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Continental Shift? Rethinking Canadian Aid to the Americas

By Laura Macdonald and Arne Ruckert | September 16, 2013

Canada's relationship with Latin America since 1990 (when Canada joined the Organization of American States) has been characterized by a series of ups and downs, and can best be described as inconsistent and sporadic (Torres 2007). Periods of intense participation in hemispheric affairs have usually been followed by periods of withdrawal and disengagement, as seen in the aftermath of September 11th and during the Liberal government's turn towards Africa, both resulting in the demotion of Latin America to the periphery of Canada's diplomatic radar screen. As Jean Daudelin has aptly noted: "every 20 years or so, it seems, Canada rediscovers the Americas" (Daudelin 2007: 2).

Historically, levels of aid to the Americas were extremely low (from 0.1% of regional distribution of bilateral ODA in the 1950s to 11.9% in the 1975/6 –

1979/80 period) as a result of the limited ties between Canada and Latin America (although ties with the Caribbean were stronger). By the 1990s, bilateral aid levels to the Americas increased as a result of instability in the Central American region and democratization and liberalization throughout the Americas (Cameron 2007: 237). However, under the Liberal governments of Jean Chrétien and Paul Martin, Canada's role in the Americas was downplayed in both foreign and development assistance policies. In a 2007 article, John Cameron (2007: 230) documented CIDA's "relative disengagement from the Americas," in the context of a shift in Canadian foreign policy away from the Americas. The International Policy Statement issued by Martin's government in April 2005 explicitly committed Canada to a priority for Africa in Canada's development assistance, including a commitment to

double 2003-04 levels of ODA to that region by 2008-09 (Cameron 2007: 231). Also as part of the IPS, the government committed itself to increased concentration of aid, identifying a list of 25 “development partner” countries, largely justified on the basis of the level of poverty of the recipient.¹ Afghanistan, Iraq and Haiti, which had been prominent aid recipients, were removed from this list and classified as “failed and fragile states”; however four countries in the Americas which had been in the top 25 list of ODA (apart from Haiti) remained on the list (Bolivia, Honduras, Nicaragua and Guyana) (Cameron 2007: 233-4). Senior officials in CIDA told Cameron, however, that CIDA did not have much of a future in the Americas (2007: 235).² Nevertheless, overall aid levels remained relatively constant (Cameron 2007), reflecting a path dependency dynamic.

Since early in the Harper administration, Latin America and the Caribbean has been highlighted again as an area of priority for Canadian foreign policy, but reflecting very different motivations and framing strategies from those of the late 1980s and early 1990s. In various speeches and announcements, Stephen Harper has signalled a renewed interest in the region, and in doing so has articulated a foreign policy vision distinct from those of previous governments. The PM’s extensive visit to the region in 2006 demonstrated his rapidly growing

interest in hemispheric affairs, which was followed by the creation of a new secretariat within the Department of Foreign Affairs and International Trade tasked with developing a new Americas strategy. The resulting “Strategy for the Americas” focused on three “inter-dependent strategic objectives or pillars”: increasing economic prosperity, reinforcing democratic governance, and advancing common security (DFAIT 2011).

The Strategy was justified primarily in terms of advancing Canadian interests and values rather than contributing to poverty reduction or development of the region. The “prosperity pillar” was identified as the “keystone” of the strategy, in the context of growing trade relations between Canada and the Latin America. The proportion of Canada’s overall trade going to the Americas increased from 1.7% in 2004 to 2.6% in 2009 (DFAIT 2011).

As a result of the emphasis on the prosperity pillar, the main tangible outcome of the Strategy has been the signing of a series of free trade agreements with countries in the Americas. New FTAs have been signed with Colombia, Panama, Peru and Honduras.

CIDA has played an important role in the Americas Strategy, particularly in light of the fact that the strategy was from the beginning chronically under-funded. In this context, changes in allocation of ODA assume particular prominence, and CIDA did receive new resources to support aid to the region (DFAIT 2011). In 2009, Minister Bev Oda announced a new list of countries of concentration, which was seen to signal a shift in focus from Africa to the Americas as part of the government’s “aid effectiveness agenda”. 80 per cent of Canadian bilateral ODA would focus on these 20

¹ The list included 14 countries from Africa, 6 from Asia, 4 from the Americas, and Ukraine.

² Cameron also recounts the manipulation of the criteria for inclusion on the list of development partners so that countries outside of Africa including Latin American and Caribbean countries would not be almost entirely excluded on the basis of poverty levels (Cameron 2007: 236).

countries. Opposition critics referred to the policy as benefiting instead a “trade effectiveness agenda”. The new list included only 7 African countries, down from the earlier 14 and excluding some of the continent’s poorest countries, 5 Asian countries and 6 from the Americas (adding Peru and Colombia and including the whole Caribbean region instead of just Guyana).³ In particular, the inclusion of Peru and Colombia, both middle-income developing countries with which Canada has signed free trade agreements, and the exclusion of Nicaragua, a country with high poverty levels but not a signatory to a free trade agreement with Canada, seemed to signal a shift away from an emphasis on the needs of the poorest towards building relationships with countries that will benefit Canada’s commercial interests (Berthiaume 2009). It is also worth noting that Canada directs a considerable proportion of its multilateral assistance to the Americas through organizations like the Inter-American Development Bank (IDB), the Organization of American States (OAS), and the Pan American Health Organization (PAHO).⁴

Canadian development assistance to the Americas is not justified in terms of poverty reduction, social assistance or reduction of inequality, but primarily in terms of support to private sector development.

³ The other countries were Ukraine and the West Bank and Gaza.

⁴ Canadian assistance to these regional institutions has increased significantly: aid to and through the IADB increased from 6.6 million in 2000 to \$43 million in 201; for the Caribbean Development Bank from \$1.9 million in 2000 to \$28 million in 2010, for PAHO from \$5 million to \$19 million, and for the OAS from \$1 million in 2000 to \$12 million in 2010 (Blouin, Lopez Giral and Bhushan 2012: 15).

Overall, development assistance policies under successive Harper administrations have not thus far resulted in a significant increase in assistance to the Americas or reduction of aid to Africa. However, we have seen important changes in the ways in which aid is justified to the public, the designation of recipient countries in the Americas, and in forms of assistance.

This is an excerpt from a paper to be presented at the symposium “Rethinking Canadian Aid: Foundations, Contradictions and Possibilities”.

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