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Chair

Mr. Bernard Patry

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• (0905)

[Translation]

The Chair (Mr. Bernard Patry (Pierrefonds—Dollard, Lib.)):
Good morning.

With your permission, we will begin the meeting.

[English]

This morning, under the orders of the day, we have the international policy review. As witnesses we have, from Carleton University, Mr. Derek H. Burney, who is adjunct professor and senior distinguished fellow of the Norman Paterson School of International Affairs,

[Translation]

and also, from the University of Montreal, Mr. Jocelyn Coulon, Guest Researcher at the Centre d'études et de recherches internationales, CÉRIUM.

Welcome to both of you.

[English]

It's a real pleasure to have you here with us this morning.

I must apologize for not having the official opposition party here, the Conservatives, and also the Bloc Québécois. It seems for them the most important thing is politics, small politics and not real politics, because real politics is to do what we've been elected to do, which is to hear witnesses here.

You're most welcome.

We'll start with you, Professor Burney, please.

Mr. Derek H. Burney (Adjunct Professor and Senior Distinguished Fellow, The Norman Paterson School of International Affairs, Carleton University): Thank you very much, Mr. Chairman. As the Chinese would say, we live in interesting times.

First of all, let me say I'm delighted to be back before this committee. It's been at least 16 years I think since I've made an appearance before the committee, but it is good to be back.

I have to say at the outset that I'm not a big fan of policy reviews. It's my view that governments should articulate and lead and conduct foreign policy, and what they do is more important than what they say, and that words are one thing, but actions are another. As I said in a lecture I gave earlier this year, the Simon Reisman lecture, no country has reviewed, pondered, and consulted about its foreign policy more often and more openly than Canada. That in itself should be a message for caution to anyone contemplating

prescriptions. But what it really suggests is that there is an undercurrent of self-doubt in Canada about our role and our place in the world, and also a lack of leadership in articulating and implementing policies and programs that actually serve Canadian interests and reflect Canadian capabilities.

I think, Mr. Chairman, that there is also some hesitancy about how best to handle what is clearly our most vital relationship. It's what I call "the foreign policy conundrum" in Canada: how to reconcile the need, on the one hand, for constructive engagement on security, on commerce, on environmental and other issues, where most of our external interests are at stake, against the yearning, on the other hand, to be a different, less dependent, more distinctive entity in North America. It creates some obsession and some confusion with language, with terms like sovereignty, independence, values—terms that can be narcissistic, if not naive, in today's interdependent world. It's the difference between being a serious player and a dilettante.

I served in the department of what is now called foreign affairs for more than 30 years, and I saw varying approaches, and equally varying results. My views, such as they are, reflect that experience—15 years at headquarters, 15 years outside of Canada, spent primarily in Asia and the United States. I believe Canada's foreign policy objectives should be straightforward enough. We seek a prosperous, more secure Canada in a stable, more humane world. In my Reisman lecture, I emphasized the need for more coherence and less pretence on policy and on the instruments and the resources dedicated. I won't elaborate, but I'll be happy to respond to questions.

The reality is, the world doesn't stand still waiting for Canada's latest round of self-reflection. Issues and events evolve, demanding actions or reactions. Travelling Canadians need assistance. Canadian exporters want advice and better and more secure access for their products. There is no shortage of peacekeeping or security challenges, and certainly an increasing need for plans, for ideas, and for resources to alleviate poverty and disease in developing countries.

But complacency towards the United States should never be an option. I believe fundamentally that we can walk and chew gum at the same time on the world stage; that is, that we contrive to improve relations with the United States while contributing more tangibly to global stability and prosperity. These are not incompatible objectives, but we need to get the basics right.

I believe in the foreign service as a professional career and a source of pride for Canadians. It can be a magnet to attract good people to public service, and it should not be used indiscriminately to serve other purposes. There's a message there too, Mr. Chairman.

Having said that, and with no disrespect to the authors of the recent international policy statement, both the internal and the external authors, I state in my brief review, which I believe the committee has, that the recently released statement offers a sensible, if somewhat airy, blend of realism and idealism for Canadian foreign policy.

The strength of the statement is a belated but welcome call for more focus and more commitment, particularly in official development assistance, in the modernization of the long-neglected Canadian Forces, and on North American security, including the renewal of NORAD. The weakness lies in the continuing reluctance to acknowledge the need for a comprehensive integrated approach to the management of our most vital relationship, one that demands repair before we can contemplate any semblance of revitalization.

The most serious external threats to Canada's well-being, Mr. Chairman, are the increasingly protectionist sentiments of the United States Congress and the potentially negative fallout at our border from a security breach or a new terrorist strike. The proposed prescriptions in the statement offer a workman-like, piecemeal agenda for officials, echoing recent press releases, but they convey neither the appetite nor the conviction for high-level political engagement.

• (0910)

Real, effective leadership requires signalling top priority confidently and clearly as to the manner in which we manage relations with the United States. Fundamentally, for Canada it's a choice between engagement and irrelevance, between tackling hard issues vital to our well-being and dancing on the periphery, and between leading and advancing our long-term interest and following the short-term whims of public opinion.

Talk of greater integration or coherence contradicts the more evident fragmentation of foreign policy delivery instruments, whether through the pointless decision to split the integrated Department of Foreign Affairs and International Trade or through the subcontracting of vestiges of foreign policy to the provinces. Nor will adding more resources to consulates in the United States achieve much if the substance of our relations is skewed by inexplicable decisions on basic policy in Ottawa.

This leads me to a strategy or a series of prescriptions—which I would happily share with you—in terms of what I would like to see happen with the United States. First and foremost, we should move quickly to renegotiate NORAD and to re-establish a platform of trust and respect for the defence of our continent and for an enhanced approach to counter-terrorism. If anybody doubts that this is a priority concern in Washington, yesterday's events in that city prove the point.

We need more dialogue, not less. We need more systematic engagement at the top, more discipline, and fewer knee-jerk, anti-American reactions. When Lee Hamilton says in today's *Globe and Mail* that this is a serious situation for both governments, let me tell

you, that's a message we should take to heart. This is a very sensible, veteran U.S. congressman who's not given to making statements of concern cavalierly.

We need new commitments and investments using innovative technologies to better secure and ease congestion at our border. Ontario is losing \$10 billion a year because of congestion at the border; New York State is losing almost the same amount. Both governments have a need to address this situation with more than committees and more than press releases.

The energy sector, Mr. Chairman, cries out for high-level attention and direction, and this is a Canadian strength in North America.

On trade, we could pursue common, harmonized standards to alleviate some of the inefficient paperwork and procedures that retard shipments and cause congestion unnecessarily at the border. We could also negotiate common external tariffs to reduce if not eliminate rule of origin impediments to manufacturing in what is increasingly an integrated North American market.

On the environment, in the spirit of Kyoto we could be negotiating real reductions to greenhouse gas emissions right here in North America, providing common standards and common commitments. This would be better for our environment as well as better for our economy.

None of these moves would compromise our sovereignty. All would strengthen our ability to meet the challenges of globalization and the pressures from competitors that have stronger convictions and expanding capabilities. This, Mr. Chairman, should be the top priority for any Canadian leader.

We face huge challenges in the next decade. We have coasted for decades on the richness of our resources and the economic oxygen of our ties with the all-powerful southern neighbour. But the easy life at home and the detached, highly sentimental attitude about our place in the world are not preparing us for the complexities of globalization or for competition from those with stronger convictions and capabilities. We may be entering a golden era, as the statement described it, for our resources, but the climate for competitive manufacturing operations in Canada is deteriorating in the face of an appreciating currency, lagging productivity rates, and declining levels of investment.

Our exports to China, to Japan, and to the emerging powers are not matching those of our natural competitors, notably Australia. Ambitious estimates about the potential for trade relations with these countries mask the meagre results we've had to date from protracted yet uncompleted negotiations with smaller entities. If we expect to keep pace, we will need the courage of our convictions—which is the essence of leadership—and some concrete prescriptions for action that would actually match the dire flavour of much of the analysis that is in the international policy statement.

There is of course much more to the Canadian foreign policy than the manner in which we choose to manage our most vital bilateral relationship, but it is not a zero-sum game. If we are unwilling to engage systematically and forcefully those with whom we have the most at stake, it's even less likely, in my opinion, that our global aspirations will stimulate much resonance.

● (0915)

Thank you.

The Chair: Thank you, Mr. Burney.

I want to point out to my colleagues that Mr. Burney was Canadian ambassador to the United States from 1989 to 1993.

[*Translation*]

Mr. Coulon, please go ahead with your presentation.

Mr. Jocelyn Coulon (Guest Researcher, Centre d'études et de recherches internationales (CÉRIUM), University of Montréal) Thank you, Mr. Chairman, for inviting me to appear before your committee.

[*English*]

I will speak in French.

[*Translation*]

Obviously, I do not have Derek Burney's experience either in the Foreign Affairs Department or in the positions that he has held abroad over the past few decades. Mr. Burney has a vast experience and has been very active and involved in foreign affairs. The message that I would like to leave you with this morning is more of a general impression about policy and the International Policy Statement. I will compare Canada's new policy with the one that was issued in 1995, since when we look at such a document, we need to keep in mind what it is replacing. We need to use both documents in order to determine whether there has been progress and whether the two statements are similar or go in different directions.

My first impression is that the Prime Minister and his government have passed the test in drafting this foreign policy statement. It is not an easy task, as indicated by the number of pages on each of the various aspects, the huge effort involved in preparing it, and also the analysis of the issues raised in this foreign policy statement.

Of course, it will give rise to comment and certainly to criticism, in particular from those that call themselves Canadian nationalists, whoever they are.

In producing a realistic foreign policy, Paul Martin is bringing Canada back in line with its true place in the world and acknowledging the limits of our influence. It can be said that since

the glory days of Lester B. Pearson, in the 1950s and 1960s, Canada has always wanted to offer a great deal to the whole world—probably much more than its modest means could allow. As Canada's influence on the international scene declined, its objectives, with respect to foreign policy, defence and development assistance became pretentious, vain, and in the end, laughable.

For example, the lofty promises about Canadian military intervention capabilities abroad that were contained in the 1994 White Paper on Defence were not viable even a few weeks after the document was published.

In 1995, the Liberal government issued its foreign policy statement. It was the first one issued by that government. The tone—some of you may remember it—was blatantly moralizing and activist: Canada would fight every fight, defend the widows and orphans, remind the great powers of their responsibilities, and set objectives and quotas to be met. There was even the famous but hackneyed phrase about Canada being a non-colonial power, a champion of constructive multilateralism and the effective mediator. History has somewhat dulled this idyllic vision of our presence in the world.

The new International Policy Statement is crafted quite differently, in both form and substance. We are spared the emotional bombast about our indispensability, and the focus is instead on what Canada can really accomplish on the international scene. This policy has the merit of stating things clearly and establishing a balance between rhetoric and means. The Canadian government is not promising anything that it cannot be reasonably sure of delivering. Some people will no doubt be disappointed by the modest scope of the ambitions expressed, but it is better to proceed cautiously rather than to look ridiculous once again.

The Prime Minister obviously wanted the new statement to be a collective and substantial effort by his government; it is. Paul Martin and four of his ministers—Foreign Affairs, International Co-Operation, National Defence and International Trade—have signed the document. Although each one has wanted to leave his or her mark, all have the same priorities, in the same order: security and multilateralism.

● (0920)

This hierarchy of priorities highlights Canada's genuine interests. September 11 changed things at the international level. And that is all the more true for Canada because its neighbour, the United States, has made security the alpha and omega of its foreign policy. So Canada has no choice but to fall in step, but it is doing so in its own way.

Ottawa sees security as something more than a war on terrorism. It is also about building a world where protecting individuals, non-proliferation of weapons of mass destruction, respect for human rights, aid for developing countries and responsible reaction by people around the world to environmental threats are at the heart of our desire to live together and our well-being. That is the idealistic and certainly Wilsonian part of this statement. We would be wrong in thinking that it was just more rhetoric.

The Prime Minister has provided the resources needed to implement his vision. His first priority is rightly Canada's relationship with the United States. In the security, military and trade areas, that relationship will be strengthened and deepened through increased funding for defence, closer cooperation to ensure border and continental security, and simply procedures to ensure a smoother flow of people and goods across the border.

Canadian nationalists will no doubt be irritated, but wrongly so, I believe. Canada has everything to gain in developing closer ties with its neighbours to the south. When we look at our relationship with the United States, historically, we have always benefited from strengthening our economic and political ties with that country.

As important as that relationship is, it is not sufficient in itself to ensure Canada's influence in the world. The Prime Minister has understood that, and his second priority is to listen to the world. He understood that it is not by launching a thousand initiatives that Canada will really count on the international scene. Development assistance will be increased, but it will now be targeted at 25 countries. In my opinion, that is not the most important point. The Prime Minister's major ambition is to place multilateralism on a new footing. Existing international organizations need to be revitalized and to respond to the need for security and prosperity of both individuals and states.

Canada has always been well served by multilateralism and continues to count on the system of international organizations to make its foreign relations more human and more fair. This is one of the reasons that the Prime Minister proposed the creation of a group of 20 developed and developing countries, whose role would be to discuss the most pressing issues. That task has been appropriated by the members of the G8, which is certainly a powerful forum but a very exclusive one that is limited to the western powers.

When I read this document and finished analyzing it, I concluded that the government had given itself a good road map to enable Canada to play the role that it should in the world. It will now need to take charge, and that will mean facing up to its friends, of which some, in particular the United States, will place obstacles in its way.

I hope that this Foreign Policy Statement will be a viable one and that it will be implemented on an ongoing basis by this government or other governments, since it is really a very good policy for Canada.

Thank you.

• (0925)

The Chair: Thank you very much, Mr. Coulon.

We will now go

[*English*]

to the questions and answers. We'll start with Ms. McDonough, please.

Ms. Alexa McDonough (Halifax, NDP): Thank you very much, Mr. Chairman, and thank you to both of our witnesses for being here. We hope it doesn't feel like less than a good use of your time because two parties are not represented. We thought we were sent to Ottawa to do our work, so that's what some of us are continuing to do.

I have to say, as I listened carefully, particularly to Mr. Burney's presentation but also to some extent to Monsieur Coulon's as well, I felt really quite a sense of unease about the characterization of the aspirations that are often articulated, not just through government policy papers but I think through submissions from Canadians again and again. Your characterization of the aspirations is sort of pretentious and vain. I want to get at that a little bit, because it seems to me that we have again and again articulated policy objectives, and then the government has fallen very short of delivering on what would be needed to actually achieve those policy objectives.

I could use a couple of examples. I don't want to be too general.

We signed on to Kyoto, unlike our American neighbours. We said we would reduce greenhouse gas emissions by 20% by today, and they've gone up 20%. We still have no effective Kyoto plan.

On ODA, Canada has been the standard bearer of 0.7% ODA. Do you find it vain and pretentious for us to state that? It seems the problem is that we don't then develop the implementation plan and actually deliver.

It's not like neither Kyoto nor ODA objectives are attainable, because other countries are actually, having articulated them, moving on them. So I'm trying to get at whether the problem is not perhaps as you've stated it but rather the articulation of policy objectives that again and again the government doesn't deliver on.

I want to go to a third fairly specific example, because perhaps it's more useful to talk concretely. I represent the city of Halifax. I'm very proud to represent the city of Halifax. A little over a year ago there was the biggest highly orchestrated pre-election public relations rally around Canada's new commitment to strengthen our port security. It was disgusting, and there's no other word for it. It was such blatant, blatant PR, a big announcement about Canada developing our port security enhancements, the need for it and the commitment to do it.

I happen to believe it is very serious for us to improve our port security. When all is said and done, of the first round of \$115 million for port security, Halifax, the third largest port in Canada, got \$220,000. They were denied any money for measures that they had already taken to be responsible, incurring quite heavy expenditures, including a highly sophisticated, modern technical patrol vessel. They were out ahead saying, "We need to do this, and we're doing it."

So I'm still trying to get from both of you a sense of whether the problem is Canada stating pretentious and unrealistic objectives, or whether the real problem is a government that doesn't deliver on those in terms of actions and resources to carry out the action.

• (0930)

[*Translation*]

Mr. Jocelyn Coulon: Ms. McDonough, I am unable to answer all aspects of your question, particularly the ones specific to Halifax and its airport or port.

When we say that the government publishes pretentious and vain policy papers, that pertains first of all to the language used to describe not only Canada's position in the world, but its positioning in this world, the way that the world should operate in the eyes of Canada.

You know the expression: "the world would be better if there were more Canadas". Obviously, the world does not work like that. Canada is a young country compared to a world that has a great deal of history, that has its own codes and its own social, political and economical development.

Accordingly, these papers, especially the one produced in 1995 and to some small extent the one that came out this year, are somewhat pretentious as Canada practically views itself as the source of good. Does that mean that all the others are evil? That is another question.

Hence it is pretentious in that it is declaratory, and vain in that there is continuous talk about adopting, and this is particularly evident in the 1995 paper, quotas, benchmarks, parameters. For example, we set an objective of allocating 0.7 per cent of GDP for official development aid, which we never reached. So why insist on quotas, percentages that must be met, objectives which, in my opinion, are unrealistic and do not necessarily reflect what we can and should do internationally?

We do have some means with respect to official development aid. Perhaps they should always be improved. But why set this type of objective that we cannot achieve?

In my opinion, the 2005 position paper makes no mention of these quotas, objectives or parameters precisely because the government wants to avoid being accused of not respecting them. That seems to be prudence itself.

That is the answer that I can give you.

• (0935)

The Chair: Mr. Burney.

[*English*]

Mr. Derek H. Burney: Well, I certainly agree with Mr. Coulon's last comment, in the sense that I do think the international policy statement is more realistic than many had expected it to be, and this may be part of the reason it took so long to come out. But I think you're tending to reinforce some of the things I said.

I think we've either set objectives or we've set rhetorical standards for ourselves in the world that we have not lived up to. As a result, we've been seen...and I hate using the kinds of terms you use, but those are terms that others use about us. I see it as being narcissistic. That's the term I use. We look at ourselves in the mirror and think we're much bigger than we are.

Words can be elusive; actions are what count. Actions are what people recognize, and when we do not act in the manner that we

speak, it is noticed, and we are looked upon as a dilettante, as not a serious player in the world. I could give you chapter and verse of this.

We talk of multilateralism as if it were an end in itself; it is not an end in itself. There's no glory in attending a multilateral institution or meeting if it isn't achieving anything, but we wear every meeting we attend as a badge of achievement. We mistake involvement for achievement, and others see that.

I could take each of the points you made.... On ODA, why are we reluctant to make a commitment to 0.7%? We are increasing our aid. The target is 2015. I can tell you, the Europeans don't hesitate in making predictions or targets, even if they have no intention of meeting them. Now that's a very different game; that's a different kind of narcissism. But I don't understand why a government that is awash in my taxes can't make a commitment to get to 0.7% by 2015. That would be consistent with Canadian policy, and I don't see why the government is reluctant to do it.

You mentioned Kyoto. I gave you my answer on that. I think Canada was naive at the Kyoto negotiations. The Americans didn't sign. Everybody thinks that was a George Bush decision. That wasn't a George Bush decision. The U.S. Senate voted 98 to 2 against the Kyoto treaty. I wonder why. It was because the commitments that are being imposed on Canada are far more severe than on any—all—of the Europeans put together.

If we were smart, instead of appearing to be noble, with good intentions—and our intentions were pure; they always are. We will sign any international agreement if it sounds noble. It's when we have to deliver that we fall short. As you said, we would have been better, in my opinion, challenging the Americans to make commitments right here in North America to reduce greenhouse gas emissions. That would have been better for the world; that would have been better for us.

That's what we did, you'll remember, on acid rain. We talked about acid rain with the Americans for a decade. We talked and talked and talked. We never did anything. We finally challenged them with special emissaries, and we said, look, if you're prepared to make commitments to reduce SO_x and NO_x emissions by 50%, we will do the same. After a while...it took a lot of effort. It took a lot of effort with the administration. It took a lot of effort with the U.S. Senate, which was very dubious about our motives.

We're not seen as boy scouts in Washington. We may perceive ourselves as boy scouts in the world, but others see us as having our own interests. The Americans were concerned that we were trying to protect our access to their market by proposing acid rain reduction. Anyway, I won't get off on a tangent.

My point simply is, what is practical? What is achievable? When you do things that are practical and achievable, you get recognition in the world. You are recognized as a serious player. A long-standing objective of the Canadian government hasn't been multilateralism as an end in itself; it has been to keep the United States engaged in the multilateral system, whether it's the security system, the international trade system, or the United Nations, because the alternative is unilateralism, isolationism.

And let me tell you, if the Americans are not committed to multilateralism, all the efforts that Canada makes and all the meetings we go to and all the associations we attend won't amount to a hill of beans. We can have influence in helping keep the Americans engaged in the WTO, in NATO, in the organizations that are vital to our security and our prosperity.

If we take our eye off that ball, I think we're looking in the mirror again. The worst label—the worst label—a foreign diplomat can put on a Canadian is, “You're naive”. That's the label we get too often, and I don't like it.

But I don't feel strongly about it.

Voices: Oh, oh!

• (0940)

The Chair: Thank you, Mr. Burney.

Ms. Alexa McDonough: I'd like to come back to that.

The Chair: You'll get a chance, I'm sure.

We'll go to Mr. Eyking, please.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Mr. Chairman, and I'd like to thank the witnesses for coming.

My questions are mostly for Mr. Burney.

In your comments, there is a lot of doom and gloom on the way we're handling our international relationships, but if that's the way you see it, I guess you might as well call a spade a spade.

I'm not going to do much preamble. I'm going to ask you three questions.

One is on the emerging markets. I know you're very focused on our trade with the U.S., and yes, it is important; it's a major part. We are also looking, in the trade department, at trying to spread our risks out, I guess, and look at the emerging markets.

So my first question is, how should we be doing it? Should it be different from the U.S.? Should we have a different approach? It's hard for our companies to get engaged in those areas because of our closeness to the U.S. border.

The other thing is about our policy review and the thinking of having trade split off and be more focused on their own. There are other countries that are doing that now, apparently to make the department more reactive, quicker, more focused. So I want your views on that.

I have a third question. I've read Lee Hamilton's article and listened to you, and there are a lot of complaints on the way we handle the U.S. How should we be handling the beef and lumber disputes differently? We've done everything we can, I guess, besides

going down there, visiting them, and getting involved more. But should we be a little more forceful? Should we be using the WTO ruling?

How much risk is there in our being more of a tough guy?

Mr. Derek H. Burney: On the emerging markets, I think we make a mistake in assuming that Team Canada junkets are the way to go after those markets—putting a whole herd of businessmen on a plane with a bunch of ministers and officials, dropping into a country for three days, making a big splash, signing a bunch of contracts, and then going away. I'm sorry, it is not enough.

I'm not saying not to do it. In a market like China, it has a modest effect. But there's got to be a follow-on. Take the example of Australia, please. Their exports to China have increased over 50% in the last three years; ours are up 17%. They're our natural competitor; they're selling China the same products we are selling. How do they do it differently? They have a comprehensive strategy vis-à-vis China. It's not just trade; it involves other elements as well. They are attracting Chinese students to Australian universities, and they're giving those students the opportunity to stay in Australia afterwards, if they want to.

To a point, it represents a collective effort. But interestingly enough, the Department of Finance was not referred to at all in the international policy statement, and the Department of Finance controls our contributions to the multilateral financial institutions. The Department of Finance has a crucial role in determining official development assistance, and yet there's no reference in the paper to the role. Anyway, that's a sidebar.

I'm saying you need a comprehensive strategy to deal with a country like China. You will not achieve your objectives simply through trade junkets; they are not enough. The Australians are trying to negotiate a free trade agreement with China. What are we doing? We're not negotiating; we're not engaging the Chinese in a manner that shows we see their potential. I happen to think that China offers both the greatest potential and the greatest risk in future decades.

We need a selective, comprehensive strategy for those emerging markets. We can't just assume they'll respond simply because we have resources they need. We have to do more.

We should of course be doing some things in partnership with the United States, because of NAFTA, but that doesn't mean we have to do things exclusively with the United States. We should have initiatives directed at China, Brazil, and other countries.

Australians don't let their states go off willy-nilly, visiting China according to their whims. Every visit that goes from Australia to China operates under what they call a "single country strategy", a single-focus strategy. We go the other way. If the provinces want to send missions off, we support them. If they want to do something else, fine, we support that too. Let me tell you, it creates a lot of activity but not much in their way of achievement. I could go on, but I won't.

On the split, I have strong views. I went through the integration of the department back in 1982-83. That came from heaven. Nobody in either department asked for it. But the central agencies decreed that this was the way the government should be restructured. Over a period of 18 very difficult months, we started to make it work. Within three to five years, the Department of Foreign Affairs and International Trade actually started operating as a single unit.

Take it apart again? For what purpose? What's the objective that this is intended to achieve? Recognize that it's going to create policy paralysis for 18 months to 2 years. You're going to see turf fights galore inside that department. I've gone through enough of these in my life to know that it's a recipe for paralysis, not achievement. If the objective is to create a stand-alone, powerful department of trade, this is not the way to do it. You mentioned that other countries were splitting. I'm sorry, they're going the other way. Other countries are moving to combine the two. Trade is central to Canada's foreign policy. We are vitally dependent on trade.

If you want a stand-alone trade department, then give it the tariff. Give it the trade remedy powers that are in other departments today. Then you might have a powerful department. It doesn't have much power today. Agriculture probably has more people dealing with trade than Foreign Affairs and International Trade.

So what was the objective? Was it to make the minister stronger at the cabinet table? Well, I can tell you, Mr. Lumley didn't have a problem with that—neither did Mike Wilson or John Crosby. They didn't need a separate department to give them weight at the cabinet table.

• (0945)

It doesn't come with a structure. It comes with the individual.

I can only say that it's also demonstrated in the private sector that restructuring very seldom meets the intended objectives. More often than not, you get a non-result. As this is going forward, I guarantee that you're going to get a non-result. You don't just rearrange the deck chairs at Fort Pearson and have something new come out of it.

As I say, if you want a strong Department of Trade, this is not the way to do it. If that was not the objective, then what was? Which constituency that those combined departments were serving wanted a change? To me, this was a classic example of if it ain't broke, don't fix it. Who was asking for the change?

Lastly, on beef and lumber, you realize that lumber goes back to the 1820s. This is not exactly a new issue. I really have no quarrel with the way the Canadian government is handling itself on this issue. I recognize, as I'm sure you do, that this is a provincial matter and a matter of provincial jurisdiction. Our provinces have very different views and priorities in terms of what kind of settlement they would want. Within the provinces, the industry itself is divided.

The role of the federal government on softwood lumber is a very tenuous one. When we used to have meetings in the embassy in Washington on this subject, we had to have it in the auditorium because of the number of lawyers who were involved. They numbered in the hundreds because they represented the provinces and the individual companies.

The problem on softwood lumber is the Americans. It's the Americans who are abusing the existing dispute settlement system and abusing it with great abandon. We should be holding their feet to the fire on this. Instead, we seem to be moving towards yet another managed trade settlement. In other words, we're going to sue for peace because we want to get the thing resolved and we don't want to spend a lot of money on lawyers.

I can understand that motive. We've gone through this five times in the last 20 years. I have no criticism whatsoever of what the government is doing. I think it's up to the government to negotiate the best consensus they can with the provinces and industry.

If they choose to stand and fight, as I hope they would, that's fine. If they want to settle, that's fine. But if we're going to settle, make sure there's an exit clause. Make sure we have a way of getting out of jail once we go in, because I don't like what I hear so far. The Americans are going to determine when we can get out of jail. In my mind, that's not an agreement.

The problem on beef, sir, is that we've now recognized the problem in dealing with the administration in Congress, but now the third element of the American system, the judiciary, has reared its ugly head and become involved.

On top of that, we have the U.S. Senate all agitated about it. The vote in the U.S. Senate is very strongly against us, which showed us where our real friends are in that body. They say science should determine the result. You know what that means. That's a euphemism. When people don't want to deal with the real issue, they try to pass it off as a scientific problem. It's not a scientific problem. It's the same as any other trade problem with the United States. We want the access and they don't want us to have it. It's a question of market share.

Again, I think the only way we can go about it is to systematically, forcefully, and consistently raise our concerns about this every time we talk to them. This is not good for their industry. Their industry is suffering as much from this as our industry is.

I have no real criticism of our tactics. I think we should recognize, however, that we now have a third element of the U.S. administration involved.

We used to have a meat inspector in Montana who stopped trucks on a regular basis. We finally invited him to our July 4 barbecue so that he could sample our meat and find that it was all right. He didn't come, but the boycott at the border stopped. You have to use every tactic you can to not let them get away with this stuff.

I'm sorry I went on a bit too long.

• (0950)

Hon. Mark Eyking: No, you did very well. I was hoping to debate with you, but that's not my role.

The Chair: No, there's no debate, Mark.

Hon. Mark Eyking: On retaliatory measures, you said we should put their feet to the fire on softwood lumber issues. Do you believe that's the way to go and we should ratchet it up?

Mr. Derek H. Burney: We are retaliating over the Byrd amendment, but we're long overdue. We should have been retaliating a long time ago. I'm sure those of you who sat at the cabinet table will know how difficult it is for cabinet to make a decision on retaliation.

I've been there and I know what happens. People ask if that means we're going to charge Canadians more for things they're going to buy. They ask if that's what retaliation means.

I'm only saying that when we have a case for retaliation, by all means, use it, but bear in mind the favourite tactics. For example, we're going to increase the tariff on orange juice by 50%. It comes from Florida. Isn't that right? If you try that at the cabinet table, they say people buy orange juice every day, so what can they do?

It's not as easy as it sounds. But if we have a legitimate case, where the WTO or a NAFTA panel can retaliate, then hit them.

[Translation]

The Chair: Mr. Coulon, would you like to answer as well?

Mr. Jocelyn Coulon: I would like to respond to the member and, at the same time, support what Derek had to say, particularly with respect to the idea that Canada should stand up to the United States on certain matters. I am not an expert on trade or financial issues like Derek Burney, but I do study international relations, particularly security.

I will use the examples of the war in Iraq and antimissile defence. I know that these are issues that divided Canadians. Perhaps even some of you were divided. I would go back a bit to the article by Lee Hamilton, who stated that our relationship is difficult at present and that we were experiencing tensions with each other. In my opinion, as far as the Iraqi crisis was concerned, what hurt Canadians most of all was not the fact that certain Americans doubted our alliance with the US. As far as the Americans were concerned, the criticisms or insults that came from certain members of Parliament or newspapers was not what hurt them the most. What was most hurtful was when the two leaders of the countries, through certain important members of their governments—and here I am referring more to the United States than Canada—started to bully and to not believe the good arguments put forward by the other side as to why it did not want to participate in such a policy.

For instance, I was especially shocked when I saw Ms. Condoleezza Rice appear on a television program, which has remained famous, where she practically denigrated, if not ridiculed, Jean Chrétien's position on Iraq before the war. Indeed, it is not appropriate to engage in insults or, even worse, intimidation at this level.

Secondly, I would point out the absolutely scandalous behaviour of the American Ambassador Paul Cellucci over the past two years. I know that he has gone now. I have been studying international relations for 25 years and I have never seen an ambassador from a great power conduct himself in this fashion in a country where he is accredited. On two occasions, Mr. Cellucci went so far as to challenge, not only Canada's position on Iraq or missile defence, but the very credibility of the Canadian Prime Minister.

I am sorry, but that colours our relationship with the United States. We can say all we want about the United States being our great partner, that they are our friends, but when our friends start insulting us, start denigrating and discrediting the Prime Minister of Canada, I think that they have crossed the red line. As Derek said, we need to know how to pick our battles. As far as that is concerned, the government did pick its battles. In my opinion, the government did not go far enough with Ambassador Cellucci but that is another matter. The same applies to missile defence.

So, Canada must not only courageously defend the positions it takes, but it must also know that it has the means to stand up to the United States. After all, we are the United States' biggest trading partner, right? I have heard Canadian industrialists say that if the United States got angry, they might shut down the border with Canada. Come on! Will American industrialists tolerate shutting down the border with Canada given that they import from their Canadian branches? They will be shooting themselves in the foot. So let's not be intimidated by that. Let us defend our positions, whether they be our trade or political positions, the best way that we can.

Thank you.

• (0955)

The Chair: Thank you very much, Mr. Coulon.

We will now turn the floor over to Mr. McTeague.

Mr. McTeague.

[English]

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Mr. Chair, in light of the very important testimonies that are being given here—and I must say, I'm glad to have been a bystander here for the past little while, because the exchanges have been very, very helpful—I wonder if you might see it appropriate, given that we have six members here, including a member of the opposition, that in fact this does constitute a matter that would allow us sufficiently to see this committee as forming and constituting a quorum.

The Chair: No, we don't have a quorum. Quorum is seven members. We need one member of the opposition. We're just five on the ministerial side.

Go ahead, Mr. McTeague.

Hon. Dan McTeague: With six here, that means we'd need one more member, Mr. Chair?

The Chair: One more opposition member.

Hon. Dan McTeague: Mr. Chair, you drive a hard bargain. We missed it by one. That seems to be the story of my life.

But I want to thank

[Translation]

the two witnesses who are appearing before us today. I know that your appearance is very important to the committee.

We have covered the main issues of the policy announced a few weeks ago. Our committee was somewhat impatient to hear what you had to say today. So thank you for coming.

[English]

I want to ask Mr. Burney first if he would find that the massive investment that has been made, well over \$10 billion and counting, on border security, and also with work on issues of congestion....

You specifically talked about the problem with Ontario and New York State. I presume, then, that you were referring to the crossing at Fort Erie—in particular, Niagara Falls—as being of great necessity. Perhaps rather than talking about it, the extension of another bridge would help. I wonder, given the state of security, whether even building two or three more bridges would be sufficient if we're going to continue running up against this wall of security.

You also talked about growing protectionism in the United States. I too am interested in that, and not just for commerce reasons.

That brings me to my real point on trade. I've often found it difficult working in Foreign Affairs, trying to reconcile how many departments within government actually have a foreign affairs component. Recognizing that globalization almost has within itself a necessity of specialization, I wonder whether or not a stand-alone department of trade in these circumstances would be more focused. The Australians are doing it, for instance, and they're very successful, notwithstanding their view of federalism, particularly when they're engaging trade.

I'd like, perhaps finally—and I realize there's a lot in this—your comments on the motion, or at least a private member's bill, by a Conservative member to, as it were, give what appears to be de jure recognition of Taiwan as a state. How would you see that as being helpful in terms of engaging China?

I understand you had a comment here just earlier with respect to China. I was very intrigued with that.

• (1000)

[Translation]

Mr. Coulon, do you feel that the big decision to not participate in the missile defence shield will have harmful consequences in the future for NORAD?

[English]

The Chair: It's supposed to be five minutes for the question and answer, but I'll be very open this morning. Take all the time you wish.

An hon. member: No quorum, no rules.

Mr. Derek H. Burney: I'll try to be brief, but these are all questions that would take more than a brief answer, and I hope you will permit me to be very quick.

On the issue of border congestion, as I understood your question, are more bridges the answer? I don't think it's the only answer, by

any means, because knowing the pace at which we get around to these things, it would take 10 years to get one built, even if we decided today that's what we needed to do. So I don't see adding bridges, either in Windsor, Fort Erie, or wherever, as the ultimate answer.

What I tried to suggest in my remarks was, in effect, trying to make the border part of the solution rather than part of the problem, trying to move the border back so that a lot of the paperwork that is now being conducted at the border can either be done through technology, eliminating the need for the truck drivers to be exchanging massive documentation at the border, or harmonizing standards and developing other ways to minimize, rather than exacerbate, the amount of paperwork and procedures we have to go through to get shipments across the border.

I'm not denigrating by any means the smart border measures that have taken place thus far. I'm just saying I don't think it's enough. I think the sense of urgency that we had post 9/11 has been dissipated. This is something where, if I ran the zoo, I would have a czar in charge of border congestion and I would ask the Americans to do the same. I would get it out of the political arena and let these guys get something done on it on a regular basis, so you don't have to wait for the Deputy Prime Minister to meet with the Director of Homeland Security. That's a quick answer on that.

On the trade split, I'm not really sure I understood your question.

Hon. Dan McTeague: Mr. Burney, just on that question, could you give me an answer as to whether or not you would support a customs union?

Mr. Derek H. Burney: A customs union needs to be thought about. I'm not proposing it. We had a royal commission study the concept of free trade before we got into it, and they provided the intellectual underpinnings for that negotiation. I don't see that level of analysis that would persuade me to make a recommendation. What I have said publicly is that I certainly think it deserves careful consideration. Whether we call it a customs union or not, when you get started down the road of a common external tariff, you can take some parts of what a customs union would achieve and you can address those to problems that you're facing in terms of rule of origin, as I said, at the border. When so much of our trade with the United States is intra-firm, we should be looking at ways that would expedite shipments back and forth in those sectors. One way of doing that, as I said, would be a common external tariff. It's not the only way.

I'm not trying to hedge on your question; I'm simply saying I need more analysis before I would be prepared to take it.... And who knows whether the Americans are interested in negotiating? This is not a one-way street.

I'm not sure I really understood your question on the trade split. I said earlier that I hate disruption of departments that are working. I don't see the need. I don't think the export community is saying we need a better department of trade. I don't think anybody was complaining about the role of our embassies in promoting trade. Other countries, frankly, are envious of the role Canadian embassies play in promoting trade. The Americans are envious of what our embassies do around the world, providing advice, assistance, and all the rest.

I've never heard complaints from the Canadian export community, so they weren't asking for a split.

As I said, if you don't understand the objective, how the hell do you know what your mission is? I just have not heard anybody tell me what it is we're trying to fix, because I don't see anything that was broken.

On Taiwan, I haven't seen the private member's bill that you mentioned, but obviously the China-Taiwan thing is almost as allergic as the Middle East. If words and terminology are sensitive when you're dealing with the Middle East, you could apply it in spades to Taiwan.

You have to be careful while you're recognizing.... You know, Canada was one of the first countries to recognize mainland China back in the early 1970s. I was serving in Japan at the time. We took note of China's claim to Taiwan, period. That, as far as I know—and I apologize for not being up to date on this issue—was our position in the 1970s; it was until I left government in 1993. If it's changed, I'm not aware of it. But that should remain our position. If this resolution contradicts that in some way, or undermines it in some way, or raises hackles, then we should be very careful, because you're playing with fire. As we learned in trying to move an embassy to Jerusalem, these things are more important than words.

• (1005)

[Translation]

The Chair: Mr. Coulon, go ahead.

Mr. Jocelyn Coulon: If I understood correctly, you asked a question about missile defence and participation in NORAD. I will simply remind you what the outgoing chief of staff, General Ray Henault, had to say last autumn. I believe that he said this in a speech given to defence associations. He stated that NORAD would always remain a security organization essential for the protection of North America, even without the missile defence that the Americans wanted to include in its mandate.

NORAD's primary mandate is air surveillance and missile detection. This is essentially why the organization was established back in the late 50s. It is always possible to add on new duties. Indeed, over the past few years, it has been given responsibilities in the area of the fight against drug trafficking, for example.

Some experts can see having a NORAD or some other structure with responsibility for protecting marine access in Canada's north. Could that be done through NORAD or through some other organization? The military is in a better position than we are to answer that question. However, before the Prime Minister made his decision on missile defence, you saw how the propaganda—allow me to use this word—from the pro-anti-missile defence side and from certain American experts was hysterical. They were saying that if we did not participate this would mean the end of the world.

It is always the end of the world for these people if we do not buy into their policies, but the world has kept on turning for 2,000 or 3,000 years. We have always managed to survive this type of crisis and hysteria, in my opinion. So we have to assess our interests and our commitments, and we have to tell ourselves at all times that we too have the means. We are not just passive bystanders in this relationship with the United States. We have our means.

Thank you.

The Chair: Thank you, Mr. Coulon.

[English]

Do you have a comment concerning this, Mr. Burney?

Mr. Derek H. Burney: I'm afraid I'm going to have to comment.

The Chair: That's why I asked you. I was pretty sure.

Mr. Derek H. Burney: This is a topic on which Jocelyn and I obviously don't agree. I don't really feel it's appropriate for the witnesses to be disagreeing, but I guess I see the thing a little bit differently. Let me try to make it very general.

Rhetoric hurts both ways. Do you remember the line in the movie *Cool Hand Luke*—"What we've got here is a failure to communicate"? We have a real failure to communicate these days with the Americans, and the rhetoric hasn't been one-sided. It's been on both sides, and it certainly is time to cool it.

I remember George Shultz advising our then foreign minister Joe Clark—and I've always remembered this because I think it was good advice. He said at one point, "You know, Joe, if you're going to kick us in the shins, do it in private". The eagle doesn't like its feathers pulled in public. It sees it as grandstanding, and there's been too much of that on our side.

Yes, some of the American rhetoric is offensive, and when it's offensive, we should challenge it. I'm delighted that my successor in Washington, Mr. McKenna, has taken on Newt Gingrich in that manner, taken on Fox News in that manner. That's exactly what we have to do. But let's make it clear that it isn't one way. The Americans are like anybody else. You call them names, they'll call you names, and away you go.

Frankly, to be as diplomatic as I can—and I've been out of diplomacy for 12 years—my problem on the ballistic missile defence decision was that it was inexplicable. It was not explained. It was not articulated by the government, not to Canadians and not to the Americans. In diplomacy, sometimes the manner in which you convey the message is as crucial as the substance of your message.

The Americans were given every reason to expect that Canada was onboard with ballistic missile defence because ministers and the Prime Minister had said such things publicly. So for them to be told at the eleventh hour...and the American President visited Canada, had a private meeting with our Prime Minister. If our Prime Minister had reservations about the defence system, he should have explained those in private to the President, so that the President wouldn't have then gone to Halifax and asked publicly that we join.

My point is this. When we have a difference with the Americans—and I love to have differences with the Americans—we must be able to articulate our own interest as the reason for that difference. And when we can do that, whether it's on acid rain, on Star Wars, which is a totally different thing from ballistic missile defence, on those kinds of issues, if we can say, it's not in our interest to do this and this is the reason why, the Americans may not like it, but they'll accept it.

When they can't understand what Canadian interest we are serving with a decision we take on an issue that they see as being vital to them, that's when we have a problem, and we did not articulate this position. By obfuscating for many years on the issue and by sending conflicting signals to the Americans in private meetings at NORAD and through other channels, we created surprise, and the last thing you want in diplomacy is surprise.

I'm not going to try to debate the merits of the issue. Time doesn't allow for it. My main point is that we have to be very careful to articulate a Canadian interest that's being served when we take a different position with a country that we are, whether we like it or not, so dependent on for our own security. We are now a bystander on a major issue affecting North American security. I don't like being a bystander on anything on this continent.

• (1010)

The Chair: Merci, Mr. Burney.

Now we'll go back to Ms. McDonough.

Ms. Alexa McDonough: Thank you, Mr. Chair.

I would have to say, Mr. Burney, you stated even more forcefully and clearly what witnesses have repeatedly said before this committee over the last couple of years, that it's not so much the problem that we may take a different position on certain issues, it's that our complete...well, it's worse than our failure to articulate it and communicate clearly. It's giving completely mixed messages, to sort of speak out of both sides of the mouth or with forked tongue. And in the end, of course...

It makes me nervous a bit that I agree with you so much.

Voices: Oh, oh!

• (1015)

Mr. Derek H. Burney: Ms. McDonough, how do you think I feel?

Ms. Alexa McDonough: Yes, and I have to say, I intend no disrespect, but while you were speaking I also read the Hamilton article, which I hadn't read. I've met with him in Washington. I completely agree with what he has said there, which is more or less the American version of what you're saying.

Mr. Derek H. Burney: Yes. Where are we going here?

Ms. Alexa McDonough: Before I completely lose my compass, I want to pursue further a couple of the things you both touched upon, and I hope this one is really a quick thing. It's this split of foreign affairs and international trade. I have to say that the very explanation you gave is precisely why we led a fight to defeat it in the House.

Mr. Derek H. Burney: I'm glad you did.

Ms. Alexa McDonough: But your prediction—I don't want to exaggerate—of 18 months to 2 more years of paralysis while they figure out if we're in this bed or if we're not in this bed is just horrifying. So I want to know if you have any advice for this committee on what advice we should be giving the government on what the hell to do about this, because it really is a mess.

If I could ask you to speak to that directly, then I'd like to come back with a couple of other things.

Mr. Derek H. Burney: First of all, let me say I'm very pleased that we are in so much agreement.

Ms. Alexa McDonough: This may get me in big trouble politically. You don't have to worry about that.

Mr. Derek H. Burney: Well, you can say whatever you want politically.

I guess I'm a little amazed myself that after the vote in Parliament, which I thought was pretty clear, the split is going ahead full steam. It's almost as if a minority Parliament doesn't have much impact. But that's a political comment, which I shouldn't make.

I can only tell you that it is going ahead. It is causing paralysis. It is causing turf fights. And you know what the game is: knowledge is power. All of a sudden the embassies are told they have to report to different channels on specific issues, so some people know what's happening and some people don't. It's the oldest bureaucratic game in the book, and that's the kind of game that's going on right now. Our embassies are being told that the trade officers report to the trade department. Even the ambassador may be bypassed in this way. It is gamesmanship of the worst kind.

I didn't hear it myself, but I thought the foreign minister announced, when the statement came out, that he was going to put together a panel to review the issue, which I took as a healthy step, that they were going to actually reconsider and look at what it was they were trying to achieve. But I haven't heard anything since, and I don't know whether the panel has been formed. I'm not being told it has or it hasn't. I don't know.

In any event, I would very much hope that this is a case where the government would stop, look, and listen. As I say, you are tearing apart the morale of a very proud department that thousands of Canadians still want to join. But as a teacher now, I'm being asked by my students why they would want to join this department when it's being torn apart and nobody seems to be able to explain why.

I can't add more to what I've said. I just hope this panel won't be stacked with a predetermined result. If it's a genuine re-look, then I think the government should have the good grace to say maybe this is one they got wrong, maybe they don't need to do this, or if they do need to do this, they're going to do it with a specific objective in mind.

As I said, if they want to have a stand-alone department of trade, okay. Get all the guys out of Agriculture, get them out of.... I forget which member was mentioning all the departments that are involved in conducting foreign policy. It's true. I think there were over 17 departments represented in Washington. There are probably as many represented at some of our European missions. It's a misnomer to assume that the Department of International Trade has all the resources dedicated to trade. It doesn't.

If you want to fix the baby, give it some power. Give it the tariff. Give it the trade remedy responsibilities. Give it real authority on investment. But recognize that even in doing that, you're looking at a period of at least two years of disruption, reorganization, and endless turf fights.

Ms. Alexa McDonough: Which we can't afford.

Mr. Derek H. Burney: Well, the world doesn't stop still while we wait to get ourselves reorganized, you know. Sorry.

The Chair: I just wanted to point out, Mr. Burney—

Mr. Derek H. Burney: I'm repeating myself.

The Chair: No, no. I would never say that.

I just wanted to say that Mr. Peterson appeared in front of this committee last Tuesday. He just pinpointed that there will be a blue ribbon panel to look at this issue. I hope it's going to go through.

Mr. Derek H. Burney: As long as there's some blue on the ribbon.

[*Translation*]

The Chair: Mr. Coulon, do you wish to add a comment?

Mr. Jocelyn Coulon: No, not on that matter.

[*English*]

The Chair: Mr. MacAulay.

• (1020)

Hon. Lawrence MacAulay (Cardigan, Lib.): Thank you.

It's certainly an interesting conversation, with nothing held back, to say the extreme least.

If I understand you correctly, Mr. Burney, you would like to see Foreign Affairs and International Trade even larger, instead of smaller. Just as a commoner to an expert, as one who has to deal with different types of markets, in my end of the country we have a problem with the fact that Foreign Affairs and International Trade seems to have used fish as a lobby for other things. We think fish was used inappropriately at times by Foreign Affairs and International Trade. I'd just like you to comment on that. That's a problem for us, and it's a problem in the fishery in Atlantic Canada. Perhaps I'm wrong—perhaps the commoners are wrong and the experts are right.

I'd also like you to comment on the smart border policy, which I had some input into. It's amazing. I go there two to four times a week, and I go through everything. You wonder if that's necessary, when you have the trailer trucks going through the border. You talk about technology at the border. I thought it was going to come much more into play. Should there not be a mechanism so that all they would have to do is read a chip and they would know?

I would also like you to expand more on moving the border back further. Building bridges can take a long time, but we have technology, and we need to keep traffic moving. I'd like you to expand on how we can move the borders back and use the technology.

We're the largest export market for 39 or 40 of the 50 states. Are we explaining how many millions and billions of dollars are lost because of the tie-up at the border? If the state understood the loss,

the pressure might go from the state to the government in Washington. Even if you talk to the President, he can go back and deal with Congress, and all of a sudden what he said overseas doesn't matter.

With the technology we have today, it is sad that we're losing billions of dollars in trade on both sides of the border. I don't know if it's politics, individuals, or people not understanding.

Mr. Derek H. Burney: Thank you, Minister.

With respect to the fish issue, I'm not sure where you want me to go on that one. I have a lot of scars on my back from fisheries negotiations that I was involved in, either directly or indirectly. I also remember in the free trade negotiations getting an exemption for Atlantic Canada that was not appreciated in British Columbia. In any event, I won't elaborate on that one.

Fisheries is a highly political issue, whether it's trade or basic politics. Have we handled it correctly at all times? I don't know who the "we" is there, because it's the government of the day that is dealing with a given fisheries negotiation, whether it's with the Europeans or with the Americans. So I'm a little lost here.

Hon. Lawrence MacAulay: It's not "we" individually. I'm talking about we as a nation for 50 to 100 years. I'm not labelling anybody in particular, but the problem is that sometimes fish is used in order to make a deal on something else.

Mr. Derek H. Burney: I'm not aware of that. I remember we used to talk to the French about fish and ships, when we were thinking about nuclear submarines back in the 1970s and 1980s—I guess it was in the mid-1980s—but linkage is not something that diplomats enjoy.

I'll move to the smart border agreement. I very much appreciate the efforts that you and others made in getting that off the ground after 9/11, but I think you'd probably agree with me that a little of the steam has gone out of the engine since then.

You're absolutely right. There is technology available that would ease congestion at the border, but I don't think there's a sense of urgency to deal with it. You know what happens in the system when these things start to go down instead of up.

That's why I suggested earlier that if I ran the zoo, I would be getting the Prime Minister and the President to appoint special envoys or whatever. You can call them whatever you want. I mean people who could bring together the legitimate concerns that the states and the provinces have about congestion at the border. You could also get some scientific advice on the technology and how that could be most usefully displayed at the border. If we leave it to spasmodic ministerial meetings, it will get an injection of oxygen, but then it will fade away.

Hillary Clinton, for goodness' sake, is very much aware that the State of New York is losing \$8 billion a year, as Ontario is losing \$10 billion. I would jump on that and say that tells me the Americans would probably put a high-level emissary on this, because they don't want a lot of grief from one of the biggest states in the United States.

We think we've fixed this thing with the smart border declaration. We haven't fixed it. It's only going to get worse. As the former Solicitor General, you would know better than I would that if there's a breach at the border, next time we will pay big time.

• (1025)

Hon. Lawrence MacAulay: I'd like you to elaborate on state involvement. The problem is that we need more pressure within the country. If you are personally losing money, as an individual, you're more apt to put a little more effort into making sure something changes.

Mr. Derek H. Burney: Yes. You made the point that we may not be getting our message across to the Americans about how important the trade with Canada is. If you didn't say that, it was one of the others.

That's very true. But simply adding more people to our consulates isn't the answer. That's not going to help.

Hon. Lawrence MacAulay: Oh, no. What about dealing with the states? We're already down to the individuals, the companies, and the businesses that are losing money.

Mr. Derek H. Burney: If I was the Prime Minister today, I would get the Premier of Ontario, the Premier of Quebec, and the Premiers of Atlantic Canada to come to a consensus on who they're going to appoint as the czar to alleviate border congestion. I would call on the American President to do the same with the states that would be affected. These people would report to the heads of government in each country, and you'd have regular monitoring of the progress on this.

I worry that we're losing enthusiasm for coming to grips with this issue because we think we've solved it. We haven't solved it. I'm worried about another breach or a lapse of security that's going to cause a bigger problem.

You're absolutely right. Look at the airports. Look at how we've managed to make it easier for people to fly back and forth between our two countries, more or less. You're now going to need passports at the border. You're going to need new documentation. Even the President didn't like that one when he heard about it, but as you said, he can't control Congress and that was a congressional initiative. We need high-level attention to systematically force a better means for easing the shipment of goods and people across our border.

I mentioned harmonizing standards. If we could harmonize or accept one another's standards for some of the goods we ship back and forth, that in itself would remove a lot of paperwork. It might remove a few jobs, which is probably what prevents it from happening. You know and I know that we have inspectors who insist that their standards are better than the others.

The Chair: Merci.

I have a question for Mr. Coulon and Mr. Burney. I'll go to Mr. Bevilacqua afterwards.

Monsieur Coulon, given the problem with the United Nations, how do you envisage Canada's role in peace operations? I'd like you to talk a little about peace operations and the kind of intervention that is appropriate to deal with situations such as Darfur, in Sudan, right now. What should the role of Canada be?

Monsieur Burney, I would like you to elaborate on what more needs to be done to build trust and respect in Washington. You elaborated a little, but I'd like you to go further. How can we make progress in the area of trade disputes, given the strength of protectionist lobbies in Congress?

I'll start with Monsieur Coulon, si'l vous plaît.

[*Translation*]

Mr. Jocelyn Coulon: Thank you, Mr. Chairman.

The issue of the United Nations is a bit more complex because, as you know, peacekeeping operations have evolved a great deal over the past ten or fifteen years. At the outset, it was a task and responsibility that came under the United Nations, since that body was historically and politically responsible for peace and security.

Beginning in 1948 and particularly as of 1956, the UN organized classic peacekeeping operations, which means that troops were deployed between states that accepted the idea of a ceasefire. So it was a UN responsibility and a straightforward one. In the late 1980s and early 1990s, however, peacekeeping changed considerably. It was no longer about intervening between states, but rather within states. Since the UN was intervening in this way, it increasingly found itself in situations where it was keeping factions apart that were not necessarily actors in the international system. The UN was used to working with entities that had obligations. Once the operations were taking place inside countries, it could not really play that role any longer. Moreover, the United Nations had neither the financial or military resources, nor the political support from the security council required to conduct peacekeeping operations successfully within states.

During the 1990s, more and more regional and sub-regional organizations were given mandates to maintain and enforce peace. Peace enforcement was often what was missing from the United Nations' mandate. It could only keep the peace. However, peace enforcement posed a problem for the United Nations. NATO, the European Union and various sub-regional organizations began to play a role. As a result of the changes to these types of operations, Canada began to act more often with NATO than with the UN, and this happened for two key reasons.

To begin with, NATO is composed of our natural and major allies. The peacekeeping missions in which we participated took place mainly in the late 1990s in the Balkans. It was only in 2001 that NATO went to Afghanistan. We followed because we wanted to do peacekeeping under NATO. That disengaged us from UN peacekeeping operations because we had limited resources. We had only between 2,000 and 3,000 soldiers. If they are in Bosnia, Kosovo or Afghanistan, they cannot be elsewhere.

At the same time, the UN obtained support from other countries. When India, Pakistan, Bangladesh and other countries provide between 5,000 and 10,000 soldiers for peacekeeping operations, Canada does not really need to participate.

Might Canada again take part in UN peacekeeping operations? I believe that it will depend on the circumstances, there again. It will depend on the peacekeeping missions that are set up and on the activities of NATO and other regional organizations to which we belong and with which we would like to work more often.

I would point out, however, that I find this new tendency dangerous. When Lester B. Pearson conceived the first peacekeeping mission in 1956 and the United Nations implemented it, the idea was for these operations to be universal. That would mean that Canada would be able to serve in Congo, Zambia, in Afghanistan, etc. Even though the means are not the same in reality. The principle of universality is respected, at least.

What has been happening over the past ten years or so? Peacekeeping missions are being led by white westerners where the missions are considered to be serious ones, such as the Balkans and Afghanistan, and UN peacekeeping operations in third world countries are organized and managed by third world countries.

It is as if the division of work no longer respects the principle of the universality of peacekeeping.

That is my answer to the first part of your question. Could you remind me what the second part was?

- (1030)
- (1035)

The Chair: What do you think about the situation in Darfur?

Mr. Jocelyn Coulon: As is the case with all of the other African problems, the issue in Darfur can be managed through African organizations such as the African Union and other sub-regional organizations, using African soldiers and logistic support from western countries. Moreover, this approach is being negotiated with NATO, which, in my opinion, is interesting. However, once again the principle of universality is not respected. There are no western soldiers in Darfur. Is there an immediate need for them? I do not know. Perhaps we need to do a more detailed analysis of what is occurring in Darfur, but it would be a good thing for western countries to participate as well in resolving the tragedy occurring in Darfur, to show that this issue concerns us and to show that we are even, at times, prepared to sacrifice our soldiers for Darfur.

For the past 10 years, my feeling has been as follows. Western countries are very reluctant to sacrifice their soldiers by sending them to Rwanda, the Congo or Darfur. This is regrettable.

The Chair: Thank you, Mr. Coulon.

Mr. Burney, the floor is yours.

[English]

Mr. Derek H. Burney: In answer to your first question, about trust and respect, the first move we have to make is to recognize that we have a problem. That in itself can be difficult, but I think, first of all, we have to recognize that we have a problem that needs attention, and then we have to figure out a way of giving it the attention it merits. We have to change the rhetoric and change the tone of the public dialogue with the United States.

We, Canada, should take the initiative now to renegotiate NORAD. It's not due until 2006, but we should take the first step. We should do what we say and be very careful not to say we're going

to do something and then not do it. So we should articulate clearly what our objectives are in renegotiating NORAD, to our public as well as to the Americans, and then we should seek early an engagement with them.

We need systematic engagement at the political level by ministers and by the Prime Minister on a common agenda so that we can work our way through some of the problems we're having and so that we can develop the kind of respect and get rid of the surprise element in this relationship.

Top-level engagement will never solve all the problems between us, but let me tell you what it will do—two things. When you have good communication, good private communication at the top level, that message goes down to the bureaucracies in each country and the objective becomes, “How can we contain, if not remove, some of the irritants in the relationship?” The message is very clear, and that's what officials, whether they like it or not, feel charged to do. If the messages at the top are different, then the message to officials is, “Find ways to highlight our difference or exploit our differences.” Believe me, I've seen both.

Access is the lifeblood of diplomacy. When you have it, you use it. When you don't have it, there's not much you can do. If the tone at the top is not positive, I can tell you that our diplomats in Washington will not have the kind of access from which you can get respect. It's pretty hard to get respect if nobody wants to answer your phone call. It's pretty hard to get respect if nobody will agree to meet with you. So the messaging has to begin at the top. There has to be a signal that we want to correct what is a problem in terms of communication in this relationship, that we have legitimate agenda items that we want to address, and challenge the Americans to respond in kind.

On your second issue, how do we best combat protectionism, well, even if we're not the target.... The target these days is China, and goodness knows what they're going to get up to in the Congress vis-à-vis China if that deficit keeps mounting.

I'm an old football player and an old hockey player. The best defence sometimes is an offence. So we need to define a constructive trade policy agenda with the Americans. It doesn't have to go as far as the customs union. There's a lot of work we can get at and reduce some of the tension and some of the friction, some of the border congestion issues we talked about, but we should take the initiative. We shouldn't sit back. We should be taking the initiative, getting in their face, proposing positive ways that will benefit them as much as us.

If we become complacent, if we take that relationship for granted, that's the biggest threat to our long-term prosperity, in my opinion. We can run all around the world on these trade missions elsewhere, but no matter how successful they are, they aren't going to amount to 2% of what we do on a daily basis with the United States. We should recognize that. Positive offence is the best defence against American protectionism.

- (1040)

The Chair: Thank you, Mr. Burney.

Now we'll go to Mr. Bevilacqua for one or two questions, and we'll finish with Ms. McDonough.

Go ahead.

Mr. Maurizio Bevilacqua (Vaughan, Lib.): Thank you, Mr. Chairman.

Mr. Burney, thank you for your presentation.

We've covered all sorts of areas, from trust to irritants to relationships. But in any relationship, it comes down to clarity of purpose, what we want to achieve. We can talk about softwood lumber or the BSE crisis, but the big issue is, are we interested in creating a truly North American economic space or not? What is our view on the border? Are we willing to have serious discussions about a seamless border? Everything will fall out of that.

Perhaps our minimalist approach—with the exception, obviously, of the big free trade deal—is really the problem. Is it time to move away from a minimalist approach and move towards more of a big bang? In dealing with issues at the micro-level, you forget what the big picture is all about. It is the North American economic space. How are we going to deal with it?

We do a lot of pre-clearance now in factories and plants, and it has actually reduced the effect of the border.

Mr. Derek H. Burney: Absolutely, yes.

Hon. Maurizio Bevilacqua: So the border is the issue. I just want your thoughts on this.

Mr. Derek H. Burney: I carefully avoid using “big bang” kind of terminology.

• (1045)

Hon. Maurizio Bevilacqua: But you know what I mean.

Mr. Derek H. Burney: I know exactly what you mean, and some of my former colleagues are strongly of that view. I don't care what you call it, frankly. We need a common agenda. I've tried to lay out a number of areas where I thought, if I were concocting a communiqué when the Prime Minister and the President were meeting, we could chart some fairly big issues. As long as the two leaders are committed to seeing a result through to more than a press conference, then you'll see action.

What I worry about is that press releases often lay out work programs for officials. That's what I've seen, coming from November, coming from Waco. The meetings I've seen in the last six months have laid out a reasonable, workman-like agenda, which is what is in the international policy statement. But I don't detect any political oomph coming from the top that says, “We want some results on this”. If you don't put deadlines in front of officials, they'll find all the time in the world to keep studying these things to death.

So I don't like using phrases like “big bang”. We have to do something that's going to get their attention. Right now we're not on the radar screen in Washington, whether we like it or not. Maybe some Canadians like that.

First of all, we have to get their attention. One of the biggest problems we had with the free trade negotiations was that we couldn't get their attention. We had a second-tier official as the negotiator in Washington, and he was not connected to anybody on high. That's why the negotiations didn't go anywhere for about a year

and a half. It was only when the President and the Secretary of the Treasury got engaged that we were able to get a result.

So we should not kid ourselves, as Canadians, as we sometimes do, that if we all of a sudden get some courage and decide we're going to do something significant with the Americans, they'll just be waiting there, ready to do it. We have to do a lot of fence-mending and a lot of rebuilding of trust and respect before they're going to respond to a positive agenda.

Could it be done? Absolutely, but it's not the sort of thing you can do one day every three months. This takes full-time prodding by Canadians. We may not like that, but that's the reality. We had to work very hard to get the Americans to focus on the free trade negotiations. They were not aware of its significance to Canada, until we almost didn't do it. When they woke up, it was almost too late.

So we should not be under any misapprehension that simply because we suddenly decide to sit down and negotiate a whole bunch of things with them, they're going to respond positively. One of the biggest problems we face is that there's not much appetite in Washington to do anything with Canada right now.

How provocative is that? Is that provocative enough?

Hon. Maurizio Bevilacqua: Yes.

In the final analysis, countries are driven largely by self-interest. Energy, for example, is an American interest as it relates to Canada. Even a nation as powerful as the United States understands our country could actually help them quite a bit.

What I think we need to underline is the fact that in North America we have not truly achieved the maximum benefits of a true free trade zone yet. I don't think we've gained on the productivity front as much as we could have, nor on the innovation front. Even with labour issues we haven't benefited as much as we could have, so there's still a lot of work to be done.

The only way we as Canadians could sell it to the Americans is obviously to outline to them very clearly what their self-interest is.

Mr. Derek H. Burney: Absolutely. I agree whole-heartedly with what you're saying, but we should never lose sight of the fact that if we hadn't had the free trade agreement, we would be in a lot worse shape in terms of productivity and a whole bunch of other things. But that's another debate for another time.

Energy is the one I mentioned as a Canadian strength. This is something that would get their attention, but look at what's happening with the Mackenzie Valley. Where are we going? Nowhere. And what are the Alaskans doing? The Alaskans are going at it with subsidies like you wouldn't believe. They have the U. S. Congress ready to subsidize them to the hilt, and we're sitting back in a morass of regulatory procedures. We have 30,000 pages of submissions, \$350 million already spent by the consortium trying to get approvals, and now they're talking about 2011, not even 2009 and not even 2010; 2011.

Why aren't we getting our act together on something that would serve Canadian interests first? Self-interest? Absolutely, but also it would be a huge card for us to use in any broad-gauged negotiation with the Americans.

Think of this. If Venezuela, under its current whatever we want to call it, decided overnight it was going to stop shipping oil to the United States—as they may well do with some side deal with China or whoever—would Canada be able to fill that gap? If you ask the industry, they'll say yes, in terms of the resource, but we don't have the transmission facilities because we're not investing in new transmission facilities to accommodate the demand in the U.S. market.

Well, ask yourself, why not? Isn't that a legitimate thing for the federal government to be doing? Doesn't that cut across provincial jurisdiction for resources? Isn't transmission something the federal government should be taking the lead in? I think it is. I think it should be.

We could go on. We could talk about Lower Churchill. We could talk about a lot of things we could be doing that would be in our interest first and foremost but would serve a broader North American agenda. I just don't think there's any sense of urgency about things like this. We'd rather let the process run and let everybody have their say. Well, okay, but you pay a price in the end.

The Chair: Thank you, Mr. Burney.

Now we'll go to Ms. McDonough.

Ms. Alexa McDonough: Thank you, Mr. Chair.

There are two quick things I want to pursue, because I know we're running out of time. The first is that I'm still very uncomfortable with Monsieur Coulon's suggestion that if it's impossible for us to achieve objectives, then why state them? Isn't it better just to drop them?

I want to get clarification on whether you mean that with respect to ODA. One of the things that people were absolutely furious about, with respect to the so-called national policy statement, was the refusal to set out objectives and then do what we know our Prime Minister knows how to do, come hell or high water: set targets and timetables around an implementation plan. Are you saying that you consider our meeting ODA objectives, setting them out and meeting them, isn't something we can achieve?

Secondly, Mr. Burney, I'd like to pursue a bit further the concerns that have been widely expressed, and I share them, as I mentioned earlier this morning as well, that if we really mostly deal with the serious security issues through either PR gestures or partisan

posturing, it doesn't exactly get the job done. In fact, the consequences can be pretty darn serious.

I cited the situation of the Halifax port. I know my colleagues, members from Windsor, Brian Masse and Joe Comartin, worked their guts out to try to get resolution around the border security issues, and so on.

I just want to raise in connection with that a related concern, that in the name of security, doing a lot of invoking security, we have some pretty awful things happening to the lives of people. I'm going to cite briefly the Arar inquiry. We have, in the name of security, utter lack of transparency, complete failure to disclose, the trampling of human rights and civil liberties, all in the name of security in what's supposed to be a public inquiry. As somebody said, if you invoke, in the name of security, the trampling of human rights, a nation is going to end up with neither one.

So I want you to address what can be pretty serious pretending that we're actually doing security stuff. Maybe we need to be looking after those harbour patrol boats and dealing with the border issues, but we also need to be more concerned about what we're doing in the name of security to cause, actually, a lot of insecurity and some pretty dangerous outcomes.

• (1050)

[*Translation*]

Mr. Jocelyn Coulon: Thank you, Ms. McDonough, for allowing me to clarify some matters.

As you know, the debate on ODA has been going on now for 30 or 35 years. If I recall correctly, Lester B. Pearson is the one who set the target of 0.7 per cent. Over time, this 0.7 per cent has turned into a type of myth, an untouchable sacred cow, a symbol we constantly refer to in order to reach our foreign policy and, of course, ODA objectives.

Why stick to this percentage? What is important is that Canada needs to increase its official aid to development, better target this development and provide assistance to those states that truly need it. It appears that we have at times helped developing countries that have practically become industrialized countries. Moreover, this is more or less why CIDA began to review the list of developing countries. Instead of helping 120 or 130 countries, CIDA thought that it would perhaps be wiser to concentrate on 25 countries. However, this idea of reaching an objective...

[*English*]

Ms. Alexa McDonough: Those are all legitimate policy choices, but my question is very specifically about ODA. There are a lot of countries—a lot of them with fewer resources than we have—that have already met and exceeded the target for ODA.

Mr. Jocelyn Coulon: I understand that.

Ms. Alexa McDonough: The failure of meeting that means that all the work around millennium development goals goes down the tubes. Are you questioning whether setting 0.7% as a target and then developing the implementation plan for doing it is not something we should be doing? It's really a yes or no thing—just because we're running out of time.

So that's my question.

[Translation]

Mr. Jocelyn Coulon: Yes. I do not think that we should set absolute rules, absolute standards. We should be providing official development aid. The same thing applies to peacekeeping. We should not be saying that we will deploy 3,000 soldiers and then deploy only 2,000, because then we will be criticized because we are not abiding by our own decision. In my opinion, this is unrealistic and puts us in an uncomfortable position each and every time.

[English]

The Chair: Mr. Burney, a final point.

Mr. Derek H. Burney: I think I would be a fool if I were to suggest I have an answer to your question, because I don't. I recognize the issue and share your concern, because this is obviously an area in which we have to strike a delicate balance between protecting the rights of individuals and ensuring proper security in our country.

The only thought I had as you were asking is that I am involved on the boards of a number of companies, and, as you know, corporate governance has become the flavour of the month. More and more efforts are being made within companies to ensure that employees who see examples of malfeasance of whatever kind have

direct access to the board of directors, direct access to senior officers of the company, in ways that are unprecedented, frankly.

I can't help but think we need to be looking as government at channels that citizens can employ, whether it's an ombudsman or whether it's a whistle-blower or whether it's something of that kind, so that we don't find ourselves caught in this miasma of...

You know I haven't followed the Arar case as closely as you have, obviously.

● (1055)

Ms. Alexa McDonough: It's hard to follow. It's been in a closed room for 67 days.

Mr. Derek H. Burney: It's all blanked out.

I guess the only suggestion I have—and I'm not pretending it's a full answer to your very legitimate question—would be to look at some of the remedies that are coming up in the name of corporate governance for the conduct of private companies to see whether there isn't some parallel there so that citizens whose rights are being infringed don't have to wait five years for a modicum of justice from the system.

The Chair: Thank you very much, Mr. Burney.

Monsieur Coulon, merci beaucoup d'être venu ce matin. It was very interesting, and we really enjoyed it.

I'm going to recess for two minutes, and then we're going to start with the delegation of Croatians for about fifteen to seventeen minutes. The bell is ringing, and we're going to need to be in the House for a vote for 11:25. I'll recess for two minutes.

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