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Chair

Mr. John Cannis

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

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• (1535)

[English]

The Chair (Mr. John Cannis (Scarborough Centre, Lib.)): I would like to welcome our witnesses to the Subcommittee on International Trade, Trade Disputes and Investment of the Standing Committee On Foreign Affairs and International Trade.

With that, I'll go down the list and introduce our witnesses.

We have here with us today, from the Canadian Association of Importers and Exporters, Mr. Dwayne Wright, member of the board of directors; and from the Retail Council of Canada, Diane Brisebois, president and chief executive officer, and Mr. Darrel Pearson, partner with Gottlieb & Pearson. We also have with us, from the Canada-China Business Council, Margaret Cornish, executive director. From the Canada-India Business Council, we have Gary Comerford, vice-president, international, and general manager, India; and Margaret Vokes, deputy executive director. And from the Brazil-Canada Chamber of Commerce, we have Anthony Eyton, head of the Ottawa chapter.

Ladies and gentlemen, welcome to our committee. Everybody, I assume, has a presentation.

So why don't we start with you, Dwayne. Could you keep it within the 10 minutes, so we can give the members enough time to ask questions in some of the areas. You'll have plenty of time for rebuttal as well. So with that, Mr. Wright, we'll turn the floor over to you, sir.

Mr. Dwayne Wright (Member, Board of Directors, Canadian Association of Importers and Exporters): Thank you, Chairman, and thank you, members of the committee, for the opportunity to be with you this afternoon and to assist your deliberations.

I.E. Canada, or the Association of Importers and Exporters of Canada, has been a leading voice of the trade community since 1932, serving small, medium, and large enterprises throughout Canada. It comprises importers and exporters, as well as a range of service providers to Canada's trade community. We have a growing membership, which exceeds 700 today.

I am addressing you today as a member of the board of I.E. Canada, but I would also wish you to be aware of my day job. I serve as the executive director of the Trade Facilitation Office Canada, founded by the Canadian government in 1980 to assist developing countries to export to the Canadian market. We at the Trade Facilitation Office are a not-for-profit organization with a mandate to

provide trade-related technical assistance and capacity building to developing and transition economies, and to assist their exporters.

As you and your committee members well know, Canada is a trading nation: 48% of our GDP is related to trade, a figure that has grown substantially over the last two decades. Thus the import and export community, I believe, represents an important backbone of the Canadian economy and helps to provide a way of life that is the envy of the world. For our future well-being, it is essential to sustain and expand this. That is why the recommendations the subcommittee will make to assist the government in developing an emerging-markets trade strategy is so important to Canada and Canadian business.

As we inevitably look to diversify our trading relationships in a global market experiencing the most rapid and vital change in a century, it is necessary and natural to focus on the Chinese, Indian, and Brazilian economies as places where Canadian business should consider expansion and partnerships. However, I would argue that in some ways it is a misnomer to refer to these as emerging markets; they are already substantial markets and have become powerhouses in their own right, with economies and trade capacities rivalling and, in some cases, even exceeding our own. Some of the other organizations appearing today will undoubtedly speak in detail about the size, growth, and opportunities represented by the economies of these three countries.

Let me just make a couple of general points. Last week the WTO released a report, *World Trade 2004, Prospects for 2005*. If one scans down the list of leading exporting and importing countries, the high growth rates of Brazil, China, and India, along with a few others such as Korea, Russia, and Turkey, stand out. Most observers are predicting that these sorts of impressive growth rates will continue for some time to come. Obviously, that is why Canada and Canadian business should be paying attention to these markets; they present a very attractive long-term potential market for Canadian products and services, as well as offering significant potential for two-way investments and other sorts of partnerships.

That said, we should not underestimate the ongoing importance of our largest trade partner, the U.S.A. Even if its growth potential going forward remains relatively muted, it is still, by a considerable margin, the largest import market in the world. According to the WTO report, it is more than twice as large as Germany, the number two on the import list. Thus, even a 1% increase in the U.S. market represents significant opportunity for a Canadian exporter. Given its size, proximity, ease of access, and similarities, the U.S.A. will be a place where novice exporters will more than likely look first. For those companies that are already in that market, and succeeding there, the so-called emerging markets are where they should be focusing their efforts.

The broad question to which I'd like to speak today is how can the government assist Canadian business to take best advantage of this new reality in global trade? Market access is the first point of departure. As we saw initially under the bilateral Canada-U.S. Free Trade Agreement, and then under NAFTA, Canada's trade with the U.S.A. and Mexico expanded substantially. Liberalizing access to markets encourages greater trade. I.E. Canada supports the government's trade liberalization efforts, whether they are through the multilateral process under the current WTO Doha Round, or regionally, through other forms of trade agreements such as the FTAA.

• (1540)

Second, we believe that improved and simplified border measures lower the cost of doing business and encourage more trade. Canada needs to work with emerging-market countries to improve and simplify processes for getting goods into and out of those countries. This requires the establishment of efficient and transparent customs processes—the institution, for example, of around-the-clock electronic filing for customs documents, and the establishment of regimes based on self-assessment and selective examination. Incidentally, Canada has internationally recognized expertise in customs processes and tax collection, and we should look to share that expertise more broadly. Working through the World Customs Organization, or when establishing bilateral agreements, Canada should also seek standardization in such areas as customs clearance systems.

By the way, it is not just the movement of goods we need to be concerned about. It is equally important to ensure measures are in place to allow for the efficient movement of business people.

Along with the procedural side, we must ensure we have the physical infrastructure in place at our borders to ensure goods move efficiently into and out of the Canadian market.

Third, I recommend the subcommittee examine the whole area of investment. Twenty-five or thirty years ago, it was accepted wisdom that investment followed trade. Over the intervening years, we have seen trends indicating that in many cases today, trade often follows investment. One sign of this is the importance of intracorporate trade flows.

Investment is more likely to occur when there are strong and transparent legal and accounting systems, the primacy of the rule of law is recognized, and there is an independent judiciary. In this regard, the negotiation of foreign investment protection agreements plays an important role. I'm sure the committee has heard from, or will hear from, legal experts in that respect.

As is the case with many governments, Canada has actively sought foreign investment to help grow its economy. International Trade Canada, through Investment Partnerships Canada, has done a good job in that respect. Given the role investment can play in stimulating trade, now is the time for government to become more proactive in promoting outward investment as well.

Fourth, I would like to address two issues connected to the federal government's role with respect to trade missions. Canada believes such initiatives can be useful, but they can be made more effective yet by including a focus on importing as well as exporting. Exports are essential to Canadian economic growth, to be sure, but it can equally be the case through imports—the provision of lower-cost items for manufacturing input, for example—and Canadian business, through this, can be made more competitive. By incorporating a greater focus on importing within trade missions, Canada demonstrates its commitment to two-way trade and to building global supply chains.

As with investment, the traditional role of Canadian trade commissioners has been to assist Canadian firms with the promotion of their exports. With the increasingly integrated nature of globalized trade, it would be appropriate for trade commissioners to play a greater role in assisting Canadian business to find sources of supply and other forms of partnership.

Team Canada missions have been effective in raising Canada's profile in emerging markets. It is important, however, to ensure these efforts are sustained over the long term. An ongoing program of trade investment missions, along with a well-thought-out series of ministerial visits, will demonstrate to both Canadian business and to our partners abroad that we have a long-term commitment to developing commercial relations.

I am sure your subcommittee has consulted, or will consult, International Trade Canada on its promotional efforts in these markets. Although I do not have the facts and figures at hand, my impression is that the department's funds for promotional activities are very limited today. An emerging-market strategy must include ensuring the department is adequately resourced to play its part.

Finally, let me say a word on the role of associations. Ultimately, individual Canadian businesses will each decide in their own interests whether or not to pursue business in, or with, emerging markets. Part of the responsibility of the government is to bring the opportunities to the attention of business people and encourage them to look at the potential of emerging markets. I am sure that membership-based organizations, such as I.E. Canada and the others appearing here today, can play a role in that process. Working in partnership with and with support from the government, they can be the vehicles to help create awareness of these opportunities. An expansion of international internship programs or a series of informational seminars are just two ideas that come immediately to mind.

•(1545)

I.E. Canada member companies know that Canada must embrace the rapid changes taking place in international trade flows. They must capture new markets, take advantage of these new offerings, and forge new partnerships, if Canada is to continue to prosper. Your subcommittee's examination of these issues is timely. We look forward to the recommendations that will emerge from your deliberations.

The Chair: Thank you, Mr. Wright.

We'll go on to our next presenter. There are two people from the Retail Council of Canada. Will you be sharing your time?

Ms. Diane Brisebois (President and Chief Executive Officer, Retail Council of Canada): Yes, and we will be respectful of the time limit as well.

The Chair: If we have time later on, which hopefully we will, we can come back to other things that you might want to add as well.

Ms. Diane Brisebois: Thank you.

The Chair: Please.

Ms. Diane Brisebois: Thank you for the opportunity to present our views to the standing committee. As just mentioned by the chair, Darrel and I will be sharing the presentation.

[*Translation*]

It is an honour for us to share our views with the members of this Committee today. Thank you very much.

[*English*]

I'd like to talk about the Retail Council of Canada's mandate for a moment. I will refer to the organization as RCC.

RCC has been the voice of retail in Canada since 1963. We speak for an industry that touches the daily lives of Canadians in every corner of the country by providing jobs, consumer value, world-class product selection, and the colour, sizzle, and entertainment of the marketplace. RCC is a not-for-profit, industry-funded association, whose 9,500 corporate members, operating more than 45,000 locations, embrace all retail formats, including department, speciality, discount, and independent stores, as well as online merchants. Whenever the opportunity presents itself, RCC is there promoting retail as a profession, as a portal to the world of work, as an economic driver, as a barometer of consumer tastes and confidence, and as an intensively competitive arena that delivers to Canadian consumers one of the highest standards of living in the world.

As for what we would like to discuss this afternoon, we'd like really to bring a different view and a different opinion with respect to the way we as a country look at exports and imports, and specifically at the role of imports in Canada and the importance they play within the Canadian economy.

Let me just give you a sense of the size of the industry we represent. Canada has over 220,000 retail locations across the country, and as of the end of fiscal 2004, retail generated over \$350 billion in sales. Canadian retailers invest more than \$5.5 billion of these hard-earned dollars back into Canada each year, improving the economic well-being of each and every community and of all

Canadians. It's also important to note that retailers source their products around the world and have become important importers.

Canada has enjoyed a deserved reputation as one of the most liberal and transparent markets in the world. The role of international trade as a central driver of economic growth has been a pillar of government policy for many decades; however, given a small domestic market and a wish to reinforce its national identity, Canada has sought to safeguard different sectors of the domestic economy.

In a global economy, regulations need to be market oriented and friendly towards trade and investment and must favour measures that have the least restrictive effect on trade, something that is extremely important to the retail sector in Canada. An important question to ask is, who bears the costs and who enjoys the benefits of protected market power in Canada?

Canada depends on the inward flow and outward flow of trade. International trade and investment make us a richer nation and create jobs. Modern trade is a two-way highway. It is about maintaining strong export and import markets. Canada does a great deal to promote its export industries and to ensure that trade rules foster their growth. Obviously we support this work; many Canadian jobs depend on export. Less well documented perhaps, but equally true, is the fact that much of our economy is dependent upon the free and constant inward flow of competitive products. Many Canadian jobs depend on access to imports. This is particularly true in the retail sector, where the ability to attract, supply, and keep customers is a driving force in our economy. Imports keep us at work, keep Canada competitive, and help our economy grow.

The general merchandise retail industry, which accounts for more than \$175 billion of the \$350 billion in sales, and over a million jobs, depends on its ability to source products domestically and internationally. Protectionism and import restrictions rip away at the fabric of free trade and at the ability of thousands of Canadian businesses to source products that are expected and demanded by Canadian consumers.

The Retail Council of Canada and its members support Canada's policy of promoting its export industry and urge it to be aggressive in asserting Canadian rights under the NAFTA, the WTO, and other trade disciplines. RCC urges the government to be equally aggressive in resisting the forces of protectionism when it comes to imports.

My colleague will discuss some of the issues specific to retail.

•(1550)

Mr. Darrel Pearson (Partner, Gottlieb & Pearson, Retail Council of Canada): Thank you. The Retail Council of Canada and its members are particularly concerned about the spectre of a new round of safeguard actions fuelled by domestic industries looking for protection from the global marketplace. The recent safeguard action launched by the domestic bicycle industry is a case in point. Under WTO rules, safeguard actions are considered as emergency actions; since 1947, international trade rules have made that clear. Moreover, under WTO disciplines the onus is on the domestic industry to demonstrate three things: that it has suffered or is threatened with serious injury, that the injury is caused by increased imports and not other factors, and that the injury is the result of unforeseen developments.

In our view, the domestic bicycle industry and industries like it do not fit these conditions. Canada should not succumb to the pressure to prop up industries that are and/or should be able to compete in the global marketplace. Canada cannot afford a training wheel economy.

In the context of global trade liberalization, our domestic industries must adapt to compete. The domestic bicycle industry had to foresee the growth of global competition, as many other industry sectors have, and cannot expect additional protection or safeguards to remedy a situation that was within their control. Safeguard measures used in these circumstances set an unwarranted and dangerous precedent.

The retail industry in Canada is challenging, and will continue to challenge, safeguard actions that are without merit and harmful to consumers, but will support and not disadvantage domestic manufacturers who have maintained market leadership through innovation, research, and market development. The U.S. safeguard action on steel in 2002, which was successfully challenged in the WTO, set off a protectionist chain reaction of safeguard cases around the world. Canada should not be a catalyst or a participant in another such wave of misguided protectionism.

We wish to respectfully remind the committee that protectionist actions often displace competition, and that under WTO rules to which Canada is committed, safeguard measures are extraordinary measures to be taken only in emergency situations.

Finally, we must repeat the question, who bears the costs and who enjoys the benefits of protected market power in Canada? Safeguards are multilateral trade actions, in contrast with anti-dumping or countervailing duty actions, which are unilateral and may be applied in one direction—toward exporting countries. They not only serve to restrict imports; safeguard actions also stifle and/or erode Canadian exports, because those countries whose exports are subject to a Canadian safeguard measure are entitled under WTO law to take retaliatory actions against Canadian exports to their countries. Canada and its exporting industries would have no ability to influence which exports will be targeted. That is why it is critical to ensure that there is sufficient merit and significance to a safeguard action before our government acts in a manner that will put unknown Canadian exports at risk.

•(1555)

Ms. Diane Brisebois: Mr. Chairman, thank you very much. We look forward to answering any questions.

The Chair: Thank you.

Ms. Cornish, please.

Ms. Margaret Cornish (Executive Director, Canada China Business Council): Thank you.

The Canada China trade council is a membership-based organization with two offices in Canada and six in China. It was founded in 1978 by Paul Desmarais and Maurice Strong, and it represented at that time a very visionary understanding of the economic rise of China and the complementarity of the two economies, very practically oriented to assist Canadian businesses and, more recently, our Chinese members to make connections in either country and generally get their businesses established and promote them once they were.

It has been difficult, as for any rather small organization such as ours, to survive over such a long period of time, and there has been a wave of interest and lack of interest in China throughout that period. There were nine founding sponsors who supported the organization during the downturn.

Because Canadian companies really fall short in many ways of what's necessary to do business in China, I think it's sometimes useful to look at our relationship with the United States to get the insights necessary to see what does create a strong economic relationship. Proximity is obviously a big advantage, but it's really the same, or very strongly similar, business culture and a strong willingness to integrate with the other economy.

What we need here with respect to China are not necessarily things that the government can do; they are things that businesses have to do. So in addressing you, I'm not persuaded that you can do a great deal more. I think you can only keep the environment right and perhaps contribute on the margins to that.

I have to say that the council has always worked very closely with the Department of International Trade in its previous and combined forms, and the current international trade minister, Mr. Peterson, led a trade mission to China that dovetailed very well with the Prime Minister's state visit in January 2005. The council gave a major state banquet—and we do these frequently during state visits. It enables Canadian businesses to make contacts with government and business decision-makers that they wouldn't normally get to meet.

Perhaps the more significant of our contributions is that four of our six offices in China work very closely with the Trade Commissioner Service to extend the reach of the Trade Commissioner Service to a greater number of cities in the country. We had three one-year contracts with DFAIT whereby two-thirds of the cost of these little offices was paid for by the department, whereas the council bears the other one-third, and the tasks of the officers are two-thirds of the time devoted to inquiries to the embassy and the consulates and the remaining one-third to our members. Both the Prime Minister and the minister have expressed interest in using that kind of very low-cost model as a way of extending the reach of the Trade Commissioner Service in other countries.

Early in his period in office the minister met with the council's board to discuss very detailed ways in which the private sector could contribute to government initiatives and vice versa. We believe that's a very useful way to go. But there couldn't be anything more important than ministers, both ministers of trade and all of the functional ministers, developing and maintaining very close working relationships with their Chinese opposite numbers.

I'd have to say that isn't an area that the Canadians have excelled in to date. Our trading partners do a lot better job agriculture minister to agriculture minister, health to health, industry to industry, etc. It isn't necessarily a matter of taking a mission or going once in three years. You have to go, and keep going—almost every year. I'm sure many ministers would say they don't have the time to do that, but if you want deep relationships with the Chinese, that's the time you have to devote to it.

• (1600)

China attracts very high-level missions from absolutely everywhere all the time, so the pressure on them to show results from having received the outside foreign mission is very high. The Canadian side is going to feel increasing demand to have very well-prepared missions with a very specific purpose that helps them as well as helps us, or we're going to find resistance to even being received by them.

If you asked me after a big mission what the most successful and finely honed tool is for helping individual companies to get to specific relationships with Chinese companies, I would say sectoral missions, and they're really only useful for smaller and medium-sized firms. Preparation is everything, and I don't think you need be concerned about the cost of the mission being significant, because you probably do smaller companies a service to winnow them out. It costs a significant amount of money to do business in China, and they might as well know that up front. It also encourages them to do the preparation that's necessary to get anything out of the mission.

The council has a tremendous brand name, tremendous name recognition, in China. It continues to astonish us. No matter which province and no matter which city we go to, we could get appointments for Canadian businesses without any difficulty at all.

State-to-state relations are still very important to business, but less so than they were 15 years ago when all the major companies were state owned. This transformation of the Chinese economy is what makes it very important for us to have sectoral links, both at the ministerial and at the provincial level.

So yes, government can create the right environment for strong trade and investment relations, but it is up to individual business to take the initiative. We are now beginning to hear from Chinese contacts from time to time a certain disappointment, even a puzzlement, that the Canadian business side takes such a long time to study things and hesitates to undertake new ventures without what the Chinese side perceives to be unrealistic assurances. We come from a very conservative business culture and we have to recognize that.

There are several systemic issues. Canada has more small and medium-sized companies for which the financial risk of entering the China market is much greater than it is for global companies. The

United States and the Europeans seem to have a greater number of global companies that have the staff resources, and that have the method of analyzing how you enter a market. I would say that Canada's dependence on exploring the economies and the integration that came from NAFTA has actually weakened the ability of Canadian businesses to clearly and regularly and rigorously analyze the opportunities and the threats in foreign markets, and that's what we need to get back. The next step for Canadian companies is to understand themselves in a clear, competitive, global environment. China is only a part of that.

Global companies make big mistakes. They choose the wrong product in China, the wrong marketing strategy, the wrong partner, but they have the resources and the experience to withstand the initial setbacks and correct them before finding their way in the market. Small and medium-sized businesses in Canada regularly make these mistakes, partly through poor preparation, but they don't have the financial wherewithal to stay, and it's tragic. You find situations where if they'd had another six months in the market, they'd have made a go of it, but they just didn't have the money to stay that extra while.

I, for one at the council, see my role as talking with companies in sufficient depth that they understand what the market is about to enable them to avoid these early market errors that usually kill them financially.

The dynamism of Chinese exports, which was referred to a little bit earlier, is partly a function of global companies establishing themselves....

Sorry, did you...? I have one minute left in my time? I will just finish up then.

• (1605)

There's a large number of Canadians of Chinese heritage, which is a marvellous and enduring source of strength for Chinese business. It is impossible to overestimate the goodwill this generates and the strength of the boost it gives to business ventures in China, but it's a common error of Canadian companies to rely on Chinese-speaking Canadians rather than a broader group within their employee base. It leads to significant business mistakes.

One thing the Canadian government could do and needs to do is to focus on increasing Chinese language teaching, which is not an international trade issue particularly, but Chinese language education in Canada at all levels.

I believe there's also room for some kind of think tank on China. Policy issues in Canada are usually addressed a little too narrowly. The Chinese wouldn't dream of undertaking a negotiation with us without understanding our complete energy or our complete resource base, commodity base, both in demand and supply, yet we go there and try to address issues with only an understanding of our own interests, not theirs. Canadian business would do well to have access to high-level independent analysis of China, independent expertise on China.

I understood you to say I had only a minute, so I've substantially shortened it.

The Chair: Thank you. Everybody has been great so far. We just went a little overboard with you while I was taking some notes.

We'll go to the Canada-India Business Council representatives. I assume both Ms. Vokes and Mr. Comerford will be sharing time as well.

Please, the floor is yours.

Mr. Gary Comerford (Vice President, International and General Manager - India, Canada-India Business Council): Thank you, Mr. Chair, members of Parliament, and fellow presenters. It's a pleasure to be here today to talk a little bit about India, the opportunities in India, and particularly the Canada-India Business Council.

I'm a director with the Canada-India Business Council, but I'm also vice-president of international and general manager of India for Sun Life Financial. I'm the practitioner here. I'm the guy who gets on the airplanes and flies around the world actually meeting the people and trying to make things happen. So if you bear with me, that's the perspective I'm going to try to share with you today.

The Canada-India Business Council has been around for quite a while. Tom Bata, who is our honorary chairman, actually set it up a number of years ago, and the Honourable Roy MacLaren is the chairman. It's a distinct pleasure to have a former trade minister chairing the CIBC, and we take great pleasure in having his advice on a day-to-day-basis.

Kam Rathee, the executive director, is in India right now doing his job. Margaret Vokes, the deputy executive director, is going to have a few comments after I'm finished.

There are about 100 companies that make up the roster of the Canada-India Business Council, such as SNC-Lavalin, Bombardier, and Bank of Nova Scotia. We're highly dependent on our individual members for our success. We are in many respects also very appreciative of the support we get from government from time to time, and I'll talk a bit about that, in light of what has to happen if trade is to be consistent.

When I fly around the world I look at emerging markets. I think it's very important that as members of Parliament you clearly understand the position Canada has—I'm sure you do—that is, we must look outward and outside for growth. I represent Sun Life, and if we looked just at the financial services market in Canada we could not be a great world-class life insurance company. It wouldn't happen. We have to look outside.

You should know that Sun Life went to India first in 1892, so the roots are deep there, and it's the same for a lot of Canadian companies—for example, Tom Bata. When you go around India you see Bata signs, and the Indian people think that Bata is an Indian company. It has deep roots, that's a fact.

The other thing is that we live in a very competitive world. In the business community today a businessman will look at where his scarce resource called capital will flow and what he is going to choose to do as CEO with that particular capital. It could be put in China, India, Peru, or any number of places, or he could not do that at all and give it back to the shareholders. That's a decision that has to be made, and it's not taken lightly.

First of all, you need to have a country that is appealing. So I say to myself, why India, and why should the members of Parliament be interested in supporting programs that promote trade with India? First of all, because of economic growth it's a dynamo. If you haven't been to India lately—Ted is there, and we were there together two weeks ago—you will see exactly what's happening. In the 54 visits I have made to India over nine years, I have seen that a dramatic change is taking place. It's really palpable; it's actually there. I've noticed it over the last 24 to 30 months.

There's a large population of one billion—that's taken for granted—but there's the English language and the British common law. The technical revolution that's taking place there is real. An economic revolution is taking place. It was started in the early nineties by the current Prime Minister, and it will continue. It is an unstoppable force. As a result, Canada can line up to take advantage of it, or we can see it pass by.

If I can give you a message today from the practitioner as well as director of the Canada-India Business Council, I'd like to ask for three things from the government: consistency in policy, effort, and priorities. What do I mean by that?

On consistency of policy, you must realize that every time there is a foreign policy decision it affects trade, particularly if it's a major foreign policy decision having to do with the nuclear issue in India, for example. It is the government's right and duty to make decisions like that, and as a business person I respect that. But you cannot make those decisions and then one day think the gates are going to fly open because you've changed your policy and want to do trade. It is a very long, agonizing journey to come back. So the policy and the intertwining of foreign policy and trade policy are not separable, in my opinion.

•(1610)

As far as the effort goes, we appreciate enormously when members of Parliament, when our cabinet, when our Prime Minister visits India, China or any of these emerging markets. It's critically important. The higher the profile, the greater the attention and the light that are on that company, creating a halo for companies to bask in. Without that halo, we find it very difficult.

When the Prime Minister visits India, he must realize that, as a business person, I can get great benefit out of his presence and his efforts. Short visits that don't help trade aren't particularly useful. The effort needs to be consistent. What I mean by that is this. The trade minister was there last week, two weeks ago. It was a tremendous success. I enjoyed enormously travelling with Minister Peterson and the other members of Parliament, but in India, in China, in these emerging markets, everybody's doing that.

The first time I went to India was with John Major, a number of years ago. John Major was just ahead of me—I was a Canadian—and Lloyd Axworthy was giving a speech. The British came with a delegation of 150 people. They took over the place. There was no question who was in charge and who was there to do business. Their Prime Minister led them. He was their leader. It was striking. It was a force. The British today are doing significant business with the Indians. What would I like to see? I would like to see that effort being consistent, whether it be through our Prime Minister, our cabinet ministers, or innovative programs to really bind our relations.

As for priorities, I can't help but remember a number of years ago coming to Ottawa and being asked to sit in a meeting, again with the Department of Foreign Affairs and International Trade, and being told that India was one of the top priorities. Something I must admit I had to ask was whether we were acting like India was one of our top priorities. In truth, we were not. We had the capacity to do it, but we were not doing it.

Today I see an interesting and great opportunity in India for Canada, and I see our Canadian government and our Canadian businessmen wanting to seize that opportunity. But it is something we must seize. It will not happen by itself. The message that comes from the government is critical. Our foreign policy and trade, intertwined together, as I have said, are going to cause us to be successful.

If I may say so, what business is looking for is not a handout, but a partnership. All we want is for the government to show the leadership, to show the vision to realize that, as I use the term "investment spending", it is now time for the Canadian government to do significant investment spending on India. Why? Because, as a business person, I believe there is potentially a huge payback. It's a good investment.

So the message that I, again respectfully, would like to deliver today is that as parliamentarians, if you can help to ensure consistency of policy, consistency of effort, and consistency of priorities, and act like it's a top priority, we're going to be very successful.

I'd like to turn it over to Margaret Vokes now for a few concluding remarks.

•(1615)

Ms. Margaret Vokes (Deputy Executive Director, Canada-India Business Council): Thank you very much. I'll go with this.

I wanted to make three quick comments. One is actually to ratify what Margaret Cornish had to say about small companies in emerging markets. Small and medium-sized companies are the backbone of our economy, and we couldn't do anything without them. But in emerging markets there are risks, and you need a high risk tolerance and you need deep pockets, and small or medium-sized companies need to be very well advised by government and others. We believe business associations are one way to get the message across to these companies that these markets do take a long-term vision and commitment and they should not just be encouraged to go willy-nilly into new high-risk markets. It does take a lot of homework. There is a Holy Grail in Ottawa about small and medium-sized companies, SMEs, but in emerging markets there needs to be some caution.

The second point I want to make is that because of the extra costs and risks in emerging markets for a lot of companies, and more medium-sized as well, cost offsets are very important. The former program for export market development, PEMD, is no longer operational for companies doing business internationally, and we believe that it should definitely be reinstated, particularly for emerging markets where the costs are very high and the risks are very high.

The other point is that CIDA's industrial cooperation program is a very good program for any company, no matter what the size, looking to invest in an emerging economy. It works very well. It forces companies to do a lot of homework, to think about a lot of things they may not otherwise think about, and that relates to good corporate governance and community development and all sorts of things that are not necessarily profit oriented, which is probably a good exercise for companies to go through. But definitely that program should continue or be strengthened. There is an aid-trade link that should be developed to its full potential.

Again, I want to say that for business associations like the Canada-India Business Council, the Canada-China Business Council, the Brazil-Canada Chamber of Commerce, I'm sure, there are roles we can play that government cannot, and our resources and our expertise should be leveraged by government to the benefit of all business.

Thank you.

•(1620)

The Chair: Thank you very much.

We'll conclude our presenters with Mr. Eyton.

Mr. Anthony Eyton (Head, Ottawa Chapter, Brazil-Canada Chamber of Commerce): Thank you very much, Mr. Chairman.

I'm very glad to have this opportunity to address parliamentarians on the Canada-Brazil relationship. I sit on the boards of the Brazil-Canada Chamber of Commerce and of the Canadian Council of the Americas, and so I really will be speaking for both organizations.

I also have a personal background that I think is relevant to what the committee is looking at, in the sense that I have had various assignments, including one in India as the counsellor in charge of the CIDA and trade programs. I was ambassador in Brazil during the mid-1980s. I was a trade commissioner in Lima, Peru, at the very beginning of my foreign service career. And in Ottawa I've had various assignments, including assistant deputy minister for trade development; assistant deputy minister for international economic and trade policy. I was the assistant deputy minister for personnel at the time Mr. Trudeau took the decision to integrate the two departments, back in the early 1980s, so I have a lot of insights on that process as well. Currently I'm the CEO of a research-based high-tech firm here in Ottawa.

Speaking on behalf of the two business organizations that I'm representing here today, I would say we welcome the focus the government has decided to shine on these three countries: China, Brazil, and India. This is quite different from the old scattergun approach that I'm more familiar with, where anything goes and we would spend as much time and effort supporting trade efforts in Chad as we would in Brazil.

As I remember, when I was ambassador in Brazil, it used to really bother me that I never once had a senior minister visit Brazil. They seemed to always find time to go to Jamaica, Costa Rica, and all sorts of places that were very much to the north of Brazil, but never to Brazil. The focus on countries like Brazil, China, and India is very much appreciated, and I hope that actually there is consistency in following through.

Obviously I will focus my remarks today on Brazil. I think it's the one country that has had the greatest relationship deficit. This term "relationship deficit" was coined by the current Brazilian ambassador to Canada, and I think it really hits the mark. It's a deficit whether measured in political or economic terms, and it's way out of whack with the potential. It's way out of whack with the history we've enjoyed with this country on economic and trade grounds, and way out of whack with the potential we have in developing this Canada-Brazil relationship.

Brazil is an important country. It's not a country you can ignore. It is a country with a GDP that approaches Canada's. It has a population of over 180 million inhabitants. This gives it, in fact, a strong comparative advantage for its manufacturing sector and for all sectors of the economy.

They have a huge internal market. It's rich in natural resources like Canada, it has a very long coastline like Canada, and it has a massive geography that's almost as large as Canada's. In other words, they share many of the problems and perspectives that we have in Canada. Their development and the challenges they face in developing that country are the same sorts of challenges that we have faced in the past and continue to face at this time.

It has perhaps the most competitive agricultural sector in the entire world, and its industry base is very modern and internationally competitive. It is one half of South America. When you think of Brazil, you're thinking of one half of South America. Whether measured in terms of GDP, population, land area, or whatever measure you wish to use, it's one half.

The Canada-Brazil trade and investment relationship has a long history. Brazilian Traction was in there in the late nineteenth century, and over a period of the next 40 or 50 years, they developed and owned all of the public utilities, all of the public utilities for both São Paulo and Rio de Janeiro, the two big cities. Their involvement in Brazil, in those two cities, in fact led to the industrialization of Brazil in those two areas.

Brazilian investments in Canada are of more recent origin than Brazilian Traction. We have Gerdau, which owns steel companies here in Canada; Votorantim, which owns St. Mary's Cement here in Ontario, and AmBev, which owns Labatt Breweries in Canada.

So we have Brazilian investment coming into Canada, but of more recent origin, whereas if you look at the Canadian side of the

equation, we started off with Brazilian Traction, but then we had other companies like Molson, Scotiabank, Alcan, Nortel, plus 95 other Canadian companies having investments in Brazil at this time.

• (1625)

Altogether, 500 Canadian companies are doing business in Brazil currently. The current bilateral trade is \$2.9 billion a year, which is a fraction of what it could be; that's far short of its potential. It's totally reflective of this relationship deficit I referred to earlier. Canada and Brazil each rank a dismal 16th on each other's list of trading partners; Brazil is our 16th most important trading partner and vice versa.

Now, if I could, I'll say a few words about the Canada-Brazil political relationship. It has plagued the ongoing commercial economic relationship in some respects. Embraer and Bombardier: everybody knows about that dispute. It's been ongoing for years now, and I don't know if a conclusion is in sight. Earlier irritants that clouded our relationship with Brazil concerned the Canadian ban on Brazilian beef—which was short-lived, thankfully—and the famous Spencer-Lamont consular case, which plagued that relationship for a period of several years. There is a spillover effect of these issues into the trade and investment relations environment; it's very hard to measure that effect, but it is there, and it's all part of this relationship deficit.

In two open economies like Canada and Brazil, business depends on market knowledge and opportunity for the most part and not on government-to-government relations. Having said that, I, like my colleagues, think it's really important that these 500 Canadian companies currently doing business in Brazil and the hundreds more that could do business there have a framework of government programs and policies that will facilitate their doing business, making investments, importing, and exporting with Brazil.

The services they most value at the present time are the support of the trade officers in the embassy and in the consular offices in Brazil. These are professional officers, and their services are very much appreciated by Canadian companies. The consulate general in São Paulo is considered to be a model of the sort of consulate businessmen would like to see the world over. It is quite excellent.

Also, we have Export Development Corporation's funding and insurance support, which makes a lot of that business possible. We have the framework of WTO agreements among other economic multilateral agreements that bind the two countries. We have the support of the trade officers back here in Ottawa in Industry Canada and the new Department of International Trade and in the Industry Canada regional offices across Canada and the provincial trade offices. We get valuable support and advice from these individuals as well.

Finally, we have participation in government-sponsored trade missions and trade fairs. That's hot and cold, I would say, but there have been a number of important trade missions, indeed one led by the Prime Minister. That does make a difference in closing that relationship gap.

You asked in your terms of reference, what more could be done? I want to be as specific as I can. The members of our two organizations have already endorsed the new Canada-MERCOSUR trade agreement initiative.

It does not have to be a perfect agreement. Sometimes I worry, since I used to be in charge of international trade policy, that our negotiators are looking for perfection in international trade agreements. A trade agreement does not have to be perfect, nor does one trade agreement have to mirror all of the provisions of an earlier trade agreement.

I suspect that in negotiating an agreement with MERCOSUR countries, we may have difficulty including chapters on government procurement and intellectual property. So be it. The trade agreement per se will do great things for our Canadian business community even if it lacks those two chapters.

We as organizations attach much greater importance to the MERCOSUR agreement—and maybe this is a bit self-serving since I do represent the Brazil-Canada Chamber of Commerce—than we do to the floundering FTAA discussions. And they are floundering. When I look at the trade policy initiatives that have been started up in recent years by the department, I see the FTAA; I see the Central American four, which are the four tiny countries in Central America, excluding Costa Rica; I see EFTA, which includes Norway, Iceland, Switzerland, and Lichtenstein; and I see Singapore. Now, some of these are truly not very important markets for Canadian business, whether from an investment perspective or for importing or exporting. Then we have exploratory talks with all sorts of other groups as well.

All I'm saying is that our organizations attach greater importance to MERCOSUR than we do to the FTAA or, indeed, if we were able to offer an opinion, than we do to FTAA, to the Central American four, or to many of these others.

• (1630)

I would also like to see if we could isolate the Embraer-Bombardier dispute. The EU came up with a suggestion just last month, in fact, that a joint agreement on aircraft subsidies by the four principal producers of aircraft be considered. This is the U.S., the EU, Canada, and Brazil. I think if we could enthusiastically join in that initiative it would take that dispute out of the bilateral relationship and multilateralize it, which would help.

A third suggestion, very specific, is that we should look at relaxing the visa requirements for Brazilians coming to Canada. Britain doesn't have any visa requirements for Brazilians going to Britain. We do. I'm not sure that any particular purpose is served by that, and I would like it to be reconsidered.

I have three more points, Mr. Chairman. You have to let me get through these.

The Chair: We're going to give you an extra minute.

Mr. Anthony Eyton: Let me just make these few extra points.

I would like to see the PEMD program renewed or replaced with something similar. One of the earlier speakers made reference to it. It does help to cover off the risks involved in undertaking a marketing visit to these distant and very foreign countries. All three of these emerging markets are very foreign and very distant, and there's a lot of commercial risk attached to undertaking these initiatives.

The PEMD program doesn't exist any longer, but I believe the department is looking at a replacement program, and certainly one

does need to be put in place. Perhaps it could be combined in some respect with the CIDA-INC program, because they serve similar purposes. There does need to be something there. Otherwise, small and medium-sized companies simply do not have the wherewithal to tackle any of these emerging markets in an aggressive way.

I would also suggest, again, that to keep this targeted approach it would be useful for a renewed PEMD program to be targeted at certain countries, including these three emerging markets, but perhaps excluding the United States, since I don't think Canadian companies need all that much help to get introduced to customers in the U.S.

Finally, I'd like to say these ministerial visits and discussions should be established on a regular basis. Again, one of the things I've noticed in Canada's developing relationship with Mexico was that they started off with ministerial discussions. The Prime Minister and all of his key ministers would go to Mexico for meetings with their counterparts. That certainly helped to jump-start that relationship. Something similar to that, I think, is necessary in jump-starting a relationship with these three emerging economies.

Thank you very much, Mr. Chairman.

The Chair: Thank you very much.

We'll immediately go to questions from our members.

We'll go to Mr. Ted Menzies, 10 minutes please.

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

I don't know how we're going to get you folks to answer in just 10 minutes.

The Chair: We're going to do 10-10. Hopefully, if we stay within the 10, it'll give us an opportunity to go a second round. We'd like to go into a second round.

Mr. Ted Menzies: It's been a most interesting discussion. It's wonderful that you all finished with points of recommendation for us, because that's what we're looking for. You've all raised some very interesting and fascinating subjects. I'll have to be pointed with my questions.

I'd like to start out with our last presenter. Could you bring me up to speed on what the PEMD program is, very quickly and concisely? You're asking for a program. Our other presenters are saying we don't want subsidies, we don't want special programs. Who do we listen to?

• (1635)

Mr. Anthony Eyton: You listen to me.

Voices: Oh, oh!

Mr. Ted Menzies: How did I know that?

Mr. Anthony Eyton: No, Margaret also spoke to this.

It's the program for export market development. In its heyday it used to have something like \$40 million available for partially subsidizing—and “subsidize” is even the wrong word, because it's repayable—or partially funding the activities of Canadian businessmen interested in developing export markets. It was a bit too narrow in some respects because it only covered export of goods and services; it didn't cover those companies that were interested in developing a relationship based on licensing or whatever. Nonetheless, it was there, and it was a major tool for many small Canadian companies to get started in foreign markets.

It was very effective. I think they did a number of evaluations of that program, all of which came back extremely positive. The money that was put into those, if I recall correctly from my days as a trade commissioner, covered 50% of the costs involved in undertaking, say, a marketing visit, or 50% of the costs involved in putting a booth into a trade fair in Brazil—or any other country of the world, for that matter. That 50% was provided as a loan that would be repaid as soon as some business started to result from that particular business initiative.

The payback, I have to say, was not all that impressive. It was certainly not any more impressive than the payback to the Technology Partnerships Canada program, which gets a fair amount of ink in the newspapers, but it was there as a provision. I'm sure there are ways and means of making sure the money does flow back. It has to flow back, otherwise that becomes an actionable subsidy in terms of trade remedy law. But it was there, and it's a lot better than tinkering with the tax system. It was a direct support for that more aggressive exporter or Canadian business person who wants to do something that will advance the relationship with another country in economic terms, and it was a highly effective program.

The last of it was wiped out. I think the last amount of money attached to that particular program was either \$3 million or \$6 million, which was wiped out in expenditure review. It was given away. It's a relatively easy way for departments to essentially put money like that on the block, rather than to put jobs on the block, and that's what they did, and they wiped that program out.

All I'm saying is it should be looked at as a way of increasing our efforts in these three emerging economies. It was a very effective program, and if properly targeted and properly structured so that companies, say, with \$50 million or less in annual revenues could be eligible, then I think it would be a very effective program for expanding that number of exporters from the current 500 up to 1,000 that are in active engagement.

Mr. Ted Menzies: As long as it's not classified as a subsidy, that's my concern. We want to talk about special safeguards and issues with subsidized trade and non-agricultural market access and all of these issues, and yet now all of a sudden we're mixing in a subsidy to help a Canadian company get started—

Mr. Anthony Eyton: It's repayable.

Mr. Ted Menzies: —and that concerns me a little.

I want to go back to...I believe it was Mr. Wright who raised the issue of multilateral versus bilateral trade. I'm a fan of the WTO in the multilateral sense rather than of bilateral agreements. Could every one of you give me a short comment on whether we're better to be dealing WTO-wise? My sense is that Canada and Canadian

companies are going to lose out if we continue down the road of simply bilateral agreements rather than multilateral agreements.

Mr. Dwayne Wright: Since you mentioned my name, perhaps I can make the first comment.

The short answer is that I think we should do both. Canada has been a long-time supporter and beneficiary of the approach of multilateral trade negotiations, no question. As a mid-sized trading country, it's to our benefit to take part in multilateral trade agreements in order that the trade-offs that others make with our trading partners also benefit us.

Personally speaking, and I think the importers and exporters association will be of the same opinion, the right bilateral agreements have also served us extremely well. The Canada-U.S. agreement, or NAFTA, has certainly had a major impact on the increase in trade in this country. Structured the right way in those markets where Canada has or sees it has a particular interest, I think they can certainly bring benefits. They focus attention on the relationship and they play into some of the things that other people have talked about here in terms of conveying the message that this is an important relationship that we should have. I think it could also target and focus it without undue disadvantage at all to Canada.

• (1640)

Ms. Margaret Vokes: I would agree with that statement. I have nothing else to add. You need to do both.

Ms. Margaret Cornish: I agree. It would be good if you split the thing.

Mr. Anthony Eyton: Can I add a comment?

The Chair: Sure.

Mr. Anthony Eyton: Yes, I think we should do both, but I tried to make a point that you shouldn't try to do everything.

I do agree that the WTO is the cornerstone of Canadian trade policy. But I have seen the advantages and benefits that have been conveyed upon the Canadian economy by NAFTA, and by the free trade agreement with the United States before that. I'm not so sure that I have seen quite the same linkages for Canada-Costa Rica. We have a free trade agreement in place with Costa Rica. I don't know if it has made any difference whatsoever. It may have, but I'm just not aware of it.

But I do worry that the trade negotiators—and we have a limited number of effective trade negotiators in Ottawa—are taking on too big an agenda. I'm wondering whether the agenda is expanding because of the need to have “announceables” whenever there's a senior visit, a high-level visit, a bilateral visit to a country. I preferred the old way: you had to have something to sign, so you would sign a joint economic cooperation agreement, which meant that you were obliged simply to meet once a year, or something like that, and have a talk.

When you sign a piece of paper that commits both sides to entering into negotiations for a free trade agreement, that's another kettle of fish entirely. That's a two-year-long hard-work initiative. I see all of these other potentials, including the Andean Community of Nations, the CARICOM, Dominican Republic, European Union, and Korea. It's a long list of countries and regions that we're apparently now considering having free trade agreements with. I think that's spreading our currency a little bit too thin.

The Chair: Mr. Pearson, you had something to add?

Mr. Darrel Pearson: I have just a brief comment, Mr. Chairman.

The Retail Council would support any initiative that would help to open markets for sourcing of products to allow retailers to provide assortment at competitive prices and good value to their consumers. We're also interested in enhancing responsible trade, and generally I think the forum for that is multilateral. But having said that, I think, without repeating, I would agree with the comments Mr. Eyton has offered, that we have to be quite specific about those bilateral agreements that we invest our time in.

The Chair: Mr. Menzies, go ahead, please.

Mr. Ted Menzies: Following up on that, I was quite interested in your comment that competition is healthy. We've had a number of witnesses appear before us who are...I won't say all about protection, but they're certainly concerned about protecting themselves from competing markets. I'm encouraged to hear you say that we need to look at importing what someone else can make more efficiently, to put it simply.

Can you elaborate? I believe it was Mr. Pearson who made that comment. Can you elaborate on that? I think it's a valid comment, and I think all too often Canadian companies look at how to cocoon themselves, rather than at the potential advantage.

Mr. Darrel Pearson: That's exactly what I would have said.

Ms. Diane Brisebois: That's obviously our position as well. When we're looking at imports and exports and the degree in which companies are judged on how they perform, it's interesting that we have generally been fairly tough on retailers, but in fact retailers have become extremely good at sourcing their products domestically and internationally and in understanding market trends and consumer demand. What's been extremely frustrating for retailers—Canadian retailers, I might add—is that initiatives tend to support protectionism, so instead of forcing and encouraging a small manufacturing company in developing high-niche products, for example, or products that might fulfill the demand in regards to private labelling, which is very popular in retail, we see a lot of these small retailers, the bicycle case being the perfect example, still producing commodity products.

So it's extremely important for retailers to see a strong domestic market, but also to have programs that will assist those small manufacturers in producing high-end products, or products that are highly in demand, versus commodity products.

So yes, I suspect I can say we agree with what you just said. I just said it longer.

• (1645)

The Chair: We have to move on to Monsieur Paquette.

Monsieur Paquette, s'il vous plaît.

[*Translation*]

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

Thank you for your presentations.

First, in terms of consistent policies, we fully agree with what Mr. Comerford said. That is indeed why we opposed the move to split Foreign Affairs and International Trade. We believe that the country cannot have a foreign policy on the diplomatic side and another one on the trade side, and that those policies must be consistent. For instance, if we want to move into a specific market, the welcome extended to our businessmen will depend more or less on our previous alliances. I think it is extremely important. That is why every opposition party opposed that move.

Mr. Eyton raised the issue of visas. We request visas for Brazilians coming to Canada and they request visas for us when we go to Brazil. Indeed, I have travelled there several times and I know that it is expensive and time consuming in the Montreal Consulate.

Would that be a concern also for the Canada-China Business Council or the Canada-India Business Council? We have been told by many people, Chinese or Indian investors in particular, that they had a great deal of difficulty obtaining visas to come to Canada as investors. It looks as if we have not yet realized that there are not just people in Canada who invest overseas, but there are also people from those emerging markets who invest in this country. We seem to view them as tourists—and we're afraid that they are not going to leave the country—or as workers, which is not the case.

I have often raised the following issue with the Committee. A Chinese businessman is willing to invest over \$100 million in Drummondville. However, he has been waiting for his visa for six months and he has not been able to come and see what Drummondville looks like, what his lot and his factory would look like. We might lose that investment because of that situation.

I suppose similar concerns have been expressed also about India. Have you made any representations in that respect? Do you have any solutions to offer? When we talk with Minister Volpe, he always refers us to the Canadian Security Policy, but that leads nowhere. I would like to know if your two councils have any suggestions for us. I think it will be a major issue in the report that we will be submitting.

[English]

Ms. Margaret Cornish: I haven't got a solution, but I can say that it is—"humiliating" might be a little bit strong—extreme. There are the examples in which you have extremely senior people—both in the business world and in the government world, which is a little more embarrassing—whose visas are turned down, and there is certainly a kind of a shrug of the shoulder of, well, they should have applied earlier. The consul general in Toronto said something like 50% of them were turned down. They track it; and to the extent that they track it, 50% are turned down. Well, how could you possibly do business with people when 50% are being turned down? That's of applications with respect to business, so I don't know...

At the same time, I believe the embassy when they say the degree of fraud is remarkable. I even heard kind of a funny story. Their degree of fraud in applying for it is remarkable. I guess they think they're not going to get one, so they make up documents and submit them. I don't know what the solution is, but it's amazing.

[Translation]

Mr. Pierre Paquette: Let us take the case of a business which has been running for several years, which has a good track record and whose representative has already come to Canada two or three times. We could have a fast track procedure.

[English]

Ms. Margaret Cornish: Which the Americans have. The Americans have this fast track. It's a very good idea.

• (1650)

[Translation]

Mr. Pierre Paquette: If you have any ideas or literature in this respect, we would appreciate it if you could pass them on to the clerk, because we need to suggest solutions. For instance, in Quebec, over 2,500 Chinese investors are waiting for their file to be processed.

[English]

Ms. Margaret Cornish: Let's propose a fast track. All in favour?

Mr. Gary Comerford: I would totally agree with Margaret. I used an expression in my presentation: act like China and India are important partners for us in trade.

I don't want to comment on government policy and the fraudulent activity that can happen. But even when, for example, I issue a letter under my stationery, my signature, and I will vow for the individual, it is not always a sure thing that it will come through as quickly. We have operations in China and in India. So it really is the attitude, and believe me, this has a profound effect. Someone will issue that visa. If someone acts as if they want the business, they will have it.

Perhaps I may tell you a story. Kumar Birla is my partner in India and is one of the most prestigious business people in India. He has recently bought another pulp mill in New Brunswick, his second pulp mill. When the Austrian president was visiting India, he spent an afternoon with him—he spent an afternoon with him. The doors were open: we're open for business and we want to be here. That had a significant impact on Mr. Birla, who, as I said earlier, has scarce capital and can put it wherever he wants. He decided to buy a pulp mill one day in Canada, because it was ready, and he bought it. Kumar was there two weeks ago. It's a simple as that. He could do

this every week for the next year in Canada, if he so desired. People from other significant business houses like that have to be treated well.

The United States, at least from the Indian perspective, appears to be worse. I'm not sure that the fast track, as far as Indians go, is actually working. They're now implementing processes that are really draconian. This, I spell out, is opportunity. If the United States so chooses to have a policy, that's fine with them.

There must be ways of our validating and taking these excellent business people, who are often North American trained and Canadian educated. We have difficulty getting them a visa in 24 hours. That should be the norm. That should be our standard. That is acting like we want to do business with them.

[Translation]

Mr. Pierre Paquette: I will now turn to the Canadian Association of Importers and Exporters and the Retail Council of Canada. Several witnesses told us that the tax credits for foreign operations were out of step with the new reality. I'm wondering if you have any suggestions to amend the tax provisions.

Ms. Diane Brisebois: You mean as importers?

Mr. Pierre Paquette: They told us for instance that when they travel from one country to another for business purposes or purposes of importing, they cannot receive the full amount of tax credit they are entitled to. From what I understood, the tax system is designed on the basis of a full tax year. But as they are country hopping...

Are you having any difficulties with the Canadian tax system in that respect?

Ms. Diane Brisebois: There might be a problem, but unfortunately we have not discussed it with the members of our Association who import goods. So I would say it is not a major priority.

Mr. Pierre Paquette: According to them, comparisons are made between one year and the next but since they have business dealings in different countries every year, they are never able to receive the full amount of the tax breaks they should be receiving under the Income Tax Act. Should you have any...

Ms. Diane Brisebois: ... recommendations or suggestions, I will be pleased to share them with you.

Mr. Pierre Paquette: We need to make sure that the tax system reflects the new reality.

If I have some time left, I would like to ask Mr. Eyton one last question.

[English]

The Chair: You have a minute and a half.

[Translation]

Mr. Pierre Paquette: You said that Canada might initiate negotiations with MERCOSUR. However, MERCOSUR remains a relatively weak organization. On paper, it is all fine, but the last time I went to Brazil, the Brazilian officials—Lula had just become the president—were saying that there was no urge to move to the FTAA because they wanted to consolidate MERCOSUR first. That was after the crisis in Argentina.

Do you think it would be preferable for us to begin negotiations with Brazil or with MERCOSUR, based on that present reality of MERCOSUR?

• (1655)

[English]

Mr. Anthony Eyton: You're quite right, Mr. Paquette, MERCOSUR is going through a very difficult period right now, and for the reasons that you mentioned: problems in Argentina. And the Argentinians are complaining that the Brazilians are starting to dominate certain parts of their marketplace, and there's some bad feeling.

It's going through a low stage right now, but I have to say that they are still having their heads of government meetings. They're still having their regular meetings at the ministerial level, and they still have a very ambitious agenda. I think it is a self-correcting mechanism. MERCOSUR is quite an ambitious undertaking. MERCOSUR is supposed to be something like the European Union, a full customs union. It's very ambitious. They're not there yet, and it might take them another fifteen years to get there, but I believe there's a political will in the four countries that are the core of MERCOSUR. There is the political will to get there.

So there are stops and there are starts, and right now they're in a bit of a slow period, and they're having their problems, but I do believe it's a viable organization for the longer term, and as for whether we should undertake negotiations with MERCOSUR as opposed to, say, Brazil, I don't think we'll have that option. I don't think Brazil would want to have a bilateral with us. They would prefer to conduct their trade negotiations through MERCOSUR, which is an organization that they believe in their hearts they dominate, and they don't necessarily want to see MERCOSUR expanded to all of these other countries that they're negotiating side agreements with, associate status agreements with.

Their trade agenda is far broader than the Canadian trade agenda. I complain that the Canadian trade agenda is too dispersed, but the MERCOSUR trade agenda is even more so. I think they need to have some focus as well. When I look at the exploratory talks of MERCOSUR, they have exploratory talks in place with Canada, with Central America, with Korea, Japan, China, CARICOM, and Israel. As well, they are having current negotiations right now with FTAA, EU, Mexico, Egypt, India, Morocco, and the South African Customs Union. That's a very ambitious agenda, and we're just one player in it.

But I don't believe you have an option. I think we have to take this potential negotiation with MERCOSUR very seriously, because I don't think we have the option of opening up a bilateral negotiation with Brazil. I don't think they have the interest.

The Chair: Thank you.

We'll move on to Madam Jennings.

Madam Jennings, please.

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): Thank you very much for your presentations.

I particularly appreciated the presentation of the Retail Council of Canada on the issue of your client members being major importers, and the warning that both this committee and government have to be very careful when we look at possible action regarding a dispute about our companies having access to an export market, given the possible negative impact it can have on our Canadian companies, which are actually importers rather than exporters, like the retail market.

You talked about the bicycle case as a classic case of where the Canadian government supported, or has supported, a protectionist action that has not done anything but protect an inefficient industry. Could you give this committee a little bit more explanation? How big is the bicycle manufacturing sector in Canada? How long has this existed? And what has been the impact?

Mr. Darrel Pearson: Yes, I'll take the question.

The bicycle industry has had anti-dumping protection initially since 1978, a short hiatus after five years, and then protection again from 1992 through to the present. There were three companies, and now there are two—one in the province that Ms. Jennings represents, and one in Ontario. The bicycle industry has not used that protection necessarily to expand in order to export or to become more effective or efficient. Now they seek a safeguard action that would layer an additional protection, in addition to the anti-dumping protection, and put retaliatory action against our exports in place, which would put them at risk.

• (1700)

Hon. Marlene Jennings: But Ms. Brisebois was talking about it basically being a commodity manufacturer, that the Canadian government needs to ensure that when it does institute protectionist action, it's not for commodity producers. Can you explain that a little bit more? I think I understand it, but simply for the benefit of the committee members and any Canadians who are watching this...

Ms. Diane Brisebois: Earlier on, the committee was asking about recommendations. Certainly if a manufacturer in Canada is provided some safety or some protection, there should be some guidelines in regard to why and what is expected of that manufacturer.

In regard to this case in particular, the bicycle case, it's quite sad, because there is a demand in North America for a high-end product. Many of you would know, especially if you have young teenagers, that you can buy bicycles today that cost as much as \$6,000 or \$7,000. There was no manufacturer fulfilling that demand in North America. It would have been a perfect example for those two or three manufacturers in Canada to produce that product instead of remaining in a category of product that we refer to as commodity, where there was global competition.

Ironically, after so many years of protection, we now have a manufacturer of bicycles in Taiwan, no less, that is making high-end bicycles, and our specialty retailers as well as sports chains are buying those very expensive bicycles, which could have been purchased in Canada, now in Taiwan.

So to think the products that are imported are also just commodity products and are cheap or inexpensive products, you would be misinformed. Secondly, I don't think the government has put enough incentives to ensure that this manufacturer is in fact going to have a long and healthy life.

Hon. Marlene Jennings: Thank you very much for those clarifications.

Now I have a couple of questions for our other witnesses.

You've made several points, one of which is, yes, it's a good thing for Canada to focus and prioritize which markets other than the United States it wishes to expend its resources on. The fewer the better is one of the points I get from your presentations. Secondly, concerning the fact that Canada has decided to focus on China, Brazil, and India, those are excellent choices, in your view. That choice then follows that Canada has to be consistent, which means that when Canada is investing resources, whether financial or through programs, and so on, or human resources, it has to be focused in those three countries.

Am I correct on that?

• (1705)

Mr. Anthony Eyton: You are correct.

Mr. Gary Comerford: That's right.

Hon. Marlene Jennings: Okay.

The other point you make is that given that we are largely a country where our economy is driven by small and medium-sized companies, and given that in order to penetrate those markets—in particular China and India, though possibly not as much Brazil, but Mr. Eyton could certainly give us more information on that—one needs a lot of information about the country, about the culture, about the people, about the way they think and do business, you're talking about a lot of preliminary work that small and medium-sized companies normally will not have the resources to do. So the government should be in a position to try to assist the sector, the companies that are working in a sector, to put together councils like yours to do that kind of work, for instance, but secondly, to provide programs that would allow these companies, when they do decide to go in, to be able to stay there for the five or ten years it might take, however long it is, to actually develop that business relationship, sign a commercial contract, and start actually doing business.

My understanding is that we don't really have that. We've been told by witnesses that EDC is really great for companies that export, but the payback period comes too quickly. Is that your view as well? That question is to all of you.

Mr. Gary Comerford: In a nutshell, yes.

If I may, there was a question regarding bilateral and multilateral trade. My mind works differently. My mind says, where do I want to do business? And if we truly say it's China, India, and Brazil, if we see those as the top three priorities and we are going to move heaven

and earth to make that happen, then I have to ask what type of trade agreement is required. Whatever is required, I'm for. Sometimes it's unique and customized, and sometimes you can be more general, when you can take advantage of it.

Talking about small and medium enterprises, large corporations have the financial clout. I probably made 20-plus trips to India before we signed a joint venture agreement. Sun Life had the financial capacity to do that. Yet two weeks ago, when the minister visited, there was a fee, I think, of \$2,500—which isn't a lot of money by many standards. If you're running a small and medium enterprise, and you're expected to pay a \$2,500 fee for a two-day, possibly three-day event where you have to pay an airfare, hotel, and other logistics, it's a lot of money.

The Chair: What does the \$2,500 include?

Mr. Gary Comerford: It was part of the registration fee to become part of the trade mission.

And I'm not arguing against it. You certainly get good value for that. I'm not denying it. But it may well be that rather than subsidizing at the end—because I'm a free trader—the fact of getting somebody over to India and China and Brazil, so that they can walk and talk and understand the economy.... And not once; it takes many times. You're first reaction often in these markets is, "Oh my God, I don't want to do business here". But once you get underneath the surface, once you understand the opportunity, once you stop wanting to replicate your culture in theirs, you can be highly successful.

How does the government encourage that? How does the government cause that liaison?

I believe business councils are your best friend. We are all in financial jeopardy. We struggle every day to bring minimum resources available to do our job. I somehow think of the word I used before—a partnership that would see that these councils aren't at the whim of business; they are there for a real purpose. We need help. If I can get a message across today, we do need that help. We need your policy help, but quite honestly, some of those financial dollars can go a long way. We tend to get great value out of the money we spend.

Ms. Margaret Cornish: The council doesn't get direct support. Different councils are going to have different requirements. I'm in the camp of making it expensive to go to India or China. You might as well weed out people from the beginning. They either have the money...and it's not money. It's the desire to enter the market. Government can't do this. Mostly it has to be the individual companies. You can only create the environment for them to go.

Ms. Margaret Vokes: I just want to say that in India there used to be a service that the posts abroad would offer companies, and that was setting up a business program and setting up the meetings. They're not doing that now. They're not setting up meetings for companies. I guess they're so busy that they just can't do it.

So how's a company starting off in a new market going to get going? They don't know anybody; they don't know anything. You can go and talk to a Canadian trade officer in one of the posts abroad, but that isn't going to get you knowledge of the market, and you need on-ground logistical support. The council would love to do that. We would love to be able to offer that. We want representation in India, and we can provide a service to all Canadian business in that.

Hon. Marlene Jennings: Great. Thank you.

How much time do I have left? I have another question.

The Chair: We're just over 11 minutes, Madam Jennings. We have time to go a second round.

Hon. Marlene Jennings: Okay, I'll keep my question for the second round, and I'll hear Mr. Eyton right now.

• (1710)

The Chair: If I may just pop my question in, as we go to the next round—

Hon. Marlene Jennings: He's not going to shut you off, Mr. Eyton. He'll shut me off.

The Chair: Well, I think we've been very fair and generous with time, but before we go to Mr. Menzies—

Hon. Marlene Jennings: Mr. Eyton has something he wants to say.

The Chair: By all means, Mr. Eyton.

Mr. Anthony Eyton: I just wanted to respond to Ms. Jennings.

To the extent that money is scarce, I would like to see it invested in a replacement program for PEMD.

Brazilian business practices are very similar to ours. It is a foreign culture with a foreign language, but otherwise their business schools and their engineering schools were started up by Canadians who used to work at one stage or another with Brazilian Traction. So their body of law, the way they do business, the way they do deals.... You don't have to take five years to consummate one deal in Brazil. It's much more similar to doing business in North America.

Given that, I am very keen to see a PEMD-type program reinstated, something that would help to cover half the costs involved in some marketing effort by a Canadian company going to Brazil—repayable. It wouldn't be a subsidy. It wouldn't be picked up in any of the WTO subsidy disciplines. But it would certainly be an incentive for a Canadian company to do a business deal in Brazil, and it's something they could consummate in two or three visits.

The Chair: May I interject before I go to Mr. Menzies? My question and comment are predicated on what was just responded to, Ms. Cornish.

A minute ago you talked about support. We had presenters here before our committee—Canada-China business associations—and they made a couple of very good comments. One comment was that they love to do business with Canada. They're well received, well recognized, etc. But they were concerned that several Canadian initiatives were in that market through United States representatives, because maybe they didn't have the ability or the contacts or what have you. I think that goes to the point you made earlier, which was that you disagree with the support that a company should have to

possibly get you a new market like China or an emerging market like China or India.

I was puzzled by your statement, and I'm not sure how to read it. Maybe you can clarify it for me, because from one end you said it's not necessarily what government can do, but more so what businesses can do. You in essence from one side indicated that government doesn't have a role to play, or has a small role to play, but on the other hand you say there is some government role to be played. Can you clarify? I think I heard two different views.

Ms. Margaret Cornish: Well, I'm just trying to—

The Chair: Or I understood two different views.

Ms. Margaret Cornish: Doing business in China or in any of these countries is something that businesses have to do. Governments create the environment. I'm sorry if that seems to you a contradiction, but I'm just trying to point out that government needs to understand it's just a creator of the environment. You can't push business into doing it.

We already have a kind of passive business culture with respect to international opportunities. I know you have few resources and you need to apply them carefully—

The Chair: No, but you said, if I may, no matter where we go we can get appointments. Are you saying to this committee that you can go out and get your own appointments?

Ms. Margaret Cornish: No, I'm saying that the Canada business fits in exactly with what Margaret's just said. Margaret's saying the Trade Commissioner Service doesn't have the time to organize appointments for businesses, so we do that. That's one of the things our six offices in China do. It isn't to say that the embassy doesn't do all sorts of useful things for businesses in China.

The Chair: You also indicated that—I'll repeat it—the ministers meet this, and the ministers that, and the ministers arrange.... In other words, ministerial or government representative roles are very important, and this is part of the investment—as I think you said, if I understood it—in the role, the climatic conditions, that government will play?

Ms. Margaret Cornish: Right.

The Chair: Thank you.

Go ahead, please, Mr. Menzies.

I'm sorry, I didn't take your time.

Mr. Ted Menzies: That's quite all right. I often feel that you get neglected in these rounds of questioning and I'm sure you're just as inquisitive as the rest of us are.

We talked a little bit about special safeguards. I guess I'd like to get your opinions. A big part of what the negotiations at WTO are concerned with are the non-agricultural market access issues. I think, Mr. Pearson, maybe you alluded to the importance of market access.

What kind of tariffs are the companies you're dealing with encountering, and for the special safeguards, what kinds of dispute settlement mechanisms are in place, and are they adequate? Are your companies able to deal with these sorts of issues?

• (1715)

Mr. Darrel Pearson: Well, at present there are no safeguard measures in place. We see the bicycle case as potentially the beginning of an onslaught of safeguard measures because it sets a threshold which, if set as a precedent, is easy to overcome. So the expression of concern here about safeguards begins with bicycles, in effect. The request for tariff relief there, if my memory serves me, is based on a surtax in excess of 50% or a tariff rate quota that would effectively create a quota regime, a volume permitted in at normal tariff rates and then a restrictively punitive tariff rate to apply over and above that volume. That would be even worse than a 50% tariff, if you like.

Mr. Ted Menzies: That's what we're dealing with in the agricultural market access issues—

Mr. Darrel Pearson: That's right.

Mr. Ted Menzies: —and far and beyond the numbers that you're talking. So I recognize the concerns, and especially if you feel this is just the beginning of it, then I have great concerns about it.

Mr. Darrel Pearson: If it's not nipped in the bud, if a position is not taken in a case like this, then I can easily see other slightly less more abundant industries, if you like, taking the same position and making the same types of requests until such time as you're going to see an onslaught of requests. If you collapse on this one, there's really no reason why you would be in a position to deny relief in most other cases. And as purveyors of consumer products, retailers are really concerned about that, because it creates a problem vis-à-vis their ability to obtain the proper assortment, to get proper products, and to compete, not just here in Canada where they create jobs but internationally vis-à-vis cross-border shopping. So it has great ramifications for the retail industry.

The experience that you mentioned vis-à-vis dairy products is very telling. We have effectively, as you know, eliminated quotas and substituted for them tariff rate quotas, which are quotas. It's created nothing but a lack of competitiveness and difficulties in terms of engineering new markets for Canadians. As soon as you start looking inward, which is what the bicycle industry, for example, has always done, and you fail to take advantage of opportunities in a global marketplace by being insular, you lose.

Mr. Ted Menzies: We have them in oil seeds into Japan. There are lots of examples of those. Once you get started down that road, it's a slippery slope.

Does anybody else have any comments on those? I know there are tariffs in Brazil also.

Mr. Anthony Eyton: I used to be the chairman of the CITT as well and....

Ms. Diane Brisebois: We used to plead before them, so we're hoping that this is a very good comment.

Mr. Anthony Eyton: I want to say that a Canadian industry can take action to seek safeguards under law. The nice thing about subsidy countervail cases, or dumping cases, is that the industries that are sponsoring those inquiries have a right under law to have

protection if indeed they're being materially injured. But on safeguards, it is ultimately a question that the Minister of Finance and the government of the day have to take. All the CITT does in a safeguard case is gather all the information and produce a report that then goes to the Minister of Finance for a decision.

In the case of steel, which is the last safeguard case that we had in this country, the Canadian steel industry put up a very strong case for safeguard action, mirroring what in fact had already happened in the United States. In that case, after a fair amount of dithering, the government decided not to put safeguard actions in place against steel.

So maybe the same will happen in respect of this current case on bicycles.

• (1720)

Ms. Diane Brisebois: That's a very possible position we might take.

Mr. Darrel Pearson: I think it's important, though. The reason we've brought it up here and, frankly, bring it up elsewhere is, as Mr. Eyton points out, that it's ultimately a political decision.

Mr. Ted Menzies: And what trade issue isn't?

Mr. Darrel Pearson: The dumping cases are political, but the trade cases that we're referring to are legal proceedings.

The Chair: I want to remind our guests we're in the second round, which is five minutes per section and not ten, like the previous one.

Go ahead. I've permitted him to give one very quick question and a very quick response.

Mr. Ted Menzies: I'd like a quick comment about taxes, if we can. What could we change as far as taxes go for Canadian businesses to be able to compete, or are we at a competitive level?

The Chair: If only I had known, I wouldn't have permitted it.

A quick response from one person.

Mr. Dwayne Wright: It's not an issue that our memberships have been agitating about.

The Chair: Okay.

Monsieur Paquette.

[*Translation*]

Mr. Pierre Paquette: I would like to share one thought with Mr. Eyton. Brazil is a good example of what I want to highlight.

At the Standing Committee on Foreign Affairs and International Trade, we heard a witness—unfortunately, I cannot remember his name—who told us that most European countries had a much more consistent foreign policy. As a result, when the Socialists get elected in France and the Democrats in the United States, a broad range of orientations is retained. He told us that maybe the Standing Committee on Foreign Affairs and International Trade should have more power.

In Brazil, there is a staggering number of Canadian and Quebec NGOs. Organizations like Alternatives, in Montreal, have a very high profile. When I was with the CSN, the Confédération des syndicats nationaux, we supported the CUT extensively. These are just examples. However, the Canadian government doesn't seem to realize how much that kind of action could bolster its foreign policy.

For instance, organizations like the Fonds de solidarité FTQ and the FondAction CSN do not have the ability to sell CIDA a program to help Brazilians set up a similar kind of fund, because there is a complete separation. Based on what you saw when you were an ambassador or during your career with Foreign Affairs, do you think we could do something more in that respect? We might make a greater use of what I call civil society to establish special relationships. I am using the example of Brazil because, as I said earlier, I have been able to see that Canadian and Quebec organizations have a high profile in that country, however they are totally left out in our approach.

[*English*]

Mr. Anthony Eyton: It could be that you could engage, more effectively, civil society in putting a much more solid foundation in place for Canada-Brazil relations. The Brazilians are quite sensitive to this, though. The Brazilians, it seems to me, are quite sensitive about encouraging, for example, a foreign labour organization to have much influence over labour matters within Brazil itself. They have certain sensitivities about foreign involvement in their society.

That said, there is room for all sorts of collaborative arrangements. There are things we can do. For example, there are already some discussions about waste management and port development. This is an ongoing collaboration, again, between individual Brazilians who've come up to Canada to look at our ports or look at the way we manage our waste; and vice versa, I presume Canadians have gone down there. That's something quite specific. Their problems are very similar to our problems in terms of their ports; the littoral of the country is the same as ours; waste management is an issue for all modern economies; and so they've decided they can learn things from us, and presumably our municipalities and our port managers have determined there's something we can learn from Brazil. Therefore, there is an equal exchange. That's a way you can strengthen underpinning of support for a much broader, stronger relationship.

Similarly, we have a bilateral group that talks about science and technology on a regular basis. My fear is it's probably a delegation led by the Department of Foreign Affairs and International Trade, and therefore they have rather general discussions that don't lead to anything too specific. But in the area of science and technology—certainly applied science and technology—there is room for collaborative research efforts between Brazil and Canada that would engage our researchers and our companies in real, concrete projects that would have true applications in important sectors for both countries.

If, through CIDA or whatever, we could put some funding behind a program of that nature, in which we would fund our part of the collaborative research program and the Brazilians would fund their part of it, it would be seen to be a relationship of equals. That, again, would be an involvement of a broader part of Canadian society in the underpinnings of a much broader and stronger relationship. There is

room for this sort of initiative, but it has to be one in which their participation is equal to our participation, and the two groups come together as equals.

When I was ambassador in Brazil, I was always concerned that when we had important senior leaders from Canada coming to Brazil, they seemed to have a condescending attitude, maybe from the briefing books they were reading on their way down on the airplane. What I always used to do was start off the visit on the top of the FIESP Building in São Paulo. We would get one of the banks there to put on a helicopter for a helicopter tour of the city of São Paulo for our newly arrived visitor. I found it was very helpful in ensuring that the minister, or whoever, from Canada had a better understanding of the power of the Brazilian economy. It only takes a few minutes in a helicopter over São Paulo to realize you're dealing with a serious economy. President de Gaulle is famously reported to have said that Brazil is not a serious country; it is a serious country.

• (1725)

The Chair: You actually have 30 seconds, if you want to take advantage of them.

[*Translation*]

Mr. Pierre Paquette: Thank you.

[*English*]

The Chair: Madam Jennings.

A voice: You can't do anything in under 30 seconds.

The Chair: You can make a comment.

Hon. Marlene Jennings: My last question has to do with the issue of immigration and visas. As Monsieur Paquette mentioned, it's something virtually every one of our witnesses who deal with the export market has raised.

I have a lot of businesses in my riding that do export. They also do business, signing contracts with companies in China or in India, where a portion of what they do is actually manufactured there or they get the contracts to manufacture the components in my riding. As Mr. Paquette mentioned, a company that wants to sign a contract wants to visit the facilities.

It's interesting; when there's been a blockage on a visa and I've inquired with the visa section in China, for instance, if the trade commissioners there have been involved in the file, there's virtually never a problem with the visa. It's when our trade commissioners have not been involved, and why would they if the company has been doing business in a particular region or country? They have their own networks, their own contacts, so they're not going through our embassy or our consulate. That's where the problems arise.

You raised this next point, Mr. Comerford, when you said even when you sign the letter of endorsement on your own letterhead, it might or might not tip the balance. One of the points the companies in my riding have raised is that they have never been able to get Immigration Canada's visa section to give them a specific list of documents that are required in order to get a visa when you're coming here on a business trip. Wouldn't that be the very first step Citizenship and Immigration should establish? It could differ from country to country, but they could establish an actual list of documents so I could tell my companies, you do the work to make sure that before the request goes in, the documents you know are required are actually there. Would that not be just a first thing?

Secondly, once that's done, there's a risk analysis on the very first application. If the person passes that risk analysis, then you use the history. This means that the first time it may take more than 24 hours; it may take two months, but once it's been approved and the person has come and gone, then every subsequent time it should take a diminishing amount of time to get it.

• (1730)

Mr. Gary Comerford: I think I need to make a clarification in defence of our immigration department in some respects, and that is, when I do issue a letter, it goes much smoother. What it means is, as you say, there's a protocol; there's a letter. It helps. People who want to do business don't always know who to get a letter from. They don't know a letter works. We've been doing this for nine years now, so we've got it down to a system and have it figured out. So in all fairness, the more proof you can give in the statements...it does work.

As for whether it should take two months or still should take two weeks, I'm of the belief that the two weeks is still much better than the two months, but I appreciate the issue.

So I think a specific protocol is very important. This is what's required, and if that can be communicated, that can't do anything but help.

Hon. Marlene Jennings: But it should be standardized. If someone in India—

Mr. Gary Comerford: Being standardized would help.

Hon. Marlene Jennings: —is potentially going to do business with a Canadian firm and has a good business reason to come to Canada, they should be able to contact someone or go on the web and see that for someone from India who is coming to Canada and is requesting a visa for business persons, this is the list of documents you require. If in some cases they have to be notarized or they have to be original documents, it should all be there, and it's not.

Mr. Gary Comerford: Well, there are little tricks you learn. For example, often when you're doing business, to help prevent this coming through, you want multiple entrance visas. In the letter, I usually write particularly that I know the individual. I'm validating this individual; I'm saying it's okay for the person to come into the country. I don't take it lightly. But I'll say "for multiple visits". I use that because it reduces the hassle going forward.

Ms. Margaret Cornish: Just to clarify, the idea of a fast track is that when the relevant business organization, or all members of it, write a letter, it goes; that's there's a—

Hon. Marlene Jennings: That could be part of the document required, for instance. But that it be known ahead of time is one of the issues, my companies say. They'll say they had one of their clients apply for a visa; they provided documents A, B, C, and D and got the visa. Client B applied for visas with documents A, B, C, and D and was refused: "It's two months we've been working on it, and we're trying to find out what the problem is. We're being told, 'We can't tell you because of privacy issues.'"

I tell them to get a written authorization from their client informing Immigration that they have—

Ms. Margaret Cornish: You found that worked?

Hon. Marlene Jennings: It works for me.

Ms. Margaret Cornish: I'm going to start referring things to you.

Mr. Gary Comerford: Also, for me, in business one technique we use is marketing research; in other words, we know our clients. I would love, whether it be my China market, the Indian market, or the Brazilian market, to truly understand what businessmen think. What are their expectations? To spend just a little money on primary research, to understand not just what we're saying here before a committee—and sometimes we're very removed—to understand those people who are really at that coal face, dealing with it every single day, then you've got facts. I think that type of research would serve us all better in doing a better job.

The Chair: As we close on this issue, let me convey to you that there have been very few presenters here who have not brought up the immigration issue, the multiple visa issue. But it takes two to tango, and as much as I know we're encouraging the system to make some changes, as Ms. Jennings suggested, and maybe standardize them, it is also incumbent upon the people applying from the other part of the world to make sure their documents, as I think was mentioned earlier... It makes no sense, when a recognized company here invites person B from over there, who comes from a recognized organization, that it not be fast-tracked.

Let me just ask in closing, with respect to EDC, given how we are changing our exchanges, trade, etc., do you think it should maybe broaden its mandate today, because we're looking at technology transfer and at various other aspects, to get away from that box they've been in and—I say this in a good, constructive way—look at what other means and ways they could support Canadian initiatives, so that we can expand into some of these markets you talked about?

In closing, concerning foreign investments as well, we've heard from other witnesses, and some of the concerns—I'd like just a quick response on this—in going to other countries are in terms of protection, in terms of making sure their investment is.... And whenever there is an appeal, how would enforcement apply? How will compliance be sought? Is it going to be a cumbersome system, where two, three, or five years down the road they're laying out tremendous amounts of money in hopes of protecting themselves?

What would you say on that?

• (1735)

Mr. Gary Comerford: On EDC, I think it's up to the government to figure out the mandate. What I will say is that sometimes we struggle to find what word we are going to.... Is it trade? Well, it's not just trade. Does Sun Life trade? We have approximately 12,000 people handing out Birla Sun Life business cards in India today. I remember saying this to Minister Axworthy: every job we created in India helped save a job in Canada and expand our economy here to keep a very high-tech, high-paying job. I'm a big believer in that.

I show up on no government statistics. When you talk about trade between India and Canada, they don't know where to put me, because I'm kind of "out there". Yet I'm certainly able to get the attention of House committees and ministers and other people where you give me marvellous help. But it's the realization that in the Canadian economy, whether it be through the service industry, the raw material industry, or the tech industry, what's happening in offshoring is a reality, and we'd better figure out how to take advantage of it. We now must embrace a world economy, and that's what's developing. We can't add the sums as easily as we used to. That, de facto, will change the mandate of some of our key organizations that have helped implement government policy. So it's always refreshing to step back and have a look.

The Chair: Thank you.

Please, Mr. Eyton.

Mr. Anthony Eyton: Our membership does not have any problems or comment with respect to EDC.

I just want to repeat again my plea on visas. I know post-9/11 the situation changed, and we all have become much more conscious about our collective security. Britain certainly is concerned about its security, I presume, and they are an active participant in the war in Iraq. And yet for one reason or another they do not have a visa requirement for Brazilians coming to Britain, and vice versa. If they don't see any risk in having Brazilians come to Britain whenever they choose, at any time of their choosing, I'm not entirely certain why we do. We didn't use to have a visa requirement for Brazilians coming to Canada, and vice versa; now we do. Now we take the full two to three weeks to process the visa in Brasilia.

And Ms. Jennings is absolutely right, if the trade commissioner weighs in, sometimes it happens a little bit more quickly. And then the Brazilians, for their part, are quite willing to issue the visa in six hours, except that they have a quid pro quo: they will make sure they take just as long to process their visa as we do our visas. So it's a stupid quid pro quo situation that doesn't seem to be based on any risk factor. There are no illegal immigrants coming in from Brazil, there are no individuals claiming refugee status from Brazil, and there's no security issue at play with respect to Brazilians; therefore, there should be no visa.

The Chair: Thank you very much, and thank you for coming before our committee.

With that, we'll adjourn.

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