



House of Commons
CANADA

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

SINT • NUMBER 017 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Wednesday, March 23, 2005

—
Chair

Mr. John Cannis

All parliamentary publications are available on the
"Parliamentary Internet Parlementaire" at the following address:

<http://www.parl.gc.ca>

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

Wednesday, March 23, 2005

• (1540)

[English]

The Chair (Mr. John Cannis (Scarborough Centre, Lib.)): I call the meeting to order.

I'll begin by introducing our witnesses and welcoming them to our Subcommittee on International Trade, Trade Disputes and Investment of the Standing Committee on Foreign Affairs and International Trade.

I'd like to welcome the representative from the Canadian Labour Congress, Pierre Laliberté, senior economist, social and economic policy, who was with us some time back. Welcome again.

From the Canadian Council for International Cooperation, we have Ms. Gauri Sreenivasan. Welcome. I will point out that she'll be leaving us a little early due to some personal family issues.

I'd also like to welcome, from Amnesty International Canada, Mr. Alex Neve, secretary general of the English-speaking section.

We'll start with you, Mr. Laliberté, then we'll hear from everybody else, and then go to questions. The floor is yours.

[Translation]

Mr. Pierre Laliberté (Senior Economist, Social & Economic Policy, Canadian Labour Congress): Thank you very much, Mr. Chairman.

I want to state at the outset that I will be making more general comments, and give you an opportunity to ask specific questions on issues of interest to you with respect to so-called emerging markets, which in itself is a rather special concept.

I want to start off by saying that at the CLC, certain fundamental principles inform our perspective on international trade. We see increased international trade as something that is generally positive, but that must not be an end in itself as regards our public policy. We see it more as a consequence of policies that foster growth, preferably sustainable growth, and all that entails.

Unfortunately, for the last 15 years, we have been witnessing what might be called a strategy of blind pursuit of a policy of export promotion as the key to growth strategies. So, everyone is following the same export-driven path to prosperity—so-called export lead growth—and in some respects, we are seeing some rather perverse trends emerge.

China today is a somewhat extreme example of that paradigm, in that China is becoming a global workshop for labour-intensive economic activities, leading to transnational subcontracting aimed at exporting that type of work to a specific country, as part of a deliberate policy of export to outside markets. The losers in this game are other emerging countries who are unable to compete with China. I wanted to add that qualification.

In our opinion, in its approach to so-called emerging markets, to developing countries, the Canadian government should try to ensure that multilateral rules are put in place. Canada is a small country that punches above its weight at the international level. It thus has a certain credibility, and that credibility is an asset that must be used, and used intelligently—in other words, not as part of an opportunistic strategy aimed at getting everything for itself, but by demonstrating a certain intelligent goodwill towards the development of the international economy in general. What is needed is therefore a multilateral strategy that also targets sustainable development.

What we have been seeing at the international level, and even bilaterally, for the last few years is a very strong emphasis on trade agreements and far less emphasis on everything else, which creates a bias.

We believe that sustainable development obviously requires trade, but trade that includes a union rights-related component—that is certainly something that we are concerned with—as well as an environmental component, and which reflects a consistent policy. We are often told that you have to start somewhere, but you have to do a little of that everywhere at the same time. So, we would really like that to be an integral part of Canada's trade policy towards these countries.

There is also another aspect to all of this. Under negotiated trade agreements, there is a cookie-cutter approach, meaning that we see the same thing everywhere, as though development strategies should be the same for every country in the world, when we know for a fact that every country takes its own path and has to be able to move at its own speed, sometimes more slowly, sometimes more quickly, and sometimes more successfully in some cases than in others.

This cookie-cutter approach leads to dislocation in these countries, which are then not as willing to open up their markets as we would like them to be, resulting in perverse effects on their development.

What we would also like to see, of course, are mechanisms at the international level that would foster growth. For example, we would like to see international institutions such as the IMF take an approach that fosters growth—not growth that punishes countries suffering from problems attributable to a lack of growth. So, we would like to see inflation control targets replaced by policies that support demand.

Under our approach, policies that boost demand will pull exports along in their wake, and help everyone ultimately, even though in some cases, inflation does reach levels higher than those our central banks might consider acceptable. In other words, we have to look at this in a more comprehensive manner. In that respect, our trade policy clearly plays a role.

Should Canada be seeking to diversify its trade? Well, it is clear that we are far too dependent on the American market. That market is not growing at this time, and as a result we are far more vulnerable to fluctuations—and I'm not talking about fluctuations due to the political mood in that country. In that sense, we should indeed be looking to take advantage of opportunities to trade with other countries, if only because the real need in emerging countries. In the broad sense, need means economic and commercial activity.

The real question is how to create an environment that will support meeting those needs and, in so doing, also support our trade policy. How are we going to achieve that? Once again, we see multilateralism as an approach we should be focussing on, as well as multidimensional approach, as I was saying earlier.

I was in Cancun two years ago. It was really obvious that Canada was acting as a scout of sorts for the United States and the European Union, that wanted unreasonable arrangements with respect to market openness. As far as we are concerned, it was a lost opportunity, because Canada would have a tremendous amount to gain by forming strategic alliances with such emerging countries as Brazil and South Africa, which are growing democratic countries that play a key-policy role.

Of course, we don't have the baggage that do former colonial countries or our southern neighbours. As a result, we can play a positive role at that level. What we saw there ultimately, was that Canada had wasted all its political capital by doing other people's work. This was more than just disappointing to witness; it was a lost opportunity.

We would like to see the government take an approach based much more on forming alliances with these countries, but without compromising basic principles, because our goal remains sustainable development. But that development must be based on respect for human rights and workers' rights. Over the longer term, it is also important to ensure that that development does not occur at the expense of the environmental heritage.

I'm going to stop there. As I said earlier, you may wish to discuss these issues in greater detail during the question period.

Thank you.

● (1550)

[English]

The Chair: Thank you, Monsieur Laliberté.

Ms. Sreenivasan.

Ms. Gauri Sreenivasan (Trade Policy Officer, Canadian Council for International Cooperation): Thank you very much for having CCIC before this committee. It's clear that a strategy for dealing with the emerging market has become a major priority for our government in trade matters, perhaps, as Pierre was saying, as part of a kind of subtle diversification strategy.

[Translation]

As you know, CCIC represents almost 90 Canadian NGOs working to end poverty around the world, including secular, church and labour-based organizations working in partnership with communities and groups in the Third World.

CCIC also does a considerable amount of work in the area of international trade policy. Why? Because trade/investment rules and practices are vital to the goals of ending poverty, promoting rights and sustainable development, which are major Canadian foreign policy goals.

How to pursue all these objectives simultaneously—in the area of trade, sustainable development and human rights—yet coherently, has always been a challenge.

[English]

The three questions you have laid out in your study, as well as the government's own consultation on this emerging market strategy before Christmas, make it clear that the government's main objective here is to get advice on how Canadian companies can get a bigger share of trade and investment opportunities in emerging markets such as India and China. Fair enough. CCIC recognizes Canada has important and legitimate business priorities in emerging markets. Of course we are not in a role to advise on how to do that particular job better; that's not our policy expertise. But to contribute to your study, I want to raise three main points before the committee. They are quite critical to the endeavour of Canada's relations with emerging markets and directly relevant to the trade agenda.

The first—without being too cheeky—is to recognize that these are not emerging markets. The rise of powers such as China, India, and Brazil in powerful trade forums such as the World Trade Organization is evidence of a profound geopolitical shift in power and politics for world trade. It seems obvious, but it bears repeating, that at our peril we focus on these powerhouses as merely emerging markets.

First of all, these are some of the oldest civilizations on the planet. They have multi-layered and aggressive foreign and trade policy goals. I remind you that last July, when WTO members were under the gun to renew trade talks, five countries on the globe defined the framework that got the WTO running again. Brazil and India were in; Canada was left outside the room.

These countries must be related to as complex political actors. They will be allies on certain issues; they will be antagonists on others. My main point is that Canada needs to think about our overarching relationship with these countries and how to balance our full array of interests and priorities, and not think of them, even in the trade ministry, as merely markets for accessing.

This leads me to the second point, that Canada has many interests and a multi-pronged agenda with these countries. There are many key policy priorities for Canada, even in global trade rules. Some of them are aggressive, or what we might call offensive, export and investment interests. These drive the questions in the studies of how do we get in and how do we get more?

But there are also important features of our economy, particularly in agriculture, where we have mixed models. There are hallmark Canadian institutions such as the Wheat Board or supply management that promote orderly markets in agriculture, where markets are marked globally by significant monopoly power and corporate concentration that squeeze out the interests of the farmer and the consumer. Mechanisms that allow farmers to cooperate in marketing their produce are vital in strengthening rural economies and giving farmers a say in the processes that define their livelihoods. But these orderly marketing mechanisms are under constant attack from powerful WTO members. So the point is that Canada has important defensive trade interests, as well as aggressive market access interests.

Developing and leading countries such as Brazil and India also have a mixed approach to trade policy. They too have aggressive export promotion interests, and they seek long-term, stable, foreign direct investment from countries like Canada. But they have substantive development concerns related to managing majority and vulnerable agricultural populations that may not be best served by liberalized borders, certainly not in key food security staple crops, for example. Just as a quick snapshot, there are more than 200 million people in the agricultural sector alone in India, largely small farmers and agricultural labourers. So these are the kinds of economies and sectors that emerging country governments like India need to address when they're in trade talks.

Countries like Brazil and India also seek to build up and continually diversify their industrial capacity so they can broaden their global competitiveness. They are seeking a diversified approach to intellectual property rules so that technology transfer, getting affordable medicine and research materials, and other vital development objectives can be met. They must contend with the pressures from their own citizens and consumers about the performance and behaviour of foreign investors in their communities. As Pierre mentioned, these countries play important leadership roles at the WTO and other forums in defining a much broader development agenda that comes and shelters from less-developed countries. These pressures are very conflictual, and Brazil and India do not always reflect these concerns, of course. But all of these dimensions exist nonetheless.

•(1555)

My point is that there is room for considerable overlap of interests, for Canada to think much more creatively about how to relate to

developing country emerging markets as allies in global trade rules on certain issues.

Developing countries have a very strong interest in preserving policy space for their defence of trade interests, just as Canada has, and it is vital for development and for poverty reduction goals that this flexibility be supported by countries like Canada—flexibility, for example, to afford some protection from market access pressures in agriculture or in industrial tariffs. Or they are seeking also enhanced protection from dumped goods that ruin local markets and destroy lives and stunt growth potential.

Canada's own experience in orderly marketing in the supply-managed sector and via the Canadian Wheat Board actually set out quite useful precedents for developing countries. Many farmers and international groups are interested in drawing from the Canadian experience and applying relevant lessons in their own diverse contexts.

My view is that Canada could garner support from developing countries for some of our defensive trade interests in the Wheat Board and in our supply management system, for example, if it supported the right of all countries to have flexibilities to enhance farmers' power in the marketplace and promote sustainable livelihoods through diverse means.

CCIC is working together with colleagues and farm groups in Canada to host an event to demonstrate just this conflation of interests, actually in May of this year. But in our view the Canadian government, in a kind of schizophrenic fashion, presses relentlessly for a model of open markets and liberalization, particularly regarding developing countries overseas, even as it argues for flexibility for our sectors at home.

I guess the point is that Canada needs a much more nuanced and a more robust development agenda for trade if it seeks to engage with emerging markets. We have focused to date on opening their markets and offering technical assistance, but the development/trade agenda is much more complex than that, as I have attempted to show. The current framework for the development round risks losing much of the innovative proposals for addressing development.

So I urge you, as just a basic point, to urge the government to think outside the box, as we approach the WTO Hong Kong ministerial, about how we need to respond to that much fuller and robust development agenda of the emerging markets as well as of least-developed countries and relate to these countries as potential allies, as significant political actors that could serve Canadian interests, even as we seek to advance our own agenda.

The last point I want to make is to think a bit more broadly than of trade policy per se. The committee is looking for “tools and policies”, I think it says, that would address essentially the promotion of corporate interests in overseas markets. But I think it's important that the committee and the government consider a range of policy measures that also promote human rights accountability for Canadian companies in emerging markets—indeed, in all developing country markets.

I know my colleague from Amnesty will get into this more, so I won't take too long on it, and we don't have a lot of time for extensive discussion. But let me say there is very strong Canadian public demand for increased regulatory standards to ensure that Canadian corporate investors are not contributing, either through labour practices, through displacement—through many means—to human rights violations abroad.

Certainly foreign investment can play a vital role in supporting local development processes; however, particularly in the resource extraction sectors, there are many cases of communities working to resist the activities of Canadian companies because of local human rights and environmental concerns, from India—for example, there's a case right now of Alcan in Orissa—to Burma, to the heart of Africa. Your sister committee on human rights and development right now, as we speak, is hearing expert testimony on an important case with TVI in the Philippines. CCIC met a few weeks ago with the assistant deputy minister for bilateral relations on the case of Glamis Gold in Guatemala.

The current Canadian approach of aggressive promotion of bilateral investment deals and bilateral trade deals using the current bilateral investment treaty for models provides no measures to address human rights accountability issues. In our view, the policy pendulum has swung too far towards protection of foreign investors.

So just to make a third point, there is a strong need for Canadian international policy to address more comprehensively the human rights and corporate accountability issues that flow from the significant global position of Canadian companies, particularly in resource extraction. I think support from members of this committee for further parliamentary consideration of this issue would be very important, as part of providing a more comprehensive policy approach to emerging markets and other developing country markets that is consistent with Canadian values.

Thank you.

• (1600)

The Chair: Thank you very much.

We'll move on with Mr. Neve, please.

Mr. Alex Neve (Secretary General, English Speaking Section, Amnesty International Canada): Thank you very much.

Trade can be a force for promoting and strengthening the protection of fundamental human rights. Sustainable trade and investment can help to secure greater enjoyment of key economic and social rights, for instance, such as the rights to a livelihood, the right to food or the right to safe work of one's own choice. Business leaders can also use their influence with governments to press for the protection of central rights, such as women's equality, the protection against torture, or freedom of expression.

Trade can also be a force that undermines or even leads to direct violations of those rights. Poorly trained security officers guarding company premises might kill or injure trespassers or protestors. Royalties from mining or petroleum projects might be used by governments to buy arms, fight wars, and commit human rights violations.

Within business, civil society, and government, there has been growing awareness for many years of the potential for responsible business practices to help improve human rights and also of the potential for irresponsible business practices to set back the enjoyment of those same rights. Growing awareness, yes, but the means to ensure that Canadian businesses operate responsibly when it comes to human rights are still weak and are not binding.

There is no legislative or regulatory framework that requires businesses operating abroad to comply with specified human rights standards. Instead, businesses are encouraged to voluntarily adopt their own human rights policies. There has now been a proliferation of voluntary codes and guidelines dealing with a range of so-called corporate social responsibility issues, including human rights, labour rights, and the environment. Some codes are national in scope, others are international. Some are developed under government auspices, others are not. Some have been endorsed by civil society, some are primarily applicable to specific sectors of industry, and others apply to business broadly. Some companies have signed on to these voluntary codes, most have not.

Government leadership at federal and provincial levels impressing companies to improve their human rights practices is uneven across the country. Depending on which government officials or agencies a business deals with, they might not hear a word about human rights. This unevenness in the advice that governments offer to companies is evident in the government's own trade policies as well, where raising human rights issues is often seen as inconvenient or something that may be potentially detrimental to efforts to foster closer trade links. Inevitably, it leads to disappointment, for example, when a government trade mission visits a country like China and fails to ensure prominent attention to human rights concerns.

There is much to be done, and the development of Canada's emerging market strategy offers a particularly important opportunity to chart a course that puts human rights at the centre of Canadian trade and investment policy. The four pillars of the emerging market strategy elaborated on by Minister Peterson late last year say nothing about human rights. Market intelligence, risk analysis, establishing footholds, protecting business interests, strategic approaches, and much more are in those four pillars, but there is nothing about human rights, nothing about labour rights, and nothing about environmental protection.

Human rights should be an absolutely central component of Canada's emerging market strategy. The Universal Declaration of Human Rights tells us so. Adopted by the UN General Assembly in 1948, this document is the core of what has become, in the more than five decades that have followed, a sophisticated system of international human rights law. In its eloquent opening preamble, the declaration defines the obligation to promote and safeguard human rights as being an obligation that belongs not only to governments, presidents, police officers, and judges, but rather an obligation that belongs to every organ of society, which the business world most certainly is.

Canada's emerging market strategy should recognize and wholly embrace this responsibility that businesses carry to promote and safeguard human rights. It should do so by developing a three-part human rights framework for Canadian businesses interested in operating or investing in emerging markets and by establishing a regulatory framework that ensures companies comply with those human rights obligations.

That framework should anticipate and respond to the three different levels at which the human rights impact of business, both positive and negative, arises. Those three levels are direct involvement in abuses, indirect contribution to abuses, and advocating human rights reform. I'd like to briefly address those three different levels.

- (1605)

With respect to direct involvement, what we really need to think about primarily here are abuses in and around the workplace. They can and do take many forms, but let's just consider two issues: provision of security, and the protection of workers' rights. It is not unusual to find businesses, including Canadian businesses, very close to the front lines of conflict or situations of widespread human rights abuses in every corner of the world. That presence may even be one of the factors that have caused or are fuelling the conflict.

This is particularly true of the natural resources and extractive industry sectors, oil, forestry, and mining in particular.

Companies take a different approach to how they deal with the obvious security challenge of operating in the midst of a situation of insecurity. Some choose to recruit their own security forces, and those security forces have a very real potential to commit human rights violations in the course of protecting company property.

What about workers' rights? How a company treats its workers very clearly gives rise to areas where there may be direct violations of basic rights: attempts to form a trade union in a telecommunications factory undermined and thwarted, perhaps through the firing of union activists; efforts to bargain collectively with management in that factory ignored or subverted through threats, subtle or not; conditions in a manufacturing plant that expose workers to unsafe chemicals; overtime hours in a textile plant forced upon workers, terrified that to refuse will lead to job loss.

All of these issues are about rights, rights that are not only defined in Canadian law, but clearly laid out in international law as well—rights around organizing trade unions and collective bargaining, rights around safe and healthy conditions of work, around equal treatment in the workplace, all of which are elaborated in detail in many international treaties.

What about the second level: indirect contribution to abuses? The essential point here is that when it comes to human rights, a company's hands are not necessarily clean simply because they are not directly responsible for the harm done. A company must remain vigilant for the very real and the very worrying prospect that they may be relying on and involving outsiders in their operations who are in turn responsible for human rights abuses. That may arise, for instance, with regard to subcontractors and suppliers, who may be the ones employing renegade security forces or contravening the rights of their workers. Companies must have a system in place to ensure their relationships with subcontractors and suppliers live up to their human rights obligations.

Let me come to the last level of responsibility: advocating for human rights reform. Let us remember that the universal declaration does not only talk about protecting and safeguarding human rights, it also talks of promoting human rights. Companies should be champions for human rights reform in the countries where they operate. This should certainly be the case for human rights issues that are in any way associated with their particular industry or sector, but this concern should reach further and encompass human rights concerns more generally. Companies have channels of influence that ensure a means to press human rights concerns with arms of government that do not ordinarily hear it: mining officials, tax collectors, trade ministers. The value of those officials hearing about human rights from respected companies whose presence in the country is very much desired cannot be underestimated.

Canada's emerging market strategy absolutely needs a strong human rights component at its heart. At the very least, a fifth pillar should be added, which I might describe as ensuring that Canadian trade and investment within emerging markets does not cause or contribute to human rights violations and is firmly committed to the promotion and protection of human rights.

•(1610)

But words are not enough. Already, nationally and internationally, the corporate social responsibility landscape is littered with fine, eloquent words and promises. What is lacking is enforcement.

Canada needs to begin developing a regulatory framework that would apply not only to Canadian firms operating in emerging markets but to all Canadian firms operating abroad. That regulatory framework would establish minimum standards that businesses must adhere to, such as having a human rights policy in place, coupled with internal and external means of monitoring compliance with that policy. This would help clarify which of the countless voluntary codes of conduct and guidelines that have proliferated in recent years the government expects adherence to. It would be a powerful first step in the critical effort to ensure that business is good for human rights.

Thank you.

The Chair: Thank you very much.

We'll go to questions.

Mr. Menzies.

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

I would like to share my time with my colleague Mr. Obhrai. So perhaps you would give me an indication when five minutes is up.

•(1615)

The Chair: Absolutely.

Mr. Ted Menzies: We're a party that shares now. He knows a lot about this.

Thank you very much for your presentations. I certainly do appreciate it.

Mr. Laliberté, I found some of your comments very interesting. I too was in Cancun and watched things...let's not say "unfold", maybe "unravel" might be a better term. What we came out of there with was unfortunate.

I also am very concerned that our time is slipping away. I was at a presentation in Washington two weeks ago where those concerns were echoed. I guess a number of countries are asking Canada to consider itself a mid-sized country and are suggesting that we can play a better role in there than we can trying to guide and give direction to least-developed countries. We're not a major player in this either, but we could be a leader.

We weren't invited into the G-20, so we certainly lost our clout at the Cairns Group because of that. I had met with the Brazilian agriculture minister, Roberto Rodrigues, in Montreal at the mini-ministerial, and he basically told me to get out of the way and watch what he was going to do in Cancun. None of us was quite prepared for what he did. They're very effective at what they've done. I think the Cairns Group has come back a little bit.

Should we have participated in the G-20? Should we have participated more forcefully in the Cairns Group? We've always presented a dissenting opinion in every Cairns Group meeting we've come out of. How do we become more effective? How do we not be so dependent on the U.S.?

To start with.

Mr. Pierre Laliberté: To start with.

You're certainly more knowledgeable than I could ever be about the intrigues around the ministerial and what happened there. Clearly though, I'm not altogether very surprised that Canada was not invited into the G-20, because we chose essentially our causes and allies, and I suppose we excluded ourselves by the choices we made, to a large degree.

The question I think that's more interesting is, where do we go with this? I think, as Gauri mentioned, there are opportunities. There is a certain convergence of interests there. We want to export some more, but we do have also defensive interests. And you will notice that the G-20 is not homogeneous when it comes to agricultural interests. Some, like Brazil, have very, you could say, offensive interests, whereas countries like India have actually a different problem. In a sense, I think our job there is to regain credibility. It was heartening, for instance, to see that the Canadian government's talks with Brazil seem to be on a better footing of late than they were back two years ago in the wake of all these things. Looking forward, we share one common goal—the reduction of export subsidies. That is something that I think we can wholeheartedly forge a coalition around.

Where do we put the bar in terms of allowing countries to protect sectors of their agriculture that they consider vital, either for the labour it provides or the strategic nature of their crops in terms of the food security or livelihood? In other words, in this case again I think Gauri would probably have a lot more to add to this. We come from there. As much as Canada exports, it also has developed institutions that are actually attracting curiosity outside the country. Once we put aside the dogma that it has to be open markets wall to wall and we start looking at the fact that sometimes that works very well and sometimes it doesn't, I think if we take a pragmatic approach, we will earn many allies, and it will certainly serve us and our status in that club, if you will.

• (1620)

The Chair: We're already up to five. Why don't we give Ms. Sreenivasan an opportunity?

Ms. Gauri Sreenivasan: Gentlemen, I have a quick point on the G-20. The G-20 was formed as a developing country bloc at Cancun, so we probably don't have to feel too bad about not being invited there.

I think that the principal point stands. There are many agendas on which we could be working with the Brazils, Indias, and South Africas, but for a series of reasons that it would probably be better to ask the Minister of Trade about, we have consistently identified ourselves more with quad countries. In the Cairns Group, for example, it was a grouping of developing countries and developed countries, but the focus was on agricultural exports.

As I was trying to identify, I think a key area of better alliances for Canada is the recognition that nothing is ever extreme. It's never all one way. It's never the case that open markets are always the best case. Our own economy and our own experiences speak to that. Increasingly, particularly in terms of empirical evidence about development, it's clear that countries have experimented with different models and different approaches. Sometimes open borders have made a lot of sense to get food in a time of sudden famine or when industry is competitively placed to export. In other cases, there are strategic questions of sequencing for open borders.

I think what we need from Canada is a greater signal in trade fora that we're willing to concede the need for some countries to have flexibility, that we identify the need for countries to pursue a mixed model approach, and that we therefore seek their support to protect our strategic interests in trade fora.

Outside of trade fora, for example, Brazil has been a leader, along with France, on a major proposal to address hunger and alternative financing mechanisms. I think how Canada is responding to Brazil's very important and progressive foreign policy agenda on these questions of hunger and poverty, where we can build alliances in other areas that have been of similar concern to Paul Martin, for example, that would stand us well in developing these alliances on the trade side.

We need to recognize that these emerging developing country leaders have complex agendas. We won't agree with all of them, but we need to be more open to seeing them as allies and potential players, as opposed to seeing them as either markets or somehow on the wrong side of the tracks and not who we can work with.

The Chair: Thank you.

Mr. Obhrai.

Mr. Deepak Obhrai (Calgary East, CPC): Thank you very much, Mr. Chair.

Thank you to the speakers for coming.

I'm interested in Amnesty International from your point of view on the issue that has just cropped up. I don't see any of your organizations making any noise about the issue of Tibet, considering the fact that you are here talking about human rights and every issue.

The railway line that is now being built in Tibet for the Chinese occupation, one could say, is now supported by two Canadian companies. Bombardier and Nortel are involved in that. I don't see anybody else from Canada coming along and telling these companies that they're assisting the Chinese in the occupation of Tibet. I didn't see Amnesty International come or any other organization come.

I'd be interested in how you missed that point. What happened?

Mr. Alex Neve: We've actually only recently become aware of that ourselves. All I can tell you is that at this point we're looking at it and there's a likelihood that we will raise issues privately and/or publicly around that concern.

We don't have the capacity to take on every company and every issue that arises. I have to tell you that the number of concerns with respect to the human rights dimension for Canadian corporate operations overseas is growing enormously. We don't have the ability or the capacity to speak to each one as they arise.

I would certainly share your concern that it's an issue that should be taken very seriously. There are obviously egregious human rights concerns associated with China's policies regarding Tibet, and not only should civil society be looking at that, but government should be looking very closely at that. It points again, I think, to this very worrying policy of a legal regulatory vacuum that we have in Canada, where there is nothing in Canadian law that speaks to the human rights responsibilities of our companies when they make decisions such as the one you've described.

•(1625)

Mr. Deepak Obhrai: The argument given by both of these companies was, "We are businesses and this is a business decision". When South Africa was under apartheid, companies were using that same argument: "We don't have anything to do with it". If you had stuck with those arguments, today there would be no independent South Africa.

I would like to see this issue brought up, and not just coming to the committee and saying it here, but when there actually is an example with human rights out there.

Mr. Pierre Laliberté: I would like to add to your point.

We do have tools already, for instance, the OECD guidelines on the multinationals. The strength of them is twofold: they are guidelines and a voluntary code of sorts, but endorsed by OECD countries who make up the home base of most multinationals in the world. We have those, but we don't have any carrots or sticks coming with them. The guidelines are a multilateral instrument where Canada, along with other countries, could actually push for some enforcement mechanism to create incentives. For instance, we know for a fact that Nortel and Bombardier are the greatest clients of the EDC. Were it not for the EDC, many of those contracts would not have been signed.

Well, we do have pressure points; there's no doubt about it. The problem is that we need the will to tie those things together and to introduce some conditionality. If you want Canadian government support through crown corporations or procurement contracts, you should have to abide by a certain code of conduct. It doesn't mean that every time there is an infringement the train stops, but it does create a forum where you can hopefully just create a dialogue and incentives for things to happen.

On a related thing, in the drive to separate International Trade from the Department of Foreign Affairs—which has not quite happened, at least as far as this Parliament is concerned, but has happened as far as the bureaucrats we meet at Fort Pearson are concerned.... One thing that has happened is that when sensitive technology was being exported to any country, it was subject to an export licence, and that export licence was subject to discussions within the department involving people who had industry interests and labour, human rights, and non-proliferation concerns. Now, thanks to that separation—which no one wants to take credit for, but is indeed there—it's now the Department of International Trade that takes care of that. This essentially means that all of those export licences are not vetted by the Department of Foreign Affairs, which deals with this. This is actually quite a problem.

We certainly take issue with the separation in the first place, because for us International Trade is part of the whole picture; it's part of our engagement with the rest of the world and ought to belong with Foreign Affairs. This is a great case in point. At the very least, if the separation is consummated, there should be concern about those export licences, so that they are vetted more broadly.

Thank you.

•(1630)

The Chair: Thank you.

Monsieur Paquette.

[*Translation*]

Mr. Pierre Paquette (Joliette, BQ): I want to thank you for your presentations; I believe they will greatly enrich the Committee's reflection on these issues. I would like us to spend some time today looking at ways of attaining the goals we have set for ourselves. Let me give you an example.

When China Minmetal wanted to buy Noranda, we raised the matter of human rights and the allegations that China Minmetal used forced labour. However, Canada has never signed the ILO Forced Labour Convention, and Americans use forced labour.

So, should we be tougher on China than we are on ourselves or the United States? I don't think so. In a situation like that, how can Canada start preaching to others, when it hasn't even signed the ILO Forced Labour Convention, or one of the conventions dealing with child labour, or to my knowledge another one regarding union freedom? In that sense, shouldn't organizations concerned with human rights be asking Canada to do its own homework first and sign the major international conventions on union or labour rights? That's my first question.

Secondly, the Cairns Group has been very aggressive in its opposition to subsidies. I'm also one of those who believes we should not be subsidizing agricultural exports, because it leads to significant market distortions, and developing countries end up the losers in all of this. At the same time, it is also clear that Cairns Group countries are the most adamant in their opposition to Canada's system of supply management in certain industries.

Earlier you talked about an approach that is more complex than it is aggressive. I would like your opinion on this. Should Canada withdraw from the Cairns Group? Again this week, New Zealand filed another complaint against dairy producers in Canada.

My last point has to do with the fact that while we may be against child labour and forced labour, some communities are actually organized on that basis. I'm thinking of Bangladesh, for example. If we decide to completely block imports of their goods, either through sub-contractors or manufacturers, we run the risk of harming their economy.

Would it not be preferable to focus our efforts on developing conversion plans under which Canadian businesses and the Canadian government, working with the governments of the countries concerned, would take specific steps and establish a specific timetable for the elimination of child labour? Eliminating forced labour may be easier.

How do you see that working? Do you think we can just suddenly decide, from one day to the next, that any goods not produced under normal conditions should be banished from Canada?

I just want to conclude by saying that yesterday, we tabled a petition in the House of Commons from the French-speaking section of Amnesty International containing more than 13 500 signatures of people demanding that clothing labels state where goods have been made, so that this information can be verified.

[English]

Mr. Alex Neve: Why don't I start with the first question? My colleagues will probably have much to add on that and others.

I think you're absolutely right that if Canada wants to have at its disposal all the human rights tools it can in responding to a case like the Noranda situation, it's critical that our own human rights record, including the international instruments we've signed on to, be improved.

That being said, on an issue like forced labour, particularly if it's the forced labour of children, even if Canada has not ratified the ILO treaty there, there are other important provisions in a number of other international human rights treaties that Canada has ratified that also speak to that concern—maybe not in the same degree of detail as the ILO convention—and that make it clear that it is prohibited from a human rights perspective. So we shouldn't shy away from being strong in what we say around that issue, and we should recognize that going on further and ratifying, for instance, the relevant ILO convention would strengthen our hand.

There are other issues, though, for which we haven't ratified key human rights treaties, and I think that does dramatically weaken our ability to press and raise concerns in other countries. An issue that I would refer to is the treatment of migrant workers, which is a dramatic human rights concern in many parts of the world. There is an important international human rights treaty dealing specifically with that issue, that lays out a very comprehensive code of human rights obligations on the part of governments, to better ensure the safe treatment and protection of the rights of that very vulnerable population. Canada continues to refuse to ratify that treaty. So if we did have concerns we were wanting to press with another government about its treatment of migrant workers, which is a serious human rights concern all over the world, there we would be very hampered.

• (1635)

[Translation]

Ms. Gauri Sreenivasan: With respect to the Cairns Group, you're right. It would be interesting to know why we are actually members of that group, particularly since when it does take a position, we are often on the side of the minority. As I see it, it's not so much a matter of which group we belong to, but rather of saying what positions we are prepared to support. It is clear to me that we will have to support some of the priorities of countries like Brazil and India in the area of defence if we want them to support ours. It's part of the give-and-take principle that underlies the rules of trade.

Even if we are members of the Cairns Group, we can do that because negotiations are carried out sector by sector in agriculture. It is clear that we in Canada have not given enough signals politically

that we are prepared to support the others' demands with respect to defence. Once we have done that, we may succeed in garnering more support and forming political alliances that endorse our own demands. It is in that sense that we must ensure we are at the table.

And that does not always apply to agriculture. It is a fundamental part of the equation. In the council for TRIPs, some of Brazil's and India's very specific priorities with respect to development are currently under consideration. I'm talking here about patents and services. In Canada, we are loudly demanding market access. But we're going to have to relax the pressure somewhat in certain areas, in order to garner support. So, in my mind, the positions we take are more important than whether or not we are a member of the Cairns Group.

[English]

Just following up very quickly on the human rights questions and the instruments and what we can do, Pierre alluded to this, but I think there are very crudely at least two kinds of *domaines de travail* on the question of human rights accountability and Canadian companies. I think properly, Amnesty has asked Canada to work on all of it, so both just the actual advocacy and working with companies to ensure that they respect human rights wherever they are, which is a kind of positive agenda... But there is a negative agenda, which is to say that at a minimum the Canadian government, through public policy and public financing, should not be supporting initiatives that are in fact undermining human rights.

As a first measure, we need to at least start there. So we need greater screening. We need a kind of overarching policy framework, as we have been speaking about, a regulatory framework that addresses under what conditions the Canadian government is willing to provide political support through embassies, financing support through EDC, tax shelters through the revenue act, investments through CPP. There is a whole range of public instruments that require a much greater and substantive human rights screen to ensure that those eligible for public support are not committing human rights infractions.

Then there is a second whole step, which is that even if you aren't getting any public support, we are still worried about you if you're a Canadian company and there are human rights issues. But at a minimum, we're extremely concerned about a lack of rigour regarding which companies and which activities we're willing to support.

I think that question needs to be zoomed in on, and it will only come through parliamentary effort, because our colleagues in the foreign affairs and international trade department will tell us that the question of public support, particularly to the resource extracting companies, is the area that is the hardest for them to work on. It's the hardest place for them to start on the continuum, but it's in some ways the most egregious and the most Canadian problem, given our strong global position in those sectors. So we need much greater parliamentary support to shine the light on that question of public support, both political and financial, to Canadian companies and to what extent there is a human rights framework that accompanies that support.

•(1640)

[Translation]

Mr. Pierre Paquette: I just want to mention that when we passed an amendment to change the name of the Export Development Corporation to Export Development Canada, I presented an amendment to provide for compliance with treaties signed by Canada. However, it was rejected. So, we have a long way to go. Also, you may have seen the Auditor General's report with respect to environmental audits.

Mr. Laliberté may have something to add on that.

Mr. Pierre Laliberté: Yes. What has been said is absolutely correct. The China's emergence is making it a hot spot within the international economy. That has intensified all these concerns and forced us to look at where we stand. It's easy to say that we won't deal with Burma, but China is certainly a different case. We have to develop an approach as regards our dealings with the Chinese government, which is an authoritarian government—the polite term—not to say dictatorial. Having said that, we have to deal with that reality; there is no way around it.

What type of engagement should we be looking at, given that fact, without necessarily closing every door, except in fairly extreme cases that have been strongly censured? There is a broad area for action, even though it varies depending on the attitude taken by the Chinese government. With respect to union rights in China, for example, it is clear that the union affiliated with the Chinese Communist Party and government has a union monopoly. I don't want to go into the details, but union freedom simply doesn't exist there. On the other hand, new Chinese legislation does provide for the formation of committees within companies that are not unions. Under the Chinese legislation, companies operating in China can, in cooperation with their workers, set up work or plant committees, the structure of which resembles work committees in Europe. For companies that want to be there and want to play a progressive role, there is a way of doing that on the sidelines and without violating Chinese laws.

From that perspective, I would say there are tools, but—and I come back to what was mentioned previously—it is important for the government to set the tone and provide us with the tools to do this. On the employers' side, unfortunately, there is an attitude of intransigence. I don't want to engage in caricature, but they see the government, and even unions and NGOs as spoiled sports that act as an obstacle. The most intelligent attitude to take in that context would be to see this as an opportunity for development that...

[English]

The Chair: Everybody is getting 15 minutes, so you're exactly at 15 minutes.

Madam Jennings.

•(1645)

[Translation]

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Thank you, Mr. Chairman. I will be sharing my 15 minutes with the Parliamentary Secretary, Mr. Eyking.

Thank you very much for your presentations.

[English]

I retained two points that the three of you have made in different ways. One is that pursuing free trade or open market policy internationally is not completely in Canada's interest. Canada should be thinking much more strategically, looking at each market and determining whether or not in a particular sector an open market policy is advantageous for Canada, and if so, then pursuing it. Within that one point, there are incoherencies within our own policies.

As a former parliamentary secretary to the Minister for International Cooperation, I'm struck by the fact that a lot of our NGOs that work in the agricultural field—and I'm more familiar with the Quebec federation and the different cooperatives—actually have projects they fund and in some cases receive funding from CIDA in francophone African countries. Those countries are trying to close their markets, or have already closed their markets, for particular commodities in order to be able to provide employment and create wealth within the country before having an open market. As part of CIDA, we are funding some of those development projects on the one hand, but in other arenas we're talking about open markets.

At the same time we're also arguing—and I'm probably just as ardent an advocate of it as Monsieur Paquette and my colleagues from out west—for the Canadian Wheat Board and supply management, because there are very good reasons for having these kinds of strategies for the domestic market. So your point, Ms. Sreenivasan, that defensive trade policies are important as well is one thing I'm retaining.

The other point I'm retaining is that regardless of how Canada moves forward with its trade policies, whether we decide to do it strategically—in some areas it's open markets, in other areas it's a defensive model we want to protect—and create strategic alliances, we should be looking at developing some kind of template that will allow us to become a leader in advocating for human rights, labour rights, and social rights. That template needs to include

[Translation]

incentive measures, coercive measures, measures

[English]

rewarding and punishing for Canadian companies, or even NGOs, that work internationally or do business internationally and don't adhere to whatever code we put into place or that we decide we wish to advocate in terms of human rights, labour rights, and social rights.

Did I get what you're advocating?

The Chair: Ms. Jennings, I know I advised earlier when the committee started that Ms. Sreenivasan was going to have to leave a little bit early—in the next minute or two. So if you'd like to hear from her right now.... mean, your time is your time—

Hon. Marlene Jennings: She can start now.

The Chair: —but I know she will have to leave. At any time, please feel free to—

• (1650)

Hon. Marlene Jennings: I didn't take up seven and a half minutes.

The Chair: You did. Your time is there. If you want to hear from Ms. Sreenivasan specifically, we'll have to get to her right now.

Hon. Marlene Jennings: Yes. Then I'd like to hear briefly from Mr. Neve and Monsieur Laliberté.

Ms. Gauri Sreenivasan: Yes, that was a very good summary.

On the first point about Canada deciding on our kind of mixed agenda and where we go, my point was that it's not just Canada but other countries. Since we have both offensive and defensive interests, of course Canada needs to determine which markets we're interested in and which ones we're not. But we need to provide the same flexibility to other countries if we expect that respect in return.

That's exactly the point. We need to be legitimizing that mixed model approach. That would get us much further in our alliances with emerging market economies.

In some areas, as Pierre mentioned, we have very similar aggressive interests with respect to bringing down export subsidies. Brazil is happy to work with Canada on that already. That's an easy one. In other areas, with India and China, it's going to be trickier.

I'll stop there. I think you summarized it quite well.

The Chair: Thank you for coming, Ms. Sreenivasan. You're free at any time to leave.

Ms. Gauri Sreenivasan: Thank you, sir.

May it never be said that parliamentary committees are not sensitive to child care needs. I'm extremely impressed with you.

The Chair: Thank you again. It was nice to have you here.

Ms. Jennings, if you didn't finish your questions, by all means do so, then we'll hear from Pierre and Alex.

Hon. Marlene Jennings: I put what I understood, and now I'm asking the panel of experts, did I get what they were expressing? That's one.

And then if I have time, I have a couple of other questions.

The Chair: Well, we'll hear from Mr. Laliberté and Mr. Neve.

Mr. Alex Neve: I won't take much time, then, because yes, I think you did get it. I won't claim credit for the first point. I would defer to the expertise of Gauri and Pierre with respect to the analysis of a strategic approach to what kind of market access Canada should be promoting. That's not Amnesty's expertise.

Certainly with respect to the human rights piece, I think you've stated it very succinctly and clearly. It's something we need to see happen with respect to Canadian trade and investment policy writ large. This would be a supreme place to begin. It's a moment where Canada is trying to develop new strategies with respect to "new" markets, and I think it offers us, therefore, a valuable chance to get it right at the outset rather than having to try to remedy that shortcoming much further down the road.

[Translation]

Mr. Pierre Laliberté: I agree with what has been said, including the particular nuance Ms. Sreenivasan added in her answer. We need to understand the specific circumstances these countries find themselves in and provide them with as much flexibility as we ourselves are seeking.

I think the then Minister of Agriculture in attendance said his hosannas when the summit collapsed, because what was coming forward for agriculture was extremely harmful, in the eyes of the Canadian Wheat Board and the supply-managed sectors.

I would like to add one thing about the template we have been referring to. I think it's a good idea to have a template, but we also need a dynamic. A template without a dynamic will simply become... What I'd really like to see is a dynamic where a variety of actors are engaged in a positive manner, even though they may not always agree, to ensure that Canadian intervention can occur—for example, in difficult but key sectors such as the extractive industries—rather than developing a legal framework which will just let us throw grenades over fences, and result in a system where complaints continue to pile up without ever leading to positive ways of doing things. Once again, the government can play a role in that regard if it creates the necessary incentives and creates forums for developing such tools.

For companies that are operating abroad, there is no doubt that the current situation is already fairly complicated. For them, all these things only lead to additional costs and additional headaches, and they are often the last ones to see the value of such measures, as long as they are not specifically confronted with a problem. There is much to be done in that respect.

• (1655)

Hon. Marlene Jennings: One thing is certain: if the government commits to developing a framework or template with incentives... We already have incentives in our tax system. They are measures aimed at encouraging people to invest in new equipment. Depreciation can also be deducted from income tax, and so on. So, nothing is preventing us from changing existing tools or extending their application to other measures or to investments that companies would have to make in order to voluntarily comply with a template put in place by a government. That's one thing.

How much time do I have left?

[English]

The Chair: You're just over 11 minutes of your seven minutes.

Hon. Marlene Jennings: Okay, I'm cutting it off.

The Chair: I know I've given everybody 15 minutes.

Mr. Eyking.

Hon. Mark Eyking (Sydney—Victoria, Lib.): First of all, Mr. Chairman, thank you for the time.

I have to make a comment. I don't have the opportunity to ask the lady who left a question. She so eloquently put her support for marketing boards, and I thought it was really good. For the record, I think that's great. I think she has a point for our getting development countries on side and getting the WTO to help us. I'm surprised the opposition didn't ask a question on it.

I have a question for Mr. Neve.

We were in Shanghai—and the honourable member was with us—and we visited a few Canadian companies. They were doing a great job in Shanghai. They had child care facilities and working conditions second to none, even in Canada. They were playing quite a role in the whole region of Shanghai, showing how to properly manage employees and show them good working conditions.

We've noticed with Home Depot's purchasing of lumber now that they expect certain environmental practices in how trees are planted. It's a big plus for Home Depot in terms of selling their lumber to consumers.

I know we need a little stick out there. There's no doubt there are companies doing the wrong practices, but I think we should push for crediting companies for good practices on the labour side, similar to what they're doing on the environmental side. I know some of the coffee purchasers are doing this with small coffee farmers, and some sporting goods companies are talking about child labour in making soccer balls.

Don't you think there should be a big push so that consumers are more aware and these companies will buy into inspecting how their goods are produced and what not?

Mr. Alex Neve: Absolutely, and I think there are all sorts of interesting initiatives under way to start to move in that direction. The terrain is vast, obviously, with the range of companies operating in countries all over the world and the range of human rights concerns that need to be taken into account to come up with some system that reliably and objectively, of course, measures the human

rights performance of a company and gives them its seal of approval or not. I think a lot more work needs to be done there, and it's something that governments could be contributing to.

We at Amnesty International get asked to do this all the time with respect to individual companies, and it's simply way beyond our reach or capacity. We don't have the resources required to carry out the kind of fairly in-depth investigations of that number of companies. I think there's the potential for it to start to develop in other ways.

• (1700)

Mr. Pierre Laliberté: I'll make a passing reference to what Pierre Paquette was talking about, the petition calling on Industry Canada to actually have labelling requirements that would allow us to identify where goods are being made. That information already exists. In fact, if you produce in China, the government requires it there. The fact of the matter is that once these goods are transferred here, it no longer applies.

So we have the means, and the excuses that have been professed to try to hold that up are not very serious, in our opinion.

Adding to a point that Alex raised on the whole issue of social accountability, one area where Canada could innovate is to require publicly listed companies to do some social reporting. If you can measure it, that often helps improve things. If it's true that corporations have this social responsibility and this social role to play, maybe taking it so seriously as to put it in their annual report would encourage a more ongoing concern, rather than having one officer in an office who sort of deals with the crisis when it emerges. It would become integrated as part of the whole of business activities.

What you're reporting about those companies in Shanghai is great, by the way, and I'm glad to hear it.

The Chair: Only a quick comment, because they're already over their 15 minutes combined, and Mr. Julian wants—

Hon. Mark Eyking: I only have one little comment. For the record, Madam Jennings put a motion forward for the textile industry for labelling of fair treatment practices. Is that correct?

The Chair: Right.

Mr. Alex Neve: I was just going to add to Pierre's comment about social reporting. Yes, absolutely, a government move to require social reporting of that ilk would be incredibly valuable, and also to go beyond that and actually start to develop some guidelines as to what good social reporting looks like. We're approached all the time by companies right across the country looking for that guidance, and there really isn't anywhere that gives companies a sense as to what are the core, key approaches to take. Something to start to develop that would be very valuable.

The Chair: Mr. Julian, you have a full 15 minutes.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Wow! And two out of three witnesses.

[*Translation*]

We'll come back to that.

In our discussions on emerging markets over the last several weeks, we have started to talk about the trees. Today, your presentations have allowed us to see a little bit more of the forest—in other words, the way we should be approaching our international trade strategy as a whole.

My first question concerns the ideal, or the promises associated with international trade, as opposed to the reality. In Canada, we have been living with free trade for some 10 or 15 years now, and the promise made was that this would bring prosperity. But looking at the facts 10 years after NAFTA, we see that the average hourly wage of a Canadian worker has dropped by 60¢ compared to 10 years ago. Average family debt levels have increased by one third over the same period.

When we see all of that, when we see that jobs are increasingly temporary, that fewer and fewer jobs provide a pension, and that people are beginning to work for low wages, then it's clear that 10 years later, that prosperity has yet to materialize.

At the international level, through the WTO, for example, are you aware of what the current situation is? Is there still a concentration of wealth such as we see in Canada, where the rich represent 10 per cent of the population and have 55 per cent of the wealth? Is it the same thing at the international level?

Mr. Pierre Laliberté: Yes. In fact, it's really not that complicated. It's clear that creating a global market necessarily leads to profound restructuring or adjustment.

We were talking about the textile and clothing industry. Canadian workers who are part of the industry have fairly low wages. If we are going to ask them to compete with other workers, like the Chinese who make about 30¢ an hour—assuming they work 2,000 hours per year, which is clearly not the case—we immediately see the extent of the problem.

And this is precisely where we need parameters which would allow us to ensure that workers—female workers in this case—in these specific industries receive part of the profits that are generated. I could give a long speech on this, but I'll try to be concise. We also are seeing to an increasing extent that international business activities are segmented based on the type of activity. What is happening is that labour-intensive activities are being transferred to low-wage countries.

This has two perverse effects. For the countries receiving these jobs, there is very little positive collateral effect on their general economy: first of all, this has no impact on their dependency on this type of industry, and furthermore, they are penalized because workers are unable to benefit from company profits, since very often there is no respect for union rights.

There are also business strategies. In the clothing sector, for example, there is fierce competition between suppliers. Companies with labels can fairly easily change the countries and manufacturers which are their sources of supply. In that case, the problem is: who is receiving the profits? What we're seeing, therefore, is a concentration of profits. Companies that can engage in such strategies are more profitable, and ultimately that money goes back to the shareholders.

The same is true in related industries. At Nike, for example, it would probably go back into marketing or that sort of thing. With respect to inequalities, what that means is that we are not achieving the kind of levelling you referred to, which prompts certain questions.

And I want to add something in that regard. EDC is currently promoting offshoring with Canadian companies. Canadian companies are being told that if they want to be competitive, they have to export their labour-intensive activities to areas of the world more suited to that type of activity. I did not just dream this up. I believe the Chief Economist is someone by the name of Steve Poloz. Crown corporations, under the guise of corporate strategies...

An hon. member: There is Paul Gobeil, as well.

Mr. Pierre Laliberté: Yes.

So, it is complex. Without parameters, there could certainly be a race to the bottom. I believe that's what you're talking about: a race to the bottom necessarily leads to extreme wage inequality. Twenty years of free trade have not brought any progress in that regard—indeed, it's quite the opposite.

• (1705)

[*English*]

Mr. Alex Neve: I don't have anything to add on the question of the lost promise of increased prosperity in Canada. I would highlight, though, that the approach to trade liberalization—the approach not sufficiently attentive to human rights issues—has had a very dark underbelly in terms of the kinds of harm and danger it's resulted in for many workers—in Mexico, for instance; I think of the NAFTA situation.

Amnesty International, for the last year or so, has done a lot of work trying to highlight the extreme danger—unbelievably alarming levels of violence—women working in the *maquila* zones in Mexico, particularly in Ciudad Juárez, have experienced. You can't say NAFTA caused the violence, but there's no question the violence has taken place in an economic context fostered and encouraged and driven by NAFTA policies, to a certain degree.

Clearly the Mexican government, in that context, has a primary responsibility to be ensuring the safety and protection of those women, poor women from rural parts of all regions of Mexico who have been drawn to the great promise of employment in Ciudad Juárez. But it goes beyond Mexico. I think it's unforgivable that the Canadian and U.S. governments have failed to become integrally involved in understanding the context in which that violence is happening, understanding and assessing the context whereby women in particular have been made particularly vulnerable. And beyond that, it's also unforgivable that Canadian, American, and other companies that have decided to operate there, and that are also a part of the equation, are also not taking this seriously.

I know it's not your question around prosperity, but I think it does go to what I take as the premise in your question. There is a sort of betrayal of the great promise of what trade liberalization will bring, a betrayal in the sense that it hasn't necessarily, for all concerned, brought the promised prosperity; and there is a further betrayal, in that many people are finding themselves exposed to levels and types of violence that simply weren't there before.

• (1710)

Mr. Peter Julian: Thank you for that. I have another question, and then a couple of questions I would have asked Ms. Sreenivasan.

My second question is around businesses and in forcing businesses to respect labour laws. We have rogue companies, even here in Canada. Wal-Mart, for example, in North America has broken health and safety regulations, employment laws, and immigration laws with impunity. They are lawbreakers, and whenever a group of employees gets together to unionize, as we know full well, Wal-Mart closes the store. So when companies operating in North America break the law with impunity, what are the kinds of mechanisms we need? What are the carrots and sticks that will allow us to have rogue companies like this one and others respect Canadian values abroad?

The other two questions I would have asked Ms. Sreenivasan, if we'd taken 10-minute chunks rather than 15-minute chunks and every member of the committee had had a chance to ask her, were around supply management institutions and intellectual property rules. I think in both cases she was implying that our negotiations, our trade minister, and our trade strategy actually undermine our objectives in terms of protecting our supply management institutions, and by pushing the type of international control of intellectual property that has received a strong reaction from many farmers in the third world who find themselves put in impossible situations, our strategy is actually undermining Canadian values and our own objectives. I'm sure she would have agreed with me on that, but she's not here to say it.

Mr. Pierre Laliberté: Is that the Wal-Mart thing? At least in Canada, to varying degrees, depending on the province in which you have your activities, there is a level of protection. It turns out that in Quebec that is making a big difference in terms of the outcomes. In fact, I think that Wal-Mart, by closing its Jonquière plant, has made a huge mistake. It was intending to intimidate workers, employees. But what it's done, at least in the community I belong to, is rile people.

I think they violated basic tenets of fairness. The largest multinational in the world just flicked that little flea of unionization in that store in Jonquière, and it struck even people I know who are not particularly pro-union very deeply. In return, it will probably lead to more unionization. Right across the river here, you have a case in point—the Wal-Mart in old Aylmer.

You're right. But to go back to the point you made, the fact of the matter is that in Canada, at least, we have better laws and we have organizations that can handle this. We have trade unions. We have groups that are well organized.

In some countries, such as China, that is obviously not the case. It's not because there is no interest, believe me. The reports we get from there are that workers have had enough. You can't be overworked for 3,000 hours a year under awful conditions and not stand up at some point. The problem there, of course, is that recourse is more difficult to get. It will take longer, but it will happen, because that's just the natural way people respond to certain injustices.

In that sense, it makes it even more important that we play a progressive role in those contexts, subtly. Business can absolutely play a key role there to advance things. That government will fall one of these days; it's written in the sky. We'll be there, and we'll be recognized for the role we've played.

The same could be true with some of the Canadian extractive industries that go around the world. If Canada could brand itself so that when a Canadian company shows up in town and shows interest in starting a mining concern, the government and local community know it is a Canadian company and that it will do things properly, things will be different. They will be different from the situation if a company from a different nation were to come in. That is a situation we should aim for. I think it's possible. It's not in the nature of mining activities that they have to be absolutely as corrupt as they often are.

• (1715)

Mr. Alex Neve: I think you're obviously quite right that there are rogue companies in Canada. There are, and almost certainly inevitably always will be, rogue companies operating abroad. Law always copes with rogue actors—be it criminal law or family law or any system of law. There are lawbreakers, and laws are nonetheless still needed to try to regulate the conduct of hopefully the majority who will be prepared, able, capable of complying with law. Law needs to be constantly strengthened and reformed to look for better ways to deal with the rogue actors.

With respect to the question of what sort of legal approaches are necessary to strengthen the ability of Canadian government to ensure responsible overseas human rights conduct by Canadian companies, there are a number of things that need to be put in place, many of which have been referred to this afternoon. There's a need for a legal requirement, I think, for companies to put in place human rights policies and to have a process of verifying and monitoring their compliance with those policies.

Some of the things we've talked about this afternoon around law reform, for instance, around the ethical labelling initiative, need to happen. Initiatives that give consumers and investors greater access to information so that the power—the very real power—that consumers and investors have to make the kinds of choices they want to make to reward the good human rights conduct that we may see in Canadian companies in Shanghai or other places need to happen. That could be a very powerful part of ensuring greater compliance with human rights standards.

Looking at the sorts of entitlement that companies have to government assistance—be it through EDC, be it through the kinds of assistance that companies get through trade commissioners and a whole variety of other programs—looking at the human rights dimension of that and starting to formalize some of that in Canadian law is another area.

Then I think also there should be a very simple law reform initiative that makes it clear that Canadian companies operating abroad are still subject to the jurisdiction of Canada's laws and Canada's courts. That is something we frequently hear when we turn to government, asking for government action. I think, for instance, back to the most intense days around the struggle regarding Talisman Energy's operations in Sudan, where we were constantly told Canada's legal arm didn't reach that far, that there was very little ability to regulate the operations of a Canadian company headquartered in a Canadian city but operating outside of Canada. Canadian law needs to make it clear that just because you go abroad doesn't mean that the kinds of laws that we have in place domestically to ensure responsible human rights conduct of Canadian companies no longer apply.

• (1720)

The Chair: In providing almost 18 minutes to Mr. Julian, I would like to apologize for the fact that he didn't have an opportunity to hear from Ms. Sreenivasan, in as much as something unusual happened.

I don't know if you were here when I indicated at the opening of the committee, Mr. Julian, that an unexpected emergency came up in her family, so that she had to leave early. But I do apologize for that. Maybe that's the problem of being so liberal in this committee and being flexible. But we also have an unusual Parliament, as we all know and I say to our witnesses, where we have to exercise a lot of flexibility.

I'm sorry, Peter, you're right, and certainly if something like this comes up in the future, we'll stick to a tighter schedule.

If I may add my comment in closing, Mr. Neve, I'm glad you just touched upon what we heard today from the parliamentary secretary with respect to what's happening in Shanghai with a specific Canadian company. In listening to some of your comments, I think

it's also appropriate and rewarding, if I may say so, with regard to many of the efforts that unfold within government—and I'm not saying party A or party B—and some of the initiatives that were discussed here and the efforts that are being made. But one thing intrigued me. You used the word “adherence” at some point in your presentation. The problem I found, as we were debating Bill C-31, was this. No matter how many universal declarations come forward, how do we get compliance? How do we get enforcement when a country like Canada, as an example, goes to Shanghai and does its work and properly sets up an organization, and other companies from other countries go in and do not adhere? There's very little they could do.

This is my question. If we avoid going to these countries to set, let's say, a Canadian example, are we not doing more harm as opposed to going there and setting a Shanghai example? Then other organizations and other workers who are working in these other organizations can see and say, “Down the street, look at what's happening. They have facilities for the kids; the workers are being looked after”. And some kind of movement is then kick-started so they too can demand similar circumstances from their employers.

Mr. Alex Neve: Don't get me wrong. Amnesty International actually doesn't say to companies, don't go to China, don't go to Sudan, don't go to Burma; neither do we tell them to go.

What we do tell them is, if they're going to go to countries like that where there are serious, widespread human rights concerns that are going to be unfolding on their doorsteps, that are going to be the daily reality for the people who work on their premises, that are going to be the daily reality for the communities in which they will live, they must put in place a comprehensive approach to ensuring that not only are they not contributing to a worsening of the human rights situation, but they are in fact helping to promote and safeguard human rights.

I think you're quite right in pointing out that there may be companies from many other countries that are not getting any guidance or encouragement or cajoling from the home front. This is why it's equally important that efforts that are under way within the United Nations and other multilateral bodies to start to clarify and strengthen corporate accountability at the global level begin to gather steam.

I have to say that the Canadian government's position with respect to some of those initiatives—including one that's under way right now within the UN Commission on Human Rights—is rather tepid. I think we need to see Canada really step up to the plate and work harder to ensure that something strong and effective emerges at the international level. That would go some distance to addressing your concern.

• (1725)

The Chair: Thank you.

I've been asked if Madam Jennings could have just a very quick question. If I did that, then I could have requests from the other side.

If everybody agrees, we'll go ahead, because the bell's going to go in about five minutes.

Is it okay with you, Madam Jennings?

Hon. Marlene Jennings: Thank you.

Talking about a template and how to encourage Canadian companies to adopt a responsible approach and be leaders on a variety of fronts when they do business overseas, we already know about the ISO coding, for instance, in terms of efficiencies. I drive along the highway in Montreal and see companies advertise on their big billboards "ISO certified 9001", or whatever it is. It has meaning, and it has value. Would it not be possible to develop some kind of template in the same way, where you have a certification that Canadian companies can then buy into because it gives them a competitive edge in terms of branding?

Mr. Pierre Laliberté: Well, yes. In fact, I can't remember the number; I think it's ISO 9000, isn't it?

The problem here again is really the leadership role that governments must take to provide instruments that have buy-in and compliance mechanisms. I do agree with you that this should become more standardized.

But then again, this is the whole problem with the voluntary approach to these issues. Some good corporate citizens will actually come forward and do their best. Then you have those who just won't. As was mentioned by Mr. Cannis, it brings up the issue of how one goes about this.

Again, we do have multilateral tools. The OECD guidelines on multinationals is one such tool. They could be strengthened if there were political will to do so, with incentives and everything else.

Probably this is my last 20 seconds, but I'll just say that I would be very happy if we had at least one impact on your deliberations here. I've been in many forums where I had the feeling that with respect to China, Brazil, or other countries, only the export interests are represented and heard. God knows how many people—a plethora—are working in government to try to help businesses go there and be successful. However, the points that have been made here are key. It's just that unless there is a framework, unless there are incentives, a lot of this might not be as successful as it might otherwise be, and it won't reflect what I think we would like Canadians to be known for in the rest of the world.

So if there can be a component of your emerging markets strategy that would address this, that would actually be excellent. Perhaps it would actually force a discussion that we should have had a long time ago.

The Chair: Thank you both—all three, actually, Ms. Sreenivasan, who's not here, Mr. Laliberté, and Mr. Neve—for being here with us today. You can be assured that the type of comment you've just made will continue to be discussed and that this committee is not just being driven by how many goods and services we can sell. It's multi-diversified. Thank you very much for being here today.

This meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

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

**Also available on the Parliamentary Internet Parlementaire at the following address:
Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.