

Strategic Imperatives for Canada: Leveraging Economic Strengths and Securing Strategic Partnerships Amid Global Uncertainty

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Issue

The global order is increasingly characterized by disruption and uncertainty. Canada's priority should be to secure meaningful partnerships that fulfill our security and economic objectives while also serving our strategic interests on the international stage. Our research suggests a disciplined and intentional approach to Canada's strategic partnerships that takes advantage of the country's unique core strengths.

Background

Leveraging Canada's Economic Strengths

Canada's mining sector, with assets worth \$320.2 billion in 2022 (Natural Resources Canada 2024), houses 75 percent of the world's mining companies and hosts 40 percent of public mining companies listed on the Toronto Stock Exchange (TSX), is a global mining industry powerhouse (Global Affairs Canada 2021; TSX 2023). Mining has the potential to considerably strengthen and create new economic relationships with non-traditional partners, such as South America, Africa and Asia. In Africa, for example, 98 Canadian companies have invested over \$37 billion, targeting areas with significant mineral resources including 30 percent of the world's minerals and lithium, gold, platinum, cobalt chromium among other vital minerals (Al Jazeera Staff 2018).

Canada's bilateral and multilateral trade agreements with these strategic regions are inadequate, limiting both economic and diplomatic potential. Canadian companies are confronted by regulatory uncertainties, trade barriers and market access restrictions due to an absence of agreements, which in turn hampers their ability to pursue international opportunities. Moreover, challenges such as environment concerns, human rights violations and geopolitics require harmonizing regulations through diplomatic relationships and bilateral agreements to strengthen enforcement, promote sustainable development and improve human rights protections. Bilateral and multilateral agreements lower tariffs but also work to standardize regulations between economies that include the aforementioned concerns.

Sovereignty and Multilateralism

The lack of a strong diplomatic presence in the Arctic Council undermines Canada's ability to leverage its scientific and policy expertise for stronger diplomatic cooperation and security efforts. The Arctic's rapid warming (three times faster than the global mean) further complicates matters by providing greater accessibility into Canada's northern waters, posing both opportunities and risks for which Canada is ill-prepared.

Additionally, Canada must improve its relationship with South American and Caribbean states. The Canada-

CARICOM Strategic Partnership (CCSP) is a positive step toward building these relations but lacks substantive road maps for action and formal agreements. This has affected progress in areas such as infrastructure development, education exchanges, technology transfers and access to development funding that are crucial to boosting South American economies and securing critical minerals for Canada.

In Africa, there is no cohesive plan addressing Sub-Saharan and northern regions; clear direction on how to move toward a Canada-Africa economic cooperation strategy is missing. This gap inhibits trade and development partnerships. Moreover, the lack of any frameworks for responsible sourcing of raw materials and reciprocal economic benefits hinders efforts to stabilize global mineral supply chains and enhance governance and transparency in Africa's mining sector.

Canada's engagement in the Indo-Pacific remains inadequate. Important partner states such as India, Indonesia and Vietnam are absent from Canada's Critical Minerals Strategy. All of the abovementioned states are major players in the supply chain of vital minerals for modern technology and energy solutions. Similarly, there is a low level of cooperation between Canada and these states with respect to research, exploration and mining of critical minerals as well as processing technologies, thereby undermining Canadian goals towards efficiency and environmental sustainability within these sectors. Canada's limited engagement poses a risk for securing essential supplies for its technology or energy industries and constrains its role in promoting international cooperation and sustainable development among critical mineral-producing states across the globe.

The Arctic in Focus

Canada is facing a security environment defined by new challenges. Russia's invasion of Ukraine has thrown into sharp relief the challenge to international norms against aggression. Canada and its allies face increasing threats from authoritarian powers that use coercion to further their goals. To face these challenges, Canada must improve its ability to defend its borders while also strengthening its alliances. Focusing on expanding Canada's presence in the Arctic is crucial for accomplishing both of these goals.

Russia has continued to engage in airspace violations against a number of North Atlantic Treaty Organization (NATO) allies, including in the Arctic. Preparing to detect and intercept incursions of this type will allow Canada to defend its Arctic sovereignty and deter foreign

violations of Canadian territory. Russia has engaged in unprecedented aggression in their brutal invasion of Ukraine and, as part of the war, has engaged in a military buildup unprecedented for a large country in modern times. Regardless of the outcome of the war, it is likely that this spending will remain at elevated levels for the foreseeable future. Canada must take seriously the likelihood that Russia could use these new capabilities in the Arctic in the form of harassment and violations of Canadian airspace and territory. While Russia is currently focusing nearly all its efforts on the war in Ukraine, it represents a significant and growing threat to Canadian sovereignty in the near future.

Bolstering Canada's relationships with its allies in NATO is also a key part of defending Canada's sovereignty. The best way to improve our relationships with key security partners is to identify areas where Canada can make useful and meaningful commitments to our collective defence. The Arctic is one area where Canada can make a unique and irreplaceable commitment to its allies' collective security by virtue of our geography, while also bolstering our own security by defending the only area where our sovereignty faces a serious threat.

Leveraging Canada's Inherent Strengths

Canada's global influence risks being watered down. Our foreign policy tries to be present everywhere, diluting its impact and spreading itself too thin (Robertson 2023; *Canadian Foreign Policy Journal*, IAffairs Canada and Norman Patterson School of International Affairs 2022). In this context, our recommendations are informed by a critical understanding of Canada's inherent strengths. Canada's decision to engage in strategic partnerships with international partners must be guided by whether these partnerships take advantage of our strengths, as this will contribute to partnerships being substantive and meaningful.

Canada's geopolitical situation is unique and endows it with key strengths. Canada is one of the few global Arctic powers. In this sense, the Arctic provides Canada with a domain for global leadership and influence. Canada is also a leader in critical minerals. Canada's close proximity to the United States and its strong diplomatic and economic ties must not be taken for granted. Maintaining our friendship with the United States gives us certain responsibilities, but this partnership is not mutually exclusive with Canada's autonomy and influence on the world stage.

Canada also derives major soft power advantages from our diaspora connections and from having French as an official language. The French language goes beyond communication

and allows Canada to participate in Organisation Internationale de la Francophonie. This opens the door for Canada to create relationships that most countries cannot.

Moreover, Canada is home to a vast network of internationally lauded institutions, including both globally competitive corporations and internationally recognized educational and research and development institutions. This includes universities renowned for their research output and academic excellence. Additionally, corporations such as Shopify, a leader in e-commerce, and Bombardier, a major player in the aerospace industry, exemplify Canada's global competitiveness. These institutions contribute significantly to Canada's reputation as a hub of innovation and excellence on the world stage. These institutions can be leveraged to foster educational or expert diplomacy initiatives with partner countries, and to encourage smarter Canadian foreign policy. Moreover, leveraging these institutions internationally compliments Canada's soft power endeavours by promoting a distinct, recognized image of Canada on the international stage.

Recommendations

Canada must urgently develop a coherent strategy for Africa. The upcoming Canada-Africa Economic Cooperation Strategy should prioritize investments in digital technology and collaborate with groups such as the African Development Bank (Government of Canada 2023). This includes fostering educational partnerships, promoting expert diplomacy and enhancing collaboration in areas of energy, agriculture and natural resources. A comprehensive minerals strategy is essential as African states house mineral wealth constituting 30 percent of global mineral reserves, and they control a majority of essential minerals such as cobalt and lithium. Collaborating with the African Union and regional communities to create frameworks for responsible sourcing will stabilize supply chains globally and ultimately prevent resource extraction from being a cause of economic instability rather than supporting local economies (Robertson 2023).

Canada must bring value-added engagement to the Indo-Pacific. To increase engagement in the Association of Southeast Asian Nations (ASEAN) Strategic Partnership, Canada should seek membership or observer status in regional organizations such as the East Asia Summit and the ASEAN Defense Ministers Meeting Plus. Doing so will facilitate ASEAN in promoting its own normative leadership in the region, strengthening regional stability. Canada can offer targeted engagement on security matters and should field expertise to key ASEAN research and

industry events. Additionally, Canada should work with ASEAN businesses to improve mining and processing technologies; increased efficiency as well as lower environmental impacts leads to securing crucial links in the supply chain, encouraging international cooperation and progress towards sustainable development goals.

Prioritizing economic partnerships with South America and CARICOM for sustainable development and security. Canada should focus on forging economic alliances with South American states because of their abundance of minerals and the rising global demand as a result of technological advancements and adoption of renewable sources of energy. In the next few years, the world will need twice as much lithium to produce batteries; Argentina, Bolivia and Chile have over 75 percent of the world's reserves. Additionally, Peru mines most of the copper necessary for wiring systems used in electrical installations and sustainable energy technologies. The Canada-CARICOM Strategic Partnership (CCSP) is a move in the right direction, but Canada must use the CCSP to build a mutually beneficial relationship with CARICOM that advances substantive "road maps for action." This includes: working with private banks and other financial institutions to help CARICOM countries access development finance and finance for climate-related development initiatives; collaborating with CARICOM countries on climate adaptation; and cooperating on regional security issues, including weapons and drug trafficking, and on political violence, especially regarding ongoing instability in Haiti. Within the framework of the CCSP, there should be comprehensive trade agreements between Canada and CARICOM member states on ensuring stable supply chains for copper. This could be done through infrastructure development cooperation, technological transfers initiatives and education exchange programs (Bayoumi and Mowla 2023).

Canada must conduct a strategic review to identify strengths and weaknesses in air defence in the Arctic and assess its current ability to respond to foreign airspace violations. Canada's recently released plan, *Our North, Strong and Free: A Renewed Vision for Canada's Defence*, provides a blueprint for defending the Arctic (National Defence Canada 2024). It outlines significant increases in military spending on critical hardware that will be necessary to protect our sovereignty in the Arctic, including \$1.4 billion for Maritime sensors, \$300 million for airborne early warning aircraft and \$200 million for northern operation hubs, along with \$18 billion for tactical helicopters. The overwhelming majority of this spending, however, is allocated to the period between 2029 and 2044. This time

frame risks leaving Canada vulnerable and unprepared during a critical time period where military spending by potential threats is elevated.

Additionally, Canada should invest heavily in scientific research in the Arctic. Canada has made significant progress on this objective with Northern Affairs Canada's Polar Knowledge Canada program and the Canadian High Arctic Research Station, but resources for these programs need to be scaled up as climate change accelerates and Canada's engagement in the Arctic increases.

Lastly, Canada must prepare and plan for the anticipated growth of the Northwest Passage as a major trading route linking North America with Indo-Pacific countries.

To minimize environmental impact and safeguard sovereignty, robust monitoring capabilities must be established in the vicinity of the likely routes. Canada must demonstrate its leadership capacity to govern future Arctic commerce in such a way that it minimizes environmental and security risks for both Canada and its allies if it is going to be able to preserve its sovereignty. It is in the interest of Canada and its partners to avoid chaos in a navigable Arctic. In order to reassure its allies, Canada must make efforts to credibly demonstrate its capacity to provide security to its internal waters in a way that benefits all Arctic states and communities.

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Acknowledgements

The authors would like to thank Roy Norton and Hani El Masry for their guidance and mentorship throughout the course of the fellowship program.

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