

Op-Ed: Mr. Trudeau, your foreign policy team may cost you re-election by Sebastian Spio-Garbrah

Geographically speaking, Canada is larger than both the United States and China. However, in geopolitical and economic terms, Canada is a second-tier global powerhouse whose non-belligerent foreign policy has historically allowed it to punch above its weight and exert a positive influence on global events. That solid international reputation is now at risk as a series of foreign policy missteps threatens to degrade Canada's geopolitical position while risking a trade-induced recession in 2019.

The list of foreign policy setbacks are piling up whether the prime minister's office wants to acknowledge it publicly or not. Foreign Affairs Minister Chrystia Freeland's natural desire to ultimately catapult herself into the prime minister's chair should not blind all her many admirers to the growing tragic failures of her ministry. While probably well-intentioned, (just as she was when she supported the U.S. invasion of Iraq in 2003), Freeland's brusque foreign policy stances since taking office less than 20 months ago risk alienating Canada from its historic allies, distance it from new friends and trading partners, and cost Justin Trudeau his re-election in 2019.

First, there was the ill-prepared India trip debacle which left Prime Minister Trudeau with a political black eye on foreign soil. Canada's relations with India, a major rising economic power, are now at a nadir just as Canada looks to pivot its foreign trade away from the U.S. Then there was the UN vote condemning U.S. President Donald Trump's unilateral recognition of Jerusalem as the capital of Israel. Urged by her neocon friends in the U.S., Freeland advised Canada to join Benin, Bhutan, the Solomon Islands, Tuvalu and Vanuatu to abstain from the UN vote, abandoning Canada's traditional respected role on Israel-Palestine. This decision may even be one of the remote causes of the current spat with Saudi Arabia.

The recent G7 summit in Quebec, which Freeland supervised, which could have helped cement Canada's role as a respected bridge builder, ended in an unprecedented disaster as the combative U.S. president publicly snubbed the communique, and effectively put the critical Canada-U.S. relations in the deep freezer. The U.S. and Canada now both treat each other like adversaries, rather than allies.

On trade, the situation is even more worrisome and could push Canada into a trade-induced recession in 2019. The much-heralded Canada-EU trade agreement is currently being held hostage by the new Italian government. Without the ratification of the agreement by Italy, the many years of tiresome work by the respected negotiators at the department of trade and global affairs will lie in waste. Freeland and her team have yet to successfully effectively lobby the Italian government to ratify CETA. A rejection by the Italian parliament of CETA will doom the entire trade pact. With an economy of nearly \$20 trillion, the lack of full ratification by all members of the EU will pose a major economic challenge to Canada, which exports nearly \$60 billion worth of goods to the EU each year. A trade impasse between Canada and the U.S., and a rejection of CETA will probably tip Canada into recession.

Relations with the U.S., Canada's most important foreign, defence, and economic, trade partner is at a level worse than at any time since the Second World War. The president of the United States and Canada are not on speaking terms. The Canadian foreign minister sadly has little influence in Washington as most of her vaunted American friends are "Never-Trumpers" who have no leverage over the current U.S. administration. While former Prime Minister Stephen Harper was received warmly at the White House, Trudeau's foreign envoy has not. NAFTA negotiations have effectively stalled with the U.S. pursuing a bilateral trade deal with the new incoming Mexican government, while blocking Canadian officials from participating in those bilateral trade discussions. Steel and aluminum tariffs have been imposed on Canada. Canada has responded with tariffs on ketchup and other U.S. products to hurt Trump politically in "red states" — a political measure which the White House has noted. More tariffs on Canadian automobiles are being primed in Washington. Effectively, Ottawa has no one the other end of the phone line in Washington. Canada's foreign policy vis-a-vis the U.S. remains hobbled.

Beyond Canada's declining relationship with our greatest ally, the foreign policy wreckage continues to pile up on other fronts as well. Canada has rightly picked a fight with Saudi Arabia over human rights — but that has jeopardized over \$13 billion in economic ties, while devastating the Saudi-CSIS cooperation on anti-terrorism intelligence sharing. Relations with Russia, a potential and critical partner in the global anti-terrorism campaign, and in the Arctic, (despite Russian President Vladimir Putin's authoritarian regime) are held hostage to Freeland's well-known strident Ukrainian nationalism. A crackdown on Chinese real estate investments and a ban against Chinese companies acquiring Canadian companies, which started under Harper has also seen relations with China, a potentially large key economic trading partner chilled.

In short, Canada's historic global reputation for independent, balanced, mature, non-bellicose and reliable foreign policy is at risk. This week's silent support from our closest allies — the U.S., France and the U.K. — on the Canada-Saudi spat has clearly demonstrated how far Canada has veered from its trusted position on the global stage and how, increasingly, its foreign policy is viewed from abroad.

It is time for Trudeau to realign his foreign policy team — or he may well lose re-election in 2019 in the middle of a foreign-policy induced trade recession.

Sebastian Spio-Garbrah is the chief global frontier markets analyst of Canadian headquartered risk advisory firm DaMina Advisors www.daminaadvisors.com