking advantage of Japan and Korea's technical innovation and business expertise to expand opportunities in the Arctic and Indo-Pacific, especially in Southeast Asia.

Canada has a good deal of experience in dealing with the United States, and Japan and Korea with China. Against the backdrop of potential changes in America's leadership in Asia, Canada would be wise to strengthen these north Pacific relationships.

● (2000)

Thank you very much. I'd be happy to answer any questions.

**The Chair:** Thank you, Ms. Horton.

We'll now go to Director Fitz-Gerald for five minutes or less.

**Dr. Ann Fitz-Gerald (Director, Balsillie School of International Affairs):** Thank you very much, Mr. Chair and honourable members of the committee.

The world has changed profoundly. The multilateralism model based on the rules-based order that Canada has subscribed to over the years has been undermined by geopolitical rivalry and a winner-take-all set of rules. This leaves one question: What is the new playbook for middle economies? It's something that in my view, and because it cannot be the same multilateralist model, remains indetermined and undefined.

There's a Cold War 2, which concerns enmeshment rather than the decoupling witnessed in the Cold War. We are in a world where power is based on who owns and controls data and intellectual property, where people fight over IP and data in an arena defined by an intangibles versus tangibles marketplace and in a world where democracy becomes eroded due to private gain. We therefore need a playbook and a policy orientation to suit this reality, particularly in the context of a Canada-China relationship moving forward.

In the time I've been allocated, I'd like to emphasize that this position requires both de-risking in areas where we can engage and decoupling in areas where, due to rules, values and standards, we must limit our engagement. The need to continue trading with China and engaging with China around international tables means that our ability to de-risk depends entirely on our ability to understand what the risks are.

When we think about China, we should think, in my view, about intellectual property, data, AI, demographics and maritime and land-based corridors. Despite the demographic challenges facing China's current economic and political models, it has raced ahead with technology-related IP and its own data governance standards in order to reap longer-term benefits from others. Canada must compete in this very complex terrain by adding value to the global supply chain with its own IP-protected technology advancements. This would enable Canada to engage and negotiate with China with strength and remain a serious economic player in this changed global context.

Global powers have acknowledged the risks associated with narrow maritime corridors like the Strait of Hormuz and the Red Sea. Alternative corridors are now being developed. The U.S. seeks to win Saudi Arabia's support in a new land-sea corridor partnership running from the Indian Ocean to the Mediterranean, while China pushes billions into a new middle corridor trade route linking it to Europe. Cross-continental corridor competition is also being pursued on the African continent.

As these new routes develop, and based on the challenges that China will inevitably face in negotiating its middle corridor with Europe, China will be monitoring how climate trends will make parts of the Arctic inhabitable over the next 25 years and, with its Arctic vessel and icebreaking capability, will be planning accordingly. China will therefore come to Canada with its own ideas of ocean governance in the Arctic and will negotiate around these ideas. At the same time, China will maintain its capability to massively disrupt North America through data, AI, IP and cyber and even by way of TikTok algorithms.

The fact that we must work with China, buy things from China and co-operate with China on agendas like the climate makes for challenging and complex geopolitical terrain. This is even more acute for middle economies like Canada, which are more vulnerable in the face of the geopolitical tactics of others.

Sun Tzu said that when in doubt, go to higher ground. Maya Angelou said that when we know better, we do better. In terms of Canada's relationship with China, my view is that all roads lead to a priority consideration, which is national capacity building. This requires us to be honest about our civil service capacity to operate in an intangibles marketplace and to question whether or not we have the institutions required to defend our interests in this intangibles world. This priority, I feel, is a precondition for the execution of the government's Indo-Pacific strategy.

We need intellectual bilingualism across the national civil service and the security sector so that data science, big data, algorithms, AI, ICT, large language models, sensors and devices, all of which I would refer to as the core enablers of emerging transformative technologies, are standard parlance and knowledge across government.

This would enable Canada to strongly advocate for international civil service capacity in this multidisciplinary domain.

● (2005)

In my engagements in Europe, Southeast Asia and the Middle East over the last 18 months, it is evident that we have some work to do to catch up on the global realities. We must also have a solid ocean governance framework firmly in place in order to be in a strong negotiating position when China starts building infrastructure and maritime corridors through the Arctic. Lastly, we must do everything we can to maximize the strength of our higher education system, which, in my view, remains one of the strongest national instruments of power here in Canada, and protect this central mechanism for thought leadership and intellectual property by having effective, relevant and centrally agreed strategies, such as a strong research security framework.

In conclusion, I recognize this is complex terrain and a wicked problem. As a research professor of international security, I have had to learn and adapt my knowledge, research and teaching pedagogy to these realities. I will just leave off by saying that we must all learn, develop mechanisms for this knowledge and capacity building, and seek to become better.

Thank you very much.

**The Chair:** Thank you very much.

We'll now go to our questions.

We'll begin with Mr. Chong for six minutes or less, please.

**Hon. Michael Chong:** Since supply chains came up—and I don't know if any of our witnesses have expertise in or knowledge of this—I'm wondering if any of our witnesses know about LOGINK, the People's Republic of China's data logistics port management system, which is now being used worldwide. Fifty per cent of cargo container equivalents are being shipped via this logistics system the PRC controls.

I don't know if any of our witnesses are familiar with the system. If not, I'll move on to other questions.

● (2010)

**Dr. Ann Fitz-Gerald:** I have familiarity with its imposition in Africa and propping up its strategy in Africa, which is driven by infrastructural development and a very predatory financial model.

**Hon. Michael Chong:** Maybe you could speak a bit to it, then.

As I understand it, this system was created some two decades ago. It was an initiative of the Ministry of Transport of the People's Republic of China. It was initially only available to PRC ports, had users in those ports, and since then, it has spread globally. Apparently there are half a million users of the system. Two dozen ports outside of the PRC are linked into it now, and 50% of global container traffic now travels via the data logistics of that system.

Some have suggested that this is a huge issue. I'm wondering if you could comment on how much of a risk that system is, and whether or not there needs to be an alternative to that system, seeing how the pandemic supply chain disruptions demonstrated how vulnerable we are if we rely on a single point of failure.

**Dr. Ann Fitz-Gerald:** It's akin to a bolstered threat vector, I would say, because the PRC has made a logistical system functional for national interests in a data-driven and digitalized world. It's laying down standards for the governance of the AI, data and algorithms that are making that network function, and it's spreading. That's an issue because these threats and new threat vectors are difficult to surround because they're spreading through data and digital means.

I think the committee is well aware of the strategy of the BRI in Africa. It's a long commitment that involves receipts for technology and IP and the infrastructure that's laid down. That relationship is further entrenched by the data-driven digitalized capability within this.

I see this as bolstering the threat vector, not reducing it, and showing the predatory financial nature of the logistical arrangement.

**Hon. Michael Chong:** Thank you.

I think the chair has indicated some other witnesses would like to jump in on this.

Go ahead.

**Ms. Deanna Horton:** Thank you very much.

I would like to add that I've seen a demonstration from Maersk. They obviously have a system of their own.

I entirely agree that one of our biggest challenges is countering China's activity in the digital sphere. I have written about this. I think one thing Canada should be doing—we can't do it alone—is aligning with other partners. I think we should also be ensuring that digital technologies are transmitted as part of development assistance, because right now often it's only the Chinese who are offering this.

We have a lot of expertise we can share. I think this should be, really, a part of what we are doing not only in Asia but in other parts of the global south.

**The Chair:** Ms. Paskal, go ahead.

**Ms. Cleo Paskal:** This is very consistent with the comprehensive national power approach, where you try to get into everywhere you can on the systems. The thing that we've been tracking more are the ship-to-shore cranes. China has a company, ZPMC, that has about 80% of the ship-to-shore crane market in ports around the world. It's now been declassified that these things have sensors so they can

spy on military-related cargo. They can potentially be remotely controlled.

We know that deep within the seemingly mechanical systems of the ports, you have potential Chinese control. This is symptomatic of the way that Chinese companies have embedded themselves across critical infrastructure, including, obviously, water, electricity, traffic and everything else.

The logistics are part of the problem you're talking about. Even if you just look at the physical infrastructure on the ports, there's the potential for remote control and for using them as intelligence-gathering platforms.

• (2015)

**Hon. Michael Chong:** Thank you, Mr. Chair.

**The Chair:** Thank you.

We'll now go to Mr. Fragiskatos for six minutes or less.

**Mr. Peter Fragiskatos:** Thank you, Chair.

Thank you to all of you for being here.

Professor Fitz-Gerald, let's start with you. You used the term “enmeshment” in your opening testimony with respect to China. Can you go over again what you mean by that?

**Dr. Ann Fitz-Gerald:** Yes. I'm using it for interactions. It's not complete divorce and decoupling, but social, economic, political and military interactions. That is why I suggested that a dual-track strategy needs to be taken forward. That is characterized by de-risking and decoupling, but in order to manage that approach, knowledge of the risks that we need to de-risk is necessary.

**Mr. Peter Fragiskatos:** What are those risks, fundamentally, to you?

**Dr. Ann Fitz-Gerald:** I believe the risks involve looking at core enablers of emerging transformative technology to see how they are applied to existing technology to enhance them further. There's a dual-usage nature of the resulting technologies. The rosy side of that transformation needs to be embraced, and the dark side needs to be guarded against.

It's my view that we are lacking governance, accountability and legal and ethical frameworks to manage the technology that becomes created, and we do not have a response to answer the question “Should we make it?” instead of “Can we make it?”

**Mr. Peter Fragiskatos:** Give me an example of a technology that you're particularly concerned about given that Canada can't do this on its own. Forgive me if I'm being presumptuous, but I think you're arguing that. It will have to do it in concert with others. What technology would you focus on as a particular concern?

**Dr. Ann Fitz-Gerald:** Some examples are the ways in which data devices, sensors, AI and large language models come together in different ways and in different combinations to produce new inventions and innovations. The knowledge to write policy and legislation guiding those developments is critical. That is why I'm focusing on national capacity building that promotes intellectual bilingualism.

**Mr. Peter Fragiskatos:** That's very interesting.

**Dr. Ann Fitz-Gerald:** You even have end products, which should be embraced. They're very good for climate, good for higher education and good for zero carbons and zero hunger. It's those global goals that unite us all: the STEM community, the social sciences and the humanities. However, without the proper governance filters that the transition takes end products through, some undermine global goals and miss entirely. Some have a direct path to them.

**Mr. Peter Fragiskatos:** Do you think that the Indo-Pacific strategy offers a general framework for Canada to join with other partners and meet the challenge you're talking about of offering a response?

**Dr. Ann Fitz-Gerald:** Canada has to have something quite powerful to bring to the table. It's better to sometimes drill down and say, "Let's focus on these three things because we can offer weight in these areas" instead of spreading too thinly.

I would like to focus in this regard on the armed forces. This is not the first time that Canada has had to confront a time when it can't develop conventional strength in all areas of the military. It has to drill down and focus on niche areas to have something to bring to its like-minded partners and to not be left out of any seat at any table.

One thing we do very well in this country is higher education. We've had founders of Google, Meta and other companies publicly thank Canada for providing them with their leadership cadre. If we built a military capability based on our great cyber and AI strengths and our ability to perform in a data- and digital-driven world, then we would be bringing something to the table, because that remains a foreign and security priority of all our like-minded allies. Equally, the higher education system could bring a lot to science diplomacy, and we could help influence standards to operate in this data- and digital-driven world.

**Mr. Peter Fragiskatos:** Thank you very much.

Professor Horton, I have a limited amount of time—about a minute and a half, or maybe less—but I was quite interested in the point you raised about diasporas.

Could you expand on that a bit with respect to the Indo-Pacific strategy and what Canada could do to encourage the participation of diasporas towards the fulfillment of that strategy writ large?

• (2020)

**Ms. Deanna Horton:** In my response, I was referring in particular to Canadians who are already in Asia. We have a lot of Canadians in all the major markets. My personal experience and that of others confirm that, unlike some other countries—I wouldn't say competitors—with large diasporas, we don't do nearly enough to take advantage of the people who are already on the ground.

This would be important for going ahead. If we want to encourage further investment, we need more knowledge. The more knowledge that's already there that we can use, the better.

**Mr. Peter Fragiskatos:** Thanks very much.

**The Chair:** Thank you, Mr. Fragiskatos.

We'll now go to Mr. Bergeron for six minutes or less.

[*Translation*]

**Mr. Stéphane Bergeron:** Thank you very much.

I'd like to thank the witnesses for being with us this evening. For Ms. Paskal, I believe it is even quite late.

Ms. Fitz-Gerald, in an article you co-wrote with Dr. Jonathan Berkshire-Miller that was published in *iPolitics*, you stated that Canada continues to be unsure whether it would be worthwhile to properly define its interests, and it has done nothing recently to define them in terms of a national security strategy, a defence strategy or a clear foreign policy.

Some would even say that the Government of Canada tends to put the cart before the horse, that it's working on a defence policy without having defined a foreign policy and that it's developed an Indo-Pacific strategy without having defined its foreign policy. What are your thoughts?

[*English*]

**Dr. Ann Fitz-Gerald:** Yes, I believe the cart is before the horse in many cases. As to policy strategy, different things are relevant to different countries and different strategic cultures. In order to prioritize and not have aspirational—as opposed to achievable—frameworks, strategies and concept papers, we need to lay down what is at the root of all these strategies. That's why we argued in that article for the articulation and codification of national interests. For instance, a defence policy is all about protecting, preserving, promoting and defending those interests.

The codification and articulation of a national interest can also strengthen the social fabric of a country, which is terribly important for a diverse country like Canada. To go into any corner of the country and have communities be able to stand up and say, "The heart of Canadian society is A, B, C, D and E" is tremendously powerful. I've seen this by facilitating the national security strategies of many other countries.

I think a national security framework is something that other government frameworks are subordinate to. National security, as the previous panel pointed out, is hip to hip these days with economic security. National security is almost everything. It's the biggest macro strategic tool of government. At the heart of it is something that does not and should not move with different political administrations, something that's the anchor of the ship in rocky waters: national interests. Having a dialogue around them, laying them down and allowing them to be the root of subsequent strategies are important.

At the moment, I feel that the Indo-Pacific strategy, the feminist international foreign assistance program and so on—jumping a bit further down—are very important cogs of the system, but they're cogs. There should be a system that articulates priorities and is very clear about what Canada is not going to do at the moment, as well.

[*Translation*]

**Mr. Stéphane Bergeron:** Thank you very much.

Ms. Paskal, I was perhaps expecting to hear you say a few words in the language of Molière in your opening remarks, but we will probably have the opportunity to hear you speak French later.

As I'm sure you're aware, the committee travelled to Washington a few weeks ago to speak with our U.S. counterparts. I think we concluded that we need to continue the dialogue with them and that they will eventually come here to Ottawa.

Although I feel everyone should keep their own issues at home, we do need to somewhat align our Indo-Pacific strategies. Based on our common ground and what we don't agree on, would you say that the two Indo-Pacific strategies are complementary, or do they conflict?

• (2025)

**Ms. Cleo Paskal:** Thank you.

I'll do my best to answer you in French. Actually, it's been so long since I've had the opportunity to speak French that I lack the vocabulary. I'm a little embarrassed about that, but I'll give it my best shot, and I do apologize in advance.

I'm actually in Miami right now because of the storm in London, and I'm sorry I can't speak to you from there.

That's a very good question. Obviously there's a lot of synchronicity between the two strategies. However, both Canada and Quebec—which is represented throughout the Indo-Pacific region—can take other measures that are completely different to provide security to countries in that region, which would help everyone given the context.

In the last round, you asked a question about Canada's bid to obtain a seat on the UN Security Council, which is a very good example of the issue we're concerned about. We worked with the Australians and New Zealanders to try to get the Pacific islands' votes. They don't want to follow orders out of Canberra or Wellington, they want us to come to them in person and have a friendly conversation to explain who we are, what's important to us and what we feel we have in common with them for our future together.

It's really important that we travel to that region, as Canadians or Quebecers, to better understand local realities and show them the differences between Canada and the United States or France. There's no reason to cut corners: we need our feet on the ground in these countries so we can talk to the people who live there and listen to them.

**Mr. Stéphane Bergeron:** Thank you, Ms. Paskal.

[*English*]

**The Chair:** Thanks, Mr. Bergeron.

Ms. McPherson, you have six minutes.

**Ms. Heather McPherson:** Thank you very much, Mr. Chair.

Thank you to all of the witnesses. This has been very interesting.

Ms. Paskal, I want to quickly follow up on my colleague Mr. Bergeron's comments.

What I could take from your testimony when you talked about bilaterals and how important they are is that it would be very useful for parliamentarians to visit the region and engage in parliamentary diplomacy. I assume that would be very helpful, and it's something that I know this committee is going to be talking about after. Thank you for raising that with us.

One of the other things I want to ask all three of you is about the idea of post-secondary institutions and the role they play. I think all of you have mentioned that in some way. I actually met with the presidents of the 15 top universities in Canada earlier today, and they expressed some real concern about the Indo-Pacific strategy and the implications for them.

Of course, we have the idea that we need to block and build. Ms. Paskal brought that forward. There's the idea of decoupling versus de-risking, but also the idea that we want to build relationships when they are useful, when they help us build our national capacity. We want to have relationships in working with university alumni, in recruitment for our post-secondary and in research.

How do we manage relationships? How do we ensure our post-secondary institutions are able to do the work we need them to do but do not put Canadian public interests at risk?

I will start with you, Ms. Fitz-Gerald.

**Dr. Ann Fitz-Gerald:** It's a great question. Lest I be a bit provocative here, I understand fully well why higher education is led at the provincial level in a federal system. However, I feel that it's a very powerful tool, a national instrument of power, and needs some grand strategic direction.

For instance, it's amazing, I find, that every university is trying to grapple with AI standards and rules at the moment. It's a waste of productive time for all universities to be doing this individually. There's the research security strategy. Again, these are central issues that require a powerful framework and don't need to be differentiated at the provincial level like other things do. I feel we can project our higher education capacity. In my view, it's a time, with post-Brexit Britain and a probable return of Trumpian politics to the south, that Canada should be attracting the best in the world.

In order to have frameworks that can operate in a higher education environment in a digital- and data-driven world, which requires alignment with immigration systems and so on, there need to be discussions regularly at a central level.

• (2030)

**Ms. Heather McPherson:** Ms. Paskal, do you have anything to say?

**The Chair:** I was going to draw your attention to some hands up on the screen.

**Ms. Cleo Paskal:** Quickly, yes, it would definitely be very helpful. For example, in the Pacific Islands context, the U.S. does most of this engagement through the East-West Center, which is funded by state departments and based in Hawaii and D.C. Canada is not considered part of the Indo-Pacific, but in the context of the East-West Center, figuring out how to join some of the organizations that have already trod those pathways and that already have those networks in place might help us speed along our engagement.

However, a big problem is going to be the visas. We need to figure out better ways of facilitating visas. If you're sitting in Palau, for example, the visa to get to Canada is issued by Canada's office in Canberra, which is an eight-hour flight away and extremely expensive. A lot of these technical issues need to be cleared out of the way.

In terms of the parliamentary visits, those would be incredibly helpful because democracy is really under attack. If you look at a place like the Solomon Islands, where they've already delayed elections, having parliamentarians come to let the proto-authoritarians know that we're keeping an eye on them and reassuring those who are fighting for democracy in their own country that they have allies beyond their shores would be incredibly helpful.

**Ms. Heather McPherson:** Thank you.

Ms. Horton, go ahead, please.

**Ms. Deanna Horton:** Thank you very much.

I would agree with everything that's been said, but I notice that when you're looking at trade missions, you often have universities and community colleges on those missions. I think there are a lot of universities with strengths in the Indo-Pacific.

Last week I taught a class at U of T for which the students were in India. With the digital tools available and with more government support—and I recognize that it is a provincial issue—there is a lot of room for more involvement and more support for Canadians studying in Asia.

We have so many Asians studying in Canada, and very few Canadian students going to Asia. I think what should happen is that

students, rather than going to Europe for their junior year abroad, should be going somewhere in Asia. That's where the future is.

**The Chair:** That's just about your time. Thank you, Ms. McPherson.

We'll now go to a second round.

Mr. Seeback, you have five minutes.

**Mr. Kyle Seeback:** Thank you, Mr. Chair.

We're talking a lot about security here, so I want to quickly look at one of the sections of Canada's Indo-Pacific strategy, which says to “make meaningful contributions to the region’s security...and enhance our defence and security relationships [and] bolster Canada's long-standing collaboration with, and contribution to, the Five Eyes.” It seems to me that some glaring things are notably not included in this. The two that pop out to me have both been mentioned before: AUKUS and the Quad.

I would love to hear from all the witnesses today on that, because to me it seems like a very large strategic mistake that Canada wasn't on the ground early on in both of these things. What can we do to try to fix that?

**Dr. Ann Fitz-Gerald:** I'll have the first go.

I think we can encourage publication of the defence review, which I understand is supposed to be happening at the moment, to see some priorities. I think we need to be more predictable to our allies. We can't be spread thin across the conventional capability that has limited utility these days.

Even the conventional capability we're seeing in the Middle East, in Africa and in other parts of the world is based on an insurgency model. It's the same insurgency model as in Doha-Malaysia campaigns in the past, but it's taking to the waves; it's taking to digital insurgency.

The capability needs to change. We have a great deal to bring to that capability in terms of defence diplomacy. You may remember that when we did have that capability in the early 2000s and late 1990s, we made an enormous impact in the world in defence diplomacy. It's an inexpensive way to make a great impact that could feature heavily in our strategy. If it were geared towards AI and cyber, it would be snapped up by our AUKUS allies.

• (2035)

**Mr. Kyle Seeback:** Does either of the other two want to go ahead?

**Ms. Cleo Paskal:** I went first last time, so Dr. Horton can go.

**The Chair:** Dr. Horton, go ahead.

**Ms. Deanna Horton:** I will just add that the second pillar of AUKUS should be of interest to Canada, and I am hoping that will be followed up on. I would also add, though, that we have a lot of capacity in things like training and the soft aspect, as mentioned earlier, of defence diplomacy in a way. That does not require the hardware that seems to be difficult for Canada. On even things like that, we can work with other partners.

I can't emphasize enough how important it is to work with other like-minded partners in Asia. There is not a lot we can do alone. We all have to work together.

**Ms. Cleo Paskal:** It would have been great if we had joined Quad and AUKUS. That would have made us a very different profile in the region.

I'd also like to bring up something that hasn't been brought up, which does seriously affect our security profile in the region. It's Canada's relationship with India. India had a very successful G20 meeting. It has very deep and growing relationships with Japan. We obviously have our problems with India, but the loud problems with India.... The Indo-Pacific, or at least a big chunk of it, is India's turf, not Canada's turf. If we have problems with India, then it becomes a problem for Canada.

The other thing I'd say in terms of security, as mentioned in my opening, is that right now a lot of the problems are on the political warfare level and have to do with corruption. Many of these countries need lawyers more than they need warships. They need people to go after Chinese organized crime, to go through financial records and help figure out who's getting paid off.

That sort of thing we could do quite easily. We could send over experts from various other Canadian government agencies or ministries to help them clean up their systems. Unless we do that, unless we can get rid of the corruption or at least minimize Chinese corruption, that's the blocking...and we won't be able to build anything else that's effective.

**The Chair:** You're just about out of time, so thank you, Mr. Seeback.

We'll go to Madam Lalonde for five minutes.

**Mrs. Marie-France Lalonde (Orléans, Lib.):** Thank you very much to our witnesses. I certainly appreciate the perspective that's been brought forward this evening.

I would like to hear a bit more about the comments made by Ms. Horton or Ms. Paskal. I'm not sure who it was. Maybe any of you could help.

The IPS specifically indicates Canada's intention to strengthen our strategic partnership with ASEAN. What is the larger role of ASEAN within the region? How could we improve that relationship?

**Ms. Cleo Paskal:** I'm happy to take it, but Professor Horton, do you want to?

**The Chair:** Go ahead, Ms. Horton.

**Ms. Deanna Horton:** Thanks very much.

I think ASEAN is really critical. The reason is that when you're looking at how trade patterns are evolving, a lot of countries are

adding additional manufacturing capacity in ASEAN. A lot of companies have a "China plus one" strategy, and ASEAN is benefiting from that. RCEP is the largest trade system in the world now. We don't talk about it much in Canada. China is involved in that.

The linchpin of it all is ASEAN. In terms of future growth, given their demographics, they are going to be the future. A lot of exciting things are happening there. We're negotiating with ASEAN, and ASEAN is key to the Indo-Pacific strategy in terms of how we're going to be building up capacity there.

If we're going to be looking at ways of diversifying our interests in the Southeast Asia part of the world, obviously ASEAN is the critical partner for that.

• (2040)

**Ms. Cleo Paskal:** Because debate is healthy, I'm going to add a different perspective to ASEAN. It's more of a security perspective, not an economic perspective.

ASEAN is only as good as its weakest partner from a security perspective, and you have some pretty heavily compromised members of ASEAN. Cambodia has basically helped China to set up a base there.

I've had French diplomats describe it to me as the ASEAN fog: You go there, you don't quite know what's going on and you can't really see a future or a path forward. That doesn't mean not to go. It just means that if we have limited resources, maybe don't think that some grand strategy is going to come out of spending a lot of time sitting around ASEAN. I would argue the same thing with the Pacific Islands Forum.

Chinese penetration, infiltration and influence operations are so advanced across the region. I personally think it makes sense to make sure you do—as well as everything else—a ground-up assessment. Talk and listen to people on the ground, making sure that you know what's actually going on. The bureaucrats that end up getting sent to ASEAN or the PIF are not necessarily representative of either the national governments or the internal politics and dynamics that are shaping the realities of those countries.

**Mrs. Marie-France Lalonde:** Thank you very much.

Ms. Fitz-Gerald, would you like to wade in on the comments?

**Dr. Ann Fitz-Gerald:** I'll add one further point, if I may.

It's probably the middle ground between the two previous speakers. I've made my views clear on what I think is the impotent nature of the rules-based multilateralism model. Having said that, what ASEAN brings that's dissimilar to most regional and multilateral organizations is a very heavy weight placed on science, innovation and higher education. I think this is one of the reasons that drove the U.K. to having affiliate status with ASEAN as one of their biggest national security priorities in the region.

I think access on that level is important. It's important for a discussion on standards, whether it's an international dialogue on AI standards, data governance standards or others. I think access to those conversations is very important.

**The Chair:** You have time for a very brief question, Mrs. Lalonde, if you wish.

**Mrs. Marie-France Lalonde:** Actually, I would like each of our witnesses to tell us how we could summarize this conversation from their perspective, please.

**The Chair:** Perhaps we'll permit some time at the very end for that because you are out of time.

With that, we'll go now to Mr. Bergeron for two and a half minutes.

[*Translation*]

**Mr. Stéphane Bergeron:** Ladies, some of you have somewhat shaken our convictions with arguments that are a bit counterintuitive, such as when we say the Arctic should be our top concern in our Indo-Pacific strategy.

Most people think that all the land in the Arctic has been claimed, and that sovereignty is well established on every parcel of land in the Arctic, so no other Asian-Pacific countries can stake a claim. However, I understand that this goes well beyond the issue of claims, since we're talking about scientific research, in particular.

I'm going to put a fly in the ointment—would you say that the fact that our main ally, the greatest economic and military power in the world, doesn't recognize Canadian sovereignty over the Arctic and the fact that Canada is so incapable of defending the territory are both major challenges we will have to face?

• (2045)

[*English*]

**Ms. Deanna Horton:** Thank you very much for this excellent question.

I think Canada and the United States have agreed to disagree on some of the sovereignty issues. We seem able to collaborate and cooperate without having agreed on the actual territorial boundaries.

The U.S. is not a signatory to UNCLOS, as I understand. However, I would like to reiterate what I said earlier. The U.S. is obviously critical to the protection of the Arctic. We recognize the importance of NORAD. We are finally getting around to doing more to support NORAD, but we really need to step up in our collaboration not only with the U.S. but with the other partners I mentioned. That's because even though other countries are not going to be claiming land, they have the potential to help in the development of the Arctic.

We also have to counter.... Don't forget that Russia is also significantly interested in the Arctic for obvious reasons, as is China. It's the rest of us who will have to ensure that the Arctic is protected and developed as necessary.

**The Chair:** We have time for a very brief answer from Ms. Paskal, if she has one for us.

[*Translation*]

**Ms. Cleo Paskal:** Thank you.

Not only is this a legal issue, it's also a law enforcement issue.

[*English*]

That's the big question. You can have whatever law you want, but if you can't enforce it, it's irrelevant. As mentioned, China is going after lawfare and trying to undermine international rules and regimes, which is what we saw in Scarborough Shoal.

We can't rely on just having a law to protect sovereignty. We need to be able to enforce it. In the Arctic, the U.S. icebreaker fleet is heavily degraded.

[*Translation*]

As you said, Canada really doesn't have what it needs to defend itself. Russia and China combined are much more powerful, and they will use that advantage if it's in their interest to do so.

[*English*]

**The Chair:** Thank you very much.

Ms. McPherson, we'll go to you for two minutes and 30 seconds.

**Ms. Heather McPherson:** Thank you very much.

I'll give some time to Ms. Fitz-Gerald.

I was interested when you were talking about how the Indo-Pacific strategy and our feminist international assistance policy are cogs that need to be part of a bigger foreign policy piece. I've long argued that our privileging of trade relationships to the exclusion of our diplomatic and development relationships makes trade relationships more difficult for us to maintain.

The Indo-Pacific strategy does have some things in it with regard to development and with regard to investment in FinDev. I'm wondering if it hits the mark and, if it doesn't, where we need to strengthen the foreign policy piece you were just talking about.

**Dr. Ann Fitz-Gerald:** It's a great question.

I think good strategies have clear strategic objectives that are achievable, as opposed to a laundry list of aspirational things. The Indo-Pacific strategy goes some way in comparison to others to narrow and drill down a bit more. I think there's a lot of uncertainty about the instruments that become enablers for the execution of the strategy. This is why I made the point that I feel national capacity building to promote our capability to navigate these new threat vectors in a data-driven and digitalized environment is fundamental to implementing some of the goals in the Indo-Pacific strategy.

On defence, it was recently published in Ottawa by the former chief of the defence staff himself that the Canadian Armed Forces does not have the capacity to respond to the threats the country is up against at the moment. The outcome of the defence review is very important to know how we're going to execute the defence and security aspects of the Indo-Pacific strategy.

It is a synthesis document that is very powerful in bringing economic, social and security levers together, but I think the tools of execution, such as higher education, military and defence projection and trade priorities, need to be fine-tuned a bit more.

• (2050)

**Ms. Heather McPherson:** As I said, I would argue that having development and diplomacy be part of that is key as well.

**Dr. Ann Fitz-Gerald:** Yes, absolutely.

**Ms. Heather McPherson:** Thank you.

**The Chair:** Thank you, Ms. McPherson.

We have two more five-minute rounds and two two-and-a-half-minute rounds to wrap up this panel.

We'll begin with Mr. Chong.

**Hon. Michael Chong:** I have a question about our ports. Canada's largest port is the port of Vancouver, the flagship port, so to speak, of our global trade. It's also an Indo-Pacific port.

Last year, the World Bank and S&P Global Market Intelligence ranked the port of Vancouver 347th out of 348 global ports for efficiency and dead last among all major ports of its size. One of the pillars in the Indo-Pacific strategy is to expand Canada's trade in the Indo-Pacific region. How on earth are we supposed to do that if we have ports like Vancouver, which is, again, ranked 347th out of 348 global ports?

**Dr. Ann Fitz-Gerald:** I agree with you entirely, but I would also go as far as to say the ports have to be interoperable as well. If they're not technologized and data-driven, they're not interoperable, and this affects our relationship with our biggest ally.

**Hon. Michael Chong:** The Dutch ambassador came to me a number of years ago frustrated because there had been an agreement signed between the Port of Rotterdam, one of the world's leading cargo container ports, one of the gateways to northern Europe, and the Port of Vancouver. Dutch management at the Port of Rotterdam was trying to fulfill this bilateral agreement and connect with the Port of Vancouver and was so unsuccessful in trying to connect with anyone at the Port of Vancouver under this bilateral agreement that they reached out to the Dutch government to ask if it could try to rattle some chains up there to see if they could get a meeting. She reached out to a number of people, me included.

I don't know what came of that, but I thought, when I read the S&P global ranking this year, that it was no surprise we have a port that's ranked so poorly. The Port of Rotterdam would have a lot to offer the Port of Vancouver in terms of best practices, efficiencies and the like. It operates in a very complex, difficult environment and it's a top 10 or 15 port globally in volume.

I shake my head at the challenges we're facing as the government tries to roll out a pillar of the Indo-Pacific strategy and we have a port ranked almost dead last in global rankings.

**Ms. Cleo Paskal:** I highly recommend going over the Cullen commission testimony. The Port of Vancouver is known to be heavily compromised. It is considered a security risk even to the Americans by virtue of what goes through there, and it benefits malign actors for it to be a non-functioning port for clean transactions. I would—

**Hon. Michael Chong:** I've read the report, and I was shocked by the evidence of money laundering through the port and illegal drug trade. To hear that the national crime intelligence part of the Government of Canada last year estimated that \$133 billion annually is being laundered through the Canadian economy, the equivalent of almost 6% of our GDP, makes me wonder: How did we get to this point where 6% of our GDP is laundered through the economy? Much of it is international money laundering, and much of it comes through ports like Vancouver. In some ways, the problem almost seems overwhelming in how we're going to deal with it.

I have a second quick question. The government just recently announced a new security policy on research. They issued two lists, a list of sensitive technology research areas and a list of named research organizations, many of them in the People's Republic of China. I'm wondering if the witnesses would comment on whether this is a good approach or if there are gaps in the approach that was recently announced.

**Dr. Ann Fitz-Gerald:** I'll let my colleagues lead, as I've led the last couple of answers.

• (2055)

**Ms. Cleo Paskal:** Professor Horton, you didn't have a chance in the last one. Do you want to go ahead?

**Ms. Deanna Horton:** There are many different ways to approach this problem. I don't know whether any of them are going to have the necessary effect or if we're too late on some of them.

What I'm concerned about is that China is still the second-largest economy in the world, and it has very impressive research capabilities. I'm hoping that we can find a way to steer our researchers in the right direction and protect ourselves at the same time.

**The Chair:** I will add, by the way, that as a British Columbian and a former member of the transport committee, I'm acutely aware of the issues at the port of Vancouver. There have been some major leadership changes there within the last year. It would be worth our while in the fullness of time to bring in some of those leaders and see what they recognize and what they're prepared to do.

It's a good point.

Mr. Oliphant, it's over to you for five minutes.

**Hon. Robert Oliphant:** Thank you, Mr. Chair.

Thank you to all the witnesses for their work and for helping us today.

I want to start with Ms. Horton. Thank you for your testimony today.

You've written that Canada will have to leverage its limited impact by maximizing complementarity with its partners. Looking at the Indo-Pacific strategy, obviously we can't do everything. We do have to focus, and there is some focusing in it.

Earlier tonight in the first panel, one of our witnesses suggested that we should not be engaging as much—I wasn't exactly sure what he was talking about—with Vietnam because it didn't meet the standards of Canadian engagement and we should focus on other countries that are more vibrant democracies. I'd like your take on that. Is that the correct way to strategize or are there more pragmatic ways to do it?

**Ms. Deanna Horton:** I'm speaking at an event in a couple of weeks in Toronto, because Minister Mary Ng is taking a delegation to Vietnam.

You can look at trading and investment patterns. Having worked in Vietnam, I know that, yes, it's a communist country, but in terms of the opportunities for Canada there, they are real. I think it's going to be difficult to find a perfect democracy. There's no such thing. People cite Singapore. Singapore is not a perfect democracy by any stretch of the imagination.

I think that we have to be careful about who we deal with, but on the other hand, we always have to recognize what the opportunities are. Vietnam signed on to the CPTPP. They made a lot of changes in order to do so, and Vietnam is much more open than China and is more interested in working with countries like Canada. They are an amazing people with a great entrepreneurial spirit, and I think we should be there. Also, because we have a Vietnamese diaspora, I think we have an advantage as opposed to other countries, and we should take advantage of that too.

**Hon. Robert Oliphant:** Thank you. I wanted a bit of a course correction there and you did that.

I think we need to be sensitive. I could give you a long story, which I won't get into, but it's interesting. Anyway, that's for another time.

To the other witnesses, this falls a bit on Mrs. Lalonde's comment about what you would like to summarize here. We can get a couple of summaries. If there's something around how to strategically maximize Canada's gifts and resources in the Indo-Pacific region, what do you think are the top two or three priorities?

**The Chair:** Do you want to choose the person you'd like to respond first?

• (2100)

**Hon. Robert Oliphant:** Let's start with Dr. Fitz-Gerald, who led us here.

Are there a couple of things you want us to know about how we would strategize—and be specific—to narrow our focus, because we can't do everything all the time?

**Dr. Ann Fitz-Gerald:** I think there's the scope for a secondary document that focuses on execution and prioritizes, perhaps with a temporal element included, what's going to happen in the short to medium term and what's going to then set things up for the medium- to longer-term aspirations.

I think there's tremendous potential in science diplomacy, and the issue of the research framework was raised for Canada. Instead of just pinpointing institutions, we could put a strategic framework around things like that and do a lot of grassroots upwardly, using our very good relationships between academic to academic organizations and civil society to civil society organizations.

Lastly, especially as I'm a professor of national security, I would say that defence and security diplomacy are key. I have studied carefully Canada's trends in the past and the influence we had that in my view, having worked with the British government for many years as a security adviser, went beyond the impact the British government had during the years when we kept military and security co-operation high.

**Hon. Robert Oliphant:** I'm out of time. I know.

**The Chair:** Yes.

We will now have two and a half minutes for Mr. Bergeron and two and a half minutes for Ms. McPherson. I would then like to give the panellists, who have been great with their time, about a minute each to give us their final thoughts.

It's over to you, Mr. Bergeron, for two and a half minutes.

[*Translation*]

**Mr. Stéphane Bergeron:** Thank you, Mr. Chair.

Ms. Fitz-Gerald, I'd like to come back to the Arctic, since you didn't get a chance to answer my question. Would you like to answer it?

[*English*]

**Dr. Ann Fitz-Gerald:** If I remember correctly, it was about priorities in the Arctic.

My sense is based on the military industrial bases in the Far East and what we're seeing in icebreaking equipment. What I anticipate will come to countries like China through difficult negotiations with Europe over the extension of the middle corridor... We will see China at our doorstep trying to negotiate access to the Arctic very quickly.

I think Canada is in a very strong position to lead on ocean governance. If we had an ocean governance framework at the very least—at best an Arctic strategy and, trickling down from that, an ocean governance framework—it would not only put us in a very ready position for those probably hard negotiations; it would give us influence within the Arctic Circle to get wider buy-in to that governance framework. I think that's where Canada can make a real difference.

The relationship with NORAD is a very strong and underestimated relationship. Even putting the sovereignty issues aside, I think if we can use technology IP around it to monitor every square mile of our Arctic region, it can provide a lot of future economic benefits to Canada, especially having gotten a wider agreement on an ocean governance framework.

[Translation]

**Mr. Stéphane Bergeron:** Do I have any time left, Mr. Chair?

[English]

**The Chair:** You're just about out of time, Mr. Bergeron, but thank you.

We will go to Ms. McPherson now.

**Ms. Heather McPherson:** The two and a half minutes go very fast.

I had a question similar to that of the chair. We're one year into having the Indo-Pacific strategy. I would like to hear from all of the witnesses on how well it is working and how well it is achieving the goals it has articulated.

I'll start with you, Dr. Fitz-Gerald.

**Dr. Ann Fitz-Gerald:** As a professor of defence and security and national security, I'm waiting to see the defence policy rollout and for engagement to happen in a significant manner on that front.

I would like to see good organizations, like the Asia Pacific Foundation, be given the mandate and the means to be facilitators for interactions between the two regions, to launch their good wares and to facilitate interactions between the Canadian leading academic institutions and our counterparts in the region.

That is an easy and quick win, and we have a great organization there to do it.

• (2105)

**Ms. Heather McPherson:** Go ahead, Ms. Horton.

**Ms. Deanna Horton:** I would second Professor Fitz-Gerald's confidence in the Asia Pacific Foundation of Canada.

It's too early to tell. There's been a lot of heightened engagement. However, judging from previous experience, the proof will be in the pudding. We don't know yet how long this is going to last and whether it will last into future administrations. We tend to lose interest, so let's hope this committee can help and keep pushing it forward.

**Ms. Heather McPherson:** Go ahead, Ms. Paskal.

**Ms. Cleo Paskal:** Viewed from the region, what happened with India has been a really big setback for Canada. You can't underestimate the influence of India across multilateral fora. Regardless of

the incident and however nice the strategy is, what happened with India has been a real setback.

There's a definite lack of urgency on the part of Canada. It could be because Ottawa is nowhere near the Pacific. However, when you're out in the Pacific—and I think my co-panellist also spent time in the Pacific—you can feel something's coming. Nothing out there is preparing us for, for example, a Taiwan contingency, which you hope doesn't happen, but you at least have to have a plan.

**Ms. Heather McPherson:** Thank you.

**The Chair:** All right. To wrap up, you have a minute each to give us your thoughts, the pearls of wisdom you'd like to leave us with or things we should be thinking about. It's your choice.

We'll start with you, Ms. Paskal, and then move to Ms. Horton and Dr. Fitz-Gerald.

[Translation]

**Ms. Cleo Paskal:** First of all, obviously I must try to speak French a little more often.

Second, we have to work on the issue of corruption. Otherwise, we will have a hard time making progress on anything. If we work on that, it will change how Canada is perceived in the region. A lot of countries and organizations want to take on corruption but they don't have the resources. I don't know why but Australia for one isn't doing anything at all to fight corruption.

So if there's one central element that everything revolves around, it's corruption from China. That changes all the geopolitical and geo-economic dynamics in the region.

[English]

**The Chair:** Thank you.

Ms. Horton, please go ahead.

**Ms. Deanna Horton:** Thank you very much.

Canada is a services economy. We focus way too much on goods and have such expertise. We have amazing financial services firms, life insurance and so on, which are very active in Asia.

From my studies on Canadians in Asia, in terms of companies and software analytics, we have many great tech companies that are very active there. Let's support them. Let's continue to work in the north Pacific, Japan and Korea. That will give us additional balance, power and leverage in Asia. We can't do it alone.

**The Chair:** Dr. Fitz-Gerald, please go ahead.

**Dr. Ann Fitz-Gerald:** Thank you very much.

I'll just repeat that we do better when we know better. If we are going to de-risk and decouple, which are necessary for implementing our Indo-Pacific strategy, we need to focus at home as well as abroad. At home, a national capacity-building effort to operate in an intangibles market is absolutely fundamental. Approximately 92% of the S&P 500 at the moment accounts for intangibles. That's how much we're in that marketplace.

Lastly, good strategies have specific objectives because you can't manage what you cannot measure. Good strategies also build and bolster existing strengths. Two of Canada's existing strengths are the higher education system and our military, defence and science diplomacy capacity. I would encourage the committee to look at continuing to bolster these strengths.

Thank you.

• (2110)

**The Chair:** We would like to thank our panellists. It's been a fascinating session.

We will adjourn for just a moment to give the panellists a chance to make their way out. Then we'll go into our business session right after that.

We'll suspend for a moment.

• (2110)

(Pause)

• (2110)

**The Chair:** We'll head back into session.

I think the first order of business for this section of our meeting is the work plan.

We just finished meeting three. We could have as many as seven total meetings. The material distributed over the last day or so has a lot of information on what could possibly comprise those meetings. We know that on February 12, a week from now, we'll have the Ambassador of Japan, the Indo-Pacific enterprise groups and so on.

This is just a temperature check to make sure that in the meetings to come, we have the potential to get answers to the questions we need answered in order to develop a worthwhile and useful report.

Are there any comments on the work plan? Are we good for seven meetings total?

**Hon. Michael Chong:** It was an excellent panel today.

**The Chair:** It was, absolutely.

Are there any further thoughts on that?

**Hon. Robert Oliphant:** We're good.

**The Chair:** Okay.

Ms. McPherson, I think you want to talk, potentially, about travel. Did you have something there? I caught your question a little earlier and so did Mr. Bergeron, as I recall.

**Ms. Heather McPherson:** I just like to entertain Mr. Bergeron. That's mostly why I'm here.

**An hon. member:** Oh, oh!

**Ms. Heather McPherson:** Well, I know the deadline is coming up. I don't know if there's any potential for that. Is there?

Are we in camera?

**The Chair:** No, we are in a public session.

**Ms. Heather McPherson:** Oh, I'm sorry. Well, then I will stop looking accusingly at certain members of our committee.

I think it would be fantastic if—

**Hon. Robert Oliphant:** I have a point of order.

**The Chair:** Yes, Mr. Oliphant.

**Hon. Robert Oliphant:** Is our business meeting normally in public? I thought we always did business meetings in camera.

**The Chair:** We do them in camera when we're talking about reviewing draft studies. This is basically lining up what's coming up next.

**Hon. Robert Oliphant:** I would ask that in the future, our business meetings are in camera. That's been the tradition of our committees everywhere, because we get into discussions like that. I think it's a dangerous precedent.

Business meetings should be in camera. That allows us to have discussions like this more easily.

**Ms. Heather McPherson:** If I can reiterate, I think it would be very useful for the committee to travel. There is value in parliamentary diplomacy. That was made clear by our panellists this evening. It is an important role that parliamentarians play in the region, particularly as we continue to try to develop more relationships in that area.

I would like us to put a proposal forward, if that seems at all worth the clerk's and analysts' efforts at this time.

**The Chair:** All right.

Yes, Mr. Oliphant.

**Hon. Robert Oliphant:** Since we are not in camera, I think it would be handy for us to go around the table to see which parties are interested in preparing travel and whether or not party whips would be engaged in allowing us, as an international committee, to travel.

On our side of the table, the Liberal Party would be very pleased to try to work up a travel plan, because we think it's essential for members of Parliament to travel. It's even more essential for committees like this to travel.

**The Chair:** All right.

We'll start from that end of that side of the table and go toward this end.

Go ahead, Ms. McPherson.

• (2115)

**Ms. Heather McPherson:** I think I've made it very clear. This is a key role for this committee. Parliamentary diplomacy is a key thing we can offer.

The New Democrats would be very supportive of travel to the region.

**The Chair:** Mr. Bergeron, you joined a lot of us in Taiwan and there certainly was a significant benefit from that.

Would the Bloc be in agreement with travel for this committee?

[*Translation*]

**Mr. Stéphane Bergeron:** Absolutely, Mr. Chair. I believe that the government should be able to use parliamentary diplomacy to exercise its influence abroad. I believe we have much to learn reaching out beyond our borders. This committee and the Standing Committee on Foreign Affairs and International Development believe it's very appropriate for parliamentarians to be able to take part in missions.

I'd like to address two things in connection with what I said earlier. On the one hand, are there any developments with our U.S. counterparts regarding a possible visit to Ottawa? Also, does the committee still intend to throw the ball back in the department's court about the Taiwan report?

[*English*]

**The Chair:** On the first one, we have not had further engagement with our colleagues in Washington. Perhaps the lack of connectivity between the American Indo-Pacific plan and the Canadian Indo-Pacific plan suggests that in the course of this study, we invite the chair of that committee as a witness so we can talk about the American plan and opportunities to integrate. That certainly came up in the discussions we had in Washington, so I think that would be worthwhile.

I will detect from around the room, though, whether there would be interest in sending an invitation to the special committee in the States to come up here and have a more formal session than the rather casual meeting we had in Washington. I don't know. I'll look around the room to see if there's general agreement on that one.

Go ahead, Mr. Oliphant.

**Hon. Robert Oliphant:** There's general agreement, but I want to stick to travel at this point, just because I'd like to get out of the meeting. Generally, we've already discussed that and I think we all thought it was a good idea.

**The Chair:** Yes, we have. Very good.

Go ahead, Mr. Bergeron.

[*Translation*]

**Mr. Stéphane Bergeron:** What about the Taiwan report?

[*English*]

**The Chair:** This would be to bring back officials to see where we're at with our recommendations. Is that what you had in mind?

**Mr. Stéphane Bergeron:** I'll come back to that.

**The Chair:** Okay, good.

Mr. Kmiec, go ahead.

**Mr. Tom Kmiec:** Without speaking on behalf of my whip—because I've done that before as caucus chair and it worked out well for me—first of all, the distances we're talking about for travel to

Asia are quite far, so travel would have to be done during non-sitting weeks at a minimum. I think it really should be done only in July and August. That way we are not at risk of missing any sitting days of the House. That's the first part.

Also, these are long distances we're talking about, so cost, accommodations, flights and everything else are serious considerations for any type of travel this committee considers going forward.

**The Chair:** One would think, too, that because of the amount of territory involved in the Indo-Pacific region, we might wish to prioritize some key places to visit, but that's just my thought and comment.

**Mr. Stéphane Bergeron:** Or we could split....

**The Chair:** Pardon me. I'm sorry, Mr. Bergeron.

[*Translation*]

**Mr. Stéphane Bergeron:** I have another suggestion based on an experience I had when I was a member of the Standing Committee on Foreign Affairs and International Development.

During a trip we made as part of a study on the links between Canada and the Arab-Muslim world, we split the committee in two so we could cover more ground. Half the committee went to North Africa and the Middle East, while the other half visited the Middle East and the Far East, and that helped the committee maximize its efficiency.

• (2120)

[*English*]

**The Chair:** I'm wondering, then, with deadlines coming up to make the pitch for committee travel, if all of us could check with our whips to get a sense of the comfort in that. Is that an agreeable thing to ask at this point?

**Some hon. members:** Agreed.

**The Chair:** Very good.

We have the calendar. We have, I think, general agreement that we'll have seven meetings. We've heard that the Deputy Prime Minister and Minister of Finance will be with us between 8:30 and 9:30 on the 26th of the month. We can't, of course, pass over the fact that we're going to be missing quite a few Mondays because of the constituency weeks that have stacked themselves up in the spring session.

Is there anything else we need to cover?

Mr. Bergeron, go ahead.

[*Translation*]

**Mr. Stéphane Bergeron:** I want to come back to the issue of Taiwan.

It seems to me that, at one of our first meetings last fall, we discussed the fact that we were taken aback, to put it mildly, by the lack of detailed responses—let's put it that way as well—from the Department of Foreign Affairs and International Trade about a number of very relevant and useful recommendations we had made with respect to Taiwan.

I'm thinking, for example, of a response that said only that the department took note of our recommendations. Beyond the department simply taking note, has the situation led the process to evolve?

I believe that all committee members had expressed some interest in coming back to the Taiwan report. The question is what might the report look like and how would we get the ball rolling on it at some point.

[*English*]

**The Chair:** I could offer the experience we've had in other committees that a motion comes forward to bring back officials to review the reaction and actions following a report.

Mr. Oliphant, do you have something to offer?

**Hon. Robert Oliphant:** I just think technically the report is done. The government has made a response and Parliament has the opportunity to do this through a concurrence debate. Our House leader wouldn't want us to say that, but the opposition frequently raises concurrence motions. They do it regularly. It stops government business on a very regular basis. Sometimes they are absolutely absurd and we all know it, but if someone isn't happy with a government response we can certainly have a concurrence debate.

I don't know the timing on that and whether it's passed or not, but it's built into our Standing Orders to do a concurrence debate on a report if people are interested in the response from the government.

**The Chair:** I don't know if it was in a motion, Madam Clerk, or not, but I note there was an agreement that we would have a meet-

ing on Taiwan after we concluded this study and would reinvite Harry Tseng, the trade commissioner, to come and talk to us. Of course, they've had an election since then and a few other things that we could catch up on.

We talked about it. We haven't had a motion. I don't know if we need one, but we certainly have our hands full on this study.

As we get to the conclusion of this study, we can revisit the desirability of having a follow-up session on Taiwan. Does that sound like a plan?

[*Translation*]

**Mr. Stéphane Bergeron:** Yes, Mr. Chair.

[*English*]

**The Chair:** Very good.

**Hon. Robert Oliphant:** I agree as well. I just don't think it needs to be on the report. I think an update on Taiwan is always good.

**The Chair:** All right. Is there anything else before we wrap up?

The energy level in the room, despite the hour, has been great. It's been a great session.

I want to thank our clerk, our analysts, our interpreters and both the parliamentary and office staff.

With that, we will adjourn.

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