

## A NEW CHAPTER?

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In the spring of 2007, Prime Minister Stephen Harper announced that Canada would re-engage with Latin America. Led by Assistant-Deputy Minister Alex Bugailiskis, one of Foreign Affairs' most experienced Latin America hands, a small team was charged with developing a new strategy for the Americas. Eighteen months later, no document has yet been released, but a free trade agreement has been signed with Peru, a second one is in the offing with Colombia, and negotiations are underway with the Caribbean. Notable is Prime Minister Harper's July 2007 trip to Latin America, where he visited old partners, like the Caribbean and Chile, and, a first for a Canadian prime minister, stopped in Colombia, where he delivered a strong message of support to embattled president Fernando Uribe. As Deputy Minister Leonard Edwards puts it in the preface to this issue, the government intends to engage in a "focused and sustained" effort, seeking a real and lasting impact on the region. Is some kind of new age dawning – again – for Canada's relations with Latin America?

The collection of articles in this special issue of *Canadian Foreign Policy* is meant to provide some background to this flurry of activity. This special issue emerged from a conference, *Canada and the Americas: Defining Re-engagement*, held in March 2008 in Ottawa,<sup>1</sup> which brought together a large group of experts, union and NGO representatives, business people, public officials, and members of the diplomatic community to discuss the new initiative. The sessions were lively, even as their tone was often skeptical, given the sorry fate of previous iterations of such "re-engagements" with the Americas. There was also criticism from some quarters, especially over the heavy focus on trade agreements and this new enthusiasm for a Colombia that is still very much at war. Nevertheless, participants were both sympathetic to and supportive of the government's willingness to seriously engage the Americas beyond its traditional focus on the United States.

Before introducing the articles themselves, we would like to briefly outline some of the main challenges and opportunities that a Canadian re-engagement is likely to meet. The first is the quick pace of change in the region and in the world. Over the last few months, the political dynamics in Venezuela have grown more tense, violent confrontations have left bodies in the streets of Bolivia, and Argentina's economic and political situation has deteriorated to the point where investment is pouring out of the country. Latin America's recent bout of prosperity has been driven by record-high commodity prices and inflows of foreign investment, both of which are now under threat as the US financial crisis threatens to engulf the world – scaring investors and driving down the price of commodities, beginning with oil.

The reaction to those events, in Latin America and in the United States, may be just as significant. Led by Brazil and Chile, South American countries have taken the lead in trying to calm things down in Bolivia, highlighting a growing suspicion towards extra-regional "interventions" (see Max Cameron and Catherine Hecht, *infra*). In the United States, the

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6 financial crisis has only increased the typical intensity of election-year self-reflection, keeping the focus squarely on domestic concerns, except for a handful of critical foreign issues – largely outside of this hemisphere. Between Latin American countries’ greater resolve to deal with their own problems, and the United States’ attention diverted to other issues, the current situation may be opportune for a stronger Canadian presence in the region. A number of critical considerations should be kept in mind, however.

First, Brazil’s increasingly assertive presence as a credible and mostly stabilizing influence must be fully recognized. With its massive interest in Bolivia’s energy sector, its significant economic interdependence with Argentina, and its increasingly competitive “friendship” with Venezuela, Brazil has a direct interest in the tensions that prevail in South America, from the domestic uncertainties mentioned above, to international strains such as those that surfaced between Colombia and neighbouring Ecuador and Venezuela. No one else can credibly “anchor” a regional effort at dealing with those crises. Most policies towards the region, and all policies towards South America, in other words, must factor in Brazil, and possibly involve it, too.

Second, even though the United States may not presently have a very clear Latin America policy, it remains the most influential external player in the region: its military effectively oversees the region’s air and sea space; its multinationals are present in most countries; free trade agreements are being offered throughout the hemisphere; millions are being invested in Colombia’s security; and significant efforts are being made to counter the influence of Hugo Chavez. A Latin American policy for Canada has to be fully articulated with the country’s US policy, crucially here – but not exclusively – for the Caribbean, Mexico, and Central America. There are, in sum, very few bilateral files in the region from Canada’s standpoint: a few may be multilateral, but most are trilateral, with the United States, and increasingly with Brazil, as the third party. A growing number of others – Haiti and probably Venezuela come to mind here – can even be termed quadrilateral, with both Brazil and the United States involved, or at least keenly “interested,” in whatever Canada may want to do there.

Third, in spite of the continuing – if subdued – US involvement in the region, of Brazil’s massive presence and growing assertiveness, and of a broadly shared Latin American willingness to take charge of its own problems, new extra-regional players are increasingly active, from Russia’s military links with Venezuela, to China’s keen interest in hemispheric resource and energy supplies and Iran’s diplomatic entreaties in Venezuela and Nicaragua. The region is not a self-contained security complex, and the involvement of the world’s great and not-so-great powers in the region is unlikely to abate. Canada’s Latin American strategy must be embedded within a broader understanding of the way in which these powers’ growing influence will be handled. To be realistic, it must be a chapter in a much larger book, one that cannot only discuss trade and development issues.

These “strategic” landmarks define a number of more operational challenges that will need to be tackled if, for once, Canada’s Latin American strategy is to be implemented. The first, as the contributions to this journal emphasize, is that Canadian policy must credibly reach well beyond free trade agreements. Although these may contribute to economic gains, both in Canada and in the region, they are not a substitute for other forms of cooperation in the areas of development, democratization, human rights, security, and environmental

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sustainability. Sustained engagement and lasting impact call for multi-dimensional relationships.

A second challenge has precisely to do with the credibility of Canada's most recent efforts. The various instances of engagement and re-engagement of the last 20 years unfortunately testify to the fickleness of the country's enthusiasm for the Americas. Canada's material interests in the region remain relatively limited. Aside from the massive but largely meaningless Canadian investments in the "fiscal paradises" of the Caribbean, Mathieu Arès argues that, even in Mexico, Canada's investment presence is dominated by a very small number of large companies. Canada plays a more prominent role through mining investment in Latin America but, as the article by Julia Sagebien et al. shows, this prominence is a two-edged sword: While mining companies present the face of Canada in many parts of the hemisphere, their limited contribution to sustainable development may not make the country particularly popular.

Canada's economic interests, however narrow and at times problematic, nonetheless form the hard foundation of Canadian policy, around which a broader framework must be formed. The rest of the framework will have to be based on more voluntaristic and thus more vulnerable ideas about Canada's role and responsibility in the hemisphere. Here, strong political will remains critical. This is why Stephen Harper's enthusiastic commitment to Colombia, however controversial, may prove so significant in the end. There are encouraging signs, moreover, that some kind of "structural" basis for long-term engagement is emerging. The web of trade agreements, education exchanges, and institutional collaborations between Canada and the region is developing into an ever-thicker fabric; Mexico and Chile have truly become important and valued partners within the region and also allies in the global context. Moreover, the fast-growing number of Spanish speakers in Canada is creating the basis for an authentic social and cultural dialogue between Canadians and Latin Americans. It may well be the case, in sum, that this re-engagement will be the last one, and that a degree of continuity will replace the periodic bouts of interest and disinterest that have until now characterized Canada's policy towards the region. For a start, however, let's see if this new episode of activism survives the federal elections and the financial crisis.

We now briefly survey the articles that make up this collection.<sup>2</sup>

Maxwell Cameron and Catherine Hecht argue that for Canada's re-engagement with the Americas to be successful and above all meaningful, its policies must look beyond electoral democracy and economic liberalization. They note how Latin America has changed in recent years, with a preoccupation with sovereignty "eclipsing" the "earlier emphasis on democracy-building," thus complicating outsiders' attempts to influence institutional change in the region. During its first "re-engagement" with the hemisphere 20 years ago, Canada assumed that market reform would lead to broad-based prosperity and stronger democracies, thus making for more cooperation in inter-American affairs. According to Cameron and Hecht, these assumptions now look overly optimistic: democracy as an end in itself is now a hard sell; open markets have proven to be no panacea; and inter-American affairs are not growing less tense. As a result, both the substance and the modalities of Canada's engagement must change, to give social inclusion a central place, and to increasingly favour

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<sup>2</sup> All articles have been subjected to a blind peer-review process prior to publication. ■

multilateral channels to deal with a growing suspicion towards outsiders' forays into democratic politics.

While also considering development and trade issues, Stephen Randall and Jillian Dowding's examination of Canadian policy towards Colombia usefully brings to the fore the security dimension of Canada's involvement in the region through the lens of Colombia. According to Randall and Dowding, Colombia represents the "most serious, persistent and threatening civil crisis" in the hemisphere, where organized crime and civil war are profoundly intertwined. They remind us that since 2007, Canada has a Liaison Office at the US Southern Command, in Miami, that its Navy joins in annual war games with the United States and a few chosen Latin American countries (Brazil, Chile, Argentina, and Peru), and especially that the RCMP and Foreign Affairs have been actively involved in the policy discussions and ground cooperation regarding narcotics and organized crime. The authors point out that while Stephen Harper is the first Canadian leader to take a public and supportive stand towards Colombia through his commitment to free trade with that country his policies in other areas do not depart much from his predecessors. Canada's interest in human rights, anti-narcotics, trade liberalization, and conflict resolution has not translated into a significant flow of aid. The big challenge, their analysis poses, for Canada is to effectively promote its own Colombian agenda that includes, but is not limited to, fighting organized crime and narco-trafficking. Canada has the potential to make a significant contribution in Colombia, especially in those areas where the United States is less engaged.

In a tightly focused regional analysis, Ann Weston and Ramesh Chaitoo provide a systematic overview of the trade discussions between Canada and the Caribbean, which are meant to replace the current "patchwork" of policies – many of which are not consistent with the parties' existing WTO engagements. The authors establish early on that the negotiations are taking place within a very thin context: the agreement is not a priority for either side, neither is a particularly important trading partner for the other. The negotiations are nonetheless interesting, mostly for what they tell us about the types of agreements Canada could adopt in its relationship with smaller developing economies, in the hemisphere and beyond. Weston and Chaitoo examine a range of models from the preferential trade approach that characterizes both Canada's and the United States' current trade arrangements with most Caribbean countries, to the Economic Partnership Agreement (EPA) that CARICOM has recently signed with the European Union, and that explicitly intends to weave together trade liberalization and development initiatives. Given the asymmetry between the two countries, the vulnerability of CARICOM economies to brash liberalization, and their broad development needs, the authors argue that Canada should take a cue from the EU and consider an agreement that truly weaves together trade liberalization and a broad development agenda.

By focusing on Canadian investment in Mexico, Mathieu Arès addresses a much more substantial relationship, since Mexico now ranks among Canada's main trading partners, especially as a source of imports. Canada's stock of investment in that country, however, remains marginal, representing less than one percent of Canada's total direct foreign investment abroad. Arès looks at the distribution of Canadian investment and finds it to be dominated by a few large players in the manufacturing sector, such as Bombardier, Magna,

and Quebecor World, and by banks such as Scotiabank and Montreal. More interesting, however, are Canadian companies' relatively heavy presence in mining and their quasi-absence from the maquila sector. Tentatively, Arès suggests that this may imply that Canadian companies were less interested in the relatively low labour costs that Mexico offers than in its domestic market, whose relatively small size, he argues, may in turn explain the still low levels of Canadian investments.

While Mexico is clearly Canada's most important trade partner in the Americas – the United States aside – Haiti's prominence on the development side is even more overwhelming. Canada is an influential player in that country. Yasmine Shamsie scrutinizes the core of its Haitian agenda, namely the construction of a functional and democratic state. While by no means dismissive of current efforts, Shamsie nonetheless considers that, to a large extent, Canadian actions are based on misleading assumptions, namely, that democracy in Haiti has to be crafted through agreements among its elites, and that the key to state reform and democratic consolidation lies in sound institutional practice. In Haiti, she fears, democratic arrangements as they are currently being built, may well provide cover for the continuing political and economic exclusion of the vast majority of the population. An understandable, but at times overbearing, preoccupation with political and social order may prevent Canada and other donor countries from promoting the more fundamental social-political changes that substantive and sustainable democratization calls for.

There is a resource boom underway in Latin America, and Canada, as a mining superpower, is a huge player with, for instance, almost 40 percent of exploration spending in the region for 2005. Julia Sagebien et al. argue that it is the mining companies who are in the vanguard, ushering in a new era for Canadian-Latin American relations. In many countries, these companies, not diplomats, aid officials, or military personnel, have become the country's face and real presence on the ground. Given the importance of the sector for the region's economy, the way in which these companies lessen the social and environmental impact of their activities, and their contribution to a more equitable distribution of the mining boom's benefits, matter a great deal. For these reasons, corporate social responsibility (CSR) has become critical to Canada's long-term relationship with the region. The authors argue, however, that, until now, CSR programs have not proven to be particularly good at shoring up sustainable development and that a new, more comprehensive approach is called for. The second half of the paper is devoted to outlining what such an "ecosystem" model would involve.

Sagebien's contribution makes a neat conclusion to a special issue whose most common thread, from a policy standpoint, is a call for a policy based on broader understanding of democracy, security, and development, recognizing that the often narrow approach adopted in the past has left Canada with a limited, and sometimes unfavourable, imprint on the region.

To conclude, we would like to thank Maureen Molot for inviting us to lead this most interesting endeavour. Her team at *Canadian Foreign Policy*, Chantal Blouin as managing editor and Kevin Arthur as assistant managing editor, have been a joy to work with. As noted above, this issue was anonymously refereed and could not have been realized without the dedication of an impressive team of external evaluators. We thank them all for their crucial

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