

# Disputes sharpen in Canadian ruling elite over its China policy

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Canada's Liberal government has come under increasing fire from the media, the Conservative Official Opposition, and the trade union-backed NDP over its pursuit of closer relations with China, including a free trade deal.

The dispute is fueled by divisions within the ruling class over how it should respond to Donald Trump's "America First" protectionist policies and Washington's fanning of geopolitical tensions with Beijing, particularly over the South China Sea and North Korea. .

Canada's so-called newspaper of record, the *Globe and Mail*, has run numerous articles in recent months raising concern about Beijing's economic and political influence in Canada. But this campaign reached an entirely new level last month after the Liberal government approved the takeover of Vancouver-based Norsat International by a Chinese company, Hytera Communications.

A manufacturer of satellite communications devices, Norsat's clients include the militaries of Canada, the US, and NATO.

Prime Minister Justin Trudeau has defended that Norsat takeover, saying a government review concluded that there was no risk to national security. But the *Globe* and the opposition have taken the government to task, saying a more comprehensive review should have been conducted. "Where other governments are wary of Chinese companies trying to take over their domestic technology firms, ours," complained a *Globe* editorial, "is happy to facilitate a quick and easy sale."

The *Globe* has trumpeted adverse reaction to the Norsat takeover from the military-security establishment in both Canada and the US, including two former directors of the Canadian Security Intelligence Service (CSIS) and the Pentagon. Mac Thornberry, chairman of the US House Armed Services Committee, criticized Ottawa in a statement to the *Globe*, declaring, "I have growing concern that countries like China are investing in various projects, exploiting the seams of regulatory structures, and using other methods to obtain key defence technologies."

The new Conservative Party leader, Andrew Scheer, has been quick to chime in, vowing that if he were elected Prime Minister, there would be no free trade agreement with Beijing. "There are so many concerns with the Chinese

government—their human rights record, the way their economy works. We don't want to see Canadian manufacturers, Canadian workers put on a completely uneven playing field," Scheer told Global News. The invocation of human and workers' rights by Scheer, who boasts about his political affinity with former Primer Stephen Harper and his hard-right policies, could not be more cynical.

The New Democrats have also denounced the Norsat "giveaway" and are opposing a free trade deal with Beijing from an economic nationalist standpoint.

Scheer's comments prompted a swift rebuke from the pro-government Chinese daily *Global Times*. It accused the Conservative leader of "faulty logic" and "blindness" to the benefits of a bilateral free trade agreement.

Canada's ruling elite remains fully committed to its long-standing strategic partnership with the United States. Trudeau won the support of a substantial section of the ruling elite in 2015 on a pledge to improve and expand Canada-US relations. Over the past two years, his government has augmented Canada's role in the US-led war in the Middle East and the NATO military build-up against Russia, and worked to establish a close partnership with the Trump administration, the most right-wing government in modern American history.

In a major foreign policy speech last month, Foreign Minister Chrystia Freeland praised Washington for its outsized expenditure of "blood" and "treasure" in upholding the capitalist world order since the Second World War and identified Russia and China—countries targeted by US imperialism as the principal obstacles to consolidation of its global hegemony—as key threats to Canada.

Canada is already deeply implicated in Washington's military-strategic offensive against China. Stephen Harper's Conservative government joined in the Obama administration's anti-China "Pivot to Asia" by signing a secret military agreement with the US in 2013 to expand Canadian-US naval cooperation in the Asia-Pacific. Until Trump scuttled it, Canada was also set to join the Trans-Pacific Partnership, a US-led trade bloc aimed at economically isolating China.

Under Harper, Canada secured agreement for forward military bases in Singapore and South Korea in case of a need to deploy Canadian troops to the region. In April, Defence

Minister Harjit Sajjan raised precisely this prospect when he said that Canada's international "obligations" could cause it to go to war with North Korea in alliance with the United States, a move that would be principally aimed at weakening China and could trigger a nuclear conflagration.

Vice Admiral Ron Lloyd, the commander of Canada's navy, warned late last month that Canada is becoming more heavily involved in the Asia-Pacific, above all due to US-China tensions, including over the South China Sea. The navy is being drawn "deeper into the Pacific than we would have typically in the past," Lloyd said, as he lauded the Liberal government's decision to acquire 15 new warships—an increase from the 12 ships planned by the previous Conservative government.

Lloyd also stressed, in line with government's new defence policy, that Canada's navy must be able to deploy "hard power" in both the Atlantic and Pacific Oceans. Traditionally, Canada's navy has concentrated on the Atlantic, in line with Canada's NATO commitments. But, said Lloyd, a turn to the Asia-Pacific is now necessary.

Even while Canada's military has become increasingly integrated into US war planning in East Asia, corporate Canada, or at least powerful sections of it, have been pursuing closer economic ties with Beijing, hoping to profit from China's significantly higher growth rates.

Trump's threats to rip up the North American Free Trade Agreement (NAFTA) and Washington's imposition of punitive tariffs on Canadian softwood lumber exports have given added impetus to the push for expanded trade with China. Advocates of a Canada-China free trade deal argue Canada is overly reliant on the US market, which is the destination for 75 percent of its exports and 99 percent of oil exports.

The Trudeau government quietly began a review of Canada's relations with China early last year. Trudeau spent a week there last September on an official visit, meeting with President Xi Jinping and Prime Minister Li Keqiang to discuss trade opportunities. During the visit, Trudeau announced that Ottawa would hold exploratory free trade talks with Beijing. These were launched in the spring. A second round of talks is planned for the summer and an announcement on whether formal free trade negotiations will proceed is expected in the fall.

Trudeau and Li also agreed to establish a high-level national security dialogue. At the latest meeting, held in Ottawa last week, Canada and China signed a non-hacking agreement committing both countries not to target each other's trade secrets and business information in cyber-attacks.

At the beginning of June, Energy and Natural Resources Minister Jim Carr spent five days in China meeting with investors. In a reversal of the Harper government's policy of restricting Chinese investment in Alberta's tar sands, Carr stated that Chinese capital is welcome in Canada's energy sector. With its approval of the expansion of the Transmountain pipeline, which terminates at the Pacific coast, the Liberal government hopes Canada can become a major supplier of oil

to China and other Asia-Pacific markets.

Clearly, powerful sections of Canada's see the potential for huge profits to be made in China. But others are wary of becoming too closely aligned with China, for fear it will jeopardize what is far and away their principal economic and military security partnership, that with Washington and Wall Street.

Both sides in this increasingly fractious debate are pointing to the example of Australia.

Supporters of the government's orientation to China note that Australia, although a key US military ally, signed a free trade agreement with Beijing in 2014. Opponents claim there are increasing calls in Australia for that agreement to be discarded and that, in any event, Canberra is taking a much tougher line than Ottawa when deciding whether Chinese investments are in the "national interest."

The reality is the Australian ruling elite's strategic orientation has been the source of major tensions and explosive political shifts, as Canberra, in line with the interests of the most powerful sections of Australian capital, has assumed a leading role in American imperialism's war drive against China.

In 2010, Washington, working with Labor Party apparatchiks, organized a back-room coup to oust then Prime Minister Kevin Rudd, who had proposed that Australia act as a mediator between Beijing and Washington. His replacement, Julia Gillard, promptly offered Obama a stage to announce his anti-China "pivot to Asia" and agreed to the stationing of US troops in northern Australia.

Events are not yet so far advanced in Canada, but the tone of the dispute has noticeably grown more shrill. The *Globe*, which speaks on behalf of the Bay street financial elite, provocatively titled its editorial on the Norsat sale "Why are the Liberals doing Beijing's bidding."



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