



House of Commons
CANADA

**Subcommittee on International Trade, Trade
Disputes and Investment of the Standing
Committee on Foreign Affairs and International
Trade**

SINT • NUMBER 006 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Tuesday, December 7, 2004

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Chair

Mr. John Cannis

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•(1555)

[English]

The Chair (Mr. John Cannis (Scarborough Centre, Lib.)): I'd like to call this meeting to order. I'd like to begin by welcoming Mr. Peterson, Minister of International Trade, to this committee.

At the same time, I'd like to welcome the officials accompanying him: Mr. Robert Fonberg, Deputy Minister of International Trade; and Mr. Ken Sunquist, Assistant Deputy Minister for international business and Chief Trade Commissioner.

Minister, the floor is yours.

[Translation]

Hon. Jim Peterson (Minister of International Trade): Thank you, Mr. Chairman. I would also like to thank all the members of the subcommittee. It is a pleasure to be here.

The issue of trade and investment is very important for Canada. Exports represent approximately 40% of our economy.

[English]

I'm very pleased that you would have us here today.

Just in terms of where we're going with new and emerging markets, I want to put it in a bit of a context. The U.S. will still remain our number one objective in terms of trade and investment. As you know, we are expanding our operations in the United States because it remains the biggest market. This is why we've established seven new consulates, upgraded two, and put in twenty honorary consuls in the United States.

Having said that, I believe we're missing huge opportunities in the rest of the world. We've seen the explosion of economies such as China, India, Brazil, and others, where their growth rates are phenomenal given where they're coming from. We just can't match these growth rates in North America, nor can we be expected to as mature economies. Therefore, shouldn't Canadians have a strong presence in these new markets?

I've just come back from a trade mission trip to Chile and Brazil. I was very pleased that we were joined on that trip by a couple of members of this committee. Ted Menzies and Pierre Paquette were there for part of it, and it was very worthwhile for us to have members of Parliament from all parties with us, showing that this is more than just a government initiative, that this is a Canadian initiative on behalf of Canadian business.

We will be going to China in January, visiting Shanghai, Beijing, and Hong Kong. Later in the year we'll be taking a full trade mission to India. We have had three round tables so far, in order to better equip us to deal with the issues that arise from dealing in these markets. We held one with academics, who were very interesting. Many of them suggest that we shouldn't worry about a lot of other bilateral agreements, that our main concern is the NAFTA and the WTO. That was not the view of many of the business witnesses we had the next day. And we also had very valuable input from NGOs in the third round table, in terms of issues such as good government, corporate social responsibility, social justice, humanitarian goals, and recognition of human rights.

What are the tools we need as a government to help Canadians penetrate these markets? How does investment relate to trade in terms of dealing with a number of these new countries? Are there other new countries besides the three we've mentioned that we should be focusing on?

In terms of the tools that are available to us, there are certainly free trade agreements, there are foreign investment protection agreements, and there are air services. Science and technology agreements are coming more and more into vogue, where our research institutions team up to collaborate in very effective ways. People might want to look at further collaboration with institutions in a country such as Israel, where I understand and am told that they have some of the highest rates of commercialization of any groups in terms of bringing discoveries into the marketplace.

Education is a very big part of our strategy, not only as an import business or an export business, where we bring students here to learn about our country, but also in terms of setting up Canadian institutions of learning abroad in other countries and collaborating with them in providing Canadian know-how. I believe there's incredible potential for us in this field.

•(1600)

There are other areas that you might want to look at in terms of collaboration. Do we have sufficient mobility of people? Do we need further government involvement at a high level to open doors for Canadian entrepreneurs? Are the relations between our countries such that maybe the Prime Minister should make more visits? Are visits by parliamentarians useful? What is the role that each one of us can play in dealing not only with trade disputes but in helping to take Canadian values and sell the Canadian way of life and these Canadian products and services that we have?

After those few brief remarks, maybe I could turn it over to Ken Sunquist, who is going to take us through a brief deck?

[Translation]

Mr. Ken Sunquist (Assistant Deputy Minister, International Business and Chief Trade Commissioner, Department of International Trade Canada): Thank you, minister.

I think you have a document. It's available in English and in French.

[English]

I was going to walk you through this, but perhaps it's better to run you through it, to allow you more time to ask questions and to comment.

I think what we're trying to say here is that there is a strategy under development, but the strategy is...well, there will never be one strategy because every market, every country, demands differing responses. The second point is, it's an ongoing process. There's no start and no finish. We know we have to do better. We know we have to start with some things such as a relationship at a political level to open the doors for a business community to move into.

What I'm going to do is go through this deck at a fairly rapid rate of speed, but I'll ask you to take a look at it and if you have questions for us, now or in the future.... The idea here is to start to outline for you some of the analytics, some of the questions we're posing, and where we go from here.

I think any discussion about emerging opportunities, emerging markets, is really not about overseas. It's about prosperity back here in Canada. That's what we're doing this for. It's really around international commerce. It's not simply trade in exports. It's how we view ourselves in the world and how the world views us, so it gets into investment flows, science and technology exchanges, issues that five or ten years ago we really wouldn't have thought about too much, nor would this committee have focused on.

It's really about the speed of change, because ten years ago most companies in Canada were only looking at an export market. Indeed, when we set up the Team Canada missions, the original ones were all about trade mission. Today we look at governance issues, education, S and T. It's quite a different beast out there. In fact if we look at how companies get into the value change, and that's what really makes a difference now, it used to be you could export from Canada to a market. Today, if you want to get into *aérospatiale* in France, perhaps you're going to sell your avionics to Honeywell in the States, who builds the whole mechanism for the cockpit. The type of business is changing out there. We have to understand how business does business and how the Government of Canada and all of us can assist business in doing that.

When I get to about the third page, it really talks about the mega trends that we're seeing out there. Last night the Prime Minister talked to the Canada China Business Council about this shifting influence, that in 15 years China will probably be the most dominant economy in the world. What does that mean? How are we placed with China? If you look at the growth in India or the growth in Brazil, these are pretty dramatic changes.

I mentioned before the whole concept that we have looked at exports unilaterally and just as one unit dimensionally, and now we're looking at more. We're looking at how the competition is getting increasingly tough. We look at what's happening in the States, where market share is a little bit under attack. We look at the fact that Canadian companies have to be globally competitive to be even in Canada—I mean the influx of competition to us—so how do we position there?

On the fourth page, when we look at the emerging markets, the throne speech noted the big three—China, India, and Brazil—but really there are other countries and other sectors and different regions. So when you're looking at Kazakhstan for oil and gas and dry land farming, that's an emerging market for some Canadian producers. This is an area that we have to look at. How do we get into these? Again, this gets really into the idea that value chains and supply chains are increasingly important to Canada and to Canadians if we want to succeed.

On the fifth page we really talk about the levels of market share. We don't think that's a valid gauge of how well or how poorly we're all doing, but it gives us an indication where we have to fight a little bit harder. It looks at market presence. The minister alluded to the enhanced representation in the States, where we'll open seven new consulates. We felt that presence was important. We help Canadian companies on the ground. We get them the intelligence. We work with them. The same is true if we're looking at the new markets we're trying to focus on. But issues of governance persist. What mechanism, what toolkit do we need to have to assist these companies? I'll come back to that in just one moment.

But before anybody thinks that this is a pessimistic story, on page 6 we're optimistic about it. Canadian companies are doing well; exports, investment abroad, commercialization of science and technology are happening at record levels. This is an important aspect as Canadian companies are globally competitive. We just need to help them do more in the markets that are emerging the most quickly.

● (1605)

I think the point here on page 6 is that there are some agreements already in place. We need to look forward for the future. If we want to be stronger in China, maybe we need to have foreign investment protection agreements. If we want to be stronger in India, what's a double taxation agreement? Is that what the companies require? Is that what's necessary for governments to do?

The networks have been established in different countries to different levels. We believe we have a very good foundation for working in China. Successive governments, over a number of years, have developed that relationship. On the other hand, I don't think in India and Brazil the political relationship is quite as good. That's why you're seeing the minister and the Prime Minister starting that process of revitalizing relations in Brazil and of moving forward in India.

It's something on which we didn't have the strength in our communities 10 or 15 years ago. We have a larger Chinese and a larger Indian community. We have communities that help us not only with culture and linguistics, but they make us more understanding of the world that's out there and make us look beyond the normal borders we cross.

On page 7 we talk a little bit about analytical foundations. We've been doing a lot of work on that side. We've really been looking at the combination of tools between trade promotion, investment promotion, and trade policy, where we're going with that. I said before, this gets into issues such as the quality of food products overseas, how do we make people understand the quality, and foreign investment protection agreements and other agreements that in the past we haven't focused on to such a degree.

On page 8 we're starting to look at the big opportunities. For instance, most people probably wouldn't realize that agriculture and agrifood products are the fastest-growing sector in our relationship with China. People just don't understand. We're taking a look at it. People don't understand, from companies in Canada, who's doing well and learn from those lessons.

We need to look at any type of emerging market strategy—things such as the congestion in Vancouver. You may have a good port, but if you can't get enough throughput, both in and out, does it make any difference what we do overseas? If you can't move more products in or out, everything else goes for naught.

The environmental balance is a big issue for us these days. The whole knowledge economy is what Canada is moving to. We won't be bending metal, even if those are the best products we have today, as we move more and more into a knowledge economy.

The minister was referring to one of the round tables with the academics when he talked about education marketing, the number of students who are in Canada. Our number one source of students today is Korea and number two is China, and it balances the other way from time to time. Just what does education marketing mean to us? How do we get these lifelong relationships?

The next two pages, pages 9 and 10, just refer to the need to match Canadian capabilities and our strengths with the opportunities that exist overseas. It's no good saying we're the best at something if there's no demand over there. So let's take a real good look at where we have our strengths and what we can do.

We get to page 11. We have to think outside the box. We are certainly looking for people on this committee to help us on this one. It's not just the minister and the Prime Minister going to Brazil, to India, to China, or the parliamentary secretary currently heading to the Middle East. It's how we build on the U.S. marketplace, the strengths that we get out of the U.S., how to fold that into a new strategy.

There's market intelligence. Small companies, particularly, don't have the assets, such as the vice-president of business development, the vice-president of marketing, or the vice-president of whatever. They need help on the market intelligence. That's what we can provide.

When we look at page 12, we talk about enhanced market access. This is the whole idea of investment agreements, free trade agreements. But the question is, almost market by market, what is needed to get into that marketplace?

In Brazil, as a region with MERCOSUR, is that the avenue to attack? In China, what is our relationship with Japan and Korea and what they're doing there in terms of inward investment? We have to take a regional approach to a number of these in order to succeed.

• (1610)

On page 13 I guess it comes back to transportation, but it's wider than that. All the best efforts abroad by all of us around this table will founder unless we have our act together here. This just starts to enunciate a few of the things that the academic community, the business community, and the NGOs were addressing in the round tables. The round tables have, as the minister has said, given us clearly a sense of optimism.

I think, though, one of the most interesting things is how fast and how far the business community, the NGOs, and the academic community people wish to push us. They believe the opportunities are there. They believe we have to get on with it, and that's why at the beginning I talked about strategies as not starting and ending. We're not waiting to develop a strategy for China before the Prime Minister, the minister, and other ministers and parliamentarians go into that market. We can't wait just to have something tied up with a nice bow on the end of it. What we have to have is an ongoing strategy that addresses concerns as they come up.

It's clear that the first focus, the first priority, is China, but in any emerging market strategy we should not just focus on one, two, or three countries. We have to look at where the opportunities lie for Canadian companies.

As the minister said on page 15, we're not seeking in any way to divert attention from the U.S. If we have 17,000 or 18,000 companies, the vast majority of them are working in the States today. We're not seeking to move them out of the States, but in fact to build on it. If you're competitive in the U.S. marketplace, you're probably competitive globally. All we're asking, for those companies that are into that process, is if we can provide them with the information for other markets and if we can provide them with the assistance, maybe they'll look at it, whether it's investment or commercialization of technology, but they can build on that North American base.

On page 16, as we come to an end here, we have to look at what that package is going to be. In fact, there are things here that we have not looked at in the past, whether it's air service negotiations, or one of the strategies for coming together, or the presence in the markets, or how do we get Canadian companies abroad? There are different proposals around projects called Going Global, with funds and different markets.

There are different ideas of how we can move market intelligence virtually, using technology that's available to do it. We have to finalize investment agreements with China and India. We have to look at those air service negotiations. The EDC and CCC are looking at where they can expand their risk into new countries, new regions, and what we can do differently with those instruments within the ministerial portfolio.

At page 18, what we have is really to align the opportunities. We're trying to show you the trends that we talked about earlier, the opportunities that are currently out there, and who has to take some action. The point here is really that it's not just this ministry; it's very much a partnership with other government departments at the federal level and the federal-provincial relationship. Everybody has to be in this. We have to make sure we have concentrated action by all of us. I think this slide on page 18 is going to be interesting as we start to fill it out. The next time you see this, it will list more, both in opportunities and in things that we need to do.

As you can see on page 19—just to bring a conclusion to this first deck for you—we have done the round tables. We're continuing consultations across Canada with major industry associations such as the manufacturers and exporters, the CCC, and other people. We are engaging our provincial counterparts. We have spoken, and the minister has spoken, to the Canada-India Business Council. We have the small and medium-sized business advisory board meeting in Ottawa today and tomorrow, and they have views on the merger market strategy. The Canada China Business Council met last night. So there's a whole effort here to try to get everybody at least in the same room taking a look at what we need to do and what we're not doing well.

We are looking at the Brazil mission. We have business colleagues and parliamentary colleagues who were on that. We're going to be seeking their views as to how we could do things better in those markets and others.

Finally, as the minister pointed out, we're in the process of organizing a trip to China for January with the business delegation, and India a little later in 2005, and we have a couple of other markets at the same time.

So really, as I said, this is not a walk-through but a run-through. It's the early stages of an emerging market strategy that we hope to fill in with your assistance.

That's really all I can add at this point in time. Thank you.

•(1615)

The Chair: Thank you, Mr. Sunquist.

Mr. Fonberg, do you have any comments at all? No.

Thank you very much. We'll start off with Mr. Menzies.

Mr. Ted Menzies (Macleod, CPC): Thank you for the presentations.

Thank you, Mr. Minister, for rushing here so quickly and beating the rest of us from the House. I didn't think you'd be here that quickly.

I have a number of questions. My first question is, why isn't the EDC here with you today? We understood that they were going to be

here as part of this delegation today. I know they're playing a large role in developing markets, and I just wondered if there was a reason they're not here today. I'm hoping there's a good reason, because we probably had some specific questions for them.

I'm going to have a number of questions, if I can. I'd like to get them in as quickly as I can.

The Chair: We will be having the EDC in at a later date, by the way. Today we wanted to focus on the minister, given what's unfolding.

Mr. Ted Menzies: Thank you.

We had a presentation at subcommittee this morning from the softwood lumber folks. We would like a few comments about that in terms of where we are, what role you will be playing in the future, and how that's going to play out. We heard some pretty disturbing numbers and some very concerning comments from the softwood lumber industry. We would like some comments on that, if we could, Mr. Peterson.

There are two other ones that are concerning me, two issues that have been raised as of late. Chinese state-owned companies are in the market for Canadian companies. As a government, and not necessarily just International Trade, how are you planning on dealing with that issue? We wrap it around labour and human rights issues. We've all heard those. So that's a specific China issue.

Ken, to your comments about the shipping congestion that we're looking at, what's the overall strategy that we're looking at there? We've seen proposals to expand Prince Rupert. As far as containers are concerned, we know the numbers and how containers are playing a role or going to be playing a larger role in the future. How are we planning that strategy to make sure that isn't the stumbling block, that we expand trade, and then all of a sudden we can't get it off the west coast?

Some comments if you would, please.

•(1620)

Hon. Jim Peterson: Those are all very important questions, Mr. Menzies.

EDC is not here today, I'm told, because they're having their board meeting on very important plans going ahead. But I know they would be very anxious to meet with this subcommittee, as would the CCC. Both of them play a crucial role in financing and ensuring the operations of Canadians abroad, and one of the things I think we want to look at is whether or not we have the truly competitive financing instruments. Are there any countries that offer better financing instruments or programs than we do?

In terms of softwood lumber, I don't know how much you want me to go into this. It's a very "knotty" problem. I continue to work with the industry and my provincial counterparts to see if there is some type of negotiated solution that we can arrive at. I talked to the new Secretary of Commerce yesterday, and we will be having a meeting, he said, as soon as he is confirmed. It would be inappropriate for him to have official meetings before that confirmation. They're very touchy about the Senate on that type of thing. But we discussed softwood lumber as being one of our major priorities, and he recognized that.

We will continue to fight on the front of litigation. We've had eight cases that have come down this year, eight decisions, with three from the WTO and five from the NAFTA. We have won them all. A huge amount of duties are building up in the U.S. treasury right now, approaching \$4 billion Canadian.

The cloud over the whole system is the Byrd amendment, which has been declared illegal by the WTO. Members may not be familiar with it, but this was an amendment that was signed into law by Bill Clinton, and it says the duties collected can go to the affected industries in the United States. WTO held this to be illegal because it's really double jeopardy. Not only are companies paying the duties, which are supposed to create the level playing field, but their competitors get those duties and thus benefit doubly by that amount.

We're very disappointed that the Byrd amendment is still in place. My understanding is certainly that the administration, prior to this last election in the United States, was very much against the Byrd amendment. On the other hand, Congress is strongly in favour of it. This is where we are going to need help from all parliamentarians in talking to Congress about respecting the rules of international trade. This is part of why we want these advocacy days, where not just I go down and talk to my counterparts Evans and Zoellick—or Gutierrez now—but where we approach governors, where we approach senators, where we approach members of Congress, particularly in the states that are impacted.

You know, 37 states look on Canada as their biggest export market. We have been authorized by the WTO to retaliate against the United States on the Byrd amendment. That is not our preferred course of action. We would much prefer that they respect their international trade obligations. My own view of the softwood lumber issue is that I will look for every opportunity to find a permanent solution. The ideal one would be that we go to free trade.

• (1625)

I was cautiously optimistic last June, when we had agreed on a process with the Department of Commerce and the six affected provinces, that we would go down and negotiate in detail what would constitute changed circumstances in terms of forest practice reforms. Each province would have entered into that sort of detailed agreement with the Department of Commerce, and that would have precluded any type of countervail action against softwood coming from those provinces. That was what we embarked on.

After B.C. and Ontario had been down, the Department of Commerce said they were not going to do this any more, that we'd have to talk to the U.S. lumber coalition, the industry, and that was disappointing. Obviously, the coalition did not want any type of arrangement that would take us to free trade, even if it was based on changed circumstances and forest policy reform. That would be the ideal if we could get to some type of free trade arrangement in softwood lumber. Meanwhile, an extraordinary challenge committee has been called for by the United States. It won't report until probably sometime next March at the earliest, and it might be delayed even longer than that. They've also threatened, following that, a constitutional challenge to the NAFTA itself.

There is no unanimity in the Canadian industry as to which way—

The Chair: Mr. Minister, I'm sorry to interrupt, but can you wrap up your response so that we can be on time to go on to the next

question? I know it's your favourite subject, but I'm sure there are many more questions coming along.

Hon. Jim Peterson: Chinese companies buying up Canadian companies will be looked at by David Emerson, and he will be reporting on that.

Vancouver and other ports are absolutely a huge issue, and we're working very closely with the Minister of Transport and other ministers on this issue in terms of what we can do in concert with the provinces and municipalities.

The Chair: Thank you, Mr. Minister. I'm sure the following questions will probably be along the same lines, so you will have an opportunity to pick up from there.

Hon. Jim Peterson: I apologize.

[*Translation*]

The Chair: Thank you.

Mr. Paquette, go ahead.

Mr. Pierre Paquette (Joliette, BQ): Thank you, Mr. Chairman. That's exactly the case.

We will certainly be taking advantage of your presence here, Minister. First, thank you for your presentations. I would like to deal with two issues: softwood lumber and the apparel and textile sector.

With respect to softwood lumber, there are two issues. First, this morning we were told that according to the most optimistic forecast, that is if we were to win the extraordinary challenge and open up negotiations, there wouldn't be a settlement before a year to a year and a half from now. We were even told that it might only be in 2007. In this context, the industry is having more and more of a hard time dealing with the situation. We had been promised a second phase of assistance for the softwood lumber industry by April or May 2002, which we never received. This morning, we were reminded of the fact that there were three parts to the first phase; one part involving communities, one involving associations and one for the industry. We have yet to see anything specific for the third part. At the time, Mr. Pettigrew and the Industry Minister had announced that a second phase was underway. We are nearing the end of 2004, and the assistance was never forthcoming. Given the fact that the Americans are clearly acting in bad faith, does your government intend to develop or announce, over the coming weeks, a program to support the industry throughout this crucial period?

Second, the extraordinary challenge has obviously become a new appeal mechanism for the Americans. Do you intend to enter into or have you already entered into negotiations with American authorities to tighten up the criteria around this mechanism?

If I have time, I will ask you a question on the apparel and textile industry later on.

• (1630)

Hon. Jim Peterson: Before the elections, we intended to ask for some form of relief for the industry to help it deal with the process before the courts. Unfortunately, that did not take place because of the elections.

I would like to discuss this with the Canadian industry in order to know what its needs are, given the changes. Last spring, the industry stated that it was sure that all the proceedings before the courts would come to an end in October or November. That is obviously not the case. This is why the industry did not want us to sign an agreement with the Americans; it would rather carry on with the challenge. I would like to have further discussions with the industry.

Second, the Canadian government is involved in the extraordinary challenge. We have already hired lawyers in Washington and we will fight very hard, because it is important for us to win this type of challenge once again.

Mr. Pierre Paquette: Regarding the actual extraordinary challenge mechanism, provided for in chapter 19 of NAFTA, I was told this morning that it was the seventh time the Americans had made use of it. Would it be a good idea to reopen negotiations in order to tighten up the criteria allowing them to make use of the extraordinary challenge?

Hon. Jim Peterson: As of yet, I have not heard any suggestions from your committee to that effect. We are open to any suggestion from you.

The Prime Minister has already stated that NAFTA's chapter 19 is causing many problems. There is no end to the challenge proceedings brought against our producers. The Prime Minister would like to obtain some kind of certainty in this respect. We are going to try to settle these things, and your committee's suggestions would be appreciated.

Mr. Pierre Paquette: We will certainly see to it in the course of our business.

Now, on the issue of emerging markets, I appreciated your presentation and I am going to examine the notes you've given us. I get the impression that the government's approach is to say that with respect to trade, there are winners and there are losers, except on the domestic side.

In the case of apparel and textile, the quota period will be coming to an end on January 1st. Meanwhile, customs duty remission orders are set to expire on December 31. We don't feel that the federal government is willing to support the textile and apparel industries to help them to adapt to the new economic conditions. There were programs in the past.

Last week, we heard from people who told us that what they had wasn't enough. Would the government be ready, through an industrial apparel and textile policy, to consider the possibility that Canadian textiles be used in emerging countries and then reimported to Canada duty-free? That is what the Americans are doing with a number of Caribbean countries.

Would the government be ready, for instance, to abolish taxes on the importing of textiles which haven't been produced in Canada for a long time and which we will never produce in the future? For instance, I don't think we have produced denim in this country in a long time. Do the International Trade and Industry departments have ideas up their sleeves? Currently, we get the impression that a number of our industries have no safety net. These people are very worried.

Moreover, I know that these industries apparently have diverging interests, which doesn't simplify things. However, the government has a duty to bring them together and tell them that a line has to be drawn somewhere so as not to lose everything. Has the government planned anything, given the fact that December 31 will be upon us soon?

• (1635)

Hon. Jim Peterson: Mr. Paquette, although it is true that rapid change on world markets creates many problems, it also brings about many opportunities. As Schumpeter stated, the process is one of creative destruction. The issue is not how many jobs we've lost, but how many jobs have already been created. Currently, we are ahead of schedule. We have created far more jobs than we have lost. That is a very important function of government and the state. Training, education, worker outplacements, all of these things have an effect on workers in the communities.

You said that \$356 million had been granted in relief for the industries, communities and workers affected by the softwood lumber crisis. Unfortunately, in the case of textiles, the finance department is responsible for customs, but we must...

Mr. Pierre Paquette: I imagine you could still make a recommendation.

Hon. Jim Peterson: Your committee has already made recommendations on textiles to the Minister of Finance.

Mr. Pierre Paquette: Yes, on clothing.

Hon. Jim Peterson: The chair just discussed this with me, and we will be having a private meeting during which he will be able to give me his recommendations. I will be working very closely with the Department of Finance, your committee and provincial governments to start developing a strategy for workers. There are more than 130,000 left in Canada. We can never lose sight of the workers.

Mr. Pierre Paquette: The problem is that those who are losing out are sometimes in regions such as Drummondville and Valleyfield. The industries that take advantage of business opportunities are not necessarily those that are in the regions. They may be in Montreal, Quebec city or elsewhere. So it is very worrisome on the regional development front.

I want to make you aware of a situation, given the fact that you are here. I went to Plattsburgh on Friday with Gilles Duceppe. We visited the Plattsburgh chamber of commerce. I was really quite surprised. On their side of the border, Americans will be investing \$100 million US over three years, whereas we, for the time being, have made no commitments. Fifteen million was spent for the reconstruction of Highway 15, with the government of Quebec, but that's all. Imagine, Serge Ménard was Minister of Transport at the time.

As far as I am concerned, this is a very important problem you need to be aware of, and there is no excuse: there is no infrastructure problem comparable to that of the Alexandra Bridge; we can use some space to at least match what the Americans will be doing. What is the use of having a border allowing us to enter into the United States easily, when the opposite...? On Friday, at 3:30 p.m. or 4:00 p.m. when I got back, there were 31 trucks waiting in line. There wasn't even a designated lane for what they call the fast track. I wanted you to be made aware of the situation, given the fact that you are here.

I would also like to take advantage of this opportunity to say to the committee that I would like us to invite the CEO of the Plattsburgh chamber of commerce and the president of the Montreal chamber of commerce to discuss this specific issue with us. It's quite astonishing.

Did you want to make a comment, Minister?

Hon. Jim Peterson: We have to do everything in our power to open up the border. Anne McLellan and Tom Ridge held a meeting and developed something for Ontario and the Peace Bridge. It's a pilot project under which Americans and Canadians can use Canadian land. It's a big challenge. As you have already stated, we must do what we can. I want to work with you. Up until now, I have worked closely with Anne McLellan, who is responsible for this. If there is further congestion at the border, I would like to discuss it with you, of course. The government will do everything in its power to push and push some more. We have to remain open.

Concerning textiles, under NAFTA, we discussed the use of products from developing countries. With the Americans and the Mexicans, we are also discussing the idea of cost cumulation and of a way to use more textiles by sending them to other countries for manufacturing. However, it will depend on bilateral agreements with the other countries. This is something that is very important for Mexico, for the United States and for us as well. Our discussions with them will be ongoing.

• (1640)

[*English*]

The Chair: Thank you, Minister.

We have to move on. As you can see, we have a wide range of topics that we want to throw at you.

Monsieur Julian.

[*Translation*]

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

I would like to get back to the comments made by Mr. Paquette. Thank you for your presence here today.

We are very much aware that the textile and apparel industry as well as the softwood lumber industry need support. I would like to know what specific measures you have in mind for the textile and apparel industry and for the softwood lumber industry.

Representatives who appeared before the committee this morning mentioned legal fees, incurred since the beginning of this crisis. As Mr. Paquette mentioned, this crisis may well go on until 2007. That

is when we will see the end of the first crisis. A second crisis may well take place shortly.

So, what measures do you plan on taking?

Hon. Jim Peterson: First, Mr. Julian, regarding softwood lumber and money for the industry, I would rather discuss this with the industry. I could take that opportunity to ask the industry and our officials to discuss this issue and to make specific suggestions regarding the amounts and the programs they would like to have.

As I said, we had planned something before the elections, but since then, I've received no request from the industry. We have to get back to the table.

Mr. Peter Julian: When will you be doing that?

Hon. Jim Peterson: I would like to see the industry representatives begin discussions with our officials immediately to share their ideas and their expectations with us with respect to a work sharing agreement, i.e. who will be hiring which lawyers, who will be doing what and what the process will be.

[*English*]

Mr. Peter Julian: Okay. Thank you.

My second question is regarding the comments they made this morning as well.

They used, I think, the harshest terms I've heard yet around this ongoing dispute. They talked about the Americans and the American industry conducting a scorched earth policy, about the intent of the American industry to break the backs of Canadian industry. They also talked about decimating Canadian industry by attrition.

So we're talking about a conscious devastation of our Canadian industries. As you know, I've mentioned in your previous appearances that we're talking about nearly 20,000 jobs in British Columbia.

We know that when we went through the FTA negotiations and the negotiations around NAFTA, Canada's interests were in obtaining a dispute settlement mechanism that made sense, in other words, to move away from using the U.S. court system. As this crisis has continued, we know as well, and the document circulated today confirms it, that now we're talking about the court system being arguably better off than the dispute settlement mechanism, which is not being observed and which is not being respected in any way by the Americans.

Now, the Americans came into those two negotiations looking for sources of energy and looking for our energy, particularly. Out of that they had proportionality, which means basically that we shared our energy resources to the extent that they were used within the Canadian market as well.

Do you not believe it is time to change negotiating strategies, given that there is a lack of respect on the other side, and to start to have a linkage with issues such as energy, so that we can actually move to resolve this, rather than asking workers in the communities who have been devastated by this particular issue, softwood, to continue on until 2007, potentially, until there's some sort of final conclusion? And there's nothing, of course, stopping industry from going right back the next week and starting the process again, having a war on softwood V.

• (1645)

Hon. Jim Peterson: If you start a trade war, the ultimate question is, who's going to win it? Who needs the other country the most? Some 38% of our economy is based on our exports, and about 30% of that is exports to the United States.

The United States, I think, depends on exports for its wealth, about 12%, much less than we are. If we start a war, are we sure we would win it? If we escalate it from softwood to softwood and energy, have you thought out what their retaliation against us might be?

Mr. Peter Julian: We're not talking about a trade war; we're talking about linkage on issues.

Our cards, our energy resources...that's what they wanted when we had these discussions around these trade agreements. That's what they wanted. We wanted the dispute settlement mechanism. So I think in any prudent negotiating stance, when we keep doing the same thing and we keep butting our heads against the wall, we need to change tactics. It's not about a trade war; we're talking about linkage. Linkage is a good, prudent way of taking back those cards that we've given away and dealing from strength.

Hon. Jim Peterson: What would your proposal be? Unless you give us free trade in softwood lumber we will cut off the pipelines flowing into the United States and the electric grid?

Mr. Peter Julian: I'm suggesting that we need to change tactics. My question to you is this. Given the frustrations over the past few years and given the fact that we are not looking for a conclusion of this round until 2007, according to the forest industry representatives who were here this morning, do you not feel it's time to start looking at other avenues, such as linkage?

Hon. Jim Peterson: Well, you'll have to explain to me what you mean by linkage before I answer it.

Mr. Peter Julian: Well, I just did.

Hon. Jim Peterson: No. By linkage do you mean that we would say that unless you open your borders without any countervailing duties or anti-dumping to our softwood, we will cut off the electric grid and the pipelines?

Mr. Peter Julian: I'm saying that as the largest supplier to the United States, energy can play a role in linking that to other issues that are unresolved at this point.

Would you agree with me that we've gotten virtually nowhere? Despite all of the victories, time after time, that you mentioned through the dispute settlement process, those folks in communities across the country are still not back at work.

• (1650)

Hon. Jim Peterson: We're now shipping record amounts of softwood lumber into the United States, even with the duties that are there.

The Chair: Mr. Minister, we're going to have to wrap up.

Hon. Jim Peterson: Of course, I would not be able to take steps to settle the softwood dispute without provincial cooperation. So getting a solution to that softwood lumber dispute is going to be part of my ongoing efforts.

On cutting off the pipelines and the grid, as you've suggested... So threatening to cut off exports—

Mr. Peter Julian: You're well aware of what linkage means. I don't need to explain it to you.

Hon. Jim Peterson: If it means cutting off the pipelines and the grid, have you consulted with your provincial counterparts as to how they would feel about our energy producers bearing the entire brunt of it?

Mr. Peter Julian: Most Canadians would feel comfortable with us showing some backbone, with us going forward rather than accepting, time and time again, what we've seen, which is no resolution, and looking at a two- or three-year period before there's potential for resolution, with the lost jobs that have been involved. Most Canadians would like to see more backbone from this government.

The Chair: Can you wrap this up?

Hon. Jim Peterson: If you're suggesting cutting off the pipelines and the grid, that would certainly get their attention. Whether it would lead to a settlement—

Mr. Peter Julian: It's foolish to misrepresent—

Hon. Jim Peterson: Tell me what linkage is then if it's not that.

Mr. Peter Julian: You know full well what it is.

Hon. Jim Peterson: Mr. Chair, I'm asking—

The Chair: We've got to move on, Minister. We're trying to analyze what linkage is.

Hon. Jim Peterson: Unless you tell me what you mean by linkage, I will not answer the question. But I'm telling you, playing that game is very risky when we are more dependent on their economy than they are on ours.

Mr. Peter Julian: Well, 20,000 people have lost their jobs. On whether they would like to see more backbone from this government, I'll tell you, yes, they would.

Hon. Jim Peterson: We will continue to work with those people who have been displaced.

The Chair: Mr. Julian, thank you. We'll look at the word "linkage" and come back in the future.

Madame Jennings.

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Merci, monsieur le président.

Thank you very much for your presentation.

I'd like to begin by saying that this morning Mr. Julian asked our morning witnesses the exact same question, about the fact that we basically allowed the Americans full free trade on our energy and didn't seek the same thing on other goods coming from Canada. I believe the record will show very clearly he was actually told that the whole energy issue was pretty much settled a long time before the previous government sat down with the Americans to start negotiating the free trade agreement and NAFTA.

I don't want to talk about emerging markets, except in the context of developing other free trade agreements and lessons learned from the NAFTA agreement. Even if 98% or 96% of Canada's trade with the United States is dispute free, etc., we have significant economic sectors that have been affected by bullying and dirty tactics, in my view, on the part of American competitors. The weaknesses in the free trade agreement have allowed them to do that.

So what are the lessons Canada has learned from our experience with the free trade agreement, and weaknesses particularly under chapter 19, the trade dispute mechanism for sorting that out, so in future negotiations with other countries, like China, India, or another country, we will make sure we plug those holes so we're not in that situation? What are the lessons learned? I know what I would say about that, but I'd like to hear from you, sir.

• (1655)

Hon. Jim Peterson: I don't really know the answer to your question. We're taking a look at how we might be able to deal with chapter 19 in the future. Are there limitations you can put on the right of somebody to perpetually raise the same type of issue on countervail or whatever? Then you get into the issue of whether a foreign state would be in a position to agree to that. Would they be prepared to limit the right of their citizens or their companies to sue ours if they genuinely feel there is a countervail or dumping situation?

Hon. Marlene Jennings: May I?

Hon. Jim Peterson: I would welcome your views, because we're looking at it.

One of the possibilities is that you could have to go to some type of tribunal to get leave to do this in the future, the same way you need to go to a court to get leave to appeal.

Hon. Marlene Jennings: That is a possibility. There is also the possibility that the panel decisions be binding, that there is no remanding back to the country where the dispute or the litigation was started for determination.

Hon. Jim Peterson: Yes.

Hon. Marlene Jennings: One of the things that has happened with softwood lumber is that you get the NAFTA panel, which says there is no unfair trade, there are no subsidies, and then the decision is remanded back to the United States. Their Department of Commerce is told they have to redo your figures using the instructions from the panel. It takes months. They redo it; they send it back to the panel. The panel says no, remand it back—back and forth.

The first thing would be that the panel itself can do the calculation. If they're able to determine that there is no subsidy,

obviously they're already using the country's own domestic law in order to make that determination. That would be one right there.

Second, there's also a penalty. The decision becomes binding. It creates jurisprudence. Therefore, if another application comes on exactly the same grounds, it is refused right on the face of the record, because there is jurisprudence that has been created. That's the second one.

A third one would be that there would be penalties for frivolous applications, actual penalties. The companies that are now trying to use this Byrd amendment in order to benefit and create a competitive advantage against our Canadian companies where they already have one, because our Canadian companies are paying the duty and have been doing so, want to create an additional competitive advantage. If they had a penalty, if they brought a frivolous or vexatious application, those same companies would think twice about it.

We see it constantly, at least in administrative law. In many different sectors you do have a penalty if there is a finding of vexatious or frivolous application.

Hon. Jim Peterson: Could I just ask you a question?

Hon. Marlene Jennings: Yes.

Hon. Jim Peterson: Would you even say that the losing party has to pay some costs?

Hon. Marlene Jennings: The losing party should have to pay all of the costs.

Hon. Jim Peterson: As in court cases.

Hon. Marlene Jennings: Yes.

Hon. Jim Peterson: These are excellent suggestions. This is what—

Hon. Marlene Jennings: And if someone wants to bring an application, then they should possibly have to...like we see now in both civil and other jurisdictions, other fields, where if you want to bring an application you actually have to make a deposit of a significant amount of money to show that your case is really serious because you're prepared to put your bucks where your mouth is. And you stand to lose that deposit, in addition to having to pay court costs, if there is a finding of frivolous or vexatious on the face of the application itself.

I have plenty more ideas. We don't have enough time.

• (1700)

The Chair: You still have another two minutes.

Hon. Marlene Jennings: Now we'll go to the emerging—

The Chair: You can utilize all two minutes.

Hon. Marlene Jennings: What I just came out with, those are lessons learned over time from NAFTA through the softwood trade disputes. Those are the lessons.

If we sign any other free trade agreement with any of these emerging markets, particularly with China, where, let's say, the legal system and governance in place leave a lot to be desired, we would certainly want to have those kinds of measures in the agreement beforehand. I don't think you have to get leave to go to some international trade body, the WTO or whatever. A country is sovereign; a country can sign whatever agreement it wishes to sign with another.

So I think that's a possibility.

Let me think.

Hon. Jim Peterson: Keep going. You're on a roll. This is very useful. I like it.

Hon. Marlene Jennings: The other thing is all politics—

Hon. Jim Peterson: I just have one little comment about it.

Hon. Marlene Jennings: Why don't you make your comment after I finish, because I want to make sure I use up all of my time. Given that the chair was so indulgent with Mr. Julian, I'm sure he's going to be just as indulgent with me.

The Chair: I've been generous with everybody, Madam Jennings, and I will be with you.

Hon. Marlene Jennings: Yes.

The other thing is, I forget who it was who said, "All politics is local". It was somebody in the States, on Capitol Hill. Well, one of the things about all politics being local is that we need to be able to take our politics not just to Capitol Hill but down into the states, into the cities, to the governors, to the state legislators, to the city mayors, etc.

If our softwood lumber industry were able to build a case, for instance, that these unfair applications by American companies against our softwood lumber industry are costing the City of New York millions of dollars extra for their social housing, or their commercial building, do you think the mayor of New York City might have a little bit of influence with the state senator and the House of Representatives? Or Chicago?

What do you think about that?

Hon. Jim Peterson: Wasn't it Tip O'Neill who said, "All politics is local"?

Hon. Marlene Jennings: Yes, you're right.

Hon. Jim Peterson: I think you're right on. I think this advocacy is absolutely critical, because the United States has a more desegregated type of power structure than we do. Here, if the party in power agrees to something, you can usually get it done—apart from provincial problems. There, having the administration outside does not guarantee that they can control Congress. So it's going to be winning the hearts and souls, the minds, of people in Congress.

This is why we've advocated that the Prime Minister establish the Advocacy Secretariat in Washington, which opened up in September. This is why I hope to lead, before spring, a large delegation of parliamentarians from all parties down there to deal with people at all levels, including mayors, as you suggested.

This is something a trade minister cannot do alone. There are a huge number of people we have to win over. We'll be making a lot of

the arguments on softwood lumber that you have, that it has increased the cost of housing enormously.

We have on our side now in the United States some very strong lobbyists, including one led by Home Depot, on this very issue. I guess they're not as powerful, even though they're speaking for consumers, as a very small clique of lumber producers who have been lobbying certain senators and congresspersons in a very effective way to support their cause.

We even saw Max Baucus come in with a bill saying they could expropriate the moneys even before the panel's decisions were final.

Hon. Marlene Jennings: That's right.

Hon. Jim Peterson: We're dealing with some pretty big issues, and I would welcome the help of members of this committee and Parliament.

The Chair: You have a few good ideas so far, Minister.

Hon. Jim Peterson: She has great ideas.

Hon. Marlene Jennings: And they're free.

The Chair: Ms. Stronach.

Ms. Belinda Stronach (Newmarket—Aurora, CPC): Thank you, Mr. Chair.

Thank you, Minister, Mr. Sunquist, and Mr. Fonberg, for coming today.

I want to talk a bit about Bill C-31, which was introduced this morning to break up the old amalgamated Department of Foreign Affairs and International Trade. Of course, this process has already begun, and now we're seeking the approval of Parliament.

My first impression is that there's some policy confusion in the ranks of the professional trade diplomats. People do not have a clear idea of who has what responsibility. I've also been told that morale is quite low in the department.

My question is of two parts. The first one relates to process and the second relates to cost.

The first question, Mr. Minister, is whether you could please provide this committee with a detailed description of the exact process of consultation by which the Prime Minister decided to split the departments, including an indication of what public consultation was done, especially with business and industry groups.

In the minister's opinion, was this decision-making process driven by cabinet or by the Prime Minister's advisers in the Langevin Building?

The second question relates to cost. I assume the splitting of the two departments is intended to be cost neutral. Will the minister please provide, or table before this committee, at your earliest convenience the full budget for the de-amalgamation, including an itemized analysis of the costs incurred by the process?

Thank you.

• (1705)

The Chair: I'm going to intervene, Minister, if you'll permit me.

You might not have come prepared for these types of questions. We wanted to talk about emerging markets, but I'll leave it to your discretion. For any other information that you can provide, if the committee agrees that we'd like it, you can send it over to us if you don't have any answers for the information that was asked for a minute ago.

Hon. Jim Peterson: On your first issue about confusion and morale, I have to say this. Since being appointed to the post of international trade less than a year ago, I've done a lot of travelling and I've talked to a lot of businesses around the world. We have 150 posts outside of Canada. We have a total staff in our department of 1,800 people—1,200 are public servants and the remaining 600 are locally engaged staff. I have never once heard about a lack of morale from any of our people who I have talked to. I have heard nothing but praise from businesses, Canadian and otherwise, on the quality of people we have in our posts, in terms of the professionalism they bring to the job. I couldn't be more proud to be working with such wonderful professional people around the world.

Do we have enough of them? No. I think you've indicated in a very articulate way that with the added responsibilities, we're going to need more people to do the type of job we want to do. I think the full committee, when we appeared before it, talked about our need to expand.

For example, we've moved people into the United States in seven new posts. Where did we get them from? It means they have to come from other areas, and yet we have these new emerging markets that we have to concentrate on and look at. I would love to have more people of the same calibre, be they, as you say, suffering a morale crisis. I haven't found that. I have found them to be terrific.

Rob, do you want to answer the question on cost neutrality?

Mr. Robert Fonberg (Deputy Minister of International Trade, Department of International Trade): On the first point, Minister, I think the member would know that change management is extremely difficult. It's about people. There are human costs and human challenges. The reality is that the former department was like a family; it had been like a family for 22 years, and people get used to working with their family. Any change management initiative of this magnitude is difficult.

Is this difficult? Has it affected morale in a personal way? Yes. Has it affected the performance of the department in a professional way? Not one iota. Have we heard from any business person out there that the quality of service they've received from the department has been diminished or has declined or has suffered over the last year? We've heard concerns about how it may have, but we've heard nothing about how it has.

For me personally and for the department, this has been a challenge with personal proportions, as is any kind of change management initiative.

On the issue of cost neutrality, the Prime Minister made it clear there would be no additional costs associated with the separation of the two departments, and we expect to see no additional costs associated with the separation of the two departments.

• (1710)

Ms. Belinda Stronach: What about the process of consultation? What steps were taken?

Hon. Jim Peterson: I wasn't a minister when that decision was made, so I can't tell you. I was brought in after the decision was made, so I don't know what went into it.

Ms. Belinda Stronach: I have a second question with respect to softwood, if I have some time.

The Chair: Yes.

Ms. Belinda Stronach: Minister, are you taking on some kind of a coordinating role with other countries that are also deciding whether they're going to pursue retaliation rights under the Byrd amendment? Is Canada taking a leadership role to show leadership and greater leverage against the United States?

Hon. Jim Peterson: Yes, we have. We've been consulting very closely with the seven other co-complainants on the measures they were taking. We've all looked at how we could coordinate best to fulfill our mutual goal, which is not to retaliate but to get Congress to repeal Byrd.

One of the hopeful things is that with the administration now working on a much closer basis with our government....

I have to say this. I think the President and the Prime Minister had a very productive meeting here. They've met each other six or seven times now. I think they're very comfortable with one another. I think they've developed a relationship, even though there are always going to be major differences between our two countries. It appears to me very constructive.

Whether the President is going to be able to have any impact on Congress in dealing with issues such as the Byrd amendment is another issue. I am hopeful that because they're all of the same party now, the President would perhaps be able to lean on Congress to try to get rid of the Byrd. There are very good reasons they should. It is a total flouting of the international trade rules. The United States is powerful enough that it doesn't need to break the rules in order to have a strong and prosperous economy.

Ms. Belinda Stronach: Do I still have some time?

The Chair: You have another minute, if you'd like to take advantage of it.

Ms. Belinda Stronach: Quickly then, on what I believe to be one of the most critical infrastructure projects in this country, the Detroit-Windsor border, I was down there about ten days ago and met with various industry stakeholders. There's still a lot of work to be done. Some good work has been done on process improvement.

What about capacity? When will you make a decision on capacity issues, whether it be one of the three options presented: a new bridge, twinning the bridge, or a tunnel project?

Hon. Jim Peterson: I hope it's made yesterday, but this, of course, is a decision that has to be made by all three levels. I have certainly indicated to the Deputy Prime Minister that this is essential for Canada's economic future. That crossing is the umbilical cord of Canada's economy, and it has to be seamless and we have to get on with it. I'm dismayed by the delays we have seen. This is not something we can do on our own—it involves Windsor; it involves Ontario—but we are pushing as hard as we possibly can to clear up that mess. The Deputy Prime Minister will be meeting down there, I believe, on the 17th of the month with Tom Ridge.

Ms. Belinda Stronach: Would you consider a bilateral border commission that consists of municipal, provincial, and federal governments and maybe industry stakeholders to look at the regulation that exists and continuous refinement of it, but also making a decision about infrastructure?

• (1715)

Hon. Jim Peterson: It's certainly not an idea I would dismiss in current circumstances, because it's taken far too long to come to a decision. I welcome these constructive suggestions from the committee and from you.

Ms. Belinda Stronach: Thank you.

The Chair: Minister, we'd like you to wrap up on emerging markets, which was the area we really wanted you to cover, but before I give you the floor, I'd like to ask you a question, based on a quote.

You mentioned earlier that the Canadian government has hired lawyers for the lumber dispute. Earlier today, we had the pleasure of hearing from witnesses from the Free Trade Lumber Council and the Canadian Lumber Trade Alliance, and these people represent everybody across the board. What they said, if I may quote them is, that the federal government and the industry must cooperate and work closer together.

They've been very pleased as to the support they've been given by this government.

Then they talk about the expenditure and the tens of millions of dollars they are having to fork out to address this concern. There's a cost factor here on the side of the government, and maybe you could talk a little bit about that. One of their main concerns is “you're on the right track, we're working hard, and we're working together”, as I understood it, but it's dollars and cents here that are causing the big problem. How do we participate there? How else can we help them?

Hon. Jim Peterson: We have provided funding in the past to help them defray some of their legal costs. I think the total amount was about \$14 million, but I could be wrong by a couple of million. We had undertaken to go to cabinet before the election was held and did—no decision was made—to secure further assistance. Since the election, I have not heard from the industry about what their specific needs are.

As I said earlier, there are many in the industry who came to us and said this whole matter would be settled definitively by October or November of this fall at the latest. That was the position last spring, that the victory on the question of injury in the NAFTA panel would be definitive once and for all. That was why they were arguing we should not have a negotiated settlement.

We're now in the position where I guess you were told today that this could last until 2007, and that there was nothing to stop the U.S. industry from bringing new anti-dumping and countervail action against us, so it could go on in perpetuity.

This is why I've asked the industry to go back to re-engage with one another to see if there is a common position they could arrive at. I believe they've had two meetings and are going to be having a meeting with their U.S. counterparts in Chicago. I encourage the industry groups from across Canada to see if there is a common industry position on softwood lumber. There hasn't been in the past.

If there is a common position, it would be very helpful to us as we go to negotiate. If there's not a common industry position, then I will have to continue to work with the provincial counterparts, because they're the ones who are going to make the decisions as to what type of negotiated settlement there might be. But I know they would want to work with the industry groups.

Meanwhile, if the industry groups have revised expectations as to what their needs are going to be, I would encourage them to come forward with new requests.

The Chair: Do you have any closing statements on emerging markets, Minister?

Hon. Jim Peterson: What? What did you want to talk about?

Some hon. members: Oh, oh!

The Chair: Emerging markets; we really wanted to focus on that, but border problems, softwood lumber, textiles are all important issues to us.

Hon. Jim Peterson: First of all on emerging markets, I believe there are incredible challenges. We see that in China they can manufacture things at a fraction of the cost we can here in Canada. That is the threat; that is the challenge. The opportunities, on the other side of the coin, are enormous, with their burgeoning markets, which are just exploding, and an opportunity for Canadians—through investment, joint ventures, and strategic alliances—to tap into those value chains in the emerging markets or some of their neighbours or partners, so that we can stay globally competitive in terms of production.

I would also welcome your looking at whether we need more resources on the ground in certain emerging markets, what types of resources we need, how we can tackle them, and whether there are other emerging markets you want to look at as well, such as the Koreans. I think we're making a mistake to say “emerging” markets—to call Brazil an “emerging market” when it's a powerhouse is probably a euphemism that's stretching it—but we could say “markets of new opportunity” for Canadians, including those on the investment side.

I would very much appreciate it if you were prepared, through your public consultations or whatever way you want to proceed, to look at this issue and give us advice. I welcome very much the advice I have received here today. I think Marlene's suggestions were very helpful.

• (1720)

The Chair: Well, Minister, you got our advice on so many important issues that are before us.

I think we shouldn't call them "emerging" markets; we just want a bigger share of those markets.

Hon. Jim Peterson: Yes.

The Chair: We'll have a quick question from Mr. Menzies, if you'll permit, Minister, and a quick question—

[*Translation*]

Mr. Pierre Paquette: I have a request to make before the end of the meeting. I mentioned it earlier on.

[*English*]

Mr. Ted Menzies: Mr. Minister, did you get a report card back from those companies that accompanied us to Brazil?

Hon. Jim Peterson: No, I haven't received that report card yet.

Mr. Ted Menzies: It would be interesting, before we head to China. My own read was "valuable".

Mr. Ken Sunquist: We're going out to all companies asking them exactly that, what we can do better. That's the gist of it.

Mr. Ted Menzies: Thank you.

The Chair: Do you want the requests now?

Hon. Jim Peterson: I think we've traditionally done that. For every trade mission we've asked for feedback.

[*Translation*]

Mr. Pierre Paquette: There are three things. Will the minister be coming before us again for consideration of the bill, or should we ask him questions now?

Hon. Jim Peterson: It's up to you. I am in the hands of your committee.

Mr. Pierre Paquette: I have only one question, and I would like an answer at some point.

I am somewhat surprised by something in Bill C-31.

[*English*]

The Chair: I don't think it's referred to us, Pierre.

[*Translation*]

Mr. Pierre Paquette: Yes. In fact, it's in clause 5, which deals with the striking of committees. I have never seen this before. It doesn't exist, for instance in the case of foreign affairs. As there may still be one subcommittee, it will be up to us to decide. I am somewhat concerned. I would like you to give me an answer at a later date, because I know that this is not the subject of this meeting. I am referring to clause 5, dealing with the striking of committees by the governor in council.

Secondly, I would like to reiterate my request that we invite the Plattsburgh chamber of commerce and the Montreal chamber of commerce to discuss the Lacolle border.

Finally, if we invite Export Development Canada, EDC, I would also like to invite people from Halifax Initiative, as they have something to tell us. EDC is currently reviewing its operating methods in order to ensure transparency, and I heard that we may invite some of their representatives. If that were the case, I would like us to invite people from Halifax Initiative at the same time, as they are working on this.

[*English*]

The Chair: We will be having EDC for sure at a later date.

[*Translation*]

Mr. Pierre Paquette: It could be done at the same time. Obviously it's only one aspect, but as Mr. Parizeau says, all parts of the chicken are good.

[*English*]

The Chair: Mr. Julian.

[*Translation*]

Mr. Peter Julian: Mr. Chairman, you mentioned earlier on that you were going to invite the minister to come and explain the bill. I think that would be an excellent idea.

[*English*]

The Chair: Sure.

[*Translation*]

Mr. Pierre Paquette: Perhaps only for an hour.

[*English*]

The Chair: We're a subcommittee. If it's referred to our committee, I'd be more than happy to, on your behalf, request the minister. We'll approach it at the appropriate time.

Hon. Jim Peterson: I missed that, I'm sorry. Did you want a reference from the minister to the committee?

The Chair: No, Minister. I was saying if the bill is referred to us we could invite you back. We are a subcommittee. Should we get to that stage—

Hon. Jim Peterson: I think you're a terrific committee, and I'd love to come back.

The Chair: So the minister is willing, if it falls into place.

Minister and your officials, Mr. Sunquist and Mr. Fonberg, thank you very much.

It was very interesting. I wish we had another two hours of your time. Unfortunately, we have to run.

Hon. Jim Peterson: Thank you all very much.

The Chair: This meeting is now adjourned.

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Publié en conformité de l'autorité du Président de la Chambre des communes

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