

**Canada's Asia Fixation**  
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**By Hugh Stephens**

Canadian Prime Minister Stephen Harper can't seem to keep away from Asia these days. He has a decade of relative neglect to make up for.

After having virtually ignored Asia for the first 5 years of his tenure, Canadian Prime Minister Stephen Harper (and his ministers) now can't seem to stay out of the region.

He's back this month for his second visit in two months, with a visit to Thailand, Japan and South Korea from March 23 to 27, accompanied by his foreign minister, as well as the international trade, agriculture and international development ministers.

Just as with his visit to China in February, trade will feature prominently in this visit, with Thailand preparing to pitch Canada on its role as an entry point to ASEAN. It would be surprising if Harper didn't also seek Thai views on developments in Burma, given Foreign Minister John Baird's visit there earlier this month. Whether Thailand is really ready to commit to a free trade negotiating process with Canada remains to be seen given their foot-dragging on a free trade agreement (FTA) with the United States, which was eventually put on the shelf.

In Japan, it's expected that Harper and Prime Minister Noda will announce that the two countries will begin bilateral free trade negotiations, after a preparatory study documented the expected benefits for both countries from such a deal. Both are also trying to join the Trans-Pacific Partnership (TPP) negotiations, but given the rapid rate at which these negotiations are progressing, it's likely that neither Canada nor Japan (nor Mexico, which has also indicated its interest in joining the nine-party trade talks) will be ready to join before the substantive agreement is concluded, probably later this year.

Agricultural issues present TPP stumbling blocks for both countries (rice for Japan, dairy supply management for Canada), but since Canada doesn't produce rice and Japan does not export dairy products, the two countries can agree to set aside these "sensitive" sectors in their bilateral negotiations.

Not so easy to set aside are automotive trade issues, and representatives of the Canadian automotive manufacturing industry ("the big three") have reportedly opposed Canada-Japan free trade talks. However, both Toyota and Honda have sizeable manufacturing and assembly operations in Canada, and may have a different view.

The opposition of North American car manufacturers is also the main reason that the Canada-Korea FTA talks have gone nowhere since they were announced in November 2004. Meanwhile both the E.U. and most recently the United States have concluded FTAs with Korea, even though both sets of talks began after Canada had started negotiations. The Korea-E.U. negotiation was concluded in 2009 and came into effect on July 15, 2011. The Korea-U.S. Agreement (KORUS) was completed in 2007, but was only ratified after further fine-tuning to deal with automotive issues, but finally came into effect on March 15 of this year.

With KORUS, extensive lobbying against the agreement was mounted by the Detroit auto manufacturers, especially Ford, arguing that Korea failed to provide fair access for U.S. autos to its market. The reality, however, was that Ford not only wanted Korea to relax safety standards on U.S. cars (considered a non-tariff barrier), but also sought longer phase out of protective U.S. tariffs and when it achieved that goal, it removed its

opposition. If Ford U.S.A. and the U.A.W. could be brought onside by the Obama administration, it's hard to understand why Canada could not find a formula to accommodate the concerns of Ford Canada and other auto manufacturers in Canada. Meanwhile, Canadian exporters, particularly beef and pork farmers, find themselves disadvantaged by their lack of preferential access.

While Harper's visit to Korea is primarily to attend the Nuclear Security Summit in Seoul, it would be surprising if officials travelling with him didn't take the opportunity to try to revitalize the moribund Canada-Korea talks. As Canada is trying to play catch-up after a decade of relative neglect for its Asian partners, don't be surprised to see the prime minister and members of his team back in Asia again soon.

For those who believe Canada has been absent for too long from Asia, this is good news. The question, though, is whether the shift will be strategic, and have the staying power it needs.

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