



The 17th Canada-Korea Forum
22–23 October 2020

VIRTUAL FORUM REPORT

THE NEXT FIVE YEARS

Korean-Canadian Relations
in a Rapidly Changing World



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS

SEOUL
FORUM
Window for Diplomacy

TABLE OF CONTENTS

Main Conclusions and Outcomes	3
Executive Summary	6
Session One – Future Conditions and Prospects in Economic and Business Relations	7
Recommendations	10
Session Two – Future Conditions and Prospects in Security and Political Relations	11
Recommendations	14
Agenda	15

Main Conclusions and Outcomes

At this 17th Forum, the key overriding conclusion could not have been clearer: Korea and Canada must urgently re-embrace their Strategic Partnership established in 2014, and take it to a new level.

Forum participants underlined that Korea and Canada are both significant global powers and free market economies dedicated to rules-based economic interchange. We are democratically governed and our peoples share similar values and respect for human rights. We are committed supporters of the post-WW2 multilateral system and the principles that underlie it. Finally, we are Pacific coastal states whose relationship helps link the economic destinies of Northeast Asia and North America and contributes to joint security.

The Forum's discussions noted the deep concerns of both countries over the very unfavorable trends in global affairs since we last met in late 2018. These included the heightened great power rivalry between China and the United States, growing security threats (especially the serious ongoing

danger from a nuclear North Korea), increasing protectionism and threats to the rules-based order, and the rise of autocratic leaders and behaviors generally.



“Both Canada and Korea are very close friends of the United States. Why not try to strengthen the special relations between Canada and Korea? We can support the advancement of democracy, free trade, and above all, peace.”

— Dr. Hong-Koo Lee

Former Prime Minister of Korea; Chairman of The Seoul Forum for International Affairs

Against this background, the COVID 19 pandemic has been particularly untimely. Participants recognized that it will continue well into 2021, exacting further economic and other costs on Canada and Korea, and making effective responses to the above global trends more difficult to generate. Our countries should

cooperate where they can in dealing with the Pandemic and its consequences.

The Forum looked ahead at the next five years of the Canada-Korea relationship.

Under the broad umbrella of a much more engaged Strategic Partnership, Forum participants pointed to a number of specific global challenges on which Korea and Canada could provide leadership and work more closely together:

- The ongoing work of the Ottawa Group to reform and strengthen the World Trade Organization and the multilateral trading system generally,
- Any post-COVID review of the role and functioning of the World Health Organization in pandemic situations
- As global leaders in the field, developing international standards and codes around the use of Artificial Intelligence

In more specific bilateral terms, the Forum also identified steps to ensure our relationship adapts quickly to changing international conditions and continues to deliver major benefits for both countries.

Economic and Business Affairs:

- Led by the Federation of Korean Industries (FKI) and the Business Council of Canada, business organizations in Korea and Canada will intensify their contacts and exchanges among corporate leaders and consider re-establishing a Korea-Canada Business Council. This is a major step forward.
- The Federation of Korean Industries suggested the two organizations conduct a joint study of business opportunities between Korean and Canadian companies (including partnerships for business in China, USA and other third countries) for consideration at a future meeting of the Forum.

- Special efforts should be deployed to develop business opportunities that involve Small and Medium-Sized Enterprises (SME's) from both sides, and to encourage the growing engagement of Women in Business and Corporate Governance.
- Contacts and cooperation between Business Schools provide relatively unexplored pathways for student and education exchanges, building next generation business relationships, and developing new technology partnerships. We will consider this at an upcoming Forum.
- Korean and Canadian governments should continuously improve the legal frameworks underpinning bilateral economic and business activity, including amendments and additions to the Canada Korea Free Trade Agreement of 2014 (CKFTA) and examining the benefits of Korea's joining Canada as a member of the

Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

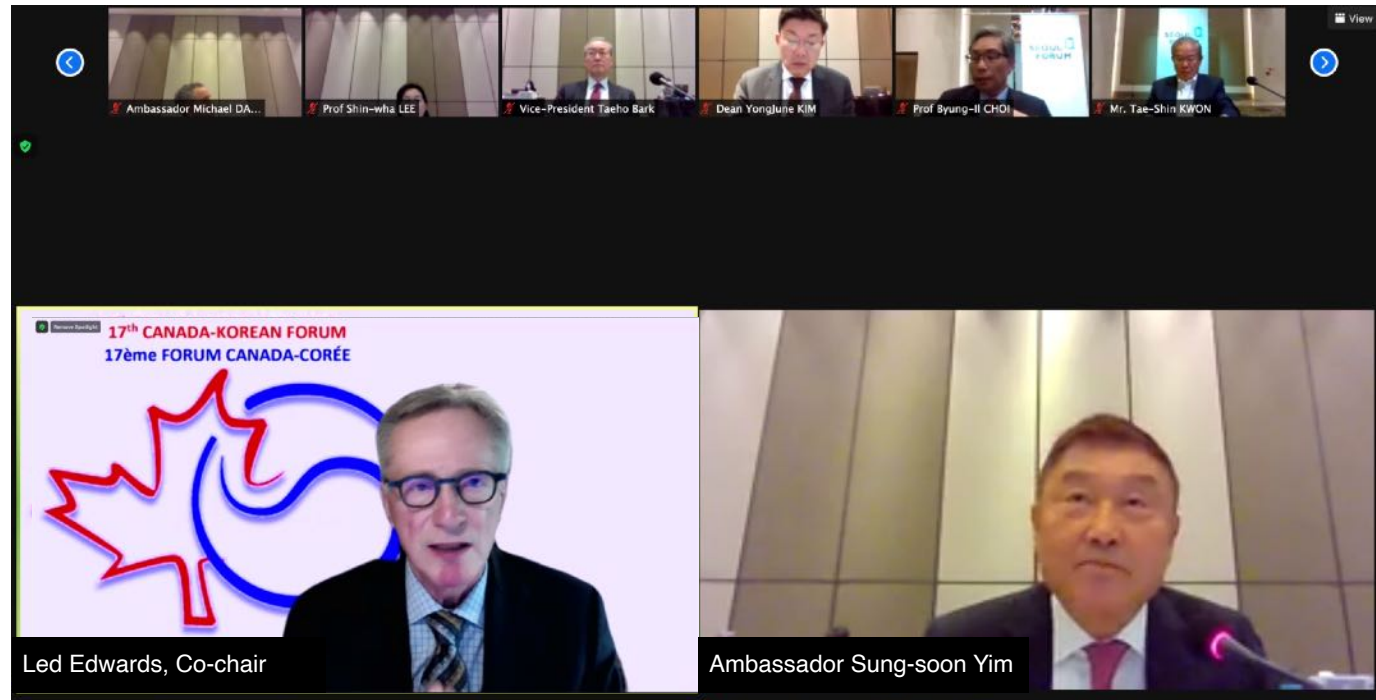
- Participants noted several specific opportunities for business, trade and investment partnerships that look particularly promising. This includes all areas involving Artificial Intelligence, automotive parts and production, Canadian pension fund investments, and the extraction of rare earths.

Political and Security Affairs:

- To “institutionalize” our Strategic Partnership and give it political impetus and overall direction, it was proposed that Canadian and Korean Governments establish a 2-plus-2 Ministerial mechanism of Foreign and Defense Ministers, or initially of Vice Ministers, meeting annually.
- Under the Partnership, Heads of Government or Foreign Ministers could agree to meet ‘virtually’ to deal with special situations and

developments, such as the impact of the November 3rd US Presidential Election. Other subjects could include discussions on the tough policy choices arising from dealing with a more aggressive China, and sharing strategies for managing the consequences of deteriorating China/US relations.

- Another suggestion was that our countries deepen bilateral cooperation in cyber threat assessments and cyber security generally.
- As regards North Korea, Canada should continue to give Seoul its full backing, and offer its capacities to aid South Korean efforts to reduce tensions, to deal with the nuclear threat (as was done at the Vancouver conference) and to promote continued contact with North Korean academics and others as the way of improving human security in North Korea.



The following Executive Summary and Report of the 17th Canada-Korea Forum provide further detail on the proceedings and the various recommendations flowing from the discussions.

Executive Summary

The 17th Canada–Korea Forum was held this year in an online hybrid format in October 2020. The forum brought together a distinguished group of former ministers, current business leaders, ex-senior officials and experts from academia and think tanks. Some government officials were also invited. Replacing the full Forum meeting cancelled in April 2020 because of the COVID-19 pandemic, this meeting focused on two broad topics: (1) economics and business and (2) politics and security. The core strategic question at hand was whether these unsettled and divisive times call for a deepening of the Canada–Korea relationship over the next five years. The answer could not be clearer: Canada and Korea must move from a ‘functional relationship’ towards a ‘strategic alliance’.

The first panel sought to identify future conditions and prospects for growth in economic and business relations. Fallout from Covid-19 has hit inter-Canada–Korea trade and is accelerating global trends of increased isolationism. Canada and Korea will also need to navigate through US–China trade wars, technological competition, and the weakening of the WTO. Climate change remains an ongoing threat. Given these conditions, business leaders agreed that closer institutional ties and regular interchanges between Canadian and Korean CEOs and business organizations should be established. To that end, the Federation of Korean Industries (FKI) offered to study future business opportunities. The panellists also considered the implications of Korea joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnerships (CPTPP), and all agreed that Canada and Korea

should work together to reshape the WTO and reform global trade.

The second panel considered the political and security relationship. The panellists sought to identify the strategic behaviours to be expected in the medium term, from both China and the United States — regardless of who wins the 2020 Presidential election. All the panellists agreed that areas of future cooperation should include vaccine diplomacy, science and technological development, and the creation of confidence building mechanisms to assuage tensions in geopolitical hotspots. The question of further institutionalising the relationship was also addressed, with several ideas put forward on what forms this could take.

Session One

Future Conditions and Prospects in Economic and Business Relations

The Covid-19 pandemic has caused a major crisis in the global economy. Both Canada and Korea are expected to enter recessions by the end of 2020. Export industries in each country have been particularly hit and inter-Canadian-Korean trade has declined significantly, especially in automobiles and telecommunications. The pandemic is also accelerating pre-Covid-19 trends of increased isolationism, U.S.-China decoupling, and a weakening of the rules-based international order.

The downside impacts of these challenges include high levels of debt and the risk of economic scarring — primarily in the form of long-term unemployment, poorer education outcomes, and diminished investment. Great power decoupling risks forcing Canada and Korea to make a choice between aligning closely with the United States or China. Already, major Korean automobile

producers have been forced to find suppliers of their parts and components outside of China. Meanwhile, protectionist impulses in the U.S. have led to a tightening of rules-of-origins standards in the Canada-U.S.-Mexico Trade Agreement (CUSMA).

With regards to Covid-19, Korea has served as a model of democratic pandemic management. The country's earlier experience with outbreaks of SARS (2003) and MERS (2015) have meant that government services have been prepared for years, while the general population had long since grown accustomed to regular mask use. Korea has also benefitted from being structurally dependent on manufacturing industries that were less affected by the global collapse in demand and by being geographically close to China, a country which also experienced a fast recovery.

Canada faces a more severe outbreak of the virus but, like Korea, has deployed an aggressive fiscal policy — in the provision of emergency relief

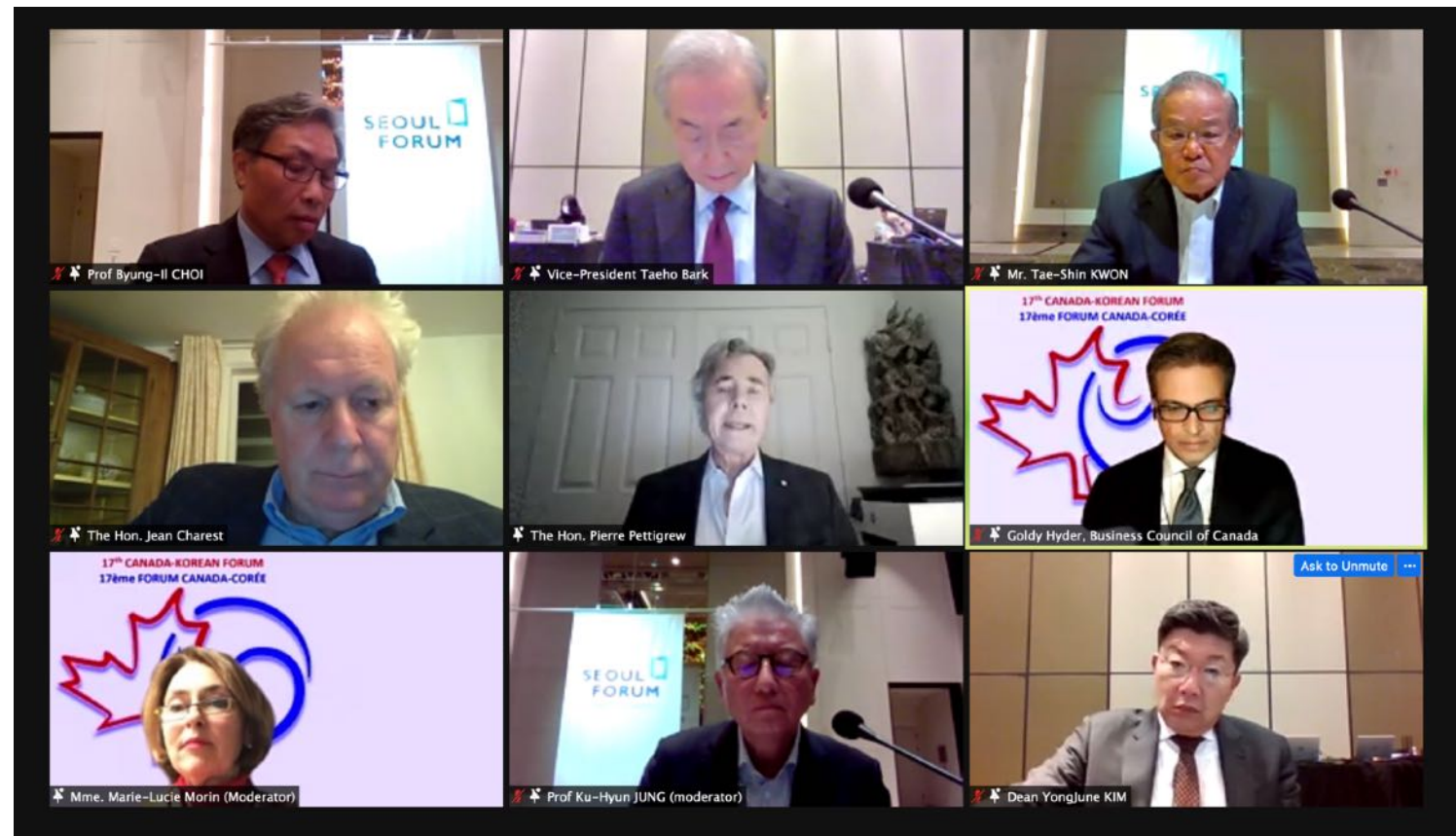
funds— to alleviate household financial stress. It is likely that Canada will soon start to spend significantly on the development of green infrastructure.

One expert noted that Canada has a pressing need to continue its strategy of trade diversification. The EU-Canada Comprehensive Economic and Trade Agreement (CETA), the Canada-Korea Free Trade Agreement (CKFTA) and the CPTPP were only the initial steps. Korea should be a natural partner for continued diversification, given that the CKFTA has already served to liberalise most of the trade. On reforming global trade, the panellists agreed that Canada and Korea want to quickly find a resolution to the WTO Appellate Body crisis and to address unfair non-market conditions in third countries.

While some predict large scale Korean decoupling from China, some Korean businesses may in fact expand their increase in Chinese exports. China remains South Korea's largest trading partner and

China's growing middle class is undoubtedly an attractive market. However, some Korean firms may turn to Vietnam, Indonesia, or India for offshore production or outsourcing. The Canadian panellists noted that now the ink has dried on the CUSMA, Canada has secured continued access to US and Mexican markets, and can serve as a drop-off point for foreign investment. One of the highlights of the session involved a proposal by the FKI to study new business opportunities between Canadian and Korean companies, including partnerships for business in third countries. A related proposal involved the revival of the Korea-Canada Business Council. Two areas ripe for further cooperation include artificial intelligence and automotive parts and production.

The outcome of the upcoming U.S. presidential election was briefly considered. Although a Biden



victory would bring an enormous change in tone, it is unlikely to result in a less protectionist trade policy than that pursued by Donald Trump. However, Biden's strategy towards confronting China is comparatively more multilateral (compared to Trump's). In this context, the political environment towards Korean accession to the CPTPP could be slightly more favourable. In the meantime, the RCEP, a larger trade block in

Asia including 15 Asia-Pacific countries, is expected to be signed in the middle of November, 2020.

Finally, culture was identified as a future growth area. More than 240,000 Canadians are of Korean origin, while approximately 20,700 thousand Korean students study in Canada and 27,000 Canadians live temporarily in Korea, mainly as

teachers. Many young Canadians are enamoured with K-POP. Likewise, several Korean panellists reminisced about their travels through the Canadian Rocky Mountains. There is an opportunity to develop these ties further.

Session One — Recommendations

1. Continue with the aggressive implementation of the Canada–Korea Free Trade and Science Innovation and Technology agreements.
2. Further consider the needs of small-and-medium enterprises to draw more into the relationship. Consider reducing tariffs and non-tariff barriers relating to the beef industry.
3. Consider improving the legal frameworks of Canada–Korea trade and business, such as through Korea’s accession to the CPTPP and/or improvements to our 2014 FTA.
4. As regards future business and opportunities for the next 5 years: (a) identify investment opportunities for pension funds (b) pursue AI cooperation (c) develop partnerships between Canadian parts firms and Korean automakers and (d) deepen Canada–Korean relations in the extraction of rare earth minerals.
5. The FKI and the Business Council of Canada (BCC) should pursue closer institutional and CEO-to-CEO relationships. A binational business council should be re-established. Canada should accept the FKI’s offer to study future business opportunities.
6. Try to connect business schools in our two countries leaders in order to engage the next generation of business leaders in our bilateral relationship, including joint thinking and action on how to overcome the negative effects of Covid-19 on our economies and globalization more generally.
7. Canada and Korea should take the lead in building a coalition of ‘like-minded’ states to balance against great power protectionism. New Zealand, Australia, and the United Kingdom were identified as potential partners in this endeavour.
8. Improve data protection and data privacy guidelines at the WTO. Canada and Korea should work together to confront ‘techno-nationalism’ and the emergence of the digital surveillance state.
9. Nurture closer cultural ties as a basis for deepened cooperation in tourism, education, technology and other areas of business.

Session Two

Future Conditions and Prospects in Security and Political Relations

This session was foreshadowed earlier in the day by President Xi Jinping's public commemoration of China's intervention in the 1950–53 Korean War. With this speech in the background, our panellists identified China's current position on North Korea and assessed Beijing's broader regional and global ambitions. The panel also considered how to manage an increasingly inward-looking American power and a fraying international liberal order.

They asked if Canada and Korea should deepen their strategic cooperation in these contexts. The answer was a resounding “yes.”

A perennial question on the Korean peninsula concerns when and how the Korean War can, officially, be ended—turning the existing armistice from 1953 into a peace treaty. The



panellists agreed that peace must be contingent on the denuclearisation of the peninsula—not the other way around—and that this, in turn, depends upon the elimination of North Korea’s nuclear weapons programs.

Naturally, China is a key player in this regard. China approaches North Korea as part of its broader strategy towards the United States, where pressure on North Korea works as a ‘strategic card’ to exact concessions on other issues. North Korea also has a place within Xi’s aspirations to build a ‘Sino-centric global order’. Nevertheless, China values stability, wants to avoid war, and does not want a nuclearized North Korea—though it would prefer a nuclearized regime over a collapsing one. The panellists also cautioned against seeing China as the equivalent of the Soviet Union during the Cold War. China is too enmeshed in global value chains and is invested in the continued stability of the world economic order. The Chinese also share an interest in confronting the global challenge of climate change.

Nevertheless, Canada and Korea have both been affected by Chinese actions. In 2017, for example, China applied economic sanctions against Korea, as punishment for the deployment of the THAAD anti-missile system. Later that same year, the Chinese government arbitrarily detained Michael Spavor and Michael Kovrig, two Canadian citizens, as retaliation for Canada’s arrest of Huawei CFO Meng Wanzhou.

The panellists also considered U.S. strategy towards China, with all agreeing that American policy will remain substantively consistent regardless of the outcome of the November 2020 election. In their view, the U.S. is keen to practice ‘hard containment’ to deter China’s military growth and ‘soft containment’ to weed China out from the global value chain. Meanwhile, the United States will continue to expand its military capabilities into the cyber and space domains, in an effort to retain a qualitative military edge over the Chinese.

Members of the Canadian delegation expressed fears that regardless of the election, Chinese–U.S. relations were entering a ‘Thucydidean trap’, which occurs when a rising power threatens to displace a ruling power, auguring war. However, one Canadian commentator noted that the world should not abandon the possibility of positive changes occurring within China and its leadership, which may lead to a more cooperative and constructive behaviour.

The Korean delegation noted that Korea’s willingness to confront China is moderated by the degree of their interests in China, marked by large levels of trade, investment, and tourism. By contrast, Canadian relations with China have entered into a deep freeze due to the Meng affair. This is one area where some daylight exists between the Canadian and Korean governments in overall approach to China.

Nevertheless, Canada and Korea share four core security interests. The first of these concerns the

North Korean nuclear threat, which now extends to North America. Second, there is the issue of increased Chinese bellicosity towards Taiwan. Thirdly, there are rising trade and economic tensions. Mutual cooperation between Canada and Korea is necessary towards confronting all three challenges. Both Canada and Korea have a comparative advantage in designing confidence building measures to lower tensions between great powers. Lastly, both Canada and Korea should work to defuse ‘vaccine nationalism’ abroad. The timeline for global inoculation—one estimate is four-to-five years—could be dangerously extended if collective action fails at the international level.



Session Two — Recommendations

1. Korea and Canada should deepen further their 2014 Strategic Partnership to include management of the China–United States rivalry and the protection of liberal democratic voices and trends.
2. To that end, we should establish a Two Plus Two Ministerial mechanism, made up of Foreign and Defence Ministers (or alternatively at the beginning Vice–Ministers) which would meet regularly, discuss areas of common interest and action, and oversee working groups that could be created on security, political and other subjects relevant to the implementation of the Strategic Partnership.
3. This group could be linked to the suggestion of ‘networked multilateralism’, focusing on functional cooperation on specific security issues like those in the cyber realm.
4. On China, Canada and Korea should push the United States to strengthen military deterrence, extend a high–tech alliance with key partners, and further military cooperation in East Asia and elsewhere. At the same time, the United States should also be encouraged to avoid a ‘with us or against us’ approach to China. There are many areas for mutual cooperation including trade and investment, pandemic response, climate change, and nuclear security.
5. Revitalise the United Nations Command in South Korea to cope with growing uncertainties on and around the Korean peninsula. Canada and Korea can also deepen bilateral cooperation in cyber threat assessment and cyber security, especially in the area of human security.
6. Strongly pressure the global community to cooperate in the distribution of the eventual Covid–19 vaccine.
7. Upgrade other areas of potential cooperation including fisheries and ocean management, policing dark vessels, and unflagged shipping.

Agenda — Session One

Opening Remarks and Welcome: Co-Chairs Welcome

- Canadian Co-Chair: Leonard J. Edwards, former Ambassador to the Republic of Korea and former Deputy Minister of Foreign Affairs of Canada
- Korean Co-Chair: Sung-Joon Yim, former Ambassador to Canada; former President of the Korea Foundation

Opening Remarks from Government

- Jong Kun Choi, 1st Vice Minister of Foreign Affairs, ROK.
- Marta Morgan, Deputy Minister (Vice-Minister) of Foreign Affairs, Canada

Thank You Remarks

- Dr. Myung Ja Kim, President of The Seoul Forum for International Affairs
- Dr. Dana Brown, Dean, Sprott School of Business, Carleton University

Panel 1: Future Conditions and Prospects in Economic and Business Relations

Canadian Team

- Moderator: Mme Marie-Lucie Morin, Vice-Chair of the Board, Asia-Pacific Foundation of Canada

Panelists:

- Mr. Goldy Hyder, President and CEO of the Business Council of Canada
- The Hon. Jean Charest, Partner, McCarthy Tétrault
- The Hon. Pierre Pettigrew, Executive Adviser, International at Deloitte Canada

Korean Team

- Moderator: Dr. Ku-Hyun Jung, Chief Research Officer of J Campus; Former President of The Seoul Forum for International Affairs; Professor Emeritus of Yonsei University

Panelists:

- Mr. Tae-shin Kwon, Vice Chairman and CEO of the Federation of Korean Industries; President of the Korea Economic Research Institute
- Prof. Byung-il Choi, President of the Korea Foundation for Advanced Studies(KFAS); Former President of the Korea Economic Research Institute
- Prof. Yongjune Kim, Dean Graduate School of China & Dean, Business School, Sungkyunkwan University
- Taeho Bark, Vice President, The Seoul Forum for International Affairs; former Minister for Trade

Agenda — Session Two

Special Address:

- Dr. Hong-Koo Lee, Former Prime Minister of Korea; Chairman of The Seoul Forum for International Affairs
- Thank You: The Honourable Yonah Martin, P.C., Senate of Canada

Panel 2: Future Conditions and Prospects in Security and Political Relations

Korean Team

- Moderator: Ambassador In-kook Park, President, Chey Institute for Advanced Studies (CIAS); Former Ambassador of the Republic of Korea to the UN

Panelists:

- Prof. Sung-Han Kim, Dean and Professor of Graduate School of International Studies, Korea University; Former Vice-Minister of Ministry of Foreign Affairs and Trade

- Prof. Jae Ho Chung, Professor of Political Science and International Relations, Director of the Program on US-China Relations, Seoul National University
- Prof. Shin-wha Lee, Professor of International Relations and Director of Peace & Democracy Institute, Korea University.

Canadian Team

- Moderator: Margaret Biggs, Chair, Board of Governors, International Development Research Centre

Panelists:

- The Honourable V. Peter Harder, P.C., Senate of Canada
- Dr. Fen Hampson, FRSC, Chancellor's Professor, Carleton University
- Dr. Kyung-Ae Park, Director, Canada-DPRK Knowledge Partnership Program (KPP), University of British Columbia

Closing Remarks and Next Steps

- Korean Co-Chair: Sung-Joon Yim
- Canadian Co-Chair: Leonard J. Edwards

Co-organized by the Sprott School of Business at Carleton University and Seoul Forum for International Affairs, the Canada–Korea Forum meets annually to discuss the state of relations between Canada and Korea as well as to provide insights and forward-looking advice to all stakeholders involved in the relationship. The Forum consists of about 50 high-level Canadian and Korean thought leaders from business, academic institutions and think tanks, as well as current and former government officials.

Canada–Korea Forum Organizing Committee: Len Edwards, Prof. Fen Hampson, Dean Dana Brown, Dr. Jim Mitchell and Dr. Tina Park.

The Canada–Korea Forum is managed by **The Park Group**.

This report was written by Forum rapporteur Marshall Palmer and produced by Jeffrey Stoub Communications.

This work is licensed under a Creative Commons Attribution — Noncommercial — No Derivatives License. To view this license, visit [Creative Commons](https://creativecommons.org/licenses/by-nc-nd/4.0/). For re-use or distribution, please include this copyright notice.

The Sprott School of Business at Carleton University

810 Dunton Tower
Carleton University
1125 Colonel By Drive
Ottawa, Ontario K1S 5B6

<https://sprott.carleton.ca/canada-korea-forum/>



The 17th Canada–Korea Forum

Co-Hosted by



Co-Sponsored by



Global Affairs
Canada
Affaires mondiales
Canada



Ministry of
Foreign Affairs



Embassy of the Republic of Korea to Canada



BOMBARDIER

Project Management by



THE PARK GROUP