

Trudeau fails to launch free trade talks with China as divisions rage within Canadian ruling elite

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Prime Minister Justin Trudeau's much publicized trip to China this week failed to produce the launching of free trade talks anticipated and desired by the Canadian government.

Trudeau was widely expected to announce the beginning of free trade talks at a joint press conference with Chinese Premier Li Keqiang on Monday. But the press conference was cancelled at short notice, with the two leaders merely delivering prepared remarks to the assembled journalists.

Notwithstanding wall-to-wall media coverage of last-minute frictions between Chinese and Canadian officials, and reports that Trudeau balked at Beijing's refusal to move sufficiently on labour rights protections and other "human rights" issues, the real reason for the stalled trade talks is a bitter dispute within Canadian ruling circles over its China policy. Anyone prepared to swallow the sanctimonious propaganda about Trudeau's professed concern for workers' rights or gender equality should examine the remarks he made while hobnobbing with some of the richest businessmen in the world at the Fortune Global Forum in Guangzhou, including billionaires Jack Ma, CEO of Alibaba, and Tim Cook, CEO of Apple, who profit from the brutal exploitation of low-paid workers in China and other Asian countries. The Liberal Prime Minister touted Canada as a "stable" and "low-cost" environment for doing business, in what amounted to an appeal for wealthy investors.

The Canadian bourgeoisie, which has relied on its privileged access to the US market and a close strategic partnership with American imperialism for over seven decades to advance its global ambitions, is determined to take advantage of economic opportunities in China and the Asia-Pacific more broadly. This is becoming all the more urgent as the post-war economic order and its multilateral institutions, which were sustained by the global dominance of US imperialism for decades, are in an advanced state of decay. Canada's ruling elite faces the dilemma of whether to intensify economic relations with Beijing, and thus antagonize the Trump administration at a time when Ottawa is deeply invested in renegotiating the North American Free Trade Agreement (NAFTA), or lining up squarely behind US imperialism's anti-China stance and risk undermining Canadian business interests in China.

The fiasco in Beijing was undoubtedly a blow to the Trudeau government and the section of the Canadian ruling class that considers a free trade deal with China as essential, both to expand Canadian business interests in Asia, and shift the Canadian economy away from its over-reliance on the US. Washington remains the destination for three quarters of Canadian exports.

This policy has been complicated by geopolitical as well as economic conflicts. Just last week, the Trudeau government responded to the latest missile test by North Korea, a long-standing Chinese ally, by vowing to host an international conference in the new year involving the allies who waged the Korean War from 1950-53. The announcement amounted to the convening of a war council to prepare for a US-led military operation against Pyongyang, which as well as eliminating the North Korean regime would be aimed at intensifying pressure on China to bow to the maintenance of unchallenged US economic and geostrategic preeminence.

Ottawa is heavily involved in the US-led military build-up throughout the Asia-Pacific, which is aimed at isolating and encircling China. Earlier this year, the Canadian Navy dispatched two warships to the region to take part in provocative "freedom of navigation" exercises in conjunction with the US and Australia in the highly-contested South China Sea. Ottawa has also deployed a Victoria class submarine to the Asia-Pacific, with a military spokesman declaring in October that this was to ensure the government has defence options "should a timely Canadian response be necessary."

Opponents of proceeding with free trade talks with China stressed national security threats as their primary concern. Andrew Coyne, writing in the neo-conservative *National Post*, denounced the Liberal government for its failure to block the Chinese takeover of Vancouver-based Norsat International, which produces military technology used by NATO members. Coyne accused Beijing of trying to "compromise Canada's national security," while the *Globe and Mail*, Canada's "newspaper of record," welcomed the failure to launch talks with the "absolute dictatorship" as a "blessing in disguise."

Canadian imperialism's strategic crisis has been exacerbated

with the reemergence of economic nationalism and protectionism. The Trump administration's "America first" policy appears increasingly likely to destroy NAFTA, with recent reports suggesting that Trump could issue the six-month notice required to withdraw from the deal as early as March 2018. The Canadian ruling elite has made clear its determination to do all it can to reach an accommodation with Trump, even if that means throwing Mexico to the wolves and accepting a bilateral trade agreement with Washington. There is undoubtedly a fear within ruling circles, as expressed explicitly by former Conservative cabinet minister James Moore, who is currently serving on Trudeau's NAFTA advisory panel, that proceeding with free trade talks with China at this stage would infuriate Trump and complicate the NAFTA talks.

Ottawa's prioritization of a deal with the US was underscored last month, when Trudeau withdrew at the last minute from signing up to an agreement in principal committing Canada to a reconfigured Trans-Pacific Partnership (TPP) trade agreement, which is now being led by Japan following Trump's abandonment of the project. Australian and Japanese sources have indicated that the ten remaining countries could proceed without Canada.

Notwithstanding his claims to be in favour of "free trade" around the world, Trudeau has declared his support for the creation of an even more overtly protectionist trade bloc in North America, aimed at combatting China's economic rise.

This approach was summed up in June by Foreign Minister Chrystia Freeland in her address to unveil the Liberals' new defence policy. She identified the rise of China and other emerging economies as one of the main threats to Canada in the period immediately ahead, while praising the "outsized" role played by US imperialism over the past seven decades in "stabilizing" the global order.

However, the strategy of clinging as tightly as possible to American imperialism's coattails is not without its dangers for Canada's ruling elite. The ongoing trade dispute between US aircraft manufacturer Boeing and Canada's Bombardier has made plain for all to see that Trump's economic nationalism is also targeted at Washington's nominal allies. The US Commerce Department slapped tariffs totalling 300 percent on Bombardier, which was accused of price dumping in connection with the sale of its C-Series passenger jet to Delta Airlines. Bombardier retaliated by concluding a deal for the takeover of the C-Series project by Europe's Airbus, Boeing's principal rival, after the Liberal government intervened to prevent Bombardier from concluding an agreement with a Chinese manufacturer.

Bombardier's turn to Airbus provided further confirmation of the growing rupture in US-European relations, posing yet another problem for Canada. As a middle imperialist power, Ottawa has sought to offset the economic imbalance with Washington by relying on multilateral institutions like the UN and NATO that are now under increased strain.

The fact that the Boeing-Bombardier dispute goes well beyond a commercial conflict was reinforced this week when Reuters, citing three sources, reported that the Liberals will announce next week that they will not purchase 18 Boeing Super Hornet fighter jets to temporarily replace the Canadian Armed Forces' fleet of CF-18s. Instead, the Trudeau government now appears likely to purchase up to 30 second-hand jets from Australia. Ottawa is also currently engaged in a long-running dispute with the US over softwood lumber exports, and there is mounting concern about the decline of Canadian economic influence in the energy sector in the US due to the rise of shale oil and gas.

It is therefore by no means excluded that the Trudeau government will reach an agreement with Beijing to proceed with trade talks, which would be welcomed by sections of Canadian big business. After Trudeau departed Beijing for the southern Chinese city of Guangzhou Tuesday, Trade Minister Francois-Philippe Champagne remained behind in the capital to continue talks with Chinese officials.

The state-run *China Daily* featured Trudeau prominently on its front page Wednesday, while the Prime Minister sought to strike a conciliatory tone towards Beijing in his Guangzhou speech. "When it comes to trade and international cooperation, China and Canada share the belief that more openness and more collaboration is the right way forward," Trudeau told his wealthy audience, in what was interpreted as a swipe at Trump's protectionism.

But whatever the immediate result of the trade talks, the conflicts raging in the Canadian ruling elite over its China policy will only intensify. Canada's military-strategic partnership with the United States is placing it on a collision course with Beijing, and any attempt to weaken this and draw closer to China economically will provoke bitter resistance from the military and national security establishment, as well as from large sections of the financial elite.



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