The Geopolitics of Global Trade and its Impact on the Asia-Pacific: What is at Stake?
A Canadian perspective

Remarks to a Panel Discussion
Chile-pacific foundation webinar

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A disrupted global economy

I. "MEGATRENDS"

- Fragmentation
- Digitalization
- Socialization
- Indo-Pacific as world's fastest growing region, increasingly central to production and consumption

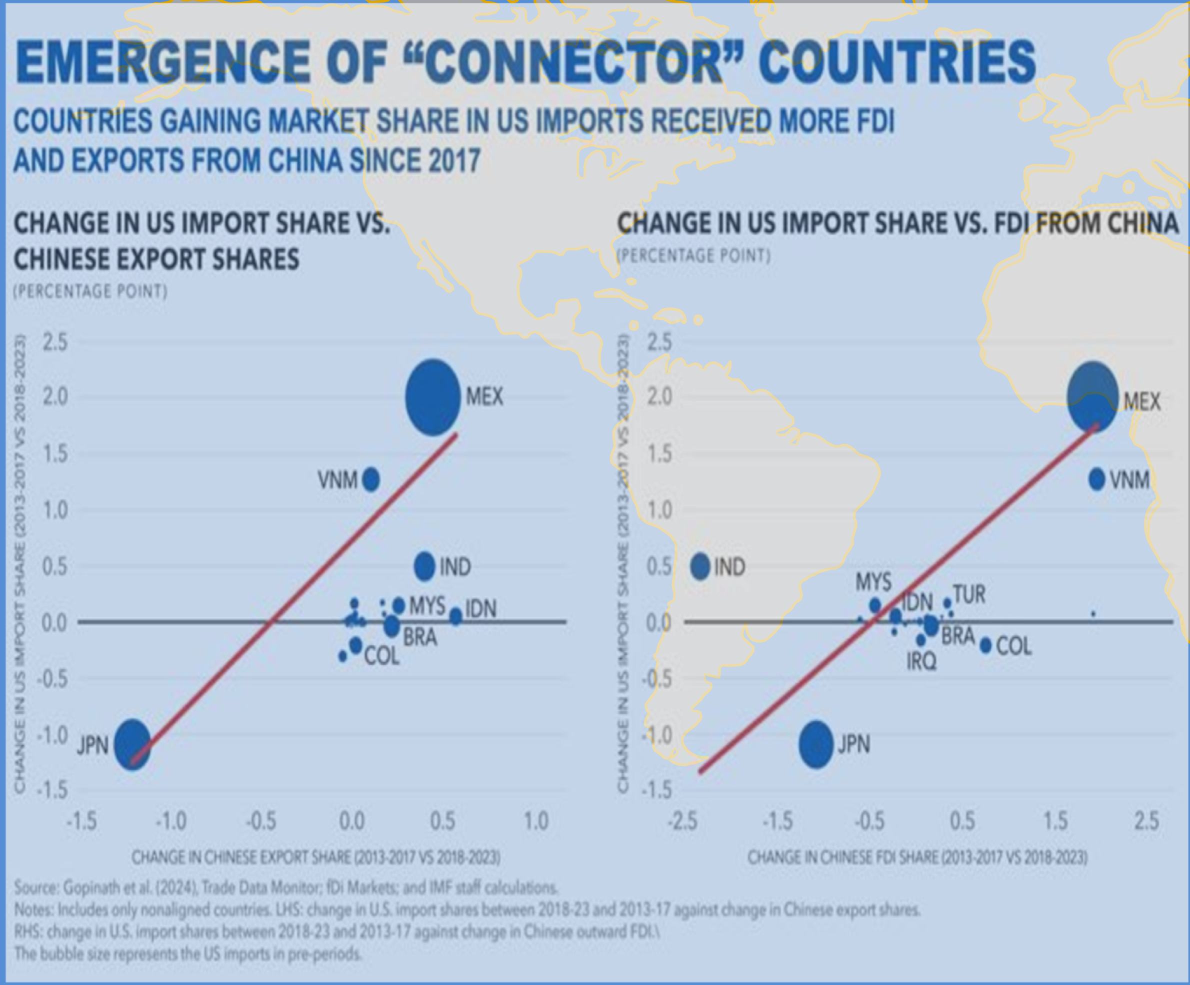
II. CURRENT CHALLENGES

- Return of the Tariff
- Economic Security
- Resulting Volatility and Uncertainty

III. IMPLICATIONS FOR TRADE RECONFIGURATION, TECHNOLOGICAL TRANSFORMATION, AND DEMOGRAPHIC TRANSITION

- A world of clubs, coalitions, and sectoral initiatives
- Supply Chain Shifts, notably Vietnam, Mexico
- Risk of digital patchworks
- The people dimension: disaffection vs. need for education and skills, structural adjustment

The Indo-Pacific: “connector” countries, Canada and chile



- **Chile and Canada share a DNA:** middle powers, Pacific-facing, parters in CPTPP, APEC, common commitment to open rule-based trade and investment, etc.

- **Collaboration can help to build broader bridges, e.g. ,** to influence and shape regional standards and build multilateral consensus

- **Opportunities to leverage: e.g., DEPA and CPTPP can be platforms** to lead trade facilitation, digital-trade governance and thus non-superpower supply chains for both intermediate and finished goods as well as services

- **Critical Minerals Partnerships:** to move from "extraction" to "mid-stream" processing partnerships with e.g., Japan, Korea, and ASEAN.

Canada, chile and the middle power “squeeze”

Canada → United States

- ~⅔ of exports; dominant investor; deep supply-chain integration
- Key sectors tied to U.S. gravity: Energy (oil, gas, uranium electricity); Critical minerals (nickel, cobalt, rare earths); Autos & EV supply chains (Ontario–Michigan corridor); Agrifood (grain, meat, processed foods)

Chile → China

- ~40% of exports; major investor in mining, energy, infrastructure
- Key sectors tied to China’s demand: Copper (Chile’s core export); Lithium (Atacama; essential for global EV supply chains); Renewable energy (solar, green hydrogen); Fruit & agrifood (China as top market)

Shared Vulnerabilities

- High concentration despite broad FTA networks: Chile 22 FTAs + 13 others covering 65 countries, 85%+ of global GDP; access to $US 2.1 billion consumer volume; Canada 15 FTAs covering 51 countries, 61 % of global GDP, access to $1.5b consumer volume
- Infrastructure bottlenecks limit diversification
  - Canada: ports, rail, transmission, critical minerals processing
  - Chile: ports, desalination, energy grids, mining corridors
- Investment: US “pull” and insistence on alignment on economic security and investment reviews challenges both countries’ inward investment needs and ambitions, especially for infrastructure, key sectors (e.g., critical minerals), value-added processing

Canada’s Strategic Advantage vs. Chile’s Strategic Gap

I. Canada: An Integrated Indo-Pacific Strategy

- Whole-of-government: diplomacy, trade, development, security, defence
- Clear investment attraction priorities
- Strengthened maritime and security presence
- Ability to coordinate across sectors and partners

Outcome: Canada can actively diversify beyond U.S. dependence

II. Chile: Indo-Pacific Exposure Without an Indo-Pacific Strategy

- Deep economic ties but no integrated framework
- No coordinated investment attraction plan
- Limited security/defence engagement
- China remains the default anchor for copper, lithium, energy, and infrastructure

Outcome: Chile cannot yet shape its Indo-Pacific engagement — it is shaped by it

Both countries need diversified Indo-Pacific trade and investment to build new sectors and reduce dependence — but only Canada has built the institutional architecture to pursue it.

Annex — Canada’s Indo-Pacific Strategy: A Whole-of-Government Framework

Linking economic, security, sectoral, and societal tools into a single architecture to attract diversified Indo-Pacific investment and reduce structural dependence on the US

1. Economic & Trade Engagement

- Diversified market access: Japan, Korea, ASEAN, India
- Investment attraction priorities: Autos & EV supply chains; Critical minerals (processing + upstream partnerships); Clean energy & hydrogen; Agrifood and protein
- Trade facilitation & standards cooperation: digital trade, supply-chain resilience, regulatory alignment
- Infrastructure partnerships: ports, rail, transmission, mineral-processing capacity

2. Security & Defence Presence: to create a stable environment underpinning economic engagement and investment flows

- Expanded naval and air deployments to support regional stability
- Maritime domain awareness and cooperation with Japan, Korea, Australia
- Cybersecurity partnerships and counter-disinformation cooperation
- Defence diplomacy: exercises, officer exchanges, capacity-building

3. Sector-Focused Initiatives

- Critical minerals: joint ventures, supply-chain integration, technology partnerships
- Clean energy & hydrogen: pilot projects with Japan and Singapore
- Agrifood: market access expansion in ASEAN and India; food security partnerships
- Science, technology & innovation: research collaboration, commercialization pathways
- Green infrastructure: climate-aligned investment channels with Indo-Pacific partners

4. People-to-People & Institutional Connectivity

- Education & research mobility: student exchanges, joint labs, academic partnerships
- Immigration pathways: talent attraction from Indo-Pacific economies
- Cultural diplomacy: arts, language, and civil-society exchanges
- Diaspora engagement: leveraging Indo-Pacific communities in Canada as economic and diplomatic connectors
- Development cooperation: governance, climate resilience, inclusive growth

Annex - Canada’s Indo-Pacific Strategy implementation

I. What’s Working

- Presence & signalling: Stronger diplomatic, military, and ministerial engagement with Japan, Korea, ASEAN, and India.
- Security & defence: Regular naval deployments; expanded maritime domain awareness; deeper defence diplomacy.
- Critical minerals partnerships: MOUs and supply-chain agreements with Japan, Korea, and the U.S.
- People-to-people mobility: Growth in education, research, and talent pathways, especially with India and ASEAN.

II. Where Progress Is Slower

- Investment attraction: Interest from Japan and Korea is high, but large-scale capital inflows remain limited.
- Infrastructure delivery: Ports, rail, transmission, and mineral-processing capacity have remained bottlenecks.
- Trade diversification outcomes: Market access has expanded, but export patterns remain U.S.-centric.
- Whole-of-government coordination: Defence and diplomacy have moved fastest; economic and infrastructure pillars lag

III. Assessment

- Canada has built the architecture of an Indo-Pacific strategy — presence, partnerships, credibility — but the economic engine (investment + infrastructure) is still catching up.
- The next phase requires execution, not just new announcements.