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**CANADA IN THE AMERICAS**

**Paper**

***“CANADA CHOOSES ITS REGIONAL BELONGING”***

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*1. Adequacy of its values and interpretations in Latin America*

Throughout the last sixty years, Canada has sustained a pendulum relation with Latin America sometimes unpredictable and sporadic and other times intense and committed to the region.

Within this connection and disconnection, the presence of Canada has undergone several stages of adjustment in which the distinctive feature has been a constant effort to adequate its values to the Latin American reality through its international policy.

Canada has also had to follow a self acknowledgement process to assume that, although fragmentarily, it is an integral part of the American Continent and not only a North American country as it used to be considered until the 90's. Likewise, it had to establish a certain distance from its Continentalist positions that had traditionally attached it to the United States gradually acquiring a greater commitment, presence and interest in the Latin American and Caribbean countries.

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The readings carried out by the different Canadian governments on Latin America are quite contrasting. Until the 90's, Canada had chosen to connect with Latin America on very specific aspects, what we would call a *diplomacy of issues* as were the protection of political refugees from Chile in Canada, their participation in the process of pacification in Central America, the sale of a nuclear reactor to Argentina and their support to the Cuban government since the 60's.

Trudeau was the first governor to officially identify Latin America as a priority region turning it into a Third Option subject. As of the 70's, relations with Latin America became a "common place" to which every politician turned to in their assertions on foreign policy although in practice, Canada will go on regularly getting in and out of the Latin American scenario.

During these years, the Canadian policy faced a constant dilemma between its willingness to join Latin America, independently from the North American policy, and its proclivity, totally shared with the U.S.A., towards free trade, democracy and hence anticommunism. Nevertheless, Canada always considered that such objectives should be promoted very differently from the way the Department of State in Latin America used to do it.<sup>2</sup>

The different approaches naturally offended and challenged the North American orders in the region, but it was necessary for Canada to prove to the Canadian society that they were not a North American appendix. The acknowledgement of the Cuban and Chinese governments at the time, their support to the Contadora Group in Central America, their disapproval of the military coups d'état adopted by the United States, the unrestricted support to their businesses in Cuba, should not be understood as an expression of autonomy but as the central axis of the policy that is always seeking to create a feeling of pride and national identity within the Canadian Society.

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<sup>2</sup> "This era also witnessed some important distinctions between Canada and the US regarding their policies towards leftist movements in the western hemisphere. While the US viewed military intervention as the appropriate policy in Guatemala (1954) in Cuba (1960), in the Dominican Republic (1965), and so on; Ottawa viewed it as a heavy-handed, superficial, and misplaced response to profound social and economic inequities". (Rochlin, 2008:3)

Historically, the international Canadian policy has been responsible for offering a valid answer to the permanence of its dependency bonds with the U.S.A., and at the same time, justify the progressive policies that evidently challenge its neighbour. This dichotomy has generated not only a double discourse but also a double strategy, in which one thing is what is said at an economic and commercial level, in clear collusion with those business interests favourable to the United States, and another one, of a more liberal cut, internationalist and even progressive, related to its foreign policy and the national interests of the Canadian society.

For 30 years, Canada managed to build up a fine political reputation in the region thanks to the above mentioned positions. Nevertheless, in what regards the economic issues, things did not come about in the same way. Canada was never able to build up a stable relation with Latin America due to the abysmal ideological differences existing in the matter of its conception of the economic model that had to be followed by this region.

The industrialization by substitution of imports was never well seen by Canada and even less were the CEPAL policies that fought for a regional integration based on the protectionist model. The constant rejection of Latin America to free trade, as its refusal to join GATT, caused Canada to mistrust, detach and in the long run, disinterest itself from the region, which on the other hand, led to a strengthening of bonds with the United States. (Gutiérrez-Haces, 2005: 487)

This hindrance in the relation with Latin America started to revert at the end of the 90's when the continent as a whole embraced the principles of free trade and investment protection in Canada as well as in the United States, Mexico and the European Union.

Until 1982, Canada considered itself as a separate case in relation with the problems faced by the Latin American countries, especially because the handling of its relation with the United States, that contrasted with the permanent conflict

shown by the Latin Americans upon conducting businesses with the United States.

The foreign debt crisis (1982), greatly affected both, Mexico and Canada, and exhibited the economic vulnerability of the latter not only domestically but also in its international economic interests.<sup>3</sup>

As of 1984, Canada, like all Latin American countries, lived through a process of drastic economic changes under policies of structural adjustment that implied privatizations, reduction of the government bureaucracy, economic freedom, anti-inflation policies and frozen salaries amongst others. This meant that Canada, like Latin America, suffered deep economic and political modifications inspired in the adjustment measures proposed by the Consensus of Washington.

This could hardly be accepted by Canada that had historically been considered as an integral part of North America and a mere spectator regarding Latin America. The 1980's meant a lesson to Canada that surprisingly found itself not only pigeonholed in the same economic problematic as its Southern neighbour but was also treated by the United States and the financial international institutions as a mere debtor country.

From that moment on the economic and political future of Canada was always linked to Mexico, especially after joining NAFTA and more recently the North American Security and Prosperity Partnership (SPP)...

## *2. Facts that changed its vision towards Latin America*

From 1990 onwards, the Canadian international policy developed a *niche strategy* in Latin America supported mainly by its own economic and political revaluation in the North American region, thanks to the negotiation of CUSFTA (1988) and later on NAFTA (1994).

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<sup>3</sup> “The unwillingness of Canadian banks to loan additional funds to the region, coupled with Canadian business’s fear of Latin American instability, signaled a temporary Canadian withdrawal from the region” (Ibidem:5).

**These agreements apparently sealed the promissory economic future of this country sending an implicit message that announced the fact that Canada fully accepted being part of a region in which the United States had traditionally represented the privileged relation of its two neighbors, and where Mexico, in spite of NAFTA, was still the unknown land for Canada.**

**Its participation in NAFTA forced him to define its interests regarding international policies and to seriously consider its role not only in what regards the relation with its Mexican partner but also with other Latin American counterparts such as Brazil and Chile, potentially important as they could become part of a *like-minded* community in Latin America<sup>4</sup>. In this sense, belonging to such agreement made it consider an eventual leadership in the region, backed up by the good reputation it profited from.**

**The international policy of Canada is expressed in three areas of interest: democracy and governance, welfare and economic prosperity and security. Nevertheless, since the 1970's when the economic interests were first included in the principles of its international policy, there has been a clear division between what its economic interests are and the values it is willing to promote in the region.**

**Its admission as a full member of OEA in 1990 proves the validity of one of its main features: multilateralism. However, behind these actions, those that bring it irremediably closer to the United States and those that search mitigating the weight of this relation, bringing it closer to Latin America, there is a country that has not been able to solve such dichotomy.**

**Although its true that its active participation in OEA as well as in NAFTA, portended well for its regional leadership program, it is also true that the approval of the Helms-Burton Law (1996) in the U.S.A. Congress that was trying to impose limits to the international strategy of Canada in Cuba, forced it to**

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<sup>4</sup>“The unwillingness of Canadian banks to loan additional funds to the region, coupled with Canadian business's fear of Latin American instability, signaled a temporary Canadian withdrawal from the region” (Ibidem:5).

define itself in a hitherto unheard of way against U.S.A. The Canadian Parliament answered back to the North American legislators by issuing the antidote law that stopped the U.S.A. from penalizing the investment of the Canadian companies operating at the same time in Cuba and the United States, like the Sherrit Company.

The strong reaction of the Canadian government dignified its foreign policy and opened an unsurpassable interlocution space for Canada that would culminate in 1994 with the organization of the Summit of the Americas in Quebec City, where it finally consolidated its space as a *democracy building* in the region.

In the last 17 years, Canada has tried several strategies to get closer to Latin America, some, against the flow of its traditional principles, have fallen into the unilateral path, like the free trade agreements with Chile (1997), Costa Rica (2002) and recently with Peru (2008) while other strategies have incurred into a multilateralism approach as would be the case of ALCA (1994). Nonetheless, until now, Canada had not been able to consolidate a holistic policy conceived and led directly towards the Latin American Continent.

### *3. Canada in search of its region*

The international policy of Canada, as of the year 2001 is expressed in a very unequal way. The short term dominates many decisions and its main strategies are conceived as a direct response to the political pressures that stem from the anti terrorism war and the economic tensions originated upon China coming into sight as a first commercial partner in the North American market rise.

During all these years, the Canadian policy in Latin America has tended to fade away and lived a permanent process of restrictions, mainly marked by the geopolitical interests and worries of the United States.

**Besides all this, six facts spring up that are worth mentioning to understand the *impasse* currently faced by the international Canadian policy:**

**1) The inclusion of the Doctrine of Human Security in the principles and practice of the international policy of Canada in the 90's, turned into a source of conflict with some Latin American governments, especially Cuba and Mexico.**

**2) The defense of its regional autonomy in what regards the international economic policy, defying the Helms-Burton Law has, in the long run, greatly chafed the Canadian government trapped between shielding its economic interests on the island and the unsuccessful leadership in the process of political transition in Cuba<sup>5</sup>,**

**3) the constant business pressures struggling for an international trade policy that will reinforce its presence in other regions, especially Asia, have sprung in detriment of the economic interests already established in Latin American discouraging the governments and the Latin American entrepreneurs,**

**4) the increase of the conflicts between the Canadian mining companies settled in Latin America and the civil society of the region has caused a relative impairment of the image of the Canadian Government, forcing it to mediate in conflicts related to the environment and the working rights caused by its companies,**

**5) the antiterrorist policy of the United States substantially modified the relations of the three countries in North America, especially after 2005 with the Security and Prosperity Partnership of North America (SPP),**

**6) the steady failure of the negotiations of the Free Trade Agreement of the Americas (FTAA) as of 2003 and the ensuing neglect caused the collapse of the multilateral strategy of Canada forcing it to look for bilateral negotiations much to its own regret.**

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<sup>5</sup> Canada bet on an integral self sustained reform, to which Cuba replied "it would be done in their own times".

**As a result from all of the above, Canada has been seeking to apply a “low cost” strategy in Latin America, to which aim it has been indispensable to instrument a less declarative and more active foreign policy.**

**In July 2007, First Minister Harper announced that one of the three priorities of his foreign policy would be the Americas. This statement was interpreted by many as acknowledging the Canadian search to belong to and actively participate in a different region from that of its traditional interests, especially that of the United States.<sup>6</sup>**

**The renewal of such interest must be taken as a redefinition of the regional priorities and not as a change in the political contents of its international strategy. The consolidation of the advance of democracy, the renovation of its commitment to the strengthening of the government, the answer to the challenges of the hemispheric security, the consolidation of a trade and investment agenda and the increase in multilateral capacity, are still part of his goals.**

**In the last Iberian American Summit in Santiago de Chile, the president of Nicaragua spoke about the end of OEA. This is nothing but a proposal only, because if it were carried out it would place Canada in a very difficult situation due to the fact that a great part of its Latin America strategy goes through the multilateral path. Its crucial contributions to OEA, the creation of the Promotion of Democracy Unit and the Inter American Democratic Chart would be devoid of strength if such a thing were to occur.**

**Canada is conscious of the relative lack of efficiency of OEA and therefore faces the difficult task of undertaking in a parallel way a supporting strategy in the construction of new institutional instances that will seek to counteract such inefficiency. Its role in the solution of these Inter American conflicts in the past, meant a valuable contribution to the sanitation of the political environment of**

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<sup>6</sup> “Because of our long history of friendship and cooperation with the United States, and our position in the great North American partnership with the U.S. and Mexico, you could be forgiven for thinking that Canadian interest end there. I can assure they do not. Prime Minister Stephen Harper has made it very clear that Canada’s interests and strategic vision reach well beyond that. We also see ourselves as part of a larger hemispheric family; a family of states committed to common goals, complementary goals like democracy, security and prosperity. (Canadian Minister David Emerson’s Remarks to Council of the Americas, May 2, 2007)

**the region, but Canada must take into account the fact that current problems are more complex than those faced by Central America in the 1980's.**

**At the same time, Canada has conducted a less visible strategy related to the civil society, the minorities and the aborigine groups, one that sends out a message of opening and tolerance. In 2007, this strategy left a balance of 45,000 refugees and asylum applications in Canada. Mexico accounts for the first place with 5,500 refugees and Colombia with 4,400, followed by China with 2,800 and Afghanistan with 2,700. Nevertheless, according to the statistics of the Canadian Government, the countries with a higher level of refusal were the United States (3%), Mexico (28%) and India (35%).**

**Canada, upon searching for hemispheric partners, is seeking to share its commitments to economic freedom and social justice. But which country in Latin America fulfils such requirements? Very few or none at all. Hence, it has decided to become less demanding and consider that they may also be promoted through trade agreements such as those signed with Colombia<sup>7</sup> and Peru.<sup>8</sup>**

**The statistic figures are most eloquent and offer a different interpretation of the economic presence of Canada in Latin America. The Canadian balance of trade shows that its imports are three times higher than the exports. Mexico, its main trade partner in Latin America, represents 55% of its Latin American imports and 43% of the exports. Without these amounts, the rest of the region only represents 5% of the total (Daudelin, 2007:19). Something similar happens with Chile, where imports also surpass the Canadian exports.**

**Although the investment has grown, it is somewhat volatile as it is mostly located in Bermudas, Bahamas, Barbados and Caiman Islands. Investment in Latin America represents a minimum part of the total Canadian investment.**

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<sup>7</sup>The Canadian investment in Colombia and Peru amounted to over 3,400 000 dollars in 2006. The bilateral trade of goods with Colombia was 1,100 000 dollars in 2006 while that of Peru reached 2,400 000 dollars. Service exports from Canada to Colombia and Perú rose to 63 million dollars in 2004.

<sup>8</sup> Over 80 Canadian companies are carrying out exploration works in the mines in Peru: The Canadian investment in Peru amounts to around 5 billion dollars. In the past, some companies infringed the law and were considered highly contaminating but apparently the Peruvian government regards this problem as already solved.

Since the 90's, Canada has undertaken, very determinedly, a specific economic strategy in the region. It has negotiated several free trade agreements: NAFTA (1994), Chile (1997), Costa Rica (2002) and Peru (2007), Colombia (2008) and increases its participation in the promotion and investment protection agreements (FIPA)<sup>9</sup>.

Canada has traditionally been purposeful and active regarding the debate on trade and investment. Until 1989, it carried through several agreements on investment protection based on the model fought for by OCDE, but as of 1994 it went on negotiating this sort of agreements under the model established in chapter XI of NAFTA. Finally, after 2003, it decided to update this model unilaterally taking into account the lessons and conflicts that emanated from NAFTA<sup>10</sup>.

The new model is based on a renewed commitment to transparency and establishes a correlation between the agreements on the subject of investment and the environmental issues. With that, Canada seeks to obtain from its counterparts the obligation to publish its laws, rules and other proceedings related to the aspects dealt with in the FIPA's.

Harper's government has shown a serious commitment to the Latin American countries concerning the support to the institutions. As part of the negotiation of the trade agreement with Peru, the Canadian government donated 1.07 million dollars to implement the international programme of labour administration to improve the Peruvian legislation and apply mechanisms to reinforce the dialogue between workers and entrepreneurs.

Faced with FTAA failure, both, Canada and the United States have been negotiating several trade and investment protection agreements that in the long run could become the basis for the establishment of a ruling frame regarding

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<sup>9</sup> Canada has concluded 23 FIPA's, five of which use the OCDE model and 18 are based on the 1994 model.

<sup>10</sup> The main objectives were: to pinpoint the obligations, to maximize the opening and transparency of the disputes solving mechanism and to improve the discipline and efficiency of this mechanism. In sum, Canada was trying to show more transparency in the reserves and exceptions foreseen in the disposition of the agreement fund.

**trade and investment in the hemisphere, thanks to which these two countries would proceed hand in hand towards their leadership in the region.<sup>11</sup>**

**To a great extent, Canada has chosen its partners and its region through TLCAN. In every multilateral meeting it has maintained his position attached to this choice. The United States still has great influence over the decisions taken by the Canadian government, a gesture that could hardly go unseen by the Latin American governments.**

**The revaluation of the Americas is a reflection of the Canadian pragmatism that seeks in this region the necessary counterweights for a relationship that within North America reveals itself quite difficult after September 11<sup>th</sup>.**

**This interest is part of a well orchestrated strategy that aims at stopping the United States from being left aside from the Latin American dialogue, or even worse, at preventing it from being treated like the rest of the Latin American countries.**

**The repositioning of Canada in the Americas also obeys to a political and economic long term bet, attached to the Latin American population increase in Canada. The Latin Americanization in Canada implies the reconsideration of the Latin American issue as a politically voiced subject and to the acknowledgement of the fact that its presence, as a labour force obeys to the aging of the population. In this sense, the international policy of Canada in Latin America could obey also to the need to construct regulated migratory policies in which the dialogue between Canada and the Latin American governments cannot be put off.**

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<sup>11</sup> The Canadian strategic revival in Latin America, as of the declarations of Prime Minister Harper, has been quite considerable. In the summer 2007, the beginning of the negotiations with Colombia, Peru and the 15 countries of the CARICOM was announced. Likewise, he expressed his interest in negotiating an agreement with four Central American countries (El Salvador, Honduras, Guatemala and Nicaragua) and with the Dominican Republic, regarding a free trade agreement.

### *Final Reflections*

- The rapprochement of Canada to the region must be more pragmatic in the future. Valuing what can be achieved with the available recourses and considering its real weight in the region.
  
- It is necessary to mark the limits and range of its policies and to position it as a valid interlocutor, which to some extent means marking a certain distance from the interests of the United States.
  
- It is indispensable to create equilibrium between the multilateral and bilateral initiative in the region, not substituting bilateral for multilateral but looking for complementation.
  
- Establishing and maintaining long term strategies, not abandoning them according to the political and economic moment as has been common practice.
  
- Revalue, beyond its economic and commercial relevance, the potential impact it may have through its international strategy in Latin America and accept that the instrumentation of an international strategy in Latin America independent from the United States may serve better the regional interests of Canada.

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