



Canada Increases Indo-Pacific Activity —Consequences for NATO

Paweł Markiewicz

Justin Trudeau's government seeks to increase Canada's influence on security in the Indo-Pacific with the goal of decreasing any possible risks of a crisis erupting and threatening Canada's economic interests. The country's engagement in the region will strengthen its position as a key ally of the U.S. However, this will occur at the cost of attention and activity in Europe, which stands in contradiction to its NATO declarations.

In August 2023, Canada sent two additional frigates to the Indo-Pacific area, where thus far only one rocket frigate appeared regularly. One of the warships (*HMCS Ottawa*) will be in Southeast Asian waters for five months and the other (*HMCS Vancouver*) in northeast Asia where it will be part of the U.N. mission to monitor sanctions on North Korea. Increasing military activity in the region is part of Canada's Indo-Pacific Strategy (CIPS) published late last year. The goal of this regional policy is to strengthen Canada's security in the face of increasing threats from China in cooperation with partners and allies in key areas, including military, economic, energy, and social.

Threats from China. CIPS describes Canada as a "Pacific country" that aims to co-create a "peaceful, prosperous, and balanced" region. Stability is key for Canada, especially in view of its economic interests. Four of Canada's top 10 trade partners are located in the Indo-Pacific—China, Japan, South Korea, and Vietnam. Canada is also one of the world's top five agri-food exporters, with 55% of it directed toward the Indo-Pacific. Canada bases its security above all on its close [alliance with the U.S.](#) and is attempting to adapt its strategy to [America's Indo-Pacific strategy](#), which recognises China as the greatest threat to the international order.

The Canadian strategy describes China as a "disruptive power". Canada sees its interests as threatened by [China's attempts to control](#) the South China Sea and the growing risk of [Chinese aggression against Taiwan](#), which could lead to a blockade of critical maritime communication lanes. China is also intensifying aggressive activity in Canada's

neighbourhood and directly against it. Last year, the Royal Canadian Navy discovered Chinese observation buoys in Canada's Arctic waters. In February 2023, [Chinese intelligence balloons](#) penetrated Canadian and U.S. airspace. Canada's threat perception is also influenced by [military cooperation between China and Russia](#), including armed exercises in the Arctic waters of the north Pacific (in September 2022 and August 2023). Canadian intelligence services blame China for conducting hybrid activity, including disinformation campaigns against federal parliamentarians during the [2021 federal elections](#). A majority of Canadians (69%) view China's aggressive policies as a threat to Canada's security.

Striking a Balance between the Pacific and Atlantic. Canada aims to strengthen economic cooperation mainly with ASEAN members, including through free trade agreements. It wants to increase supply-chain resilience on account of possible regional security crises. Canada is also one of five countries (with the U.S., the UK, Australia, and New Zealand) forming the Five Eyes alliance, which assumes close intelligence cooperation. Regardless, Trudeau announced that Canada plans to work closely with members of the [AUKUS partnership](#), including in the areas of intelligence-sharing and advanced technological development (for example, AI). This will serve to increase the capabilities to react to threats in the Indo-Pacific. A priority in the region is tightening relations with [Japan](#) and [South Korea](#) as both play a key role in defending maritime communication lanes in the north Pacific, an area key for Canada's security. These

PISM BULLETIN

activities will be supported by greater military activity in the region, which can be provided by the navy.

The Trudeau government allocated \$1.7 billion for CIPS, of which \$530 million is for developing the armed forces' capabilities in the Indo-Pacific. Of this allotment, 70% is designated for increasing the activity of rocket frigates (*Halifax* class) in the region, which participate in freedom of navigation operations (FONOP) in the Taiwan Strait. Modernisation of these ships is one of the primary [challenges of Canada's defence policy](#). The country also possesses 12 antiquated rocket frigates (30–40 years old), of which only six can conduct operational activities. The necessity for an increasing presence in the Indo-Pacific meant that in March last year—for the first time since 2014—no Canadian warship was present in European waters. The Liberal government's long-term defence strategy from 2017 envisioned replacing the frigates with 15 modern ships by 2025, however their production is delayed until at least 2030. Increasing threats from Russia and China, including in the Arctic, may also require a significant bolstering of Canada's submarine fleet. Canada has four submarines, but some estimates suggest that it should have 12, so six each for activity in the Atlantic and Pacific. That investment would cost at least \$44.2 billion. However, just 51% of Canadians view additional spending on military projects as key to increasing Canada's capabilities to defend its sovereignty and security. Although Canada is increasing defence spending (from 1.22% of GDP in 2022 to 1.29% of GDP in 2023), it is too small to ensure the ability to operate in both the Indo-Pacific and [Europe, also an area of strategic importance for Canada's security](#). The European Union is Canada's second economic partner after the U.S. As a NATO member, Canada is obligated by treaty to proportionally increase its security potential in the Euro-Atlantic area. Thanks to the Alliance it also strengthens relations with the U.S. and European allies.

Russia's aggression against Ukraine is viewed by Canada as an attempt at undermining the normative international order. Russia's success would increase the risk of a conflict with NATO in the future and might encourage China to escalate aggressive activities in the Indo-Pacific. From February 2022, Canada transferred or declared military

assistance to Ukraine worth \$1.5 billion. It also announced plans to increase its multinational battlegroup participation by an additional 15 Leopard 2 battle tanks and about 130 soldiers by spring 2024. Canada heads the battlegroup in Latvia and will transform it into brigade size.

Conclusions and Perspectives. Canada is one of America's few allies signalling that in the event of Chinese aggression against Taiwan or attempts to block maritime communication lanes, it will support activity associated with defending freedom of navigation. More Royal Canadian Navy activity in the Indo-Pacific will ease tighter relations with like-minded countries that have a common threat perception in the region—the U.S., Japan, Australia, and South Korea. Participation in FONOPs will affect Canada's image as a reliable ally determined to maintain regional order and stability. Within NATO, Canada will participate in consultations with regional partners. For the Alliance, Canada's cooperation with Japan, South Korea, [Australia](#), and New Zealand is not only a means of minimising the threats from [China](#) and North Korea but also of [increasing the importance of NATO in U.S. regional calculations](#).

Canada's insufficient funding of defence development means, however, that intensifying the country's presence in the Indo-Pacific will come at the expense of Canadian Armed Forces' activity in Europe. Canada can try to increase its presence in the battlegroup in Latvia to transform it into a brigade, which has significance based on NATO's new approach to defence and deterrence that demands the capabilities to react quickly and on a much larger scale in the event of Russian aggression. Limiting naval activity in the Atlantic—an area key to NATO's mission, making it easier to defend allies on the northern and southern flanks—indicates a failure by Canada in adapting to potential new challenges and threats. For this reason, its allies should maintain pressure on the country to increase its defence expenditures, which in accordance with the [Alliance's new declaration adopted at Vilnius](#), should be at least 2% of GDP annually. Allies from the Nordic region for example, can also tighten cooperation with the Royal Canadian Navy and Air Force through more frequent trainings in order to increase Canadian activity in the North Atlantic and Arctic regions, both key to national and transatlantic defence.