



Via email: justin.trudeau@parl.gc.ca

December 29, 2023

The Right Honourable Justin Trudeau, P.C., M.P.
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

RE: Canada's Strategic Engagement in the World

Dear Prime Minister:

As we enter 2024, we should take a moment to recognise how quickly the world has changed in only a few years. The international order is being challenged and undermined on many fronts. Wars in Europe and the Middle East are threatening global peace and security. The COVID-19 pandemic has exposed our vulnerability to pandemics and the fragility of global supply chains. Heightened great power competition is increasingly polarizing the international community. Our multilateral institutions are declining in their capacity and relevance. Taken together, these factors are contributing to the tectonic shifts underway in the practice of international relations.

It is clear that we can no longer take for granted the stable and peaceful international conditions that Canada helped to shape following the second world war. This moment calls for a sober assessment of our international priorities and a recalibration of how we engage with other nations.

Canadian foreign policy must be steadfastly oriented towards Canada's core long-term strategic priorities and national interest. Unfortunately, with the exception of the Indo-Pacific Strategy, Canadian foreign policy in recent years has frequently appeared, instead, to be reactive and unfocused. We have too often concentrated our efforts on policies designed to produce good feelings instead of on those that will produce good results.

In recent months, I have had the opportunity to travel throughout the Indo-Pacific region to observe first-hand the effects of our foreign policy. In particular, I was very happy to join with Minister Mary Ng and Canadian trade officials to showcase what Canadian industry has to offer to the region at the B20 Summit in New Delhi, as well as via our Japan-Canada Chambers Council in Tokyo alongside the Team Canada Trade Mission to Japan. Although we were well received by our counterparts in the region, my discussions with officials and local business leaders indicated that Canada is increasingly being viewed by our partners in the region as a well-meaning but unserious player on the international stage. This sentiment was also evident during the Canada-Korea Forum in Seoul this fall: on the international stage we are often seen to have more *bon mots* than *bona fides*.

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This perception is having material consequences for Canada's engagements in the Indo-Pacific. Despite being a Pacific country, Canada has been conspicuously missing from numerous major regional initiatives. Consider for instance Canada's continued absence from the Indo-Pacific Economic Framework (IPEF), the economic initiative comprised of fourteen major nations in the Indo-Pacific region. Canada's absence is weakening our economic position in the region and indicates how many of our regional partners view our international relevance. Similarly, on national security, consider our exclusion from the AUKUS security partnership and the Quadrilateral Security Dialogue, both of which are key arrangements shaping security in the region.

I am heartened to see that the government recognizes the need to focus more clearly on the world as it is. Minister Melanie Joly's October 30th address at the Economic Club of Canada correctly identified many of the international challenges we face today, as well as the need for a more serious and clear-eyed foreign policy. Canadian foreign policy must, as Minister Joly points out, be guided by the principles of vigorously defending our sovereignty, and a pragmatic approach to diplomacy.

However, correcting our current trajectory will require action on several fronts. I believe that the following must also be core principles of our new approach to foreign policy.

First, in an increasingly uncertain and unstable world, Canada must unleash our trading potential. Global crises, including the invasion of Ukraine and the Covid-19 pandemic, have shifted the attention of governments towards the need to strengthen the resilience of international supply chains and economic ties with partner countries. Our international partners are increasingly aware of Canada's potential to contribute to food and energy security, while also making a major contribution to fighting climate change. Additionally, as many have pointed out, economic security is increasingly also a matter of national security. This shift presents an immense opportunity for Canada as a reliable global supplier, but we have to be able to deliver.

As the international community looks to lessen its risk points for essential goods, Canada can and should be prepared to meet the demand by fully leveraging our unique and strategic advantages in energy, critical minerals, fertilizers and agriculture. We must also prioritize trade-enabling infrastructure, including LNG facilities that will be integral for supplying Canadian energy to the Indo-Pacific and Europe. We need to address these challenges and opportunities with a renewed sense of urgency.

Second, Canada must demonstrate that we take seriously our commitments to the economic and security arrangements that underpin the international order. The post-war international order that Canada played a role in forming has helped safeguard the conditions in which Canada and other democracies have flourished. Preserving the international order is a matter of fundamental national interest.



We must be a meaningfully engaged defender of the international order, which relies on collaborative action and a rules-based system. This means continuing to take an active role in the multilateral trading system, including ongoing efforts to reform the WTO, as well as participation in new economic arrangements such as IPEF. Our go-it-alone approach to issues like the Digital Service Tax in the midst of ongoing OECD discussions only undermines our multilateral relationships and exposes our economy to the risk of retaliation. On defence and security, Canada needs to meet its key commitments to avoid being viewed as an unreliable partner. Particularly in the current security climate, Canada must prioritize meeting the NATO target of allocating at least 2% of GDP to defence spending to help ensure the Alliance's military readiness and to assume greater responsibility for maintaining Canada's security and sovereignty.

A third core element must be our recognition of the importance of our relationships within North America, and particularly with the United States. Any company that did two-thirds of its business with one customer would spare no effort to maintain and strengthen that relationship. The same principle should apply for Canada's dealings with our southern neighbour, which plays such a vital role in so many aspects of our national life. However, in recent years, Washington has increasingly come to see its bilateral relationship as not as strategic, but as transactional. This shift, particularly when our most important trading partner is entering an election year in which its politicians may be competing to demonstrate which of them is more protectionist, has serious implications for Canada. In 2026, the three signatories to CUSMA will be called upon to indicate whether they favour continuing this vital agreement. Canada should be preparing the ground now through a coordinated outreach campaign by all levels of government and the private sector to demonstrate to America's citizens why a healthy relationship with Canada is important to them. It would be a terrible mistake to think that we can wait until 2025 to ensure that CUSMA is preserved.

A year from now, the world's attention will turn to Canada as we once again assume the G7 Presidency. This will be an opportunity for Canada to demonstrate international leadership and help set the global agenda. As we head into the New Year, it is important that our foreign policy be based on a clear-eyed understanding of the challenges we face and of our strategic international interests.

The Canadian Chamber of Commerce is a longstanding advocate of unlocking Canada's international potential, and we support our businesses in trade advocacy, navigating global markets, and representing Canada at key multilateral fora. The Canadian business community recognizes that our collective long-term prosperity is closely tied to how we engage with the world.



We are grateful for your consideration of these critical issues and we stand ready to assist the government in any way as you consider a renewed approach to our engagement with the world.

Sincerely,

Hon. Perrin Beatty, P.C., O.C.
President and Chief Executive Officer
Canadian Chamber of Commerce

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