



## Canada and Coronavirus

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*Despite a delayed reaction following the outbreak of the COVID-19 pandemic, effective cooperation between Justin Trudeau's federal government and provincial officials contributed to a slowdown in the spread of the coronavirus (SARS-CoV-2). The anticipated deep economic crisis, combined with plummeting oil prices, induced by the pandemic may limit Canada's activity internationally, especially resulting in downsizing its overseas presence and forgoing technical plans to modernise its outdated armed forces.*

**Canada's Pandemic Response.** The federal government reported the first case of COVID-19 on 25 January. The number of infections has since risen to 25,680, with 780 deaths and 7,758 recovered. Quebec, Ontario, Alberta, and British Columbia are among the provinces most affected. Initially, coronavirus infections were only diagnosed in people returning from countries most affected by the pandemic—China, Iran, and Italy. The Canadian authorities limited themselves to suggesting that those showing virus symptoms voluntarily self-quarantine in their homes for 14 days. President Donald Trump's decision of 2 February to close the U.S. borders to foreign travellers who had been to China prompted a debate in the House of Commons over introducing similar restrictions. However, [to avoid worsening the already tense relations with China](#), Trudeau did not take this step and instead remained vocal in recommending voluntary self-isolation. Only after 16 March did Canada close its borders to international traffic, with the exception of citizens returning home. No injunction banning moving about was implemented. Trudeau limited himself to appealing for self-discipline among the public and promoting a social-distancing campaign, suggesting that these restrictions would be the long-term strategy to combat the pandemic. In these circumstances, the Public Health Agency presented the most optimistic coronavirus scenario predicting that about 10% of Canadians will be infected, with the number of deaths ranging from 4,400 to 44,000 by the end of the pandemic's first wave, expected by the summer.

The federal government's delayed reaction caused a wave of criticism from the opposition, which accused it of neglecting the situation and failing to take decisive measures to fight the virus. Nonetheless, there has been only a relatively moderate increase in infections and a low death rate. This is partly due to the health service reforms introduced after the SARS epidemic in 2003 when Canada recorded the largest number of infections outside of Asia. The most important reforms were appointing a Public Health Agency responsible for monitoring epidemics throughout the entire country and introducing basic epidemiological procedures in hospital emergency rooms. Still, as in other countries, a key problem facing Canada is the inadequate supplies of equipment for medical personnel and potential lack of ventilators.

In coordination with provincial officials, Trudeau refrained from announcing a federal state of emergency for the entire country. This would have meant increasing far-reaching federal competences at the expense of the provinces. At the same time, and based on local legislative powers, all Canadian provinces and territories invoked states of emergencies, differing in the restrictions depending on the level of infections. In Quebec, where the epidemic has spread very intensely, Premier François Legault introduced additional

measures increasing public restrictions in his province, including monitoring inter-regional traffic and stepped-up controls at the U.S. border where additional medical screenings are conducted on Canadians returning home.

**Plans to Rescue the Economy.** The restrictions to slow the spread of the coronavirus already have had serious consequences for the country's economy. In March, Canada registered more than a million jobless citizens, increasing the unemployment figures from 5.6% in February to 7.8%. Following in the footsteps of the U.S. Federal Reserve, the Bank of Canada cut interest rates twice (to 0.25%). In addition, [the collapse of oil prices stemming from the rivalry between Saudi Arabia and Russia](#) severely hit the Canadian oil sector in Alberta and the exchange rate of the Canadian dollar, which is at its four-year lowest. For these reasons, a recession is expected in Canada, with pessimistic forecasts indicating the possibility of a fall in GDP in the second quarter by up to 24% and unemployment of over 11%.

To save the economy, parliament adopted a series of stimulus packages worth about CAD 202 billion (over 8.4% of GDP). They consist of, among others, direct payouts of CAD 2,000 monthly for up to four months to individuals who have lost their jobs because of the pandemic (jointly CAD 52 billion), discounted loans and bailouts for businesses (CAD 27 billion), help for the oil sector (CAD 2.5 billion), and CAD 13 billion for provincial and territorial welfare funds. The government's business package (CAD 73 billion) envisions supplementing up to 75% of employee salaries in order to prevent mass layoffs. More than 3.8 million citizens applied for direct payouts during the first phase of the programme (from 15 March to 11 April). In addition, provincial officials in Quebec and Ontario expanded financial assistance for small- and medium-sized businesses (SMEs) and to strengthen the health services. Before suspending proceedings on 14 March, parliament ratified at an extraordinary pace the new free trade agreement with the U.S. and Mexico (USMCA/CUSMA), which goes into effect this July.

**Foreign and Defence Policies.** Despite previous tensions and unresolved issues, the pandemic forced tighter cooperation between Canada and the U.S. After six months of vacancies, new ambassadors were appointed in Ottawa and Washington. The neighbours also quickly decided to close their borders to non-essential travel (for 60 days), with the exception of the transport of goods. However, Trump's demand to block the export of about 3 million 3M respirator masks to Canada in the face of growing needs in the U.S. elicited sharp criticism from the Canadian federal and provincial governments. Even though the two-week dispute was resolved and the masks were eventually sent to Canada, Trudeau turned to China to ask its authorities for help in acquiring medical supplies and personal protective equipment and Canadian diplomats directly connected Chinese companies with customers in Canada. Additionally, Trudeau issued Canadian companies special grants to temporarily reorient their production capabilities toward making supplies and equipment (for example, to increase the number of ventilators nationwide from 5,000 to 30,000) and coronavirus tests.

Following a sharp increase in infections, Chief of the Defence Staff Gen. Jonathan Vance put 24,000 soldiers and reservists on standby to quickly assist in providing humanitarian aid if the situation in Canada worsened. The decision forced a temporary reduction in the number of troops participating in foreign missions. The planned April rotation for the Canadian training mission in Ukraine will decrease from 200 to only 60 soldiers. In Iraq, Canada's NATO-training mission was reduced from 500 to about 100 troops. However, the full contingent (540 soldiers) in the NATO multinational brigade in Latvia will be maintained. The decline in military presence worldwide is accompanied by efforts in other forums to maintain Canada's image as an internationally engaged country. In total, the federal government allocated CAD 159.5 million to the UN and the WHO for the global pandemic fight. The aim of this is to strengthen Canada's candidacy for non-permanent membership of the UN Security Council for 2021-2023.

**Conclusions.** The reactions of Trudeau and the provincial authorities moderated the increase in coronavirus infections. Polls show a rise in support for the prime minister from 35% after last year's federal elections to 54%. Regardless, the combination of the pandemic and the oil market crisis may have catastrophic consequences for the Canadian economy. In such a [situation, investments in military capabilities will be delayed](#), especially modernising the air force (replacing the ageing American CF-18s with F-35 fighter jets), navy (updating the fleet of the 30-plus-year old Halifax-class frigates and Victoria-class submarines with newer models) and the Canadian network of the North American aerospace early warning and defence system (NORAD). Canada's involvement in international training and stabilisation missions around the world might also diminish, yet it will not limit its commitment to NATO's Eastern Flank, primarily due to the perceived threat from Russia.