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Chair

Mr. Navdeep Bains

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• (1540)

[English]

The Chair (Mr. Navdeep Bains (Mississauga—Brampton South, Lib.)): I would like to start the meeting right now.

I want to apologize for the slight delay. It really is a reflection of things taking place in the House of Commons. It's no excuse, but it is a reality. I trust the members' judgment; they probably had legitimate reasons for the delay, because they usually are on time. Nevertheless, I do want to apologize to the witnesses. At the same time, I welcome you today and thank you for coming out.

As you know, today's topic is about mining in developing countries, with special focus on corporate social responsibility.

We have two departments with us today. One is the Department of International Trade; the other is the Department of Natural Resources. I believe—according to the clerk—that Mr. Ken Sunquist will be starting off with opening remarks, following by Mr. Gary Nash.

You have about five to ten minutes for your remarks. Following that, we will open it up to the members for questions. They get seven minutes each. If anyone else wants to make any remarks, by all means go ahead. We have this meeting allocated from 3:30 to 5:00, so we do have about an hour and 15 minutes.

I'd like to open the floor to Mr. Sunquist, please.

Mr. Ken Sunquist (Assistant Deputy Minister, International Business and Chief Trade Commissioner, Department of International Trade): Good afternoon, and thank you very much for this opportunity to be here.

I'd just like to mention that I'm going to split my presentation in half. I'll do a few moments, and Christine Côté, who is the acting director of our investment trade policy division, will talk about some issues there.

We have several other officers here with us. Carl Pilon is responsible for our trade commissioner service operations group for CSR issues. Vivien Escott is our deputy director for trade in Southeast Asia, and Vern MacKay is in our investment trade policy division as a senior adviser. Hopefully, we can answer any questions.

I will try to keep my remarks very short so we can do more questions. In fact, what I've given to all of you, *en anglais et en français*, is a short deck that looks like this. It is called "Corporate Social Responsibility". I'm going to speak to that for a couple of

minutes, to tell you a little bit about it, because in fact what we are doing is exporting Canadian values every day, in terms of our commercial relations, and I think this is an important starting point for us.

The trade commissioner service is responsible for exports, responsible for two-way investment, and responsible for science and technology. We have about 250 Canadian-based officers overseas, and another 600 locally engaged officers at 140 missions around the world. In addition, we have about 100 officers across Canada in our regional offices, and several more here at headquarters.

The short deck we're going to show you is in fact not designed with you in mind. We wanted to show you exactly what we're doing with our officers day in, day out—what we give to every trade officer who is going to represent our country abroad. I think that's an important distinction, because that's actually what they're doing.

You should know that this course was piloted in Manila with our Southeast Asia trade commissioners. It's being used in South America and in Africa today. We are now integrating it in something we call our global learning initiative for every trade officer abroad. Both Canada-based and locally engaged will be exposed to it.

We also use major industry meetings, such as the meetings of the Prospectors & Developers Association of Canada—that's PDAC—or the Mining Association of Canada, MAC, meetings. We bring officers back to them, so we're with the industry, we're with our trade officers, and we're making sure everybody is aware of what we do to assist companies and the boundaries for that.

I'm really not going to go through this word for word, but I'll tell you that corporate social responsibility is looking at the complex issues—labour rights, environmental protection, bribery, corruption, and human rights, so our trade officers are expected to be involved in those issues.

But why is our department involved? Well, we think it really respects Canada's international commitments. We think it promotes Canadian values and Canadians' concerns. I think this is an important part.

It is also that we believe we hold the Canadian mining industry to higher standards than many would be held when they go into other countries. My colleague Mr. Nash, from the Department of Natural Resources, might talk a little bit more about it later. We think that how Canadian companies operate abroad reflects on Canada. We really believe this is important.

How is it implemented? Very simply, we mainstream it. It is not—and I really want to repeat that—it is not viewed as a silo. This is not an add-on. We contribute to the CSR agenda; we build capacity in developing countries through interdepartmental work with CIDA and others; we address the questions of business and conflict.

When we look at our trade officers, we want them to be aware of CSR-related issues, because we want them to be on the front lines in informing Canadians of the Canadian government's commitment to CSR, and in informing the host government of Canadians' concerns. We want to gather intelligence for our clients and for the department.

When we look at CSR at our missions abroad, we want it to be discussed. We don't want it to be done just by the trade people; it's our political, our trade, our aid, and our development people—everybody is in there.

One of the slides here talks about our six core services. This is what the trade commissioner service does with companies. It's market prospects, key contacts, company information, visit information. I thought I would just show you, in each of these, how we actually put CSR into it.

For instance, when we look at the market prospect slide, this is a Canadian company asking us what's happening in that sector, so this is the exploration side. We cover all the hot issues—the issues they need to look at in labour, environment, and corruption. We have to tell them what we think is happening there. We point out local and Canadian legislation, so that it's obvious.

- (1545)

Our next slide is on key contacts. We talk about the local government officials, we talk about NGOs, we talk about civil society representatives, and we talk about what these people can bring to bear and who they should be talking to, because we'd like to get Canadian companies talking to these people before they invest.

Then we take a look at who they might be cooperating with and local company information, and we flag issues that we're aware of. Then when the companies are down in the country, we have face-to-face briefings; we talk to them all the time and continue to highlight the issues, who the players are, and what legislation should be done.

One of the things we do is troubleshooting when things go wrong, which is where the committee has some interest, I believe. We help to try to find solutions; it's not just damage control. We remember our key messages. We ask the people not to take sides, but to find out what happened. And just as Canadians who are abroad have the right to consular services, so do Canadian companies have the right to Canadian government support.

What you have to do is to look through the situation and find out what's happened, and if a company is being held to ransom for reasons of corruption or otherwise, then we will step in on their side and try to help them. We rely on the whole mission; we rely on our

colleagues on the political and development sides to bring to us issues that we might not be aware of, but which are viewed, especially by the head of mission or the ambassador, in a whole-of-government approach.

Beyond those six services, we have commitments in our business outreach activities, we share best practices, and we want to make sure that our heads of mission, our ambassadors, are well aware of what's going on.

I think the closing slide allows me to finish by saying that for us and our trade officers abroad, corporate social responsibility is integrated in everything we do. We don't think it stands apart from their job, but is part of their job—and that's our training.

I'll maybe just turn it over to Christine at this point in time and let her talk a little bit more about the policy impact. Then afterwards we can get into any questions you might have.

Ms. Christine Côté (Acting Director, Investment Trade Policy Division (EBI), Department of International Trade): Thank you, Ken.

I have just a few quick introductory remarks. I wanted to focus my statement mainly on the OECD guidelines for multinational enterprises.

At the outset, I want to say that the government certainly has an expectation that Canadian firms operating abroad will observe the laws of the host countries in which they operate and the international standards and principles promoting responsible business conduct. As we know, Canada is a source of investment for the global extractive industries, and it's necessary for Canadian mining companies to effectively manage their operations relating to environmental and social issues.

A failure to meet CSR, or corporate social responsibility, standards can cause delays in investment projects, and can often result in cancellation of the projects, either by the investors themselves or host governments. In addition, Canadian companies not meeting CSR standards attract negative publicity for themselves, often damaging not only their own reputations, but perhaps also the reputation of Canada in countries where these problems are arising. So for all these reasons, the government has a strong interest in promoting CSR.

In terms of the OECD guidelines, a lot of the department's activities in promoting CSR stem from the government's endorsement of the OECD guidelines for multinational enterprises. Just to give you some background, these guidelines are part of a multilateral package of instruments known as the OECD declaration on international investment. They're really designed to encourage OECD members to provide a positive climate for foreign direct investment. These guidelines are adhered to by 39 countries, and provide a framework of non-binding standards and principles for responsible business conduct in areas such as the environment, labour, human rights, and anti-corruption. So they're addressed to multinational enterprises operating in or from OECD countries, and therefore their application is global. The Canadian government really expects and encourages Canadian companies to observe these guidelines in their operations abroad.

I am acting director of the investment trade policy division, which chairs and coordinates what is called the national contact point, or NCP, under the guidelines. The national contact point is really the government body that implements Canada's obligations to promote the guidelines, but it also contributes to the resolution of issues of business conduct that may arise. The NCP is interdepartmental and is comprised not only of the Department of Foreign Affairs and International Trade, but also the Departments of Environment, Industry, and Natural Resources, together with CIDA, and the Departments of Human Resources and Skills Development, and Finance, with the EDC sitting as an observer.

I will just give you some idea of how we resolve issues that arise, as that is part of the role of the NCP. We're basically required to consider complaints brought forward by interested stakeholders about the operation of Canadian companies in relation to the guidelines. It's important to note that we're not a quasi-judicial body, so it's not in our mandate to determine whether a violation of the guidelines has occurred, but rather to offer our good offices and to facilitate dialogue between parties, who generally tend to be NGOs and companies, with a view to helping to resolve the issues at hand.

To raise an issue with the NCP, a complaint must be submitted in writing that outlines the relationship to the relevant areas of the guidelines. Once a complaint is received, the NCP takes it under review and determines whether it's relevant. If it is relevant, then we'll work towards facilitating a dialogue between both parties, who are often often NGOs and companies, as I mentioned

In the last five years, the Canadian NCP has dealt with five formal complaints, three of which were operations by Canadian mining companies. In the case of one, we had a successful resolution of the issue. Two of the other three cases are still under review, and the other non-mining case is still under review.

That basically gives an overview of the function of the NCP under the guidelines. We also have other initiatives to promote the OECD guidelines, through workshops and seminars with various interested stakeholders, brochures, and our website.

I just want to turn briefly to the TVI operations in the Philippines. On November 4, 2004, the Canadian NCP actually met with Mining Watch Canada and a visiting Philippine delegation from the Subanon community in Mindanao.

● (1550)

The representatives of the delegation claimed that their community was being negatively affected by TVI's operations. Mining Watch and the visiting delegation were briefed by our NCP on the guidelines and the process of raising a complaint. To date, we have not heard from either group since that meeting, so no formal complaint has been launched as yet.

To conclude, Canadian investment abroad is clearly making an important contribution to economic growth and development in the developing world. We're seeing increasing activity by Canadian companies in the mining sectors of developing countries. Certainly we're working with Canadian companies to encourage their adherence to international norms of CSR. We see the OECD guidelines as an important element of the government's approach to encouraging corporate social responsibility.

Thank you.

● (1555)

The Chair: Thank you very much.

I'd just like to bring to the attention of the witnesses the fact that a vote will take place in about 20 minutes, so if you don't mind, and with all due respect, could you please keep your remarks within a five- to ten-minute timeframe? We can then get your comments on the record. If you possibly want to come back after the vote, we'll get some feedback from the other members, and we'll decide from there, if that's okay.

Mr. Nash, please.

Mr. Gary Nash (Assistant Deputy Minister, Minerals and Metals Sector, Department of Natural Resources): As you hopefully already have a copy of the remarks, I won't read them all but I will focus on a few aspects.

As you've already heard, the Canadian mining industry is a global industry, with its exploration industry in over 100 countries and something like 2,800 prospects in terms of possible investment opportunities to create a mine. In Canada, it produces about \$50 billion worth of production. I'd suggest that, if not the biggest, it's probably close to one of the biggest individual sectors in terms of the volume of production and the value of production.

Also, among the capital goods-producing sector—not the service—it is the largest outward investor, accounting for almost 30% of outward investment from Canada. The important point is that it's largely Canadian controlled. What does that mean? It means that many of the suppliers of equipment or services in Canada—whether it's Lavalin, Hatch Associates, or whatever—and people who provide other supplies get opportunities to export their services to these companies in these developing countries. The investment of the Canadian mining industry, for example, in Chile, which was rather significant and continues to be significant, opened the door to a free trade agreement, which then opened other doors. The same thing is happening in other South American countries, and we're now seeing Canadian investment in Africa.

We've estimated that over 2,200 Canadian-based companies sell specialized scientific or technical products for use by mining companies, both in Canada and abroad. It's quite an industry building up around the mining industry. Without being too self-serving, I would say we should look at our natural resource industries as one of the few sectors where we know we have a competitive strength. Given what's happening in the world today, we need to know where our strengths are and where our competitive positions are.

With regard to corporate social responsibility, many of the companies, associations, etc., have all sorts of guidelines. There are no legal teeth in Canada in terms of imposing how they should behave, other than on a voluntary basis. There's a difference between large companies and small companies. Not that the large companies are perfect, far from it, but many of the small companies do not necessarily have the resources or what I would call the degree of cultural sensitivity to be able to know how to deal with local communities and peoples. This is something I would suggest the various industry associations should be looking at, because that is so important when they go into a community. At what point do you consult? At what point do you understand the value system of the people you're dealing with? Do you know what their ambitions are? These are the kinds of things that are very important in the consultative process.

I'm not going to go through all the detail, but I know you're interested in the extractive industry transparency initiative, which was discussed at the G-8 and promoted by the United Kingdom. It is basically designed to increase transparency to respond to issues of corruption. Generally, the way the U.K. has approached it is by collecting data on the funds that are given by the company to the government, and then trying to look at what the government does or receives from the company. They have third-party audits.

They have approached Canada a number of times. We haven't agreed with that approach. We do believe we have a complementary way to go about it. We believe that accountability and transparency in governance systems is the way to go, not just collecting data. Because corruption doesn't work necessarily with the people in that country; they can do it all outside their own country. I mean, it's quite straightforward.

We feel that governance is the way to go, and I'll give you a couple of examples. I met with a number of people from various developing countries when I was in Toronto for the prospectors meeting. Between 10,000 and 13,000 people showed up. It's the biggest prospectors and mining conference in the world. Toronto is the international centre; it's the international centre for financing companies in mining and exploration. There's an opportunity for Canada in that regard.

•(1600)

In any case, I was talking to various people, some from Uzbekistan, some from Morocco, and some from Argentina, and I asked if they have a regulation on the environmental side providing for a financial surety instrument to guarantee that environmental damage would be corrected at the end of the mine's life, and maybe even during the mine's life. No, they have never even thought of a simple thing like that. A second question of mine was whether they

had a requirement for a mine closure plan before they gave a permit. No, they hadn't. So in my view, there's an opportunity for Canada to show some leadership in terms of good governance in many of these countries.

So that's the way we reacted to the extractive industries transparency initiative.

One of the other ways, at least within Canada, is that we have promoted the establishment of an international forum on minerals and metals. Its whole purpose is to exchange information, not to build capacity, because we can't do that in such a forum, but we can exchange information on good governance issues. Working with the South African government, we promoted it in Johannesburg during the UN conference on sustainable development. They all agreed. We required that 25 countries join the forum, which has happened, and now it's coming into effect, as we'll have our first meeting in the fall.

I might add that another thing we've done within our group is that we have helped establish what is called the Africa Mining Partnership. It is a group of governments that come together. We've been trying to advise them to keep that organization going—although it's on a very, very shoestring budget, which I think Canada could be helpful with.

In conclusion, given the extent of Canada's international investment, mining is indeed the face of Canada in many developing countries. Whether you like that face or not, that's what it is; therefore, we have to deal with it. Such visibility means that Canada's image will be affected by the environmental and social performance of the mining industry. While the vast majority of Canadian companies may conduct their business abroad in a proper manner, inadequate governance in developing countries can permit companies to operate in a way that will tarnish the reputation of mining and, by implication, of Canada.

Mining provides a unique opportunity to advance Canada's international agenda in the developing world. In view of the many environmental and social problems and the desire of developing countries for economic development, there is a need to consider ways of branding Canada and Canadian mining companies as good corporate citizens and to demonstrate international leadership on governance policies.

Thank you.

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

Mr. Broadbent.

Hon. Ed Broadbent (Ottawa Centre, NDP): Mr. Chairman, I have a point of order. We have a bunch of quite serious and no doubt very capable witnesses today, so I just want to clarify what I understood to be your suggestion that we go for the vote and then come back here and continue.

•(1605)

The Chair: That's right. That would be my suggestion.

Hon. Ed Broadbent: It would be excellent, if we could do that.

The Chair: Absolutely. That's my intent.

Mr. Khan, are you okay with that?

Mr. Wajid Khan (Mississauga—Streetsville, Lib.): I'm okay with that, if they have the time.

The Chair: Are you guys okay with that?

Hon. Ed Broadbent: Maybe we should go now.

The Chair: We'll go now, but if there's any delay, we'll communicate with the clerk, if you don't mind.

Thank you very much.

The meeting is suspended.

•(1606) _____ (Pause) _____

•(1713)

The Chair: My apologies for being late.

The testimony and the remarks you make will now be on the record. We have quorum, so please continue now that your remarks will be on the record.

Thank you.

Mr. Ken Sunquist: I would just say that in terms of environment now, I think that within the last decade, even maybe a little less than that, Canadian companies are clearly much more sensitive to and seeking to follow Canada's standards as well as local standards. Usually the Canadian standards are higher than local standards, so they're following that.

With respect to human rights issues and labour issues, I think they try to follow whichever is the higher of the two standards. But you're always going to find exceptions. As others at the table here have stated, some of the larger companies have people who look at every one of these aspects every day of the week. They've got their vice-president for CSR and their vice-president for HR and their vice-president.... And they spend a lot of time, a lot of money, and a lot of effort to do it.

But Canada, as was also said, is the centre for mining activity. We have hundreds of junior mining companies that get into the exploration side. We have fewer who actually get into the extractive side. And that's probably where some of the difficulties arise.

Christine, do you have...?

•(1715)

Ms. Christine Côté: I don't really have too much more to add. Again, Vernon may have some views because he lives and breathes this. Obviously, to date our approach has been voluntary, but that is very much the international norm at the moment. I think in our dialogues with business and NGOs, this issue does come up. It is constantly the question of mandatory versus voluntary. To date, we've felt our approach has been relatively effective, but there's always more that one can do.

I don't know if Vernon wants to add anything on that question.

Mr. Vernon MacKay (Senior Trade Policy Analyst, Investment Trade Policy Division (EBI), Department of International Trade): I just have a couple of points. Referring back to Ken's point about the OECD convention against bribery of foreign public officials, that is an example of a country feeling strongly enough about it to push it in a multilateral forum. The other countries came on board, and we actually got a convention. Then the—

Hon. Ed Broadbent: Who pushed that originally?

Mr. Vernon MacKay: The U.S.

Hon. Ed Broadbent: The U.S. did?

Mr. Vernon MacKay: Yes.

Within multilateral fora like the OECD, if you do get enough support for these initiatives, they can move forward. But my sense, travelling back and forth to OECD meetings.... I don't know of any move in that direction, in terms of what you've mentioned, to make what are currently voluntary standards of corporate social responsibility binding.

I'm not an expert on human rights legislation, but I do want to point out that Canada does have a Crimes Against Humanity and War Crimes Act, and that does cover indictable offences inside and outside Canada by natural persons and legal persons.

Hon. Ed Broadbent: Permit me, Mr. Chairman, just to ask a final question before I share my time with my colleagues.

The Chair: Sure, no problem.

Hon. Ed Broadbent: Your testimony earlier—and I forget which one of you said this—corresponds to both the work I did on the commission of corporate accountability and frankly to informal discussions with some friends of mine who are involved in mining exploration. And that is that the main problem, to put it bluntly, occurs with smaller Canadian companies, not with the big Canadian companies abroad. I see a nodding of heads here.

If that is the case—and this may be rhetorical—then in the context of globalization and the importance of helping to generate higher standards in developing countries, wouldn't it make sense for us to have a law that would apply in particular to the small mining companies so that they would know? Because that's where it's needed. If we have a law like this in place, then before they get any assistance from government agencies, they're told that they have to meet certain minimal standards.

I find it hard to understand why this would create any kind of serious competitive disadvantage, even though, to speak bluntly, trading off health and safety and human rights concerns for competitive reasons is not something I find attractive anyway. But if those were the criteria, how could it seriously affect us as a nation if we're saying to small Canadian companies, "When you go abroad, you have to treat, in terms of basic health and safety conditions, the workers abroad the same way you treat them at home"? That's a question. I'd welcome any comment on it.

Mr. Ken Sunquist: I looked around to see if anybody was going to wade in on this one, and no one did.

I think it's a serious question. The best answer I can give you is that we spend, by far, the predominant part of our time abroad dealing with small companies and advising them on these issues. The large guys know the rules, and by and large they apply them.

Hon. Ed Broadbent: Wouldn't it help if you had law at your fingertips?

Mr. Ken Sunquist: This is it. I described it before as “direction”—law, direction, codes of conduct, whatever we do. For a lot of these companies, when we talk about PDAC, the prospectors and developers, 13,000 participants in Toronto, the last few years they've had activities around ethics and issues around that. So in fact I think even the mining industry recognizes what you're talking about in terms of trying to help.

It's not self-regulation. I don't mean it that way. But they're trying to push these issues very strongly, and I think Canada is probably doing it to a much greater extent than many other countries. This has nothing to do with competitive advantage, because I really do believe, and I think Gary mentioned it before, that every time a Canadian company hits our doorstep....

I used to be our ambassador in Indonesia, from 1998 to 2001, and each Canadian company that came there was flying a Canadian flag, in a sense, every time they went out the door. So it was incumbent on me to make sure, to the best of my ability, that they respected the way we felt about these issues. So I'm in agreement with you that we need to spend the time there.

What is the best method? Whether it's a legal situation and whether there are any teeth behind that, or whether there are extraterritoriality issues to that, I think research people could look into these kinds of things and ascertain just what it would mean to do these things.

I gave you one or two examples, I guess, on the crimes against humanity issue. There are examples where we have done things in Canada that have reached beyond our borders. I can't go much further than that.

Hon. Ed Broadbent: I understand.

• (1720)

The Chair: Thank you.

Mr. Khan.

Mr. Wajid Khan: Well, that's the disadvantage of having an expert or experienced leader, who asked all the questions that I had. I have the answers to some, except not all of them are satisfactory.

However, talking about human rights, you can ask our companies to go there and treat people the same as they treat ours, but there has been such a huge debate and it's such a wide, vast subject from country to country, from economy to economy, and I don't know if you can bring about laws to govern everybody everywhere in the world.

For example, people here are objecting to child labour. Of course nobody likes it, but at the same time I can quote you examples from Southeast Asian countries where you've been the ambassador, where if you take away the livelihood of those four kids working, that means there's no livelihood for their families, unless you provide for them so they can go to school. It's a lengthy and complicated situation.

However, coming back to mining and regulations and so on, are there any countries that have mandatory requirements?

Mr. Gary Nash: There are none that I'm aware of. There are junior mining groups, which are really not mining groups but

exploration groups. It's a misnomer, but they often say “junior miners”. The Prospectors and Developers Association of Canada has developed a set of principles in the last few years to govern their behaviour in relation to the environment and community relations. But again it has no teeth; it is indeed purely voluntary.

It's almost a cultural problem with the industry. Maybe the culture of some large companies has changed. They have the resources to be able to know how to deal with things. I know of a company in the U. K. that decided to hire an anthropologist because they wanted to go into certain communities and understand the value system, the culture, how to react, and at what point to consult the community.

There is the issue of human rights, in the context of indigenous peoples in many countries. There's the problem of land title. Quite often a mining company—even an exploration company—goes into a country and would like to maybe deal with the local aboriginal community, but the national government hasn't dealt with their issue of land claims, or whatever it might be. It's a very complicated area.

I would say there needs to be a fair amount of work, in dealing with the industry, in terms of its value system. We've got to affect the culture of the industry. What does this mean for Canada, especially for the Canadian-controlled companies? That's one way, but it may never solve the problem. It may not be mandatory, but if you have the right culture in the company that would improve things.

Most people believe—this is what makes it difficult, and there's lots of evidence to prove it—that companies will often sacrifice health and the environment for the sake of profit. We know that, and the tobacco industry is a good example. Nevertheless, by affecting the culture maybe we can influence things.

• (1725)

Mr. Wajid Khan: Has there been any research, or is there any measure there to determine whether the voluntary methods, mechanisms, or measures have...? What sort of success have you achieved through that? Is it working at all? Are there any comparisons as to when these voluntary guidelines were brought about to when they weren't there? In which direction are they going, and is there any thought of perhaps bringing about mandatories, as my colleague asked?

Mr. Vernon MacKay: I'm going to speak with regard to the OECD guidelines. Every OECD member is obligated to establish a national contact point to implement their responsibilities. Those national contact points have to do annual reports to the OECD, and in those reports they identify the activities they've undertaken to promote the guidelines, to respond to complaints, etc. So there is data out there on how national contact points are performing.

To date there has not been a study to take that and look at, over the past five years since the OECD guidelines were revised by the OECD, whether we see a measured improvement in the behaviour of multinational enterprises. That kind of study hasn't been done, but if it were to be done, the OECD could move in that direction. Again, it needs some countries to push it and move it forward.

Mr. Gary Nash: There's another aspect as well. When many of the large mining companies invest in a country, they often go to the International Finance Corporation at the World Bank. They have what they call the safeguard guidelines. They're very extensive and detailed. Many of the private banks have adopted many of the principles and requirements you'd find in the safeguard in their own lending decisions. Consequently, there's a financial aspect.

In addition, the International Finance Corporation or the World Bank will actually monitor whether or not the company is respecting the guidelines, especially if they receive a complaint from the local community. So there's a number of other pressures on the companies, at least the larger ones, to behave themselves.

The Chair: Unfortunately, again, as you can hear from the bells, we are requested to go back to the House.

Mr. Broadbent, do you have any last remarks or questions that you might like to ask? We do have a couple of minutes before we call the meeting to an end.

Hon. Ed Broadbent: I guess, to continue on this theme, I've personally been surprised that what I call the "usual good guys"—which means the Scandinavian countries, by and large—haven't been out front, even in taking national action and buying these principles for themselves, the Norwegians or the Swedes. They simply haven't done this. That's what I understand from what you're saying. Is that right?

Mr. Vernon MacKay: At the OECD, I think we could characterize the Scandinavians as some of the more progressive in promoting the corporate social responsibility standards, but certainly not to the point of advocating making these standards binding, not at all.

Hon. Ed Broadbent: Well, I don't know if you would care to speculate again.

I've heard some of the arguments—and some of the people actually believe them, I think—about this competitive disadvantage to doing this. I still find it strange that the advanced developed democracies, which obviously includes Canada—we have, by and large, a very good human rights record—haven't made a stronger push for having, say, within the OECD, the guidelines be binding. I can't quite fathom, if they all did it, how there would be any competitive disadvantage. By the way, I'm well aware of the extraterritoriality issues that can be involved in this, but they were dealt with in the corruption issue. They have been dealt with in the most serious crimes—crimes against humanity.

So if you take, in the labour domain, the core labour standards that have been developed at the ILO, which I think are part of the OECD guidelines—I see nodding of heads—there's been such a consensus

established among advanced democracies for these that I just don't quite understand.... I don't know if any of you are in a position in terms of participating in these meetings to offer some judgment.

I can't quite understand, when there's so much conflict between different cultures now in the world and between the ever-increasing rich countries and the poor countries—and although some of the poor countries, namely China and India, have started to break out of this cycle of poverty, many others have not—why we shouldn't be encouraging among the OECD countries the kinds of mandatory principles that we display when we're dealing in developing countries.

I know these are judgment calls on your part. Do you want to offer any opinions about why we have done it, for example, on corruption? You mentioned that the U.S. took leadership on corruption. Are we waiting for one or two countries to take the lead, and then maybe there will be an established consensus?

● (1730)

Mr. Gary Nash: Maybe I'll just give a small aspect of a response. When you look at the OECD and look at the number of members in the OECD, including the eastern Europeans and Mexico, you might find that the very standards we're trying to promote in regulatory terms they can't meet themselves, as OECD members. That may be a serious problem for some of the members, which would make it even more difficult.

The Chair: I would like to again thank the members for participating in today's committee. I think that's much appreciated.

I would like to also thank both departments and all the witnesses for coming today. I do appreciate it, and I would like to thank you for bearing with us when we were interrupted during our session. Again, hopefully we'll get an opportunity to continue and ask further questions at a later date, but thank you very much for coming.

Mr. Gary Nash: Mr. Chair, I have one final comment.

I think most of us feel that this is an extremely important issue, and just to have a few questions back and forth does not do justice to the issue, so I would hope that it would happen again.

The Chair: I think we all share the same sentiments.

Mr. Wajid Khan: I would also note that the NDP and the Liberal Party have representation, and the absentees are, obviously, from the Conservatives and the Bloc.

The Chair: Thank you for pointing that out. Thank you very much.

The meeting is adjourned.

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