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Chair

Mr. Bernard Patry

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• (0905)

[Translation]

The Chair (Mr. Bernard Patry (Pierrefonds—Dollard, Lib.)): Good morning. This is our committee's 53rd meeting.

[English]

This morning we are continuing our study of the international policy statement. We have the pleasure to have as witnesses this morning, from the Canadian Council of Chief Executives, Mr. David Stewart-Patterson, executive vice president; and Mr. Sam Boutziouvis, vice-president, policy, and director of research.

Welcome, both of you.

I think it's Mr. Stewart-Patterson who will speak. Please.

Mr. David Stewart-Patterson (Executive Vice President, Canadian Council of Chief Executives): *Merci, monsieur le président.*

Thank you to the committee for the opportunity to appear today, on a hot morning, but one that may be leading to more leisurely times for all of us.

With me, as the chairman has pointed out, is my colleague Sam Boutziouvis, our vice-president, policy, and director of research.

Given the vast scope of the international policy statement, it's not my intention to give you a prolonged presentation. I'm sure there are any number of topics members of the committee would like to explore in detail, but perhaps first I should make a few remarks on a few of the key aspects of the statement as we see them.

Certainly the Canadian Council of Chief Executives supports the broad thrust of the international policy statement, both its overall strategic direction and its effort to develop a coherent framework across the full range of the country's activities in trade and investment promotion, diplomacy development, and defence. I think the critical question for us is whether the government is prepared to act on this blueprint and make the policy and fiscal decisions that are going to be required if we're going to deliver on the policy statement's goal of having Canada make a real difference in the world.

To illustrate the kinds of challenges I see, let me just touch on five topics: multilateral trade and investment, international development, global security, the North American security and prosperity partnership, and finally, Canadian competitiveness within a transforming global economy.

On the trade and investment side, I think it's safe to say that only a multilateral, rules-based system can provide the security and predictability Canadian companies need in order to flourish in the global marketplace. In other words, progress on the Doha Round within the World Trade Organization talks really matters to Canada.

Our direct national interest in a strong multilateral framework has made Canada a leader over the years in encouraging a strong multilateral framework, but frankly, our stature in this regard in recent years has been fading. If we want to do our share to break the current log-jam at the WTO, we have to be prepared to give a little as well as to seek what is in our interest.

Given the slow pace of progress we're seeing at the WTO, I think we also need to keep on exploring other options, whether in regional trade agreements, trade investment agreements, or bilateral discussions with a variety of our partners around the world, not only because those agreements themselves can be important for us, but because that's one way for Canada to set an example and to spur progress in the broader multilateral arena.

On the international development front, I'd like to make a couple of points. The first is that I would support the approach taken in the international policy statement of focusing Canada's development aid on a much smaller group of partner countries. The fact is that Canada cannot solve all of the world's problems. What we can do is make sure we have the greatest possible impact on people's lives for every dollar we spend, and I believe we will have more impact if we tackle the many obstacles to development within a given country in a coherent and strategic way instead of simply sprinkling our money around the world in all directions.

As the international policy statement makes clear, focusing our efforts is not an excuse for spending less. Quite the contrary, it's clear that Canada is committed to expanding its development efforts substantially.

I know the government is currently under a great deal of pressure internationally to make a formal commitment to a timetable for pushing the aid budget to 0.7% of GDP. This is a commitment, I believe, that should not be made in haste. Rather, it requires an extensive and fully informed public debate about the necessary trade-offs and consequences.

One reason, of course, is the huge fiscal impact such a commitment would have. The numbers that are being discussed here are on the same order of magnitude as last year's "deal for a decade" on health care. Assuming the government could find another \$40 billion or so down the road through some combination of economic growth, spending cuts in other areas, or higher taxes, would Canadians in fact choose more for foreign aid over other domestic priorities, such as more for health care? We need to have that discussion, I believe.

More to the point, throwing money at the world's least-developed countries 10 years down the road is not what they need most. If we really cared about advancing the cause of people in the world's least-developed countries, we would not be talking, first and foremost, about budget allocations, and especially allocations that are years down the road; rather, we should be talking about how Canada and other industrialized countries should throw open their borders to the agricultural products that provide a living to millions of the most impoverished people in the developing world. What farmers in the developing world need most right now is not aid projects, not infrastructure, but simply markets for what they grow. And we have to be prepared to face that if we really care about making a difference in the world for those who need it most.

Obviously this kind of path requires a lot more political courage than promising billions of tax dollars at some far-off future date, but it is what would enable Canada to do the most right now, if we so choose.

Turning to global peace and security, I think the defence paper is perhaps the most detailed and substantive element within the international policy statement. The fact is that Canada has a very real and compelling interest in contributing to global security, and, I believe, one that goes well beyond our traditional activities in areas such as peacekeeping. International terrorism has become a potent threat to the open global flows of people and of goods on which Canada's prosperity as a trading nation depends.

Once again, though, there is no escaping the reality that defence is expensive. The equipment, the manpower, the training, the logistical support for extended overseas deployment—all of these will require major fiscal commitments going well beyond those that have been made to date.

With reference to North America, for the past three years our council has argued that the issues of security and of prosperity have become inextricably linked—not only globally, but also and especially within North America. We therefore were very pleased when the leaders of Canada, the United States, and Mexico signed their Security and Prosperity Partnership of North America at the March summit in Texas.

Yesterday saw an important announcement by key ministers from each country, demonstrating real progress in defining and moving forward on a comprehensive trilateral agenda. Many of the individual initiatives being pursued under this agenda could be described as simply incremental progress, but I think if you look at the action plan that's being laid out, it is clear that the decision of the leaders to articulate a vision and to impose a tight deadline has had a huge impact on broadening and deepening the agenda and accelerating progress. We think that's a very positive move.

Let me conclude by linking the international policy statement to domestic policy, and in particular the need for Canada to become more competitive within the global marketplace. This morning the CCCE launched a major new competitiveness initiative we're calling *Canada First! Taking The Lead In A Transforming Global Economy*. I believe an initial statement from the council's executive committee has been distributed to the clerk and will be distributed to members.

Our central concern here is the extent to which issues of long-term national strategy have been overtaken in recent months by short-term politics. Now, I understand the realities of a minority Parliament—the give and take that's involved, the unpredictability that is inevitable—but as a country, we simply can't afford to take our eye off the ball for long. We need to keep thinking about the big picture.

The international policy statement, in my view, is an example of the kind of strategic thinking we need more of—but to be effective, thinking also has to lead to action. As I've described already in my initial comments, the kinds of actions needed are going to require some tough choices in terms of policy and in terms of budgetary allocations, and within a minority Parliament, that's going to require some discussion—some good give and take, some exchanges among the parties.

Let me close by suggesting the federal government is not devoting nearly enough attention to policy and fiscal choices that are going to drive Canada's competitiveness, productivity, and economic growth within a transforming global economy. I'd add, in the context of your discussions this morning, that trade and investment, diplomacy, international development, and defence are core responsibilities of the federal government, yet despite the important goals laid out in the international policy statement, the vast majority of new federal funding appears to be going to areas that, while very important to Canadians, lie largely in provincial jurisdiction.

The international policy statement, I would suggest, Mr. Chair, makes clear where Canada's interests lie. Now the federal government needs to put its money where its mouth is.

With that, Mr. Chairman, I will place myself at the disposal of the committee and be happy to address whatever topics members may be interested in.

● (0910)

The Chair: Thank you very much, Mr. Stewart-Patterson.

We'll start with Mr. Sorenson, please. It'll be 10 minutes of questions and answers.

Mr. Kevin Sorenson (Crowfoot, CPC): Good morning again, and welcome.

You have the privilege of being before a committee the day after Parliament sat until 12:30. It's good to see that you are bright-eyed and bushy-tailed, as we'd say back in Alberta.

I do appreciate your testimony here this morning and also before the finance committee over the last month or so. We haven't had a chance to go through the briefing yet—we just got it this morning—but we certainly look forward to that.

You talked about the WTO and some of the trade frustrations that are perhaps going on right now. It seems like things are moving fairly slowly, perhaps in a positive direction. You also said that we must be prepared to give a little, and then you talked a little about agriculture. I'm wondering if you could expand on that a little—for instance, exactly what you would suggest to the negotiators as priorities. You know we have some sacred cows here in this country, especially when we deal with agriculture and supply management, some that are very politically volatile. Maybe you could give us an expansion on what you believe in regards to some of those issues that will be coming forward at the WTO.

Also, in your brief I did notice you talked about globalization being good for Canada, and maybe you even mentioned it in your testimony. I think one of the demographics of our country that we're very aware of is that we have an aging society. With an aging society we see a high cost to health care, and a high cost to many of our social programs. We also have a very low birth rate, and this affects the workforce and labour markets. You talk in your brief about the importance of immigration. How do we tie some of this immigration together with security demands that are coming? Maybe expand on that, if you would, please.

• (0915)

Mr. David Stewart-Patterson: These are two big topics. I'll try to deal with them briefly.

First of all, I think within the WTO talks it's pretty clear the major blockage has concerned issues of agricultural trade and agricultural subsidies. Canada is not alone in having agricultural support programs that are politically very sensitive. I think this is a challenge that governments across the industrialized world are grappling with.

How do we break this log-jam? There is no getting around the fact that, as I say, the most useful thing the industrialized world could do to help development for most of the impoverished people of the world is to open up markets for what they make. The combination of agricultural subsidies, particularly of export subsidies, means that not only are farmers in least-developed countries shut out of large chunks of the world in terms of where they can sell, but in fact subsidized produce from the industrialized world depresses prices in their own markets and undercuts their standard of living.

I think it's incumbent on all of us in the industrialized world to say, look, we've got to do something about this. Canada can simply sit on the sidelines and wait for the big players—the United States, the European Union, and so on—to sort that out and decide how much they're prepared to give, but if Canada wants to be a leader on this file, if we want to live up to our traditional ambitions of punching above our weight, of making a real difference in these discussions, I think it's important for us to at least be willing to say, look, we know this is going to require big changes in each of our countries.

This does not mean we're going to abandon our own farmers. It does not mean we're going to give up on our desire to manage our economies well, to make sure that people are dealt with fairly, and so on, but it does mean being prepared to say everything is on the table for discussion. We're not going to give anything away for free; we're not going to be boy scouts about it, but it is in Canada's interest to make the WTO work. It is our best protection against anybody trying

to push us around on the trade and investment front just because they're bigger than we are. It's important for us. It's important for all Canadians that the WTO work. For the WTO to work, we have to crack this nut on agriculture, and Canada has to be part of the solution, not just part of the problem.

So yes, I'm suggesting that our negotiators have to be prepared to discuss all of our agricultural support programs, and that includes marketing boards. That doesn't mean we give them up for nothing. It doesn't mean we don't adopt policies to make sure our farmers are looked after in any transition to a new-rules regime. It does mean we have to be constructive players at the table.

I'd like to switch to your second question, on the immigration front. We've addressed immigration, in fact, as a key element of our competitor strategy. You're quite right, Canada is going to be depending on immigration for net growth in our labour force. As a result, we're also going to be depending on not just the flow of people, but our ability to get those people and their skills integrated with our economy so that they can fulfill their potential and make the maximum possible contribution to our economy and our society with a minimum of delay.

• (0920)

Mr. Kevin Sorenson: Can I interject something for one second here? You did mention that globalization has been good for Canada. When we think of globalization, we really see some of these new emerging markets, specifically India. We all realize how globalization has been good for India, good for China, good for countries where there is a huge workforce and fairly cheap labour.

What are the real strengths of Canada in this? We don't have the huge workforce, the cheap labour, as other countries do, so we may be at a little bit of a competitive disadvantage there, but what do you see as the real strengths of Canada? Is it in technology? Is it just in the resource sector?

Mr. David Stewart-Patterson: If I may, I think our traditional strengths are fairly obvious. Look at our resource wealth, and look at what we've done with that resource wealth. When you compare productivity stats between Canada and the United States, where Canada's productivity is higher than that of the United States tends to be in those sectors where our resources are concentrated. That's where we have the strongest record. It shows that we're capable of being the best in the world in anything we put our minds to.

I think question marks are being raised, obviously, these days in our manufacturing sector. It's under a lot of pressure both from the emergence of new powerhouses in places like China and India, but also from the increase in our dollar relative to the U.S. market, which is our biggest customer. So Canadian companies on the manufacturing side are under a lot of pressure in the short term.

Then, of course, you have the big question mark on the services side. Really, what we're trying to get at through the competitiveness initiative we're launching today is that question. Where is the job growth going to come from? Where are our kids going to be working? What kind of work are they going to be doing? The choices we make today in terms of economic policy are going to have a big impact on that. You know, we look around today and see that the economy is healthy and everybody is feeling fine, but what's the economy going to look like? What's the shape of our labour market going to look like in 10 years? What can we do to attract the kinds of things we like?

One of the points that Tom d'Aquino and I made in our book a few years ago was that we think immigration, our pace of immigration and the way we have shaped a multicultural society in this country, in fact, is one of our most important competitive advantages as a country. Within a world that is increasingly global, where companies, no matter where they're based, are dealing all over the place, and where the workforces of multinational enterprises are increasingly multinational and multicultural themselves, the society we have created in this country—which I think we need to build on—gives us an advantage, I believe.

It gives us an advantage in attracting the kind of head office type functions, for instance, of multinational operations, because we have a society that is unlike most of the rest of the industrialized world, where people from just about anywhere can feel at home. That's not an advantage we can take for granted. The fact is that other industrialized countries face the same demographic picture as we do, and in many cases they're worse off because they've been less welcoming to immigration, but they're going to be trying harder. Plus, of course, countries like China and India are creating a much more robust environment at home and therefore are going to be competing to keep talent rather than letting it go.

So we have to build on that strength, but I believe the multicultural society and economy that we have built is perhaps our greatest strength going forward.

The Chair: I have a supplemental answer by Mr. Boutziouvis.

Mr. Sam Boutziouvis (Vice-President, Policy and Director of Research, Canadian Council of Chief Executives): Thank you, Mr. Chairman.

Two of the most important factors that have served Canada extremely well in terms of being able to enter the global markets and be highly globalized are essentially its openness and adherence to democracy, democratic principles, and the strength of its institutions.

With respect to its openness, Canada has been ahead of the game over the past five or six decades. It was a strong advocate of liberalization before the GATT and WTO recently, and regional trade and investment liberalization have allowed Canada to leap to the head of the game.

Our concern is that Canada is not staying ahead of the game with respect to the liberalization and openness stakes. We need to open our markets even further. So with respect to the World Trade Organization in particular, David talked about agriculture and the importance of agriculture, and the point of your question. I just want to point out that the Canadian business community needs a balanced,

ambitious outcome at the Doha Development Agenda. That means unblocking and getting progress in agriculture in order to achieve greater gains for Canada on services, on non-agricultural market access, and on trade facilitation.

There will be more gains for Canada there than there will be, essentially, on agriculture. That's why agriculture is a very important component of the overall trade liberalization strategy for Canada; but the real gains, Mr. Sorenson, will in fact come from liberalization in services, non-ag market access, and then ultimately in trade facilitation.

• (0925)

Mr. Kevin Sorenson: But that sounds kind of scary, because basically what you're saying here is that we're going to sacrifice. What I'm hearing is that we have to be willing to lay out some of the agricultural issues there so that we can win in service areas.

Maybe you'd better explain a little bit about how we have this transition, then, to help our farmers and to help those who are already feeling the pinch of low commodity prices and, in some cases such as canola, high tariffs around the world that are hurting us.

Mr. Sam Boutziouvis: I understand. That's why we have a World Trade Organization. There is a principle within the World Trade Organization, within trade negotiations generally, that you have to make your tent as broad as possible because there are going to be trade-offs. The hard reality of being open is that there are going to be trade-offs within your economy, within your society, that have to take place in order to unlock greater gains in other areas, potentially, for economies such as our own that have been so reliant and so dependent upon global markets in order to achieve the prosperity that we have achieved.

[*Translation*]

The Chair: Ms. Lalonde, you have the floor.

Ms. Francine Lalonde (La Pointe-de-l'Île, BQ): Thank you, gentlemen, and welcome.

My questions will deal with two specific areas. I am my party's Foreign Affairs critic, and my colleague is our critic for International Trade.

I would like to hear your opinion about corporate social responsibility as it applies to Canadian companies abroad. There has been considerable criticism recently, but also in the past, particularly regarding mining companies in Africa. There have been other cases as well.

So I would like to know what you, the Canadian Council of Chief Executives, are doing about this. I would like to hear your thoughts on the issue.

Second, I want to talk about the 0.7 per cent. You mentioned opening up agricultural markets. You know that Quebec wants to maintain supply management. But it is clear that we need to find ways to open up the borders. However, I did not hear you mention the 0.7 per cent target that must be reached by 2015, if the millennium development goals are to be met.

Do you agree that the government needs to develop a plan to reach that target, given that Canada can follow the example set by the small Nordic countries of Europe, which met the 0.7 per cent objective some time ago? They are among the most prosperous countries and they have the best social security systems. So why could Canada not do the same thing?

Finally, I would like you to tell me about your vision for trade, relations with other countries and the necessary opening-up of markets to emerging countries. Do you not feel that the government has not shown enough commitment to helping the provinces in education, research and development and efforts to attract investment?

We need to find ways to increase foreign investment. One good way to do that is to have young people who are extremely educated, capable and creative, which is incompatible with the dramatic cutbacks that we have seen over the past few years in the areas of research and development and post-secondary education.

• (0930)

[English]

The Chair: Thank you very much.

Mr. Stewart-Patterson.

Mr. David Stewart-Patterson: Let me perhaps take them in order. In terms of corporate social responsibility, first of all, I've done quite a lot of work in that field working with Canadian companies, primarily in the domestic context, in terms of corporate citizenship, which we've addressed first and foremost as a matter of good corporate governance. In the statement that our council issued in 2002 on corporate governance, we essentially said good governance flows not just from the rules you have in place, but from the values you express as an enterprise. We suggested that corporate citizenship, or corporate responsibility, is essentially the way a company expresses its values to its external stakeholders. In other words, how it deals with the rest of the world reflects its values. And as such, what we're suggesting is that corporate responsibility is a core part of corporate strategy.

There are a number of reasons for that. I think 20 or 30 years ago, if companies were engaged in exercises of corporate social responsibility it was primarily in terms of their public image, improving their public image and that kind of thing. What we found, talking with our members, is that there are in fact other drivers of good corporate social responsibility these days that are much more central. One of them, for instance, deals with the ability to recruit and retain employees. Within a global marketplace, talented people have a lot of choice about where they want to work and what companies they want to work for. And increasingly, if they see a company whose values they do not respect, they are going to choose not to work for that company.

More significantly, I think the evolution we've seen in financial markets means that irresponsible behaviour, particularly with respect to human rights and environmental issues worldwide, is seen as a serious risk by investors, and that companies that engage in inappropriate behaviour are going to pay a price for it. They will pay a price for it because investors will increasingly stay away from their shares, which will depress the price, which will cost everybody who is trying to make a living from that company, including

anybody whose living depends on what happens to the share price of that company.

I think what I would suggest to you on this front is that I believe we've moved into an era where it is impossible for any company, no matter where they are based, no matter where they are operating, to hide what they are doing. We've used the phrase "you can run, but you can't hide". If companies behave irresponsibly they will pay a price, their employees and managers will pay a price, and their shareholders will pay a price. I think this area of environmental responsibility, human rights activity, standards, behaviour, all of that, is increasingly exposed to view, and therefore I'm fairly optimistic, as you say. It doesn't stop bad things from happening, but when bad things happen, people find out about them, and there are increasingly powerful levers that individuals, as well as large institutional investors, and governments, and regulators can pull.

[Translation]

Ms. Francine Lalonde: What about the 0.7 per cent target?

[English]

Mr. David Stewart-Patterson: On the 0.7%, I would agree with you. And you're quite right that, as I suggested earlier, other countries have made it happen. It is possible. Canada made that promise a long time ago. If it had worked consistently towards that goal, we'd probably be there and we wouldn't notice the difference.

The issue in the short term is, do you make a promise that says we're going to get there within five years or within ten years? I believe it's very difficult. Even a ten-year promise is so easy to let slip. The real question is, what does any government want to do this year and next year? It's what's in this budget and the next budget that really counts. It's easy to make promises some future government will have to look after.

It comes back to the earlier point I was making about the 0.7%. What Canada does on international development is a core responsibility of the federal government, and in my view, if I look at the distribution of spending within the last budget or the last few budgets, the predominant activity has not been on core responsibilities of the federal government; it's been heavily in areas of provincial jurisdiction.

On the one hand, I would encourage the government, as part of the international policy statement or review, to take this whole area of policy more seriously, to look at the funding that's required to meet the goals that have been set out. But at the same time, it's important to recognize that these involve fiscal choices and that issues like health care and education are very important to a lot of Canadians. They believe the federal government should have a role there or should be spending money in those areas. Those are the choices that have to be made.

It's quite possible for Canada to get to 0.7% on foreign aid, just as it's possible to spend more on defence or on trade promotion, but there are trade-offs involved. That's why I'm saying it would be unwise for the government to make a rash promise without a clear plan that has broad support within the Canadian public. I'm not sure we've had the kind of public discussion that would be required to evaluate it and for us to ask, if we had the opportunity to do another health care deal like the one that was done last autumn, would we do a 0.7% instead of that? Those are difficult choices.

• (0935)

[Translation]

Ms. Francine Lalonde: With the surpluses that we have had...

[English]

The Chair: To complement that, Mr. Boutziouvis.

Mr. Sam Boutziouvis: Before we go to research and development, we also have to take into account the fact that we cannot make our decisions on aid in isolation from the rest of the elements of our international policy, because countries such as those in Africa are screaming for investment. They want their entrepreneurial spirit to be unleashed through countries like our own, with strong democratic principles and institutions, that convey in the ways we can, through our federal departments and through officials, how important it is to develop strong democratic institutions in many of these countries that are poverty-stricken. While aid is very important, our aid strategy needs to be done in the context of an investment strategy abroad and an international strategy abroad as well, with regard to facilitation efforts.

Mr. David Stewart-Patterson: If I may, I would make a final point on that issue. I think the other thing we have to think about is that what really matters is not how much money Canada contributes, it's what results we achieve for that money. That is why I do think it's important. The direction that's been laid out in the policy statement, in saying let's take a holistic approach to each partner country and make sure we have the maximum impact for the money we do spend, is important. On the other hand, this is a very new direction for us, and maybe we ought to be seeing what works and what works best before we start loading in a whole bunch of money that we don't really know what to do with. I think it's important to have a plan for what we're going to do with the money, not just a plan for raising the money. It's the results that count in the end.

Do you want me to go the final—

• (0940)

Ms. Francine Lalonde: Research, *oui*.

The Chair: Yes, please

Mr. David Stewart-Patterson: I think there is a strong link between research and development and higher education and the country's ability to attract foreign investment and, for that matter, to encourage the development of new Canadian-based innovative enterprises. One way or another, if we want to attract companies that are going to grow globally from a Canadian base, higher education and research activity are a fundamental part of that equation.

I think the federal government has added quite a lot of money over the past few years in terms of supporting research. Where we're not doing as well is in taking the fruits of that research and creating new

businesses from it, creating new industries from it. It does get back to the point that Mr. Sorenson made. We're not really talking here about trading off the jobs we have today for different jobs tomorrow. What we're saying is, where is the job growth going to come from in the future? I think it's pretty clear that some of the more traditional areas of our economy are not going to grow—we're not going to have more people working in those areas—so the question is, where will we have more opportunities?

Those opportunities are going to be created in large measure by our ability to attract foreign capital. By that, I mean not just the money, the investment, but also the people. Again, research institutions and higher education are a very important way for Canada to attract people. We attract the researchers, we attract the students; that's one very important way for us to bring the skills into the mix. When we have the skills, we have the ideas, and then we need to make sure we can attract the financial capital, to put the ideas and the skills together and build businesses that are going to create the jobs.

Does that get at what you were interested in?

The Chair: Thank you.

Now we'll go to Ms. Phinney.

Ms. Beth Phinney (Hamilton Mountain, Lib.): Thank you for joining us today.

You seem to have a lot of confidence in the WTO, and you suggest that we should be encouraging the countries that belong to the WTO to open their markets more. It's fine to say this, but then the World Bank or the IMF comes along and says, "We'll lend you some money, we'll pay for your debts, we'll clear up what's going on, but even though it's the only product you can grow, you can't grow bananas anymore, you have to grow cinnamon". How do you regulate or get them to work with the World Bank? There's a problem in that area. I visit a lot of countries where they've been told they can't grow the products they usually grow anymore. "We'll help you out financially, but you do what we tell you". That's my first question.

The second one is, in *Canada First!* you say, "We have one of the most highly educated labour forces in the world", then you follow that up with, "but far too many children are failing to complete even secondary school". Could you just comment on that statement?

You commented earlier that we're probably in provincial affairs too much. It sounds a little bit provincial to me, but anyway, those are my two questions.

• (0945)

The Chair: Mr. Boutziouvis.

Mr. Sam Boutziouvis: Thank you very much.

We do place great faith in the World Trade Organization and in the global trading system. It has served Canada well. That's not to say that the World Trade Organization does not face a lot of challenges at present. The world trading system is under a lot of duress. There are imbalances, not only in trade but also in investment and in savings under way, and the stresses are being felt upon the World Trade Organization.

The Doha Development Agenda, launched in the immediate aftermath of the unfortunate disaster in New York and in other cities in the United States because of the terrorist attacks, launched an incredibly ambitious agenda, which was essentially aimed mostly at a development agenda. And there have been obstacles and roadblocks. The Cancun ministerial didn't work very well, and the discussions have been going on very slowly thus far, with respect to negotiations, to really begin to unleash the benefits of openness, especially for developing countries.

Countries that are poverty-stricken, in particular, or developing, have been saying overwhelmingly they want one thing: they want agricultural market access. They want to be able to grow what it is that they have a comparative advantage in, and many of these countries say it is in agricultural products.

Meanwhile, yes, you are absolutely right, Ms. Phinney, that other multilateral organizations have in the past been giving out money with conditions attached, saying to grow this or not to grow this. This has led to distortions. For example, just in this past week, the European Union has been taken to task because their sugar prices are three times the world average sugar price. That is a tremendous block and obstacle to import some sugar into the European Union, and there are a lot of countries that can produce sugar at much cheaper prices.

We need to get past the subsidies that we have in place—the export subsidies and the domestic subsidy support that we all have in place. Canada supports its agricultural industries to the tune of 18% of total production, according to the OECD last year. And we haven't changed, by the way, according to the OECD, that much. We have not reduced our support that much.

At bottom, the Doha Development Agenda is an agenda for developing countries, and especially on the agricultural market access side. While there are challenges—and the Hong Kong ministerial this December is not going to be without a lot of stress on it; we need a success in Hong Kong; the world trading system needs a success in Hong Kong this December—I believe we can unleash tremendous benefit, especially upon developing countries, as long as we get through ag market access liberalization and then through services and through non-ag market access and trade facilitation.

Mr. David Stewart-Patterson: Dealing with your second question on education, I agree, from a service delivery point of view and from a constitutional point of view, education is a provincial responsibility, but the quality of our labour force, the quality of our people, is a national challenge. As a result, I think there are levers that the federal government can and should be using. We've talked about support for research, for instance. It's clearly one area that the federal government does have an important role in. Another major challenge, of course, has to deal with learning outcomes of aboriginal peoples. I think some of the discussions that will be going on this week have recognized the extent of that challenge and that this is an important place for the federal government to be exercising leadership.

One way or another, from a competitiveness point of view, it really boils down to the fact that we've been through decades where the biggest issue is, are we going to have enough jobs for the people? We are moving into an era where the question is, are we going to

have enough people for the jobs that need doing? It is going to be a fundamental shift across a whole range of public policy areas. There are two things that flow out of this.

One is that we cannot afford to waste any of the talent that we already have in this country. This means that even though we have one of the highest, if not the highest, rate of people with post-secondary qualifications in the workforce—out of the OECD, we're in really good shape to start with—we still can't afford to waste anybody. This means that when we see larger numbers of boys than girls failing to graduate even from high school, which is just your starting gate for meaningful engagement in the workforce, that's a serious issue. We have to look at what the causes for this are. In provinces like Saskatchewan, where the aboriginal population is the major source of population growth, we have to say we're not getting the outcomes that we should. If too many young people are dropping out and they have needs that aren't being filled by the system as it's working now, how can we make it work better? These are issues of national concern.

The other piece of that, of course, comes back to the immigration question. Even if we make the most of all the people we already have in this country, we're going to need more people. The other area of education that the federal government has a policy interest in, I think, has to do with the integration of immigrants into our economy and into our society. The numbers seem to suggest that, if anything, immigrants are taking longer than in the past to catch up with those who are Canadian born in terms of average incomes and so on. We're bringing in people from every corner of the world. In many cases they're arriving with a considerable pool of skills, credentials, and so on. We're not nearly as good as we should be in terms of recognizing what people know already and then filling in the gaps. They need to integrate quickly within the Canadian labour force, as opposed to our saying, well, we're not sure where you stand, so let's make you start all over again.

It's really important, when people bring real talent, experience, and qualifications to our country, that we make the most of this as well. This is a challenge that isn't just a matter of immigration policy in terms of making it easier for people to come here, but it's also a matter of identifying what it is they need to achieve their full potential within our economy and then of making sure they get access to learning opportunities. It's not exclusively a federal responsibility. It also involves professional organizations in many cases. It involves our educational institutions individually as well as provincial governments from a policy point of view. I think this is a challenge where a lot of people are going to have to work together.

The Chair: We'll now go to Mr. Julian, please.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Chair.

It's hard to know where to start.

But just as an aside, your comments about education, Mr. Stewart-Patterson, are quite surprising to me, given that the Canadian Council of Chief Executives opposed the NDP's budget amendment, Bill C-48, that would invest more money in post-secondary education. We had a situation where we had to choose between more corporate tax cuts or putting money into education, for the reasons that you've just given. The Canadian Council of Chief Executives utterly opposed that and wanted more money in corporate tax cuts. I think that's one reason why you have less and less credibility as an organization for a substantial part of the Canadian population.

I'll mention some other factors that I think diminish that credibility as well.

I'll cite two Statistics Canada studies. Most recently, three weeks ago, a headline read: "Corporate profits rise as workers' real wages fall". This is from an article in the *Ottawa Citizen*: Canadian corporations are continuing to rack up record operating profits while workers' wages fall further behind the cost of living, Statistics Canada revealed yesterday...corporate profit margins continued rising to reach a record high eight per cent.... In a separate report, the agency noted that the average weekly earnings of employees... were only 1.9 per cent higher than a year earlier. That's well below the 2.3-per cent increase in the cost of living over that time.

There were two comments coming out of that. One of the economists commenting on the report said:

Almost all of the income gains from our supposedly well-performing economy are going to shareholders, to very-high-income earners, especially the top one per cent.

A recent report from TD Bank Financial Group likewise noted workers' earnings have been stagnant for 15 years, once inflation and taxes are computed.

There was another StatsCan study that came out earlier this year, in February, which noted that most jobs in our economy these days are temporary or part-time in nature and do not have pension benefits, and younger workers are starting at lower wage levels. That's different from the way it was 10 to 15 years ago.

We've also had studies that indicated that over a 15-year period: From 1984 to 1999, the poorest 40% of Canadians had their share of the nation's total wealth reduced from 1.8% of all personal assets to just 1.1%.

In other words, their share of the wealth has fallen by half.

Over the same period, the richest 10% of the population enjoyed a rise in net worth from 51.8% of all wealth to 55.7%.

What we're seeing is an increasing concentration of wealth in Canada. The richest proportion, the richest 10%, now has most of the pie.

I also wanted to again mention, on the issue of credibility, the issue of the corporate sector's contribution to the collective endeavour that we have as a nation, which in a sense is corporate taxes. In 1999-2000, the corporate sector paid \$22 billion. In 2002-03, it was \$22 billion. At the same time, on the personal share, Canadians personal taxes have increased. We're then seeing that the corporate sector is not providing their contribution to what is in effect a common endeavour.

The Price Waterhouse study, as I know you're aware of, showed that Canadian cities are among the most competitive in North America. Why is that? It's because of that collective endeavour, the fact that Canadians contribute through their taxes to maintaining a public health care system. The fact that the corporate sector does not

have to subsidize health care premiums is a major competitive advantage. Canadians are paying to maintain that competitive advantage through their taxes.

The corporate sector has not responded by creating jobs or putting forth any type of endeavour to redistribute income—incomes are increasingly going to the top—and at the same time, it is increasing its calls to decrease taxes to the corporate sector, even though we know that about \$90 billion a year goes offshore.

I guess my question—

• (0950)

Mr. Sam Boutziouvis: I didn't realize this was the finance committee, Mr. Chairman. I thought we were here on international policy.

Mr. Peter Julian: It's very important—

Mr. Sam Boutziouvis: There's no question on international policy in his question, Mr. Chairman.

Mr. Peter Julian: You've made some comments. You've made comments about education—

The Chair: There'll be no answer to those points.

Mr. Peter Julian: My question is this. You haven't provided the jobs. You continue to push for corporate tax cuts, and that's not even to mention the corporate scandals. We're seeing more and more of the pie going to the corporate sector. Do you understand that you're losing credibility in these calls? You continue to gut the social programs and gut the very basic part of what constitutes our country.

• (0955)

The Chair: Now, Mr. Stewart-Patterson, I just want to point out to Mr. Boutziouvis that, in your opinion, you say to open up agricultural trade and lower corporate taxes. This is why I accepted the little preamble of my colleague.

The floor is yours, Mr. Stewart-Patterson, and then we'll go to Mr. Boutziouvis.

Mr. David Stewart-Patterson: I'm happy to discuss whatever topics are of interest to members of this committee.

The Chair: Good. I'm sure of that. No problem.

Mr. David Stewart-Patterson: But just as an indication, Mr. Chairman, concerning the initial comment about the council's opposition to Bill C-48, our opposition to Bill C-48 wasn't based on the objectives of the spending being proposed. It was on the total lack of control over how that money was actually going to be used, what results were going to be achieved from that, and who was going to make the decisions down the road about how the money would be used. That was totally left open.

Mr. Peter Julian: But you could make the same argument about the corporate tax cuts.

Mr. David Stewart-Patterson: Anyway, I just want to make clear, as I said to the finance committee at the time, that our objection was about the loose management that was laid out in Bill C-48, as opposed to the policy objectives.

In terms of some of the issues you've raised, first of all, if we want to look at profit growth over the last few years, I'd make the point, as I did with the finance committee, that lower corporate taxes in today's world are actually a great way for governments to raise money. Not only does it lead to more investment and more job creation, but in fact it can lead to very fast growth in corporate tax revenue.

The money to pay for Bill C-48 has come out of the unexpected surpluses generated by the rapid growth of corporate profits and the taxes companies have been paying on that profit. You look at where the unexpected budget surplus has come from, and corporate tax revenue has been the biggest contributor. So we're paying for Bill C-48.

Mr. Peter Julian: But the facts actually belie that, because in the 1960s, as you know, it was about 40%. That balance was a ratio of about three to two, personal income tax as opposed to corporate income taxes. Now it's four to one. As regards personal income tax across the country, Canadians are paying four times what we actually get from the corporate sector. So the facts belie the argument.

Mr. David Stewart-Patterson: The fact is that other countries around the world have been coming to the conclusion that it doesn't pay to tax what you want. What you want is investment and job creation. You don't tax what creates that.

Mr. Peter Julian: We're not getting the job creation.

Mr. David Stewart-Patterson: We have the lowest unemployment rate in 30 years. You're saying we haven't had job creation in this country?

Mr. Peter Julian: Those are part-time and temporary jobs and stagnating wages. Those are facts.

I'm suggesting that you could say, "Well, we acknowledge some of the weaknesses", and try to address them, but you don't appear to be doing that.

The Vice-Chair (Mr. Kevin Sorenson): Mr. Stewart-Patterson.

Mr. David Stewart-Patterson: As I say, without getting into a huge digression in terms of fiscal policy, the fact is, from a competitive point of view, corporate tax rates have been falling in the vast majority of OECD countries. The reason they've been falling is that government after government has realized that if you want investment, if you want job creation, you don't load taxes on the very activity you're trying to attract.

A country like Ireland, which has for more than a decade had a corporate tax rate of 12.5%, collects more corporate tax revenue as a share of its economy than Canada does. Why? Because those low rates have attracted more investment, have caused more jobs, have created more profits that are being realized in that country, and that has brought in the tax revenue. That's why Ireland has as much money as it does to invest in more higher education.

We can banter statistics back and forth, but I don't think that's getting us at the fundamental question, which is, how is Canada stacking up against the rest of the world in its ability to persuade people to come here and work and to persuade companies to come here, set up shop, and grow from a Canadian base, from bases in Canadian communities?

That's a fundamental position. We may have a philosophical difference that we're not going to resolve, but I believe that with what Canada has already done, the tax cuts this government has brought in since 2000, despite all the cuts we've had in the past in our corporate tax rate, we're already bringing in more corporate tax revenue today than before the tax cuts started.

Mr. Peter Julian: And less proportionately than we had in the 1960s and 1970s, as you know. So the share of the corporate sector—

• (1000)

Mr. David Stewart-Patterson: But again, you're—

Mr. Peter Julian: There is a difference between the facts.

Let's get back to the question of credibility. It's all well and good to say that the emperor has clothes, but Canadians are having a harder and harder time across the country, and your organization should be addressing those issues.

Mr. David Stewart-Patterson: That's why we care about where tomorrow's jobs are going to come from.

The Vice-Chair (Mr. Kevin Sorenson): Mr. Boutziouvis, you wanted to make a response.

Mr. Sam Boutziouvis: It's just a minor point. Canada has had the best job creation record in the G-7 over the past five to seven years. In 2003 and 2004 the overwhelming majority of the job creation was in the private sector.

You have chosen statistics over the past six months where governments have in fact grown and have been hiring, but after a tremendous recession, a very hard recession, in which sacrifices were made by all Canadians, in which there was an increase in part-time employment and there were drastic reductions in full-time employment and also in government employment. Then the Canadian economy roared back, and we have had an excellent job creation record.

You cannot say Canada is not on top of the world with respect to job creation. In fact, in 2003 and 2004 Canada had the best numbers of jobs created ever—ever—and on an absolute basis, so there is no way you can say we haven't been creating jobs.

The Vice-Chair (Mr. Kevin Sorenson): Thank you, Mr. Boutziouvis.

We'll go into the second round. I would remind all members that they are five-minute rounds, and we will go to the government side.

Mr. Bevilacqua.

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

I want to thank you very much for your presentation.

I want to get back, perhaps, to the role of Canada within a global setting. What should Canada's next move be within a North American economic base?

Mr. David Stewart-Patterson: A short question. That gives me more time for an answer.

As you're probably aware, our council has been very active on the North American front for the past two and a half years, since we launched our North American security and prosperity initiative in early 2003. We've argued consistently for a comprehensive approach, one that recognizes that in order to make the most of our opportunities within North America, we have to simultaneously address issues that affect the security of the continent as well as issues that affect the competitiveness of Canada and of its partners within North America.

We're frankly very encouraged by the direction the leaders of the three countries took in March at their summit in Texas. We saw some very tangible evidence of the kind of progress that leadership is driving yesterday when ministers met here. Frankly, we're quite encouraged by what's already under way, and not simply because of the vast range of files that are now on the working agenda of officials of all three countries. What's important to note is the extent to which leadership has really made a difference in moving the process along and making sure these things actually happen.

In terms of what comes next, the challenge with the North American agenda, of course, is that it covers so much ground that it's difficult to pinpoint. If you look at that book that was produced yesterday, you'll see there's a lot of meat in that. A point was made in our council's discussion paper in the spring of 2004 by the independent task force from the Council on Foreign Relations in New York, which was co-chaired by John Manley. The central point out of that is that what really matters here is that the leaders in each country understand the importance of a shared North American agenda and keep pushing for progress across a broad front.

I can go into more specific details, if you want.

Hon. Maurizio Bevilacqua: There are times, though, when you see reports with long lists of things.... You got up today and you could say I got up today and now I'm here at the committee, and it sounds like you're doing a lot. I'm just wondering whether the time has come in our history where, when it comes to relationships with, particularly, the United States and Mexico, what is required is indeed a big bang rather than a minimalist or incrementalist approach. What do you think of that?

Mr. David Stewart-Patterson: The kind of approach our council has put forward has generally been described as a big bang thing. We've talked about comprehensive strategy, but the point is that you can get there noisily or you can get there quietly. My sense is that the government prefers an approach that looks quieter, that just gets the job done below the radar, rather than making a big deal out of it.

Certainly we've argued consistently that the range of issues that needs to be addressed requires a strategy that should be moving forward, making big strides, in a lot of different directions. Again, what industry and commerce ministers and security ministers were dealing with yesterday covered a whole bunch of ground from rules of origin on the trade side, in terms of essentially making NAFTA work better, to a wide range of regulatory issues. Meanwhile, discussions are going on in terms of the renewal of NORAD and whether NORAD may expand into something beyond simply aerospace into a binational approach to the protection of maritime approaches, not just airspace, for instance. Questions like that are being discussed by others.

We talk about five pillars of a North American strategy that others have described as one of those big bang approaches. But if you look at the work that's actually going on, most of that's being addressed. The question of whether you want to call that a big bang or whether you just want to call that welcome incremental progress really is a bit of a moot point. What matters is that Canada, the United States, and Mexico are moving ahead. Obviously, the proof of the pudding is in the eating. How fast we actually get there from here, file by file, matters, but that's really where, if I may, the leadership comes into play. If leaders keep putting the pressure on, officials and ministers will keep producing the results. I'm confident of that.

• (1005)

The Vice-Chair (Mr. Kevin Sorenson): Do you have a very short question? We also have Mr. Boutziouvis.

Hon. Maurizio Bevilacqua: I thought they were all pretty short. Thank you. I have one final question.

You talked about education and skills. How do you respond to the challenge that Canada faces—as does the United States—of an aging society compared to Mexico? Isn't this an argument in favour of having free movement of labour within North America?

Mr. David Stewart-Patterson: We've certainly talked about free movement of labour between Canada and the U.S. as a step that is feasible in the short term. The issue of free movement of labour within North America, including Mexico, was certainly discussed, for instance, by the Council on Foreign Relations task force. I think the sense from the U.S. side is that immigration, in particular undocumented immigration from Mexico, is a significant political issue in that country. I think they have to sort out how they want to approach it. I don't think it's something Canada can do bilaterally.

We have some very effective temporary worker programs with Mexico. We've talked about the potential for expanding on those using our agricultural worker program, for instance, as a model for looking at other areas where skill shortages may crop up. I think simply because of the United States' political situation we're a long way from being able to talk about open movement of labour in any European Schengen Visa type of arrangement for Canada, U.S., and Mexico. I think we're some way from that.

The Vice-Chair (Mr. Kevin Sorenson): Mr. Boutziouvis, go ahead, please.

Mr. Sam Boutziouvis: I have three words for you, Mr. Bevilacqua: productivity, productivity, productivity. That is what is going to help us with an aging demographic. That means essentially in a number of areas we need to make improvements, but in particular, as Mr. Stewart-Patterson has pointed out, labour market flexibility is critically important. That means we need better immigration policies; it means allowing labour to move back and forth much more freely across the provinces than currently, and then between the three countries within North America. It means securing North America, but also allowing people who are at low risk to travel back and forth to be able to learn here and to stay here and to grow here.

It all depends on productivity. You know that very well, as former chairman of the finance committee; you did your own report on productivity. Japan is struggling with it now. Their population is at the point where, within the next 10 to 15 years, it will reach its peak and start declining. They need to come to terms with productivity improvements.

Regarding your first question, I'll just run through a supplementary list of next steps. The Canadian Council of Chief Executives has engaged in a strategic partnership with its U.S. counterpart and its Mexican counterpart, the Business Roundtable in the United States, and the Consejo Mexicano de Hombres de Negocios, and we are going to focus on private sector efforts to help this incredibly ambitious program. An action plan—an action plan, Mr. Julian, not a framework, not a deal—that will be continually evergreened has been put together.

We would like to see more improvement in the current dispute settlement process, but we know that this would probably take some legal changes. We would ideally love to see the ad hoc panels move to permanent panels. We would love to see temporary suspension of anti-dumping CVD within North America, if possible. Why not try it within sectors? It is an idea that has been put forward. There could be full labour mobility within North America, but also within Canada. David brought that up.

This document produced some incredibly good incremental steps on energy, but Canada really needs a resource strategy, and North America needs a resource strategy. We need to talk a little bit more about that.

On defence, David talked about NORAD. The IPS talked about renewal of NORAD. Ideally, we'd love to see a renewed NORAD, but one with maritime and land added into the mix. Also—this is very controversial on our part but it's public, it's on the record—we would like to see a return to the issue of BMD.

Then, finally, we do need to talk about institutions. We feel that we've studied Europe a lot. There are a lot of major, large institutions in Europe that are supporting the project that has taken place over the past 50 years. We need to discuss what's right in a North American context in order to take North America to the next level.

So while we have 300 action plan items in this particular report—and it's an excellent report—we do need to discuss the next steps in another set of areas. That was just a very brief outline of them.

•(1010)

The Vice-Chair (Mr. Kevin Sorenson): Thank you, Mr. Bevilacqua, for that 10-minute round.

We're going to go to Mr. Menzies. Again, I will remind you that this is going to be a five-minute round, stretched a little bit now on each side.

Mr. Ted Menzies (MacLeod, CPC): Thank you, Mr. Chairman.

Thanks to both of you for answering our questions today. I'm quite enjoying the conversation.

I would like to go back to one of the first issues you addressed. That's market access—not just agricultural market access, but one of the other big issues at the WTO, which is the non-ag market access.

I've always beaten the drum that market access is not only going to be good for Canadian exporters, but as you mentioned, it will also be the way we will help these least-developed countries get out of this situation they're in. Certainly aid is wonderful—it's very expensive, it's a difficult way to do it—but it becomes repetitive. It seems we just keep sending money. If we can solve this with a long-term answer, I feel it's market access for these countries—and not only into our economies. How do we promote the fact that barriers to market access between these least-developed countries are creating as many problems as those into the developed countries? Can you comment on that?

I would also like to hear a comment from you, on behalf of your membership, reminding us and this committee that we're in a global economy. If we overtax the companies that employ people, it's quite easy for them to move somewhere else, and there will be no jobs. It's the companies in this country that fuel this economy and provide us the social programs we need. Could you maybe remind us? I'm sure your membership has mentioned that to you now and again.

I have one quick one—

Ms. Francine Lalonde: Five minutes?

Mr. Ted Menzies: Yes, five minutes; that's all we're going to have.

The Chair: I was told Mr. Bevilacqua went to 10 minutes. We'll let him go to 10 minutes.

Mr. Ted Menzies: We're cutting into my five minutes.

•(1015)

The Chair: That's fine. That's okay.

Mr. Ted Menzies: Thank you.

We see that Canada is in a trade surplus position with the United States, but that is the only country with which we have a trade surplus. We're in a trade deficit. Does that concern your membership, and how do we address that?

Mr. David Stewart-Patterson: Sure.

I apologize, Mr. Chair, because it was our answers, not Mr. Bevilacqua's questions, that pushed him over. We'll perhaps try to not run on so long.

On the question of market access more generally, I mean, agreed; we basically feel that more open flows of goods as well as investment tend to be good for all partners. I think you raised a very important point when you talked about the barriers between less developed countries, which in many cases are more significant now than the barriers between them and some of the industrialized markets, at least in terms of tariffs.

Of course, part of that is a matter of building trust in a multilateral framework. I think one of the reasons we're kind of getting clogged up within the WTO is not just resistance to bringing down barriers on the part of industrialized countries, but also, within the less developed countries, a kind of wanting to see some proof before they make any commitments among themselves.

So there's a kind of dance going on here, and again, if Canada is going to make a difference, I think it would be better for us to be a leader in this process and ask how we can get the process moving, and start talking about perhaps what everybody can do to contribute to a solution.

I think the other point you made was about the importance of market access, which then drives private sector investment in a country as opposed to simply foreign aid flows. Ultimately, if you're going to sustain economic growth and get the least developed countries to become more developed, you can't do that with foreign aid flows alone. That's where the strategic direction laid out in the international policy statement is quite a positive one. It's recognizing that sending slices of aid, slices of money, across a broad swath is not really what's going to create the conditions to start bringing in the private sector investment you need, not just to meet the needs that people have today but also to start building up the governance structures, the rule of law, the infrastructure. That gives private investors confidence that, hey, this is a place where we can now see opportunity, and where we're prepared to take a risk, because we can see there are chances there to build businesses and to operate in a sustained way; we're not going to be subject to arbitrary confiscation and what not, but there's real opportunity there.

It's the investment, the job creation, the economic growth that flows from there that's far more significant, in the end, than how much aid money flows in or how much debt gets forgiven. Obviously, the ability to get access to products that are made in a less developed country is one of those key elements: is it worthwhile investing here to build things, to make things, to do things for export? Obviously, export-driven growth is going to be more potent as a force for the growth of the economy in that country than simply an investment that's aimed at serving the local or national market.

So those market access issues are important, and it's not just agricultural products. We highlighted those because that's what everything seems to have become clogged on, but I don't want to diminish the importance of the rest of the WTO agenda.

The Chair: Mr. Boutziouvis.

Mr. Sam Boutziouvis: You're right, Mr. Menzies. Barriers to market access between developing countries are as high or higher than between developing and developed countries in many cases. Again, there's a strong rationale for a World Trade Organization development agenda focused on reducing tariffs and non-tariff barriers, especially for those developing countries. When they taste the fruits and the prosperity of greater openness, they will want more, just as Canadians did, and Canadian businesses did, and Canadians overall did.

Regarding trade surpluses, the Canadian trade surplus, it's an excellent question. We need to be more aggressive on moving after non-tariff barriers in whatever market access negotiations we go into, and that includes with whatever country we're negotiating with. It means negotiating on intellectual property rights, for example. But let me point out that it would be unfair to demonize imports per se. Imports play a very important role for the Canadian economy. Canadians have prospered precisely because they have been able to import goods and services and have been able to improve their standard of living precisely because they've had access to more affordable goods and services from abroad. That's what makes the

global system continue and it is what adds prosperity and raises the standard of living of Canadians.

I have a final point, and I'm sorry Mr. Abbott left. You raised the point that Canada has a good surplus with the United States, but if you include Hong Kong and China, we have a services surplus with China and Hong Kong and it is a burgeoning one. We have a huge services deficit with the United States of America, by the way. That goes to show that we have champions all over the world who are doing business everywhere, and especially in financial services, when you include Hong Kong and China on services, we're doing extremely well. We need to not just nurture that with the policies we put in place, but we need to expand upon it in any way we can. So let's—I think Mr. Menzies you know this—not forget about services.

• (1020)

The Chair: Thank you.

Now we'll go to Mr. McTeague.

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Thank you, Mr. Chair, and, gentlemen, thank you for being here today. I have three or four very quick questions, but I'll allow you the time to delve into them a little for us here.

In regard to the discussion over agricultural liberalization, my experience is—and there is much discourse on this fact—that these kinds of proposals in other countries, certainly in the third world, have actually led to stagnation, or worse, they have put those nations that have changed their indigenous crops towards more internationally commercially viable products to a point where they are facing depressed prices and of course are worse off than they were before liberalization began for those countries.

I understand the context in which you place it with respect to Canada, but overall international trade liberalization has not served some parts of the world in terms of our overall objective of trying to reduce poverty. Perhaps you could give us a comment on that.

I believe you talked a little earlier about productivity, Mr. Boutziouvis. I'm wondering what kind of productivity—and I don't think it's a bad thing to try to pursue—would have our workers in General Motors in Oshawa, who earn a particular standard of living, compete against someone, for instance, in China, who can build the same car for \$6,000 and work two shifts with very few labour regulations, notwithstanding the conventions that have been signed.

As to the challenge of young nations, it would appear to me that while we have an aging population.... You pointed out Japan as being another one with an aging population. I'm a former public relations specialist with Toyota and I know the problems that exist there, but I also recognize that some of the greatest and youngest populations live in some of the poorest regions of the world, particularly Africa, Latin America, and the Middle East. Could you perhaps give us a comment on that?

And finally, NAFTA. I see that it's conspicuously silent on the never-ending trade disputes we have. It would appear that our continental trade driver has in many respects failed the notion of liberalization, certainly on a continental basis. Perhaps you could give us an overview of how we get around this never-ending, obviously one-sided approach with respect to NAFTA.

Mr. Sam Boutziouvis: Just on the GM issue, since you raised General Motors, Mr. Grimaldi, who is a member of our council and runs General Motors Canada, has been engaged over the past three or four years in the Automotive Partnership Council, and they've come up with some great ideas with their counterparts, with the Minister of Industry, and with senior officials to improve the regulatory environment and improve the environment generally in order to attract investment.

Secondly, I believe Mr. Grimaldi, just in the past couple of months, announced a strategy in which the design component associated with General Motors will actually be attracted to Ontario. That's the future mix, Mr. McTeague, if you don't mind my saying. Moving up the value-added chain is what we have to do, and General Motors is already doing it, because they decided—and obviously you should invite senior officials in from General Motors, and from Toyota, frankly, to come to talk to you about what they are doing to be competitive in the global marketplace....

It seems to me that General Motors has decided Ontario is a really good place to put in place the design component with respect to auto production and auto manufacturing, and that's a great story, a fantastic story, and it augurs well, in a very competitive environment where, in China, they're making these Cherries, knock-offs, for \$6,000 or \$7,000.

With respect to agricultural market access, you raise a very important point. But the issue, Mr. McTeague, with respect, is that there's not enough market access for developing countries in the agricultural sphere so that they can take advantage. Some countries will have a comparative advantage in certain agricultural products and not in other products, but it's up to those countries, once offered the greater market access, to decide what they can excel in.

For example, just to get off topic with respect to agriculture, India has put a services offer on the table that is, bar none, a high-quality services offer. They want to see a liberalization in services, because they have a comparative advantage there. More power to them. So they want to see an ag deal and a services deal as well. That's why we need a balanced outcome, for countries such as India that have realized they have a comparative advantage in a certain area to get the market access so they can try to excel there.

Go ahead.

●(1025)

Mr. David Stewart-Patterson: If I can switch over to the North American agenda, the whole issue of trade disputes is perhaps the most long-standing frustration for a lot of our members and for a lot of Canadians. It was a negotiating objective of Canada from the beginning, from the Canada-U.S. Free Trade Agreement up to the NAFTA. We did make some progress there in the sense that we got coverage under NAFTA that most other trade deals don't deal with; NAFTA was the first one to get into some of the investment stuff. But the fact is that this is something that has been very difficult to get

from the Americans. It remains an important objective of Canada in our ongoing discussions.

Coming back to Mr. Bevilacqua's question, what should we be aiming for next, and is it big bang or is it incremental? Getting some kind of comprehensive approach to dealing with trade disputes would probably be a big-bang objective. There are also a number of indirect ways to get there. One indirect way, for instance, is to deal on the regulatory front, because regulatory differences have been underlying some of our more persistent trade disputes. If we have a highly integrated North American market in cattle, and we had a regulatory structure that reflected that, we might have avoided some of the border blockages that have come up as a result of BSE.

You can similarly argue that the softwood lumber dispute comes from real or alleged differences in regulatory approaches, and negotiations on that front might take away the rationale that's been used for launching a lot of those trade actions.

The other thing is that I'm actually optimistic that one way or another we are going to be able to deal with the source of a lot of this. Whether we actually get a formal exemption from trade actions, I have my doubts. What is important is something we've noticed particularly over the last year or so in discussions with our American counterparts in business as well as in government. After 9/11, the big American concern was security. Within the last year or so, we've seen a second theme really start to resonate, and that is the competitiveness of North America. The Americans are increasingly coming to understand that both Canada and Mexico bring unique assets to the North American table, and that all three of our countries are going to be stronger and more competitive in the global context if we work together. The Americans are starting to understand the economic advantages of a more integrated North America, for them as well as for Canada and Mexico. In the context of trade disputes, it doesn't pay for us to be fighting among ourselves. What we should be doing is talking about how to work together more effectively.

●(1030)

Mr. Sam Boutziouvis: If I could just add something very briefly, Mr. Menzies mentioned non-agricultural market access. With respect especially to auto companies, non-tariff barriers are critically important barriers to market access in other markets, especially for auto companies in North America. We hear that message, and that's a message we are going to be sending out as well. It's not just about tariffs. It is about non-tariff barriers and allowing North American production—in whatever market in Canada, the United States or Mexico—to have reciprocal access in other markets where the non-tariff barriers will actually be pulled away so our production and our services can have equal opportunities and fair opportunities in those countries.

Hon. Dan McTeague: I appreciate your earlier remark on value added. Of course, our government is helping very much with the Oshawa plant, the flex plant, etc. But I'm more concerned right now, as the final point, with resources, which you touched on. There appears to be a hand-in-hand relationship between the valuation of the Canadian dollar and of course the price of energy around the world.

Specifically, what is your council proposing with respect to the developing parts of the world—China, India, Brazil—as they tend to use dirtier products such as coal to build their economies? We're seeing a larger production of emissions. Does your council have any particular concerns about that, and if so, what are they in terms of providing value-added technologies to those countries?

Mr. David Stewart-Patterson: It opens up a whole broad topic in terms of not only energy strategy but environmental strategy within Canada.

Just to take one example, this issue is one reason we've had our doubts about the Kyoto Protocol, because countries like China aren't covered. Therefore, in anything we do here in terms of our emissions or developing technology for us, if China doesn't have an incentive to take advantage of that technology, where's the market for us?

I think what you're talking about is whether there is an opportunity there for Canadian technology to develop as something we can sell to the world. Yes, there is, because if you look at the performance of Canadian companies on reducing emissions, not just of greenhouse gases but other ones, we have a pretty impressive record and some pretty good technology that we can share with others. But then the question is, what's going to create the market for that technology worldwide? I think that gets into some issues about at what point it is fair to say to lesser developed countries, developing countries, "Hey, you have to be part of the solution as well," and how do we create that mechanism?

The Chair: Very briefly, Mr. Boutziouvis.

Mr. Sam Boutziouvis: Just a great, great question, and great comments.

The Chair: Good answer.

Mr. Sam Boutziouvis: Yes.

Mr. Stewart-Patterson talked about the international domain on resources and on sustainable development. Yes, we have the Kyoto plan, but we do need to develop a strategy within Canada on resources, especially on energy. We don't have an energy strategy. We need one. It is a priority. It's a priority for our council, moving forward. We have to get our own house in order and figure out what we need to do on energy, and then go out to the world and promote strong intellectual property rights in a lot of these other countries where we want to sell our technology.

The Chair: Thank you.

Madame Deschamps, s'il vous plaît.

[Translation]

Ms. Johanne Deschamps (Laurentides—Labelle, BQ): Thank you very much. What I have to say may be more a comment than a question, but we will see what your answer is.

I want to thank you for being here on this day, which may be the last of this session. I do not know if it is also the case for some of my colleagues around this table, but today is my first anniversary; I was elected last year.

An Hon. Member: Congratulations!

Ms. Joanne Deschamps: So I do not have much experience in politics here.

Here is what this year has taught me. How is it possible to develop an consensus, propose a policy, a national strategy to lay out a foreign policy that will increase investment, when the one and only preoccupation that we have had all year has been to deal with a minority government that was facing very strong opposition? Everyone has different visions, everyone is emphasizing different issues.

Moreover, as we well know, expenditures at the provincial level are skyrocketing across the country, whereas at the federal level, it is the revenue that is skyrocketing. So there is an imbalance. All the provinces are also dealing with problems of how to invest to maintain their health and education services, highway infrastructure and municipal services. Those are major concerns in all the provinces, which are feeling pressure in turn from their municipalities. The current trend is toward ad hoc agreements, which often result in one province losing out to another.

I think that the turbulent times that we are experiencing with a minority government and the current political situation is unsuited to motivating people or creating a big bang, as was mentioned earlier, to make Canada more prosperous at the international level.

I had an opportunity to accompany the Minister of International Trade on three trips this past year: to Brazil, Chile and India. What struck me the most was to hear people in those countries, investors in each of those places, say that they had very little inclination to come to Canada because of our education system. Perhaps not enough promotion was being done at the international level, precisely because of the political situation, which often gives the impression that Canada is the poor cousin clinging to the United States.

How can we distance ourselves from the United States? How could each province gain influence on the international scene, so that it could sell its own products without necessarily doing so through a spokesman? That is a comment, but I am also asking you the question. Does the current situation put Canada at a disadvantage?

• (1035)

[English]

Mr. David Stewart-Patterson: I think our members share a lot of that sentiment. That was really the sentiment that drove the statement we released this morning about Canada's competitiveness, that we're discouraged by the way the past year has unfolded in terms of the political situation. It has, I believe, discouraged us in our ability to move ahead and build consensus on some of the big questions our country faces. So yes, I share your concern about the process.

I have to say a minority Parliament can actually be very healthy for democracy. A lot depends on how well parties and individuals work together and are willing to talk with one another and do deals. Obviously, you're the ones who have to make those choices; it's not for me to tell you how to....

I think it's more difficult, obviously, to make decisions and to reach decisions on big issues in a minority government because it takes more time to negotiate between parties to come up with a consensus. I think it can be done, and regardless of what happens going forward....

If I can just touch on the question of the fiscal disequilibrium...and we've touched on it. This is really not so much a fiscal issue in terms of where the tax revenue is flowing in and where the spending growth is highest; it's about how you manage that. One of the things we've suggested is that there is a need to talk about this but not to do it in one-off deals, that in fact there's a systemic question that has to be addressed. We have to look at what Canadians want their governments to do, which government can do the best job in addressing any particular issue or task, and then how we make sure each government has the resources, the ability to raise the money that's needed to carry out those tasks in a way that brings value to Canadians.

Obviously, the Constitution provides some broad guidelines on this, but I think one of the strengths of the Canadian federation is its flexibility, where as long as we can agree that this makes sense or that makes sense, we can go ahead and do that.

So I agree with you. There's a fiscal challenge there in terms of where money is flowing in and where it's being spent, but I think we also have to be sure that as we figure out how to make sure each government has the resources it needs, the spending is matched by the accountability. I think the danger in the situation we have today is that taxpayers aren't even sure who to hold responsible in terms of who's spending and who's taxing.

It's a big discussion. It's not something that's going to be easy to get a consensus on. It's one the provincial governments have to play a role in. This can't be just a federal exercise. The Council of the Federation potentially is a very useful vehicle for fostering the kind of national discussion we need, but at the same time it has to be more than just a one-way discussion, where the provinces say they need more money and the federal government should give it to them. Everybody at the table has to be prepared to say, what's in the best interests of the country?

For instance, regulating our securities markets is one area where we think the realities of financial markets globally mean that it makes a lot more sense to regulate financial markets on a national basis even though the jurisdiction is provincial.

● (1040)

We've talked about ways the provinces can maintain their jurisdictional authority by delegating that authority—not giving it up, not surrendering it, but delegating it voluntarily to a national body with a governmental structure that they would determine. I think it's important that we talk in very practical ways about how to make the federation work better; I think that discussion has to involve not just talk about money flows between levels of government, but who does what within the federation.

The Chair: Next is Mr. Boutziouvis, for a very quick question.

I have a question after that, as does Mr. Julian.

Mr. Sam Boutziouvis: On your last question, Madame Deschamps, it's about making choices. For example, from a totally non-partisan viewpoint, I would say that successive governments in Quebec—PQ or Liberal—have done an excellent job in developing relations with China. For more than three decades—almost four decades—Quebec leaders have gone to China and have developed a very strong relationship in partnership with the private sector.

Quebec does an excellent job at this. Perhaps they need to bring along the education sector.

You received answers to questions in Chile. They were obviously unfortunate. You've got to decide with your colleagues, in discussions both here and in Quebec City, whether to put more resources into trying to attract investment from Chile, or whether you have to have actually make choices and continue to nurture what is obviously going to be an extremely important, dynamic region of the economy.

Latin America is also going to grow. Last year it grew by 6%. That's a record, overall, in Latin America, but fundamentally it is about Quebec and Canada making choices about where to put their resources. I do know, as a matter of fact, because I've done some work on China just recently, that Quebec in particular has played a very important card, a very important role, as is usual with Quebec—they are upward-oriented—in promoting its interests as well as Canadian interests in China.

The Chair: Merci.

I have two questions. After that Mr. Julian will get a question, as will Mr. Day.

I want to follow up on your last answer and on a previous question from Madame Lalonde. The subcommittee has recently made recommendations to strengthen measures of corporate social responsibility with regard to human rights and the environment, applying to the overseas activities of Canadian businesses and to Canada's economic relations with emerging markets. How should we approach our relations with these countries, including China?

This is my second question—in the IPS, the Canadian government promised an advisory process to review the splitting of the department into separate departments of foreign affairs and international trade. Given the many criticisms that have been made of the split and the defeat of a parliamentary bill, what is the council's view now of a separate trade department? How can Canada's international policy machinery be arranged in order to achieve the goals of policy coherence and best serve Canadian interests abroad?

Mr. Stewart-Patterson.

● (1045)

Mr. David Stewart-Patterson: On the first question, I think I answered at length in terms of the.... My sense is that the market is imposing a pretty stiff discipline in terms of human rights abuses or environmental abuses by individual companies, that basically anything a company does anywhere in the world affects its reputation and will affect the sustainability of its business everywhere in the world.

I'm not sure how much additional action by government is going to be either helpful or necessary. If there are specific examples you want to discuss, I can perhaps go into that, but I don't see a compelling need for governments to take a huge amount of action here, because, as I say, the market disciplines on misbehaviour at the corporate level are simply becoming so powerful and so directly applicable to corporate strategy that governments would be sort of supplementary to that.

On your second question, I know this has been an issue of considerable concern within Parliament. It's also been an issue of significant concern to the business community. Obviously our members count a great deal on an effectively functioning foreign affairs and international trade function within the federal government. I think I have to make it clear that when the government made its decision to split foreign affairs from international trade and to create two departments, we were not consulted ahead of time. We weren't asked for our opinion. Had we been asked for our opinion, we would have recommended against it.

Given the reality that the decision was made, we said we were prepared to offer our qualified support for carrying on, on three conditions: one, that the split be revenue neutral; two, that the split of the department not disrupt its ability to do its job to help Canadian companies and individual Canadians; and three, that the split not undermine the morale and effectiveness of the dedicated and talented people who work there.

I have to say that on all three counts the execution of the split has failed to meet those conditions. Costs are clearly going up. Businesses and others who want help are confused, and if we want help we have to talk to at least two people, and maybe more, to figure out who we really need to talk to. There is confusion in terms of clients who are depending on both departments now, and I think within the organization it's fair to say that a lot of people are feeling frustrated, discouraged, and demoralized.

Now I would like to come to your question. The expert panel has been announced. I don't believe it's been appointed yet, but basically I think the mandate of that panel, as I understand it, is to look at the situation and figure out how we put Humpty-Dumpty back together again. In doing that, I don't want to suggest that we necessarily want to go back to precisely what we had before, because I think there was certainly a positive motivation, and I think some good ideas have been incorporated into the current situation. For instance, the marriage of trade development and investment development I think is a positive evolution, and I wouldn't want to see that undone.

One way or another, I think there are ways to achieve the goal of having foreign affairs and international trade function as equal partners within the government structure, which doesn't necessarily involve two completely separate departments.

So I look forward to the recommendations of the expert panel, but we would support the direction anyway.

The Chair: Mr. Boutziouvis, please.

Mr. Sam Boutziouvis: On human rights and trade, one of the most powerful forces for spreading democracy and human rights is through trade. We strongly believe that nations with open and free economies are more likely to enjoy fuller political and civil liberties than those with closed and state-dominated economies.

Freedom House, which is a New York-based think tank, recently released that the share of the world's population living in countries that are free, according to its definition, jumped from 35% to 44%. The share of countries that are living in not-free economies dropped from 47% to 35%.

At the same time, our own Canadian Fraser Institute suggested that the ratings for political freedom and the ratings for economic freedom increased in many of those countries.

The bottom line is that when governments trade, and have traded over the past 30 to 50 years, it does lead to progress on civil liberties and on human rights.

Now, has enough been done? The answer is obviously no. For example, 20 years ago South Korea and Taiwan were essentially one-party states without free elections or full, complete civil liberties. Things have really changed since then. Openness has contributed dramatically to that, in our view. They are thriving, dynamic, success stories in that region. Obviously, democratic principles should continue to be promoted in those areas, as well as openness.

With respect to your second question, David has done a great job, and very, very quickly. Even if the split doesn't work and they're put back together, there are issues related to machinery, especially on imports and import administration. It is split among other departments, including the Department of Finance and the Canada Border Services Agency.

There are questions that need to be addressed about whether or not the import administration should come in under a total international commerce department. That question should be answered by the committee, and we'd be pleased to come back to talk about that.

Secondly, the Canadian Trade Commissioner Service is doing a fantastic job with respect to market intelligence. More market intelligence is needed for global markets in order for us to sell more of our goods and services abroad.

Thirdly, several line departments work on trade policy. This is a critically important issue. There needs to be a reconciliation, or at least greater cooperation and greater understanding, of the many line departments working on international trade policy currently. You need to consolidate that but also to coordinate more on international trade policy.

Finally, the bottom line is that our international trade strategy needs to proceed from a stronger footing, grounded with political backing as well as cooperation among the line departments and among all the parties to improve access to markets. Canadian business needs it. Canadians need it.

Thanks.

● (1050)

The Chair: Is it too much to ask your council to give us a follow-up on the answer you just gave us? Certainly, the committee would be very pleased to use any further elaboration.

Now we'll go with one question to Mr. Julian—no preamble, please—and Mr. Day. Please put both of your questions and we'll finish after that.

Mr. Julian.

Mr. Peter Julian: I have two questions.

The Chair: We've got six minutes left. You could put your question without answers. Go ahead.

Mr. Peter Julian: I'll put the two questions.

Briefly, the first question comes back to this issue of human rights, because the subcommittee report that a number of people have referenced indicated very clearly a recommendation that the Canadian government adopt legislation that would allow Canada to prosecute companies that are involved in human rights abuses outside of Canada. I'd like to very clearly have a response from you both about whether you are in favour of that type of direction, that we have the same human rights standards, whether the company is operating in Africa or South America or Asia, and that we prosecute those that do not live up to those standards.

My second question is around deep integration, because you have a very ambitious agenda around establishing a common energy policy with the United States. Many people feel, including myself, that that means energy policy would be set in Washington, and we do have the second largest energy reserves in the world. Those should serve Canadians' interests, eliminating exemptions in NAFTA, eliminating or creating a common North American identity. My second question is, is there anything you would not be prepared to sacrifice in talking about North American integration? The report is very comprehensive, and I see it as brazenly anti-Canadian.

• (1055)

The Chair: We'll go to Mr. Day's questions.

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): Thank you.

I'll try to limit my preamble to less than Mr. Julian's.

My question is this. I noted where you said that what is painfully absent today is any ambitious vision from the government of what Canada could achieve. You add as well that "Canada is a nation adrift...frittering away the fruits of years of sacrifice". I obviously share that indictment.

What do you suggest should be done strategically in a time when we're seeing a propensity for toughening up the rules all across the board? We do want to make sure that corporate malfeasance is dealt with, but the regulatory regime is becoming so complex that any regulatory agency could virtually go into any business and find somewhere where an "i" is not dotted or a "t" crossed.

How do we come up with a proper regulatory regime that will take care of the bad guys but allow especially the smaller companies to proceed? How do those smaller companies proceed in light of the bigger ones having the advantage of huge government involvement, for instance loan guarantees and subsidies?

The Chair: Mr. Stewart-Patterson, there are four minutes left, and then we stop. We have another group following us. Sorry.

Mr. David Stewart-Patterson: I won't go on at great length.

In terms of the regulatory issues, I think we've commented at great length, not only today but for years, in terms of where we are with regulatory fragmentation. Again, the fact that we've got so many different agencies and different levels of government applying different acts in inconsistent ways really has bogged down everything. It's not just a small business issue or a red tape issue there; it bogs down the big megaprojects and so on.

We've really suggested two approaches. One is that we've been strongly supportive of the government's smart regulation initiative within our borders. Obviously, the federal government can only do so much within its own jurisdiction. Ultimately, making regulation work better within Canada is a matter that has to involve provincial governments and extend down to the municipal level as well, since a lot of regulations exist there. If we want regulation to work better in Canada, it's going to have to be a cooperative effort among governments.

But the other piece is the fact that regulatory issues cross borders. One of the fundamental recommendations of the smart regulation committee is that regulatory policy in fact has to be a key part of Canada's foreign policy, because how we manage regulatory policy with our trading partners is also important, as it is going to affect the environment within which our country as a whole works.

The Chair: Do you have a question, Mr. Julian? I want to get the answers to Mr. Day's questions first.

Mr. David Stewart-Patterson: In terms of the question raised with respect to power to prosecute, I would approach that kind of issue very carefully, simply because it very quickly can get into questions of extraterritoriality. We would object to Canadians being prosecuted by other countries for something they did here, and I think we have to respect the sovereignty of each of our partners as we seek to improve human rights practices worldwide.

Mr. Peter Julian: We already do that with pedophiles.

Mr. David Stewart-Patterson: I'm just saying that we have to be very careful about jurisdiction and respecting the jurisdiction of others as well as our own objectives. All I'm saying here is that I can't really comment at length because the devil is in the details in this kind of exercise.

Mr. Peter Julian: But in principle, would you be in favour or opposed?

Mr. David Stewart-Patterson: I would have to look at what was proposed; it can't be taken hypothetically.

The Chair: I'm sorry, Mr. Julian, but I think you got your answer.

Merci beaucoup. I want to thank both witnesses for this morning. I think it was very informative.

I want to tell my colleagues that in the fall we're going to be looking at Mr. Abbott's bill, Bill C-357, concerning the proposed Taiwan affairs act. You will receive today from our clerk a list of 15 potential witnesses. If you have any other witnesses that you think should come in front of the committee in the fall, please provide the information, your list, to the clerk during the summertime.

I hope you have a nice summer.

Yes, Mr. McTeague.

Hon. Dan McTeague: Chair, it would be helpful and courteous, when we do begin this, for us to extend to Mr. Abbott the chance of being our first witness. I would certainly like to see that be the case.

The Chair: That's fine.

Hon. Dan McTeague: Thank you, Mr. Chair.

The Chair: Thank you very much.

[*Translation*]

The meeting is adjourned.

Thank you very much. Have a nice summer.

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