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# Standing Committee on Foreign Affairs and International Trade

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**Tuesday, June 7, 2005**

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**Chair**

**Mr. Bernard Patry**

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## Standing Committee on Foreign Affairs and International Trade

Tuesday, June 7, 2005

● (0900)

[English]

**The Chair (Mr. Bernard Patry (Pierrefonds—Dollard, Lib.)):** Order.

The order of the day, pursuant to Standing Order 108(2), is the study on the international policy review.

Appearing today is the Honourable Jim Peterson, Minister of International Trade. Also, as witnesses from the Department of International Trade, we have Mr. Robert Fonberg, deputy minister; and Randle Wilson, director general, strategic trade policy division.

Do you have some introductory remarks, Mr. Minister?

**Hon. Jim Peterson (Minister of International Trade):** Thank you very much, Mr. Chair and honourable members.

I'm very pleased to have this opportunity to be with you. I look forward to your questions and commentary.

Canada's international policy statement sets the direction to meet the challenges of a rapidly changing world in diplomacy, defence, development, and, from my point of view, the most important, international commerce.

[Translation]

The world we do business and invest in is evolving. It is a trend that we should follow and take advantage of in order to have an even more prosperous future.

Our national advantage should not be taken for granted. It needs to be improved through a favourable trade environment at home and good strategies for managing risks and seizing opportunities abroad.

[English]

Priorities and initiatives in the IPS do just that by: first, giving Canadian businesses the tools they need to succeed in global markets; second, enhancing Canada's reputation as a centre for talent, innovation, investment and trade; and third, deepening the strategic relationships with key partners around the globe.

While our focus remains on the U.S., in a global economy Canada must position itself with the new economic powers such as China, India, and Brazil, as well as with established powers that drive innovation investment, such as the EU and Japan.

[Translation]

When it comes to trade, our resources are limited compared to some of our competitors. That means there are difficult choices to be made. That means that we have to work with greater ingenuity so

that our trade and investment choices are well targeted and produce concrete results. We need to give priority to certain partners and certain parts of the world in our trade relations.

● (0905)

[English]

Our number one priority remains the U.S. We trade \$1.8 billion worth of goods and services every day across the border. We are the largest trading relationship the world has ever seen: 86% of our exports go to the U.S.; 300,000 people cross the border every day, as well as 37,000 trucks each day. Last year Canada exported \$350 billion in goods to the U.S. and imported \$250 billion.

While the numbers reflect a strong relationship, much has changed since 9/11. Security is now an ever-present concern for the U.S. and for Canada. The border must be open to trade but closed to terrorists. Within three months of the terrorist attacks we entered into the smart border accord, with its 30-point action plan, and have continuously updated its provisions.

This March, the Prime Minister, President Bush, and President Fox signed the security and prosperity partnership for North America. Among other things, it aims at enhancing our collective competitiveness and productivity to increased regulatory compatibility, including mutual recognition of professional qualifications and convergence on product standards. While over 90% of our trade with the U.S. is dispute-free, we will continue to seek even more effective means of dispute resolution. Issues such as BSE, swine, and softwood lumber hurt both partners.

Regarding softwood lumber, we will continue our three-track approach: litigation, retaliation, and negotiation. I can tell you that I'm very pleased that Paul Tellier and Gordon Ritchie have joined our team as special advisers. I'm also pleased that discussions toward a long-term resolution based on the framework we proposed are ongoing.

[Translation]

However, currently, our biggest conflict with the United States is over the Byrd amendment. That amendment was rightly found to be illegal by the WTO, but it remains in force, exposing our producers to great expense and even greater risk, and encouraging American producers to apply for trade remedies.

Canada, together with the EU and other countries, has unfortunately been forced to retaliate. Far from being the preferred option, retaliation was nonetheless necessary. International trade rules have to be followed.

It is important for Canada to have a presence in the United States. That is why we have opened seven new consulates, promoted two others, and appointed 20 new consuls. With the United States, we now have 23 different points of service. In addition, we have opened a secretariat in Washington, the mandate of which is to represent us, defend our interests and coordinate provincial, territorial and parliamentary efforts.

[English]

On March 1, I led a delegation of over 30 of our parliamentary colleagues, provincial counterparts, and industry representatives on an advocacy day in Washington. I want to thank all the members who accompanied me. I will continue in the future to have visits.

While the U.S. is an important market, Canada can't afford to miss the opportunities in emerging economic powers. These markets have incredible potential for growth, and Canadians are wholly under-represented in them. Although Canada accounts for almost 4% of world trade, we represent only 1.4% of trade with Brazil, 1.3% with China, and less than 1% with India. We clearly have work to do.

Over the past seven months, I've led trade missions to Brazil, China, and India, seeing firsthand the amazing opportunities for Canadian business. Brazil is the leading economy in Latin America. India is an economic powerhouse, growing at 8% a year. China has driven down dramatically the cost of manufactured goods and become the workshop of the world. Our companies have to link into these global value chains, because Canadian jobs and prosperity require that our businesses be globally competitive.

It is a new commercial environment, the supply chain era. For example, ATI Technologies of Markham, Ontario, is the world's largest producer of graphic chips and one of Canada's great success stories. While ATI sourced most of their material from California, Hong Kong, mainland China, Israel, and Malaysia, over 2,000 people are employed at their headquarters in Ontario.

Government cannot provide all the answers, but we can help companies capitalize on opportunities in emerging markets by providing the right services at the right time and in the right places. What are we doing? We're expanding EDC representation in priority countries; retooling the trade commission service with an increased capacity to provide better market intelligence, risk analysis, and local knowledge; helping to facilitate investment in India and China by negotiating FIPAs; and signing with India a declaration on science and technology to promote collaboration on the development and commercialization of new technologies.

While a coherent approach to emerging markets is essential, we recognize that one size does not fit all. That's why in Japan we are working within a new economic framework to improve economic relations in areas like regulatory cooperation and investment promotion, as a stepping stone to additional bilateral liberalization.

We're pursuing discussions on a free trade agreement with South Korea. We've reactivated discussions with the FTAA and the CA4. We are increasing commercial ties with the CARICOM, and we're having discussions with Mercosur on trade liberalization within the context of the free trade area of the Americas.

I disagree with the conclusion of the Sutherland commission that these regional and bilateral trade agreements detract from the Doha development agenda, because by promoting liberalization, we assist ourselves in achieving more ambitious outcomes at the WTO. The Doha round is critical to our future because it's the only hope we have for eliminating export subsidies, substantially reducing trade-distorting domestic support, and significantly increasing market access. We need a level playing field for Canadian agricultural producers. We need to open up the world of trade to developing countries and allow them to compete on a non-subsidized basis. Moving forward with trade deals will involve hard choices, but we cannot afford to stand still.

●(0910)

[Translation]

Without a favourable economic environment, our efforts to develop strategies to manage risks and seize opportunities abroad are bound to fail. We must constantly endeavour to promote Canada as a place for investment, innovation and added-value production. Canada must increasingly become a home for multinationals.

[English]

We want Canadian global champions. We want Canada to be the bridge to the NAFTA, bringing more FDI to Canada. Delivering on this vision will require a sustained dialogue. We're establishing a formal consultation process to get feedback and make the new agenda for international commerce a living document that is responsive to the priorities of Canadians.

I look forward to hearing your views on this important agenda. This agenda is full of many challenges. It is important to remember that we did not become a leading G-7 nation by being passive. We did it by harnessing the ingenuity of Canadians who have come here from around the globe. We, more than almost any other nation in the world, are a nation whose prosperity depends on trade and investment. We have prospered by attracting strategic investments into Canada and creating a competitive environment for business. We've prospered by meeting the demands of consumers worldwide, by providing high-quality goods and services, and by building a framework of forward-thinking trade agreements. In today's fiercely competitive global economy, we must constantly strive to do better.

Merci.

[*Translation*]

**The Chair:** Thank you, Minister.

[*English*]

Now we're going to questions and answers. I want to tell my colleagues that it is just one round of ten minutes; if you want to share your time, you share your time.

Mr. Menzies, please.

**Mr. Ted Menzies (Macleod, CPC):** Thank you, Mr. Chair.

Thank you, Minister Peterson. It's good to have you here again. We have only ten minutes, so I will be brief and trust that you will also be concise in your answers.

I guess I'm concerned, first of all, with our trade deficit. When I look at page ten in this document and see that Canada has a trade deficit with every country except the United States, I guess we have to ask if your government has failed Canadian companies by moving that forward. We've very much become reliant on the United States. We all know the issues at hand that have given us great concern—softwood lumber, wheat, pork, BSE, all of these issues. I am concerned, and I would like you to comment on why we have such a trade imbalance with all countries except the U.S.

● (0915)

**Hon. Jim Peterson:** I would welcome your views on this, because I think it's very important going forward.

Let me respond first of all about the United States, Mr. Menzies. We have had an almost effortless superiority in accessing that market. Its proximity to Canada, its language, the fact that we've had a free trade agreement followed by the NAFTA, the fact that many of the industries have become almost integrated on a North American basis—all of these have meant that businesses have concentrated their efforts on the United States to the exclusion of a lot of other countries in the world, in spite of the fact we have so many Canadians who come here from other countries around the world.

That said, the NAFTA still remains the biggest single market in the world, so going ahead, we don't want to neglect opportunities in the United States. We implemented the enhanced representation initiative to make sure our trade consuls are in other locations—the south and southwest in the United States—where we see vast new opportunities for Canadians.

Having said that, at the same time as we're enhancing our presence there, we want to make these bold new efforts in the other key markets around the world, markets that are growing much faster than even the United States. This is so important in going ahead, because we cannot control levels of currency. That is working against us in terms of the United States at present, with the dollar having gone up from a low of about 62¢ to well into the 80¢ range. That creates great challenges for our producers; there's no doubt about it.

But great opportunities exist in new and emerging markets such as India and China, which are growing at 8% and 10%. They have populations of one billion and 1.3 billion respectively, and are now even talking about a free trade agreement between them. We feel Canadians are vastly under-represented in these markets. This is why we are urging Canadian businesses to have an Indian strategy and a China strategy going ahead.

**The Chair:** Mr. Menzies.

**Mr. Ted Menzies:** Thank you.

I would be interested in how you feel about you and your department still being in contempt of Parliament because you're continuing to move forward with the split of the two departments. Could you give us just a short answer?

**Hon. Jim Peterson:** We believe we are acting under the orders in council, which the Speaker held to be valid.

In response to our presentation of the international policy statement, we certainly will welcome the views of Parliament on an ongoing basis as to how we can be best equipped to meet these vast new challenges facing us out there.

My own view on this, Mr. Menzies, is that as a stand-alone department, we have the emphasis clearly and squarely on expanding the trade and investment relationships that are so critical to our future, but we will welcome the advice of Parliament on how to proceed.

**Mr. Ted Menzies:** Can you give us an update on where we're at with the products that have received the tariff on the Byrd amendment? How much have we collected? Where do we stand on that to date?

**Hon. Jim Peterson:** It couldn't be too much. I don't have those figures handy.

Does anybody have them? Maybe we could get them—

**Mr. Ted Menzies:** You could provide those later.

● (0920)

**Hon. Jim Peterson:** I can maybe get them for you before the end of our session.

**Mr. Ted Menzies:** That would be fine.

I have one final question. We feel very strongly on this side of the House that this government has let down beef producers and there has been no challenge. I wonder why the trade department didn't apply for intervenor status on the BSE. The amicus brief as proposed by Andy Mitchell and his department failed immediately. Why didn't your department jump in and request intervenor status on behalf of beef producers?

**Hon. Jim Peterson:** We're working very closely with the agriculture department, which has the lead on all BSE matters, so I would suggest the question would be better posed to them.

**Mr. Ted Menzies:** But I think my point is that they didn't.

**Hon. Jim Peterson:** Having said that, we have appealed that decision, as I understand it, and we're awaiting the outcome of that appeal.

On the BSE issue, let me say that we're in the felicitous circumstance of working very closely with the U.S. administration, and I know that the efforts of Canada have been coordinated very closely with the U.S. agriculture minister, the new one. Andy has been working very closely with them. They want to see an end to this court action and closed border as much as we do, right from the President on down. We're all frustrated by the power that one circuit court judge can have in one state acting on behalf of a protectionist group of cattle producers in that country.

I share your sense of frustration that the border is not open, and all of us on this side do.

**The Chair:** Mr. Sorenson.

**Mr. Kevin Sorenson (Crowfoot, CPC):** Mr. Minister, again, thank you for coming.

I have two questions to follow up Mr. Menzies. First of all, he made reference to the huge trade surplus with the United States. Certainly we recognize and understand the importance of that market, but if there is one concern about the NAFTA it is about the dispute resolution mechanism. Mr. Menzies questioned you in regard to what tariffs had been collected under retaliation against the Byrd amendment. I also understand that there's a challenge going on against the Byrd amendment in the United States Court of International Trade. I wonder if you could update this committee as to how that challenge is going.

**Hon. Jim Peterson:** My understanding of it is that we were on very solid ground in terms of having the Byrd amendment declared illegal, as it was under the WTO, and secondly, in imposing the level of retaliation at \$14 million for this year the way we have.

I don't expect that we are going to lose this case at all.

**The Chair:** Thank you.

Now we'll go to Monsieur Paquette.

[Translation]

**Mr. Pierre Paquette (Joliette, BQ):** Thank you, Mr. Chairman.

Thank you for joining us, Minister.

I would like to begin by reminding you that we would like to attend a briefing on the WTO situation and Canada's strategy in relation to that. I have repeatedly contacted your office, but no meeting has been organized. From one week to the next, particularly in agriculture, the situation evolves rapidly.

For example, there was an agreement on the calculation of *ad valorem* equivalents; subsequently, there was no longer any agreement, and now, there is apparently a new one. I can tell you that supply-managed producers are quite concerned about Canada's

position on that. Once we have roughly equivalent tariffs, there will be very heavy pressure to reduce them.

I would like to know whether in your opinion, these people have cause for concern about the medium- and long-term consequences of the negotiations over the calculation of *ad valorem* equivalents.

**Hon. Jim Peterson:** In my opinion, that is not the main issue at the WTO, because we have an agreement on *ad valorem* tax. In my view, the bigger challenge around agriculture is protecting our producers of sensitive products, i.e. supply-managed products.

As you saw last summer in Geneva, Canada fought against other countries to protect its supply management system. The producers present, who came from all over Canada, pointed out that we did a very good job, but that the continued ability to use supply management was the greatest future challenge; that is in fact a concern that Andy Michael and I share. We are going to continue to work with Canadian producers.

We have met with other countries, especially developing countries, that wish to establish supply-management systems. Our system, which guarantees producer profits, was much to their liking. So we are going to work with them, and we have encouraged Canadian industries to find other countries interested in working with us to establish such a system. With that support, I am a bit more optimistic.

● (0925)

**Mr. Pierre Paquette:** With respect to supply management, the last time you appeared before this committee, I stressed the option of using article 28 to set new tariffs on dairy ingredients coming from Germany, New Zealand and elsewhere. At the time, you said it wasn't the right time. Since that wasn't so long ago, I assume you haven't changed your mind. However, I would like to know whether you would contemplate using it if the current rules proved insufficient to prevent the entry of products like casein or butter oils. Do you still think that this could be used if that threatened supply management?

**Hon. Jim Peterson:** First, it is clear that these four new products threaten our supply management system, and the Minister of Agriculture and Agri-Food is working with the industry to find ways to enforce our existing system. Using article 28 at this time might create considerable friction with other WTO members. They have written to us about a new protectionist system in Canada, at a time when we are trying to protect the supply-management system at the WTO. That is why, at the present time, we do not want to use article 28. We are currently looking for other ways of working with our producers to protect the supply-management system.

**Mr. Pierre Paquette:** What ways are you currently contemplating, given that the damage is beginning to be felt?

I understand that strategically, it's not the right time. However, if the WTO negotiations drag on and ultimately, our supply-management system collapses indirectly, we will be no further ahead.

**Hon. Jim Peterson:** You are right, and I am glad you mentioned the problem that another level of protectionism could cause for us. As I was just saying, our greatest challenge is to protect the supply-management system. At present, we are the only country in the world with this kind of system.

In addition, there were many disputes at the WTO last year. We received calls from countries wanting us to do certain things. But those would jeopardize the system. Mr. Paquette, that is why Mr. Mitchell turned to the CITT. He is holding discussions with that organization in order to rename and reclassify certain things. There are four or five issues that he is currently dealing with together with the industry.

• (0930)

**Mr. Pierre Paquette:** Since we do not have much time, I would like to move on now to two other questions. The first has to do with apparel and textiles. The textile situation is not so dramatic, but in some very specific parts of the apparel industry, the situation is quite worrisome.

The Americans and Europeans have recently been talking about safeguard action, and I would like you to tell us whether the Government of Canada might resort to that. I am not suggesting that the current situation calls for that. However, I know that in the trouser, brassiere and synthetic fabric trouser for young men industries, if I recall correctly, there has been quite a significant increase in the past four months, over 100 per cent.

Furthermore, on April 14, you announced \$20 million in assistance to softwood lumber industry associations to cover legal costs. Some of your officials told me at a meeting that according to what they had been told, that assistance would not be available before the end of 2005. But those people need money now. I would like to know why they are not being given the \$20 million immediately, because under the circumstances, that is a minimum of assistance to them.

**Hon. Jim Peterson:** As far as support for the softwood lumber industry is concerned, I would point out that we do not have \$20 million in our coffers.

**Mr. Pierre Paquette:** Indeed. As we have seen, you actually have \$22 billion!

**Hon. Jim Peterson:** We do not have that money at International Trade Canada. That is why we must turn to Treasury Board. I hope we will get some results soon. I am going to keep pushing for that.

As for textiles and apparel, we are fully aware of the challenges created by imports, especially from China. Together with people from the industry, we are monitoring the situation very closely. According to the WTO, we could take safeguard action. However, the support of Canadian industries would then be essential. The apparel and textile industries are very important to Canada. That is why we have provided them with \$1.2 billion since 1995 to help them to become more globally competitive.

[English]

**The Chair:** Thank you.

Now we'll go to Mr. McTeague.

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Thank you for being here again, Minister.

I just want to point out to you that certainly this side of the House does not believe you're acting in a way that I think Mr. Menzies referred to as contemptuous. It's interesting to note that in the debate on Bill C-31 and Bill C-32, Mr. Menzies actually supported the bill until he was shanghaied by his own House leader. But that's for the record. I think the member will have a chance to talk about that down the road.

Mr. Minister, I wonder if you could give us two comments, in very rapid succession, on your thoughts on free trade with South Korea. I know this has been certainly in the press for some time, some of the concerns that have been raised about certain protective barriers that would have to be addressed if Canada is indeed to look at that.

The second one is your overall opinion. I know it's empirical, but every time the Canadian dollar increases, it seems to go lockstep with the price of oil. There is a genuine concern in the trade community and the business community around the world internationally that the entire international prowess and vitality of our economies might be affected unduly if there is a continuance of what appears to be a \$4-trillion diversion, with prices over \$37 a barrel consistently. Perhaps you could provide some reflection on what this means for the Canadian economy in the long run.

• (0935)

**Hon. Jim Peterson:** Thank you, Mr. McTeague.

I don't purport to be an expert on what the price of energy is going to do to the Canadian economy. Of course we have an abundance of energy, and with the tar sands and oil sands we have the second-highest reserves of any country in the world. So in one sense we are a beneficiary of higher energy prices and can continue to profit from them through exports. We're seeing a great deal of foreign interest in development of our tar sands.

Having said that, I have to agree with the American administration that we are an exporting nation. If the price of oil puts a damper on world economic growth, then we could, over the longer term, suffer decreases in our exports of non-energy products—and of course energy is not our major export necessarily.

I do not want to see a huge escalation to \$100 a barrel in terms of oil. We have seen how the dollar going up from 62¢ to a high of about 85¢ over a two-year period has caused a great deal of difficulty, and this was not necessarily just because of the change; the rapidity of this change is what made it difficult for many Canadian producers to cope with it. Most of them will say that, given time, we can adapt. I want to commend our producers, who have shown their capacity to meet this challenge and still give us record trade surpluses.

In terms of South Korea, it's a market of \$47 billion. We stand to gain a great deal in terms of exports of agricultural products, fish products, and forest products, which are currently protected in South Korea by tariffs of 10% to 20%. We have consulted, Mr. McTeague, with Canadians on this. We've heard back from all provinces and territories, except for P.E.I., in writing, and they have all encouraged us to go ahead with these free trade discussions.

Two sensitivities have arisen. The only province that brought up shipbuilding in getting back to us was Nova Scotia. Ontario did not even mention the auto sector, but the auto assemblers have come to us. We've had discussions with them. Their concern is, in particular, that there are non-tariff barriers in South Korea that make it very difficult for Canadian cars to enter that market. We are working very closely with them to identify these precise barriers, and they will be part of our negotiating strategy.

**Hon. Dan McTeague:** Chair, if I could, Mr. MacAulay has a quick question, and I'm giving him a minute.

Thank you, Mr. Minister.

**Mr. Robert Fonberg (Deputy Minister, Department of International Trade):** May I respond, Mr. Chairman?

On the question about the high dollar, Mr. McTeague, I have just two additional points in addition to the minister's points.

One is that times when the dollar is high allow Canadian producers to import capital equipment, which we import a lot of, and this helps them strengthen their own productivity capacity going forward. The other thing is that the high value of the dollar at times like this allows for outbound direct investments into those countries that allow these companies also to strengthen their worldwide capacity. So it's a two-sided market.

**Hon. Lawrence MacAulay (Cardigan, Lib.):** Thank you very much, Mr. Minister.

I also am concerned about the shipbuilding in Prince Edward Island and on the east coast in particular. The firms who are involved in shipbuilding in the eastern part of the country lose contracts strictly on wages alone. That's because the people who build the ships in South Korea or China and other countries do it for nothing or for a very small wage. If we're not careful, we're going to end up having no industry here in Canada.

Also, on the supply management sector, I don't know if you should use chapter 28 or not, but I know if we're not careful and lose supply management in this country, looking at the problem we had with the agricultural sector, it's a serious problem. We also say it's going to be a very big problem down the road. Well, if it's going to be a big problem down the road, we had better start addressing it right now. We had Oxfam here a week or so ago indicating that supply management was something that should be used in third world countries in order to get them on their feet. If we're going to put people out of business here, we'll have no agricultural sector at all if we're not careful.

I just want to emphasize this as heavily as I can, because it's so vitally important. If it is a serious problem and is going to be more serious, we had better get very serious about it and make sure that we hang on to the supply management.

● (0940)

**Hon. Jim Peterson:** On supply management, I see the biggest risk to it being what happens in the next six months in the WTO. This is where I think we have to concentrate our efforts, because if the over-quota tariffs require a significant reduction, supply management in all five sectors will be dead. This is what Mitchell and I are fighting very hard for.

The second-biggest threat I see is these new products that were never contemplated when the TRQ system was set up, and this is why we have to work with the industry to deal with this erosion of the supply management, particularly in dairy.

On the shipbuilding side of it, you're absolutely right. Our industry has gone from 9,000 employees 10 years ago down to fewer than 4,000 in Canada, and this is in spite of a 25% tariff that protects the Canadian industry, government procurement measures, the inland coastal act, and the new financing facility that has been put in place.

This is why, through Industry Canada and Minister Emerson, we are in close consultation now with the industry to find out what we can do to have an industry that is globally competitive on an ongoing basis. We've seen this erosion even without the issue of more liberalized trade with a country such as Korea. We will be in discussions with them fairly soon with a view to concluding a free trade agreement within one or two years.

We do have these sensitivities in terms of autos and in terms of our shipbuilding industry. What can we do, as a government, to make sure we have an ongoing industry that is viable?

**Hon. Lawrence MacAulay:** Also, of course, we're losing the contracts on wages only.

**Hon. Jim Peterson:** Well, we've also seen that there are certain ships that we just do not have the capacity to build, such as—

**Hon. Lawrence MacAulay:** But on the ones we do have a capacity for, we're losing the contracts to build them.

**Hon. Jim Peterson:** Yes, and this is one of the global realities.

There are some countries in the world that have much lower wages, but we are seeing how China is now trying to build up its capacity to be the world's largest producer of ships, and they're putting a lot of capital into new yards. We've seen how the yards in Korea are producing the over-85,000-tonne-capacity ships, which we do not have the capacity to produce.

I think there are a number of shipyards that can be competitive in certain areas. For example, we're producing tugs right now for Panama, and I think for some of the other areas down there.

**The Chair:** Mr. MacAulay, last question. Go ahead.

**Hon. Lawrence MacAulay:** We lost a contract with Panama on wages only, which is very disturbing, and it's that standard of living—how much they work for, what the conditions are like where the work is done—as compared to here. Is that a concern, as to what are the conditions?

● (0945)

**Hon. Jim Peterson:** We face this not only in shipbuilding, Mr. MacAulay, but also in every type of goods and service that we produce. The world has become very globalized, and when we conclude free trade agreements, we have side agreements on the environment and side agreements on labour. We want to see that minimal standards are adhered to. Even these minimal standards, though, are far below the wage levels we pay here.



Are we going to be able to compete globally in every type of goods and service? This is part of the challenge we face going ahead. So far we have had a strongly growing economy. We've had the fastest rate of job creation in spite of all of this competition.

The world is changing very quickly. Globalization has brought this on, trade liberalization has brought it on, 9/11 has brought it on. We have seen how we have to be very adept. We have to be the best educated, the best trained in order to be globally competitive.

The alternative, quite frankly, is to erect barriers, and would that be in the long-term best interest of Canada, when we as a small country of 32 million depend on exports so much more than all these countries in the world?

**The Chair:** Thank you.

Now we'll go to Mr. Julian.

[*Translation*]

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Thank you very much, Mr. Chairman. Thank you, Minister, for being here today.

I would like join with those who mentioned a WTO briefing. Mr. Paquette mentioned it, and people from my office are also very interested in that.

I would also like to come back to the issue of supply management and of article 28. Mr. MacAuley and Mr. Paquette have both referred to the importance of these issues.

You mentioned earlier that the producers said that the Government of Canada had supported their concerns quite strenuously in the negotiations a few months ago. I am not sure that those producers feel the same way today.

So let us discuss the option of invoking article 28. Under what circumstances could that article be invoked? You said before that we were not there yet. Under what circumstances, in what situation would you be prepared to invoke it?

**Hon. Jim Peterson:** First, Mr. Julian, I would be quite happy to organize a session on the WTO for you, for Mr. Paquette and perhaps for the entire committee. It could be whenever you want it to be.

The WTO agriculture negotiations are very important. I would suggest that Mr. Steve Verheul and Mr. John Gero appear here as witnesses, because they have already proposed some compromises around something between the United States and Europe. I think that would be a good idea.

[*English*]

Concerning article 28, I can only repeat what I said. The biggest threat I see to supply management is at the WTO itself. So I think we have to do everything we can to make sure that we get allies onside and that we can protect our own sensitivities in those WTO negotiations, because they are under attack very strongly at the WTO. That will be my number one priority. I don't think article 28 is the solution at the present time.

[*Translation*]

**Mr. Peter Julian:** When do you contemplate doing that? I am sure you have studied possible scenarios. Under what circumstances would you be prepared to invoke it?

**Hon. Jim Peterson:** We will have to await the outcome of the WTO discussions. There will be a meeting of ministers in China on July 13 and 14. There may be a meeting of ministers in late July in Geneva. That is all I know for the time being.

As far as I am concerned, that is the current priority. So if the WTO negotiations fail, there are a lot of other things that can be done unilaterally to protect supply management.

Failure at the WTO would be very serious for our Canadian producers, not just those who are supply managed, but for all of our agricultural producers, because U.S. and European subsidies to agriculture are huge.

I want to create a level playing field for our producers. That is not what we have with current subsidies, and the WTO is the only way to settle the issue of those subsidies.

● (0950)

**Mr. Peter Julian:** If I understand correctly, you are saying you are not contemplating invoking article 28.

**Hon. Jim Peterson:** Not for the time being.

**Mr. Peter Julian:** I asked at what point and under what circumstances you contemplated invoking it. I took from your answer that you do not plan to invoke it.

**Hon. Jim Peterson:** I did not say that. I said there were other ways of protecting ourselves, should the WTO negotiations to protect supply management fail.

**Mr. Peter Julian:** What are they?

**Hon. Jim Peterson:** For the time being, we feel that relying on article 28 would be very dangerous for supply management as a whole.

**Mr. Peter Julian:** You referred to other ways. What are they?

**Hon. Jim Peterson:** That is in a letter from Mr. Mitchell to producers; there is also the matter of an appeal from the CITT decision, working with industry on product names and things of that nature. I can get you that letter.

[*English*]

**Mr. Peter Julian:** The next question I'd like to ask you is about... We all know the old adage that the definition of insanity is doing the same thing over and over and over again and expecting a different result. When it comes to softwood lumber, we've had the same strategy in place for a number of years. The producers, the members of the industry who came forward at the Subcommittee on International Trade, were very clear that they don't see, at this point, even if the Americans lose at a variety of levels, an end to this latest version of the softwood wars until possibly 2007-2008. My question, and we talked about softwood lumber and we talked about BSE, is what are the other strategies, aside from the game plan that this government has had that, in my opinion, has not succeeded in any way in resolving the disputes?

I have a supplementary question on BSE specifically. There is increasing evidence from inspectors who were involved in the Department of Agriculture in the United States that actual cases of BSE had been covered up in the United States. I'd like to ask you what measures your government is taking in this regard.

**Hon. Jim Peterson:** In terms of softwood lumber, I agree with you, Mr. Julian, that we don't see an end to the current round of trade action being taken by the United States until 2007. And even if that trade action were totally successful for us, if we were to win—as we have in the past—all outstanding disputes, including extraordinary challenges, including a constitutional challenge, it wouldn't stop them from initiating new actions on an ongoing basis. This is one of the reasons we have adopted the three-pronged approach. We will continue to litigate and support our industry in doing so, and to win. We feel that's very important. We will continue to take retaliatory measures against Byrd, and we've initiated retaliation for the non-implementation of obligations by the United States with respect to softwood lumber.

Thirdly, we believe, and I think most people believe, that the best solution would be a negotiated solution. I can assure you of this: we will not enter into a negotiated solution that's not in the best interests of all Canadians. This is why we've been in very close contact with all the provinces and with the industry. With the support of the industry and the provinces, we put an offer on the table a couple of months ago. We've heard back from the Americans and we're working in close concert with the stakeholders right now as to moving ahead in those negotiations.

In terms of BSE, it's very disappointing that one court action has been able to close the border against the wishes of not only Canadian producers and government, but against the U.S. administration's wish.

I have no idea whether the U.S. has cases of BSE that have been covered up. I would certainly hope that in the interest of what used to be an integrated industry, there is no cover-up.

• (0955)

**The Chair:** Now we'll go to Ms. Guergis, please.

**Ms. Helena Guergis (Simcoe—Grey, CPC):** Thank you, Chair.

I'd like to thank the minister for being here with us today. We appreciate it.

I'm sure you know that recently I was appointed the new critic for international cooperation, taking over from my colleague here, Mr. Menzies, who did an excellent job.

Mr. Minister, it worries me to see CIDA Inc. discussed as a tool to fuel trade. CIDA funds should be used for development work, and while the private sector is a very important part of delivering that aid, by putting the CIDA Inc. reference in the business service section, it looks like you are doing two things: one, you are proving our suspicions on this side that CIDA is becoming a slush fund for other departments, and two, this Liberal government will not follow the international trend to untie aid. Could you please explain?

**Hon. Jim Peterson:** These are very important questions, and I don't have all the answers. Minister Carroll, I know, would be happy to return here to talk to you about them, but let me say this.... Has she appeared here on the IPS yet? I don't believe she has.

**The Chair:** No. She will.

**Hon. Jim Peterson:** There's a big push globally to untie aid, for the simple reason that it will give better value to the recipient countries. You can argue, why should we give money to a country to buy goods and services from our global competitors? A large amount of our aid, as you know, now goes not bilaterally but multilaterally, through the UN and other multilateral agencies. That aid is not tied.

One type of tied aid we're worrying about at the WTO is food aid, because of the impact it can have in depressing prices for food commodities, particularly in developing countries. That will be one of the things we want to deal with and are dealing with in Geneva.

Apart from that, I don't feel really qualified to give you the type of answer you deserve in these areas.

**Mr. Kevin Sorenson:** Thank you, Mr. Minister, for that admission that we don't get the answers we deserve. I can tell you, in the opposition we are quite used to that.

I have a couple of questions, though, that I hope I can get answers to. The first is.... I'll quote what you said when you were answering a question to another colleague in regard to supply management. You stated that if our WTO negotiations fail at the WTO, we have lots of other options. You've ruled out, basically, article 28; using article 28 could hurt many other sectors of trade. I'm wondering if you will give us some indication as to what those other options may be. I don't think you've quite given us the answer we deserve on that.

Also, the chart we have in the Canadian international policy lists, as Mr. Menzies has already stated, the trade imbalance Canada has with about 13 other countries. With Japan, we have a \$5 billion deficit in trade; with the U.K., a \$2 billion deficit; with China, an \$18 billion deficit in trade; with Mexico, \$10 billion; with Germany, \$7 billion; with France, \$3 billion; with Italy, \$3 billion; with Brazil, \$1.3 billion; with India, \$0.7 billion; with Chile, \$1 billion; with Korea, \$3.5 billion; even with Australia we have a \$100,000 trade imbalance. When we list all these countries, we see that they are generally speaking countries much greater in population than Canada, and yet we're still bringing goods from those countries to our country, with a huge deficit.

That being said, we have invested in the United States, with which we have a huge trade surplus. We have invested in seven new offices, we've renovated and enhanced two offices, and we have eight new trade representatives in the United States, and I think those are all positive.

But why aren't we then reaching out to some of these other countries in the same fashion to ensure that—especially in BSE...? We talk about developing new markets. Why aren't we fervently trying to...? I look at this, and for a country with such a small population, it would almost appear that we've failed to develop a lot of new markets.

Can you enlarge on some of those comments, but especially concerning the first two questions, the one dealing with what our options are, and then the second, on the trade deficits?

• (1000)

**Hon. Jim Peterson:** We're concerned about the trade deficits with countries outside NAFTA or the United States. We don't think Canadians are being global and taking advantage of the opportunities that exist, or meeting the new challenges that come from the new and emerging markets.

When I answered Mr. Menzies on this issue, I talked about how Canadian businesses have in many cases had their heads in the sand, and have ignored these new opportunities that exist out there. This is why we as a government are attempting to work with them. This is why we've taken trade missions. This is why I encourage members of Parliament from all parties to work with us and come on these trade missions. We want more people on the ground. We're going to need new resources.

In China, for example, there are 53 cities of over one million people. Shouldn't we be in every one of them? It's costly to put these people on the ground, but I think it's worth it.

In Chennai, India, for example, the Americans have a hundred people on the ground recruiting engineering graduates for Silicon Valley. We have just opened our consulate in Chennai with two people.

I would welcome a study by this committee on the types of resources we should be putting on the ground to assist Canadian businesses to realize these new opportunities.

I'm working very closely with the Chinese, Indian, and other international trading groups here in Canada to try to mobilize them to take the message to Canadian businesses.

**Mr. Kevin Sorenson:** But I think one of the things you have to recognize is that it's not just a matter of rallying the Canadian businesses. It's a matter of putting in place incentives for investment here in Canada, and reducing a tax rate that is holding some of these companies back from achieving the degree of success we would like to see globally. It's not necessarily just rah-rah, let's go on another trade mission. It's what can we do in government by reducing taxes to let those businesses be on an equal playing field.

• (1005)

**Hon. Jim Peterson:** I agree that our corporate taxes have to be competitive, particularly with the United States. We're never going to be competitive with some of the no-tax jurisdictions.

Having said that, I was very pleased when we reduced the federal corporate tax rate to 21%, which could give us a 30% tax rate combined with the provinces if they were to do so. This would give us a major corporate tax advantage over the United States, when you look at Michigan at 36%, New York at 40%, and California at 41%.

These corporate tax rates can be a big determinant, not so much in whether Canadian companies invest abroad, because—

**Mr. Kevin Sorenson:** But you were willing to negotiate them away with the NDP.

**Hon. Jim Peterson:** I look forward to a separate bill coming back.

In terms of our resources, if Bill C-31 had passed we would have had additional resources. I just hope this committee will take a look at the types of resources we should have on the ground to assist Canadian business.

I'm happy to have a corporate tax rate that is competitive with the United States. We have to continually watch that, because it's a moving target.

On not being able to answer fully your questions on either foreign aid or agriculture, I would certainly encourage you to invite the agriculture minister and the minister responsible for development assistance before your committee.

**The Chair:** Thank you, Mr. Minister, for appearing in front of the committee this morning.

Once again, Mr. Wilson and Mr. Fonberg, merci.

We're going to suspend for a few minutes.

• (1007)

(Pause)

• (1013)

**The Chair:** Now it's future committee business. We will start with the IPS motion to study in detail, and a motion to adopt a study plan.

The first motion we adopted concerning the IPS was a study preparatory to the deposit of the statement. My clerk is telling me we need a motion to study in detail, now that the statement has been deposited by the government. That motion is that the committee study in detail the international policy statement tabled in the House on April 19, 2005.

There's another motion: that the committee adopt the revised study plan dated June 1, 2005.

Are there any questions concerning these two motions?

Madame Lalonde.

[Translation]

**Ms. Francine Lalonde (La Pointe-de-l'Île, BQ):** I carefully read both of the documents that relate to the second motion, and I have some things to say before we adopt it.

• (1015)

**The Chair:** We are going to begin with the first motion that we are going to study in detail.

That, pursuant to Standing Order 108(2), the Committee study in detail the International Policy Statement tabled in the House on April 19, 2005.

[English]

(Motion agreed to on division)

[Translation]

**The Chair:** Second, there is a motion to adopt a study plan:

That the Committee adopt the revised study plan dated June 1, 2005.

Ms. Lalonde.

**Ms. Francine Lalonde:** Would it be possible to have a presentation?

**Mr. Gerry Schmitz (Committee Researcher):** These are suggestions that we can always change or make additions to. In order to facilitate the study, I have also included a summary of key dates. Clearly, we do not know how much time we have, but next fall, we will have about two and a half months, and we will have to try to do the maximum then. You can see that there are a number of stages. The first proposed stage is to try to hold the meetings in Washington and New York that had to be postponed due to events. So we should start with that in late September.

[English]

After that you will see there is an attempt to try to get in some hearings outside of Ottawa. The committee has not had any Canadian hearings outside of Ottawa for over three years now, and there are many witnesses, including some who have already been proposed. I noted in Mrs. McDonough's list that there were a lot of groups from Halifax, and so on. I'm sure in every other region of the country there is a similar number of groups and witnesses.

Clearly, if the committee wants to hear from more than a couple of dozen people in Ottawa, it will have to go to some of the major centres outside of Canada. So that's the other major thing. I was just struggling with trying to find possible weeks and dates that would allow the committee to do that within the time available in the fall.

The other aspect that has been discussed—and I know there are some understandable reservations about this—is whether it's still feasible to do a sort of simplified e-consultation in connection with those hearings in the fall. So there's another proposal to do that as an additional element that would allow more voices to be part of the process in the fall.

Those are the essential elements. If you go to the very end of it, you will see roughly the sort of sequence of dates leading up to a report on Canadian consultations, hopefully before the end of the year, before the Christmas recess. So that's it in a nutshell.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Chairman, before we proceed with the vote, this is an extremely important opportunity for us to see if there's any meeting of the minds about what we as a committee hope to achieve. I don't know whether we can assume that there is a clear intention on the part of the foreign affairs minister, but I think we need to seek some clarification.

What started out to be an international policy review became a statement. This has raised a question in a lot of people's minds, including my own. Is the committee going to go through a lengthy process of hearings, expending resources, time, and effort, in good faith, to respond to this statement, when the government's position is that this is the final statement and that's that? I don't say this to be provocative. This is an in camera meeting, so we can have some frank discussion about it. Am I right?

• (1020)

**The Chair:** No, we're not in camera. But you're right and wrong. It's my understanding that the government has a statement, but it's up to the committee to do what they want to do. We want to hear from everyone. This is why the researcher and the minister asked it very

clearly. This is why we want to travel the country. We have three weeks that we want to travel, before travelling outside to Washington and New York. We need to hear from the stakeholders. We want to go to Halifax, because there are many people in Halifax who want to appear. We don't want to rubber-stamp what the government wants. We want to do what we feel is good for the country.

**Ms. Alexa McDonough:** I appreciate that clarification. Sorry, I thought we were in camera—not that it would make the slightest bit of difference to me in what I say.

**The Chair:** That's fine. Go ahead.

**Ms. Alexa McDonough:** The second point I wanted to raise is something that's been brought to our attention by a number of different witnesses. We have a lot of opportunities to build consensus about the role the committee might play in making a difference in other countries. I'm talking about a role far more influential than the one we have at the moment. I'd like to see on our agenda a place for some more discussion on this matter.

For example, for two years we have heard witness after witness affirm the absolute importance of making a concrete commitment to moving on the 0.7% overseas development assistance. I would like us to have some discussion about the role we might play in this.

**The Chair:** It's part of the study, Mrs. McDonough. We heard many witnesses. Practically all of them talked about the 0.7% target. It's up to the committee to come out with a recommendation to the government about how to reach that 0.7%, if it's the wish of the committee. I think it's good, but it's part of the study. This is why we're doing it. We know where the government stands on this issue, but the committee could have a different view. This is why it's good to hear from the people.

**Ms. Alexa McDonough:** Okay.

**The Chair:** Now I have Mr. Sorenson, then Madame Lalonde.

**Mr. Kevin Sorenson:** I would agree with Ms. McDonough on some of her comments. We've gone through this international policy review, which became the international policy statement. Now we see all this travel, and I'm thinking, okay, it's great; I'm going to be back doing a little travel in western Canada, around the country, and maybe even around the world. But what are we going to achieve by this? Is this just so that we can understand next time what we're going to come out with? Is the end result of this travel going to be a report, as you suggest, with recommendations, resolutions, that we would present to the government to change things? Or are we going to be the huge rubber stamp of this government that is going to say we've gone out and now we can accept this policy? What is the cost? What is the budget for this travel? What do we see as the significant result of our travel and our time?

I'll tell you what, I'm not certain that I want to invest my time in being a rubber stamp.

**The Chair:** I just want to pinpoint, first of all, Mr. Sorenson, that as the opposition members, you're the majority on the committee. You have seven and we're five. That means you can pass everything you want to pass. That's the first point, to be sure. I must say that we never rubber-stamp anything on our committee. Just to let you know, many times we've been far ahead of our governments, even the ministerial side.

Most importantly, we haven't done any reviews in the past ten years. The last one was in 1995. I was sitting on that review. It was ten years ago. We need to hear from the Canadian population. This is what the government is asking us, and I think all the parties agree on this.

I think it's very valuable to travel to hear what the population has to say instead of having all of them come here to Ottawa. I think we can do much more by travelling to another city, such as Calgary, Edmonton, or Vancouver. We could have so many witnesses on the same day. Here we're stuck with two hours and four or five witnesses. I think it's more valuable. There's no way at all, even on the ministerial side, to rubber-stamp what the government says. We're here much more to tell the government what they should do.

To give you an example, you asked Mr. Peterson a question this morning. Years ago, we told the government they should open more consulates in the United States. That was one of the recommendations we discussed this morning. They came up with it a couple of years after because the committee had done some studies at that time with NAFTA. Just to let you know, there's no way to rubber-stamp; it's much more valuable.

• (1025)

**Mr. Kevin Sorenson:** The other question was about the budget.

**The Chair:** We'll come to the budget after.

**Mr. Kevin Sorenson:** You know, when we're talking about the amount of travel, I would like a bit of an indication just what the bottom line is for these travel costs.

**The Chair:** My clerk is telling me it's about \$371,000 for the study.

**Mr. Kevin Sorenson:** That's for the international and the rest of the travel?

**The Chair:** It's for the first step.

You see, what we are looking at, for the moment, is that because we're a minority government, we're very close to going into an election. That's no secret. There might be an election after the Gomery report—30 days after, the Prime Minister said. We don't know. What we're saying is that we want to go first, because we feel the United Nations and New York and Washington are very important. That's the only travel outside the country.

We want to go within the country, September to November, and maybe—it depends how our work is going at that time—we could have an interim report about the Canadians.

If we want to travel outside Canada, it's not going to be before next year. Maybe next year will be an election, which means there's no way at the moment to extrapolate, in a certain sense, about next year. I don't know what we're going to do, because the first time we

discussed this we thought we'd go to China and Japan, Brussels, Berlin, and Oslo for many things.

For the moment, we're looking at Canada. We're looking at Washington, New York, and then Canada in three different weeks. That's what we're looking at, and probably to have an interim report, because nobody knows how it's going to be in the fall. You cannot know; I don't know either. This is the idea of what we're looking at for the moment.

Madame Lalonde.

[*Translation*]

**Ms. Francine Lalonde:** Thank you, Mr. Chairman.

I wanted a presentation and I would like to thank Gerry for doing one. I share the goal of doing a study and of course not rubber-stamping the government statement, whatever it may be. But I think it is extremely important, because of the unique structure of this report, for us to agree from the outset on how we are going to hold our consultations, particularly on the questions we are going to put on the Internet site.

**The Chair:** Ms. Lalonde, the Internet site is another topic.

**Ms. Francine Lalonde:** This is relevant. We do not know who might respond, and there will certainly be some attempts to establish who the respondents will be. However, we will not be able to attach different weights to different responses, if I go by what I am reading.

It will be extremely important to agree on the questions. I am talking to Mr. Sorenson: inaccurate data will lead to erroneous findings. The question you ask often determines the response you get. The preparation of the questionnaire, in my opinion, will be an extremely important step, because not only will that be used by those answering via Internet, but also, if I recall correctly, those questions could be used as well in our consultations with the public all across Canada.

If I understand correctly, the plan in front of us should indicate the date of consultation on the first draft of the questionnaire. The date for the final questionnaire could remain to be determined.

In my opinion, that is an extremely important stage of this consultation. I do not want to talk about the consultation itself, because you gave an example that had to do with international assistance. You asked whether the goal of development assistance should be reducing poverty in developing countries or not. If we go by the goals expressed by the people who have appeared before us, that could be the goal of the entire statement. What is critical in this statement and in each of its parts? In my opinion, it will be extremely important to determine that. There will be a question of methodology and of sufficient time to react to that.

• (1030)

**The Chair:** Thank you, Ms. Lalonde.

Mr. McTeague, you have the floor. Then, it will be Mr. Bevilacqua's turn.

**Hon. Dan McTeague:** I would just like to say, Mr. Chairman, that the statement is very important. I think that all members here are able—and I hope it will be non-partisan, knowing that that can be done—to go beyond the information we are given and make recommendations. We are not necessarily obliged to accept everything in the statement.

[English]

I do believe there is room for this committee to work in a fashion of consensus. I understand the concerns about the travel. I would be shocked if we were to do some travelling. In my 12 years here on the Hill, I've never done any travelling, so of course it would be a surprise if it were to happen.

I think there is, as Ms. McDonough and others have suggested, plenty of flexibility as to how we term this statement, which was once called a review, and provide recommendations of our own. From the witnesses we have currently had—and I'm very impressed with them, because I don't think anyone has objected to anyone else's set of witnesses, and I hope that continues—we have learned a tremendous amount in a very short period of time. This has given us, I think, fresh perspectives other than those in the document that we have. To be sure, we are talking about renewing our perspectives of the world and Canada's place within it as a result of circumstances and as a result of a bit of *realpolitik*.

To Ms. McDonough, and of course to Mr. Sorenson and Madame Lalonde, I think we should get on with trying to learn more about this and try to find new and fresh perspectives and then come back with our own ideas. We are really masters of our destiny, and I think we have every opportunity and every obligation, within a timely fashion, to come up with substantive responses in areas like development, the millennium development goals, in areas like defence, in areas such as foreign policy.

In general, I think this document provides us with maybe an important element, a tool to take a certain direction, but it's not etched in stone, and I certainly don't want to give the impression that we're going to hang every sentence that we have in the future on this document. That certainly isn't the intention. It is, nevertheless, an important pathfinder for future issues, at least in the foreseeable future.

Thank you, Chair.

**The Chair:** Thank you.

Now, there is a motion to adopt the study plan, and I must say that we need consultation, the communications approach. I mean to say, I'm going to come back to the committee for the question. Just as you mentioned, Madame Lalonde, I too feel that the question is very important.

Do I have someone to move...?

Madam Phinney.

**Ms. Beth Phinney (Hamilton Mountain, Lib.):** I hate to be a bore, but we have a lot of papers here, and I don't know which one is the study plan.

**Mr. Gerry Schmitz:** It was circulated to the offices. We have no copies here.

• (1035)

**The Chair:** There are some new copies here.

**Ms. Beth Phinney:** If we're going to vote on something, it's a good idea to have a copy of it.

[Translation]

**The Chair:** [Inaudible—Editor's]... give you an answer, Ms. Lalonde.

[English]

Madam Phinney, are you are ready to ask your question?

**Ms. Beth Phinney:** Does travelling to Washington and New York depend on whether we're sitting or not? Would it be on if we're not sitting? Would it be when the House is sitting?

**The Chair:** Yes, we'll try to do it when the House is sitting, not during the recess weeks. The dates we're looking at for Washington and New York are September 26 to 30. I really think the House will be sitting on these days, but it's only a plan.

**Ms. Beth Phinney:** We may still be sitting.

**The Chair:** Well, that's it. Nobody knows. But that's the date we're looking at for the moment. It could be changed. It's an approval of the plan. There's no 100% fixed date.

**Ms. Beth Phinney:** Okay.

**The Chair:** Yes, fine, Madam Phinney.

Mr. Sorenson.

**Mr. Kevin Sorenson:** I was talking to my colleague here, and I want to go back to the budget end of it too.

In the real world out there, you normally send a committee or you send people to evaluate where you are and what you're doing. It would be the way that I see the committee action should have taken place, and then the IPS is drawn up from that.

Going back to Ms. McDonough's point, it's a very good point. To what end is this? Are there certain questions that were specific questions in the IPS that we're trying to get answers to?

My main question is this. Is there a guarantee that this study plan and the budget will not exceed the 300,000-and-some dollars? Is that clear?

**The Chair:** On the way it works, when the plan is adopted by the committee, at that time, as the chair, I need to go in front of the committee that adopts the budget. I'm one of the members there.

At that time, they adopt or they don't adopt the budget. After that, if they adopt the budget, we need to get the whips or the leaders to accept that we can travel, and it's in the House of Commons. That's the first step.

If we don't have a plan or a budget, we're not going anywhere. But even if we have this, it doesn't mean that we're going to travel.

**Mr. Kevin Sorenson:** No. But if we adopt the idea for travel and for this study, my point is that I've been told this study and travel is going to cost us \$300,000 plus. Do you now go and say this is the study that the committee proposed, this is the travel that we proposed, and now the budget is \$500,000? We've already proposed this travel.

**The Chair:** No, no, no. If you adopt the project today, it's what you adopt today. I cannot go and say that I want \$1 million or \$500,000. It doesn't work that way at all.

The clerk does a motion. When I present myself in front of the committee for the budget, the clerk comes with the motion. You have a plan, and that's what this committee adopts. We cannot go further than that. It's impossible.

**Mr. Kevin Sorenson:** Has the budget been circulated yet?

**The Chair:** It was circulated.

**Mr. Kevin Sorenson:** Was it sent to our offices?

**The Clerk of the Committee (Mr. Andrew Bartholomew Chaplin):** May I speak?

**The Chair:** Yes, go ahead.

**The Clerk:** I've prepared draft budgets and travel projections, because the liaison committee has not yet approved the envelope and its distribution. There are envelopes separated for visits within Canada and visits outside of Canada, and then there's another envelope for hearings in Canada and other committee operations envelopes, but they are still trying to determine how the envelopes and their contents will be divided up among the committees.

I've projected, on behalf of the chair, how the committee would move. He will take that to the liaison committee and get it approved in principle, and then I come up with detailed budgets with a movement plan, with however many days we're staying where, which hotels, and allotments for things like town halls. Those will be circulated and brought to the committee for the committee's approval. Once approved by the committee, it then goes for final approval in front of the liaison committee.

So in fact I do have a budget ready, but I'm not allowed to send it anywhere; otherwise I will be hanged by my superior—*mon GPA*.

• (1040)

**The Chair:** That's okay. Believe me, we don't want you to do that.

Can I have a motion to adopt the study plan?

Madame Lalonde.

[*Translation*]

**Ms. Francine Lalonde:** I want to know when we will have the draft questionnaire. I want us to have enough time to correct it afterward.

**The Chair:** Yes, indeed. We will not establish a communications plan without committee members being informed and having an opportunity to see the questionnaires and propose whatever changes they feel are appropriate.

Is that okay? Is that clear?

**Ms. Francine Lalonde:** There has to be enough time.

(Motion agreed to)

[*English*]

**The Chair:** Thank you.

The clerk will circulate any consultation or communication approach—it has been circulated. We want to get your input concerning that, if possible, when you have the time to look at it.

That goes with the question and things like that. It's a draft.

[*Translation*]

This morning, you received a communications plan, a revised plan concerning the Internet consultations.

**The Clerk:** I just want to say that the information therein is proprietary.

[*English*]

It's proprietary information. I've circulated it primarily so that you can see that there are two approaches. One is a web-based approach and one is much broader. What I'm hoping to get from members of the committee is guidance, once the e-consultation plan and questionnaire are approved, on how to publicize it. There are obviously many variations and permutations, but with the guidance from the committee on how you see this proceeding, I can then go back to the communications consultant and get much clearer and more comparable proposals.

These, as you can see, are not very comparable at all, but they do illustrate at least two ways of proceeding.

**The Chair:** Fine.

Agreed?

[*Translation*]

Yes, Ms. Lalonde.

**Ms. Francine Lalonde:** Was a company hired to draw up the communications plan?

**The Chair:** There are two companies looking at that. They have not yet been hired, but that is a possibility.

**Ms. Francine Lalonde:** Will the committee have to make a decision on that?

**The Chair:** Probably.

**Ms. Francine Lalonde:** Probably?

**The Chair:** Yes. I withdraw the word "probably".

[*English*]

That's fine. It goes with the IPS, any consultation.

Now we'll go to committee business, resuming consideration of the second report of the subcommittee, SDEV. This is the motion, the report from Sudan.

We need to go in camera because of the discussion to amend.

[*Proceedings continue in camera*]







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