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Mr. Leon Benoit

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• (1535)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone.

We are here today pursuant to Standing Order 81(4) to deal with the main estimates for 2006-2007, votes 15, 20, 25, and 65 under the Department of Foreign Affairs and International Trade, referred to this committee on Tuesday, April 25, 2006.

Before our committee today we have the Honourable David Emerson, Minister of International Trade, appearing for the second time in our short existence.

I'd like to welcome you, Mr. Minister, and thank you for making yourself so readily available to the committee.

If you would introduce the people with you, make any statement you'd like to make, and then we'll get straight to the questioning.

Hon. David Emerson (Minister of International Trade): Thank you very much, Mr. Chairman.

Honourable colleagues, it's good to be back here again.

I have with me today the people with all the real answers—to the hard questions, that is. With me are Marie-Lucie Morin, my new deputy minister; John Gero, the chief trade negotiator for the Government of Canada at the WTO and indeed across all of our trade negotiations; and Kathryn McCallion, our chief financial officer, who grumpily takes care of all the numbers and makes sure they're right.

I'm not going to read a written statement, Mr. Chairman. I thought I'd make a few brief comments.

How many minutes do I have?

The Chair: You have ten minutes or more, Mr. Minister.

Hon. David Emerson: Let me just give you a little bit of an overview. I've been in the portfolio now for about three and a half months, and I think it's probably timely to give you a perspective as to what I'm thinking about in terms of priorities and Canada's trade position, where we've been, where we are, and some of the issues that I, as minister, and you, as a committee, need to turn our minds to over the next few months.

I would say, first off—and this will come out as part of an international trade report we'll be releasing on Thursday—that Canada's trade performance and our economic performance has been really quite good, if not stellar, the last few years. You'll see on Thursday that our exports are going to exceed \$516 billion for the

year 2005, which is a record. Our current account surplus is going to again be of record scale. When you look across the economy, we've seen a very strong macro-economic performance in Canada, whether you're looking at job creation, the unemployment rate, or the growth in investment in retail sales.

Generally, throughout the economy there has been in Canada a very strong economic performance, but I would caution members of the committee, and I would caution you in the following sense: that a lot of the economic strength that we have seen, both in terms of trade and in terms of the macro economy, has really been strength that comes from a couple of sources that we cannot be sure will be there and provide the same kind of momentum going forward.

First off, committee members will know that we've had very strong commodity markets over the last few years, particularly in energy, but extending to a variety of commodity products. That has created an enormous economic stimulus in Canada. It's a stimulus that is welcome, and it has provided all kinds of opportunities for Canadian companies that have the opportunity to participate in the natural resources play, but it also has some other implications. People will realize that the Canadian dollar has risen dramatically in the last three or four years. Indeed, I think we've seen something like a 40% appreciation of the Canadian dollar, and most analysts will attribute the performance of the Canadian dollar largely to what's happened in the natural resources economy. The rise in the dollar, then, has repercussions for the rest of the economy, the manufacturing sector in particular, so we've seen some of the ripple effects of the strong economy showing up in pressures on manufacturing. It starts to translate into regional pressures, because manufacturing tends to be regionally concentrated in this country. So we have had, on top of a stellar performance, some emerging frictions that we should talk about as part of today's deliberations.

We've also had a very strong boost in economic activity, employment, investment, and just general economic activity over the last eleven years pursuant to NAFTA. We entered into the North American Free Trade Agreement on January 1, 1995, I think, and over the last eleven years most would say that NAFTA has been very good for Canada. Unfortunately, in spite of 97% to 98% of our trade under NAFTA being very positive and trouble-free, we've also had some NAFTA-related frictions, of which softwood lumber is the most prominent.

- (1540)

Unfortunately, in the United States, in Canada, and indeed in Mexico, NAFTA has been seen by much of the public not so much in terms of the very positive aspects, but in terms of some of the trade frictions. Here in Canada we hear all the negatives about NAFTA in terms of the trade frictions, and on the American side of the border it is not any better. There are a lot of misgivings about NAFTA on the U.S. side, and the same applies in Mexico.

Looking forward, we're going to have to give a lot more attention to how we secure and improve and fine-tune the North American Free Trade Agreement to ensure that the opportunities NAFTA has created for Canada continue to grow in the future.

When you look around the globe and look at the context in which Canada will have to be a successful trader, we also observe that the process of globalization has fundamentally altered the international economic landscape. We're now in a world where you don't think so much about what to export to whom; you think in terms of global supply chains.

Global supply chains mean that we are often exporting and importing massive amounts between countries in the same industry. We're in a world where the global economy is served through supply chains, which entails investment, often in multiple countries around the world.

That creates a new world in terms of international trade and how Canada can continue to participate, going forward. Because it really means that for Canada, it's not good enough to focus only on exports or imports or the trade balance. We have to turn our attention to the flow of international investment. And it's not just the flow into Canada, which we clearly value and would like to see grow. It's also the flow of Canadian investment into other countries, because without that two-way flow, we are simply not going to see the trade performance or the development of efficient global supply chains in which Canadian companies and workers can participate.

Those are the kinds of challenges we're facing, going forward, and it really means for Canada that we have some serious work to do. When I say serious work, I'm thinking in terms of the architecture of our trade agreements.

We all know, almost by rote, that Canada depends on a stable, secure, rules-based trading system. That's really what allows a small trading economy like Canada to prosper in a global economy with giants like the United States and emerging giants such as China and Europe and others, and to participate in a reasonably fair and somewhat more equal way.

So we have to focus on the WTO, which is the framework within which rules-based trade is established multilaterally. It really is the only framework in the world where there is a genuinely international legislative framework that defines the rules of trade and investment.

NAFTA has been extremely important, as I said earlier. But we have to remember that NAFTA is not an agreement based on a transnational legislative framework. NAFTA is an agreement among the three partners, but disputes under NAFTA, as we know all too well, are adjudicated on the basis of domestic laws.

When people talk about chapter 19 and dispute resolution in NAFTA, what they're really talking about is whether the Americans are applying their own laws correctly. Those who would say, for example, with respect to softwood lumber, that we should fight it out, we should litigate, we should look for endless legal victories, and that will save chapter 19 of NAFTA are really kidding themselves. Because what they're really doing is creating an environment in which a protectionist Congress will simply start to look at its own laws and make adjustments, or pass new laws, and make it much more difficult to win chapter 19 and dispute resolution cases.

- (1545)

That's dispute resolution under NAFTA. It's not pretty, but it's what we have and it's better than nothing.

There are advantages to having NAFTA chapter 19, as I said the last time I was at the committee. It gives us an opportunity to recover duties after we win a dispute. But NAFTA needs some more work; it needs collaboration, and it needs good will among the partners in order to make it a more effective instrument in going forward. That will be a critical priority.

I would also point out that Canada has fallen behind over the last ten years in terms of launching bilateral free trade agreements with other countries. When you look at the United States and Mexico, you're looking at countries that have entered into a multitude of free trade agreements with other countries. The United States has 12 free trade agreements with 18 countries. Mexico has 13 free trade agreements with 43 countries. Australia has been aggressively forging free trade agreements. Canada has really only entered into one free trade agreement in the last five years, and that was with Puerto Rico,

If you believe, as I do, that Canada and our prosperity is going to be fundamentally driven by international trade, we have to re-energize and focus on a successful WTO round. We also have to hedge our bets and look at more aggressive negotiations of bilateral free trade agreements. The free trade agreements of our trading partners are creating advantages for our competitors in third country markets. We cannot sit back and simply allow Canadian companies to be discriminated against as a result of what has become a competitive proliferation of free trade agreements.

Perhaps I'll end on the general issue of competitiveness. People will realize that there's been a lot of talk about productivity performance in Canada in the last few years. Our productivity has not been great. Our competitive position, even though we've had a strong macro economy, has not been very strong and we've been falling behind the United States, not to mention some of the really fast-growing, high-octane economies in the world.

As part of our trade development program in going forward, we're going to have to focus on the nexus between trade and competitiveness. It will mean that we'll have to look at a lot of domestic policy issues running from taxation through to regulation, infrastructure investment, gateway transportation logistical systems, and infrastructure in terms of broadband and access to the information economy. All of those areas of public policy are going to be central to ensuring that Canada's competitive position is strong when going forward.

The bottom line is this. Canada is the most trade-dependant economy of the major industrial economies, which means our trade performance will cause us either more happiness or more pain when going forward, depending on how we do in relation to competitiveness and how we do in relation to evolving trade agreements. It will be a fundamental driver of the Canadian economy, wealth creation, our ability to fund social programs, and our ability to provide the kinds of employment opportunities that our kids and our grandkids are going to aspire to.

Thank you, Mr. Chairman.

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

It was a very good summary of what's happening in your area. It's a bright picture, with some dark clouds and some caution over the horizon.

Before I open it up, I want to comment on the bells. The votes are apparently at ten after. If we don't get information to change that, we should leave at about five after.

I'd like to have as many questions asked of the minister as possible, so we'll go right to the official opposition, followed by the Bloc and the Conservatives.

Mr. LeBlanc, go ahead.

• (1550)

Hon. Dominic LeBlanc (Beauséjour, Lib.): Thank you, Mr. Chairman.

Thank you, Mr. Minister, again, for making yourself available to the committee. We had a discussion on softwood with you some weeks ago. You came back very quickly on the main estimates—I certainly appreciated that—with your officials, who we also welcome to the committee.

Mr. Chairman, I had two questions for the minister, and if there is some time remaining before we move down, or go to the vote, I know Mr. Maloney also had some questions, or perhaps he'll come to them on the second round.

The previous government had looked at a proposal called CAN-Trade. I know you were familiar with that in your previous capacity. In my understanding—and you would perhaps have more details than I had—it was a proposal for about \$470 million over five years to increase the budget of your department, to communicate challenges of new markets to small and medium-sized businesses, to showcase Canada as a potential high-tech joint venture partner and a place in which to invest in order to access NAFTA, to help some of the small and medium-sized businesses break into some of these new and emerging markets, and also to increase the presence of trade commissioners and people who work in your department, who from my experience do phenomenal work in difficult circumstances, in places like China.

One of our colleagues was suggesting increasing from five posts to 25 in China, because there are 53 Chinese cities with over a million people, for example. You would know this, Minister, better than the rest of us. I'm wondering what your department's plan is with respect to the CAN-Trade initiative. Do you see that increased funding on the horizon, and if so, how would you be using that

additional money to improve, as I say, what I think is the phenomenal work that your department does at various posts around the country and here in Canada?

I have a second question, and I'll give it to you, Minister, so that you can perhaps answer without my having to interrupt you again. When you were here, we talked about remanufacturers with respect to softwood lumber. You said—and I thought that was very positive—you hoped to perhaps appoint a person who could really address directly the concerns of the remanufacturers. I know that they still have major concerns with respect to the potential softwood deal. I'm wondering if you have appointed somebody who is now in place to work with them on a thing like, for example, a carve-out quota, or some provision so they don't end up getting a haircut inadvertently in some future deal.

Similarly, you had talked about looking at options to get some of the deposit money into the hands of Canadian companies, which I know are in very difficult circumstances, sooner than perhaps the normal mechanism, complicated as it is, might allow. You said your department was looking at options or something, recognizing that perhaps six, nine, or twelve months may not be acceptable. I'm wondering if you have an update on what that might be.

Thank you.

The Chair: Minister, I have to caution you that you're limited to four minutes for a response to keep within the time allotment.

Thank you.

Hon. David Emerson: Is that four minutes for all of his questions?

The Chair: Yes, it is.

Hon. David Emerson: On CAN-Trade, we are doing a strategic assessment right now. I would say I am, and have been in the past, very positive and supportive of more resources to be put into trade development. That's a combination of International Trade and Foreign Affairs, Export Development Corporation, Canadian Commercial Corporation. We need more boots on the ground and we need more people who understand what the value proposition is to the private sector to have government people providing them with information to open doors for them, to help them identify and execute joint ventures, and all that kind of thing. I'm very supportive of that.

I believe the way we need to approach it, however, is to start with the architecture of our trade agreements. In other words, in the case of China we really do need to make more progress, and we are making good progress on a foreign investment promotion and protection agreement. The architecture needs to be put in place. We're very close to signing a science and technology cooperation agreement with China. Again, we need to create the policy trade investment architecture under which we can then encourage our entrepreneurs and businesses to participate in foreign marketplaces.

The first priority is to focus on the architectural fixes that need to be put in place. We are developing some proposals that will be not dissimilar to CAN-Trade and will be considered by the government going forward. I can assure you that it is something we've got to put our shoulder to.

On the remanufacturers, we have appointed on contract a gentleman by the name of Doug Ketchison. His job is solely to focus on remanufacturer value-added issues and to look at how we can, in the fine-tuning of the agreement going forward, ensure they are treated in the most advantageous way possible. There are complexities, as you perhaps know, because some remanufacturers actually have forest tenures. That creates complications, as you know, because it's the tenure holders who are really the target of this protectionist attack to begin with.

On the matter of deposits, we continue to examine in the context of finalizing the legal detail of an agreement how we might be able to ensure a more rapid payout of deposits than what might otherwise be the case. As you know, if we carry on with litigation it will be years before people see money, or it may be never. We think we can create a basis for an accelerated payment and we're looking at options for doing that.

• (1555)

The Chair: Thank you very much.

Mr. Paquette, for seven minutes. We'll get about five in before we leave and you can have the remaining two after.

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Very well then. Thank you.

Thank you, Minister, for joining us. Since we are talking about credits, I'd like to broaden the discussion a little. I too have several questions concerning the softwood lumber agreement negotiations. First, however, I'd like to know two things.

Firstly, the International Policy Statement put forward by the former government contained an international trade component. Does this statement still have some merit, or is the Conservative government planning to formulate a new policy on international affairs, one that, obviously, would have an international trade component? If so, how will parliamentarians be involved in the process?

Secondly, you pointed out that protectionism was on the rise in the United States and that throughout the Western world in general, and I might even venture to say, everywhere in the world, people are wary of globalization and market liberalization. This is evident at the WTO. It's not just the protesters who are leery. I'm talking about countries like Brazil and India that are bucking the strong trend that prevailed several years ago. The notion of a Free Trade Zone of the Americas has been completely dismissed, particularly by MERCOSUR. Even NAFTA is being challenged throughout North America, and in Mexico in particular. People are highly distrustful of the Security and Prosperity Partnership of North America; they do not understand its full implications.

This brings me to the following question: how transparent will government's and the department's ongoing negotiations at the WTO level with Korea and the countries of Central America actually be? Without wanting to point any fingers, we often feel that we're chasing after information. With respect to services, negotiations are again moving forward. I met with Mr. Gero and put the question to him. That's the response he gave me. It's not that he was unwilling to provide me with an answer. I hadn't had the opportunity to put the question to him.

In my opinion, we need to develop a mechanism with parliamentarians and civil society groups, in order to get a clear picture of what's at stake and of the ongoing negotiations.

The CAW is currently campaigning against a free trade agreement with Korea. They are concerned about the automobile sector. Is their concern justified? I can't answer that question, but no doubt this agreement would adversely affect a number of regions, particularly some in southern Ontario, if it lacked transparency and if the concerns of the public were disregarded.

My other question concerns the legislation to implement the framework agreement with the U.S., as you just alluded to. When I put a question to you in the House about this very subject, you also hinted at a notice of ways-and-means motion. Therefore, provided there is still some time remaining, can you talk to me about these two initiatives and what role they will play?

• (1600)

[English]

Hon. David Emerson: First off, on the international policy statement, it's not my primary mandate to deal with that, other than the trade-related component. I would say this: we are not contemplating any fundamental changes or rethinking. What we're looking at is assessing within that policy statement what our priorities ought to be.

We may look at some adjustments in terms of which countries ought to be in what priority and in relation to what particular type of negotiation, but by and large I would say we are looking at continuity from the international policy statement that was in place before. Any changes, I would think, would be largely incremental, and we would be communicating them with Parliament, through this committee, for example.

I would just also say that with respect to trade negotiations generally, WTO and bilaterals, I'm perfectly willing to have our officials come and give complete briefings, as complete as they can give them subject to the fact that these negotiations are constantly in motion. Things are constantly changing. We are prepared to be as open as we possibly can and make sure that we are not springing anything on Parliament without some buildup of communications.

I think the Conservative government is also committed to a relatively forthcoming involvement of Parliament in international treaties. That, of course, is subject to some better definition, but I understand, as a general matter, our party is committed to an involvement of Parliament in treaties.

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

We'd better go for the vote now; we have about three or four minutes to get there.

Mr. Paquette, you'll have about a minute and a half after the vote —

[Translation]

Mr. Pierre Paquette: This is in answer to my question concerning...

[English]

The Chair: And we'll carry on as soon as we have three people here, I believe the requirement is, including the questioner.

So let's break for the vote.

• (1600)

_____ (Pause) _____

• (1630)

The Chair: Let's resume the meeting. The minister has to leave at 5:30, so we will question him until that time.

Monsieur Paquette, you have a minute and a half left, so go ahead.

[Translation]

Mr. Pierre Paquette: I think you need to brush up on your French, Mr. Emerson.

I have a question for you. Some time ago, you spoke to us about legislation to implement this export tax. I put a question to you in the House about this very matter and instead, you alluded to a possible notice of ways-and-means motion.

How exactly do you plan to proceed? By way of legislation or by way of a notice of ways-and-means motion, or both?

If you opt for a notice of ways-and-means motion to bring in an export tax, then such a tax would take effect immediately. There would be no need to vote on this initiative right away. Does that mean that even before the actual agreement is finalized, a tax could be in place, obviously, if prices fall below...?

Could you shed some light on the subject for us?

[English]

Hon. David Emerson: We think that we will probably do both. We would like to get a ways and means motion, at a minimum, in the House before the summer. On legislation, we'll have to see how our negotiations progress and how legislative drafting progresses to see if we can get that done. We believe, and I am advised, that we will need both a ways and means motion and legislation, but I would think ways and means would come first.

[Translation]

Mr. Pierre Paquette: If an export tax is brought in by way of a notice of ways-and-means motion, would this tax take effect immediately, assuming the price of lumber falls below the \$355 threshold?

[English]

Hon. David Emerson: That would be my hope. My hope would be that we could get moving to access the deposits as quickly as possible, and put the new framework in place as quickly as possible, but my deputy minister may have a different view.

[Translation]

Ms. Marie-Lucie Morin (Deputy Minister, International Trade, Department of Foreign Affairs and International Trade (International Trade)): Thank you, Mr. Paquette.

First of all, we need to finalize an agreement with the US. However, the ways-and-means motion takes effect once it has been tabled. That's how it works.

[English]

The Chair: Thank you, Monsieur Paquette.

To the Conservatives now, for seven minutes. Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Thank you very much, Chair.

Minister, thank you very much for your briefing today.

I have a question that's not on softwood lumber. It's a question to do with the integration of International Trade Canada and Foreign Affairs Canada. As you are aware, these two organizations have basically been acting independently, and our government made an announcement in February 2006 that we would reintegrate these two departments. So just looking at the estimates, I'm wondering what sorts of costs will be associated with the reintegration of the two departments. I'm also wondering if you could enunciate for us the benefits to Canada and trade by re-amalgamating these two departments.

• (1635)

Hon. David Emerson: We think the costs of reintegration will run at roughly half a million dollars and that they will be absorbed within existing budgets.

In terms of the benefits, I think the benefit is that we will have a more integrated, more seamless, more informationally efficient face to the world, and feeder system from it, for bringing information back into Canada to serve our various constituencies and stakeholders. The more that foreign affairs and international trade people are interacting, the more informed their decisions and advice are going to be. Generally speaking, I think we will have a much more holistic presentation—though I hate these kinds of words—of Canada abroad, and a more holistic presentation of information back to us, including service to our customers.

Mr. Pierre Lemieux: Okay, thank you.

I'll share my time with the parliamentary secretary.

Ms. Helena Guergis (Simcoe—Grey, CPC): Thank you.

I'd like to thank the minister for being before us yet again.

My question will be about softwood lumber. There is an increase of almost \$14 million for softwood lumber litigation in 2006-2007. How much has the department spent on litigation in the last five years, and would we be able to save on these if the softwood lumber deal is approved?

Hon. David Emerson: By our estimates, the Government of Canada has actually spent about \$88 million over the last five years on expenses. International Trade Canada is about \$50 million of that, so some part is accounted for by other departments.

I should observe that when you look at the expenses incurred by Canadian industry and provincial governments, and when you look at the expenses incurred on the other side of the border, you're looking at hundreds of millions of dollars. That doesn't even include the managerial resource costs for companies having to comply administratively with these investigations and legal cases.

I would note particularly that the dumping case is extremely expensive, in terms of the company resources required to provide all the information that the Department of Commerce requires. It's a case that can go on for years, and those expenses persist for years. So the costs of litigation are extremely high, in terms of management, companies, and governments, both federal and provincial.

Ms. Helena Guergis: Thank you.

You've often spoken about the relationship between Canada and the United States. You did have a NAFTA meeting with Mexico in March. What is it that you think Canada needs to do specifically in order to improve upon and move forward with NAFTA?

Hon. David Emerson: As I said in my introductory comments, NAFTA has been in near unanimous agreement among analytical people, which has been a very big benefit to Canada. Over the last few years, I think NAFTA has become a bit of a negative for Canadians, through the media and because of the prominence of issues like softwood lumber. It's been seen by most people as characterized by significant problems. So it's getting a bit of a tarnished image.

As I also said in my introduction, that same attitude is prevalent in the United States and Mexico. NAFTA creates an agreement and a basis—a framework—for free trade, but a framework built on domestic laws. If you have ill will in any or all of the countries, then domestic laws can evolve and be changed in ways that hurt NAFTA and undermine it. Therefore it is very important that we maintain and nurture goodwill among NAFTA participants, in order to avoid the undermining of NAFTA through regulations: through legislation that can be quite compliant with NAFTA, but destructive of it.

The meeting in Acapulco was the first time the NAFTA commission actually met and talked about the future of NAFTA, and how we could work more collaboratively to ensure that it is a healthier, more vibrant instrument. We recognized that North America has an opportunity to create integrated supply chains, which, if they are running smoothly without impediments and disruptions at borders, can make North American industry more competitive against the outside world.

It's my view that if we do not take advantage of NAFTA as a way of making sure our auto industry or our technology industries are participants in efficient supply chains, then we are going to pay the price internationally. Because what you'll find, in terms of the world economy today, is that competitiveness derives much more from clusters of companies and the movement of goods, inputs and people—from capital, ideas, information between a multiple.... Literally thousands of companies in a supply chain are in a cluster.

That's where competition comes from, much more so than just the efficiency of an individual plant, like an auto plant or a lumber mill. Efficiency of factories is important. But in terms of overall competitiveness in the global economy, you're seeing much more efficiency come from the supply chain itself and from the way the supply chain integrates suppliers and integrates down to the marketplace, in terms of logistics, transportation, and so on.

•(1640)

The Chair: Thank you, Mr. Minister. Thank you, Ms. Guergis.

We'll go now to Ms. Bell for seven minutes, and then to the Liberals for the five-minute round.

Ms. Catherine Bell (Vancouver Island North, NDP): Thank you.

I would like to thank the minister for coming before this committee. I'm replacing Peter Julian today.

I have a couple of questions about softwood, NAFTA, and free trade. In your opening remarks you talked about a lot of jobs being created and a good climate, but also the effects of the Canadian dollar.

I'm from Vancouver Island north and represent people from forest industry towns. A lot of jobs have unfortunately been lost due to raw log exports. Mill jobs have been lost because of the impacts from the softwood lumber dispute. The rising dollar is also impacting some of our kraft paper mills. They're seeing the effects of that. That's just to give you a bit of sense of where I come from.

On the softwood lumber issue, I see that an independent arbitrator from London, England, has been named. Is that in this budget? Is that person who was named in the agreement? Are those costs projected in this budget? How often would we expect that person to be used, if that's the case? We're just hearing these things. Is there a budget assigned? Why would we have an independent arbitrator if we already have a dispute resolution mechanism under the free trade agreement?

We're also hearing rumblings in B.C. about an alternate version of the deal that the Americans have presented to their government. If that's true, how do we reconcile that? Will there be extra costs in the negotiations of that deal? Will that increase the timelines for the settlement process? What will the financial impacts of that be?

On free trade, you also talked a lot about how NAFTA is not perfect—and we've always known that. I think negotiations have been started to resolve some of the issues there. But when you talk about looking at all areas of public policy under trade agreements, will you commit to looking more at fair trade agreements? Will you have witnesses come in to explore some of the processes under fair trade rules that will be beneficial to the economies in other countries where we have trade dealings, and are also better for the environment and the economy? We've seen a lot of success with fair trade goods. It's in the public mindset, and I think it's something this government needs to explore.

Thank you.

•(1645)

Hon. David Emerson: Thank you very much, and welcome to the committee. It's good to have somebody from the north island talking about forestry.

In terms of the independent arbitrator, there is a provision in the framework agreement for an arbitration mechanism outside NAFTA. As you know, chapter 19 of NAFTA is the primary dispute resolution mechanism, but when you go to chapter 19 there are all kinds of problems.

You don't need to have a very persuasive or powerful case if you're on the U.S. side and you want to bring a countervailing duty or an anti-dumping duty. In fact, we've consistently seen that the cases have been flimsy. But you can go through years and years of interim duties, where companies are paying out cash duties, and it takes something like five years, as we have seen, to bring the duties down to even a modest level.

Chapter 19 is a cumbersome way of resolving disputes. It is hoped that by having an agreement, first of all, the disputes would be relatively technical in nature and wouldn't be great neutron-bomb types of attacks or problems. Those would be better dealt with through an arbitration mechanism within the agreement itself. I would think that would be much cheaper than chapter 19, simply because you're not depending so heavily on big Washington or Toronto law firms, and so on, to do a lot of the work.

You referenced that a London arbitrator has been appointed. To my knowledge, there has not been a specific arbitrator and there is not a specific arbitration at this time. But the agreement provides for the arbitrators to be non-North American for the purpose of ensuring there would not be a perception or a reality of bias. That's what is going on there.

You spoke about Canada's position and a counter-position from the United States. That is true. In fact, what one tends to see in these negotiations is that Canada will put a position forward and the United States will then put a position forward. Everybody wants to hold the pen when drafting the agreement, because it's perceived that if you hold the pen, you have an advantage.

Right now we are in the process of trying to merge the U.S. text with the Canadian text. That's where the grinding and the bumping in the negotiations tend to occur. We're working through what the American side would like to see in the detailed agreement and trying to reconcile that with the Canadian side. It will hopefully work out to advantage.

Your concerns about public policy issues and fair trade are well taken. We are certainly cognizant of that. Indeed, when Mexico entered into NAFTA there was some kind of clause or provision included in NAFTA because of concerns about labour and the environment in Mexico. The same would apply with other free trade agreements. We would very much want to try to ensure that another country was not taking advantage of lax environmental practices, labour standards, or intellectual property protection as a way of competing against our companies. It is something that we consider.

• (1650)

The Chair: Thank you.

We'll now go to the Liberal Party, Mr. Maloney. I understand that if there is some time left out of the five minutes, it will go to Mr. Savage.

Go ahead, Mr. Maloney.

Mr. John Maloney (Welland, Lib.): I'd like to address the Canada-Korea free trade agreement that you're presently negotiating. Following that, there will perhaps be agreements between Canada and China and between Canada and Japan.

We now have a significant trade balance deficiency with Korea of roughly \$3 billion to \$4 billion a year. This translates into job losses in Canada. Specifically, the auto sector is under stress domestically. On the deficiency, I understand there are roughly 130,000 Korean vehicles imported and 400 vehicles exported; it's roughly 150 to one. A free trade agreement is likely to exacerbate this trade deficiency.

How do you intend to address the situation in light of the huge trade deficiency that we have?

Hon. David Emerson: Let me just begin by saying we are not proceeding with Korea with undue haste. We've been working on this for over a year, I think. We've been having consultations with industry.

We are working closely with the automotive industry. The automotive industry, as you know, has been a happy recipient of hundreds of millions of dollars of taxpayer money in Canada. We've worked closely with them on environmental safeguards. We have brought the Canadian automotive industry to a position of competitive leadership in North America, and I think that's widely recognized now.

If you look at the Canada-Korea relationship, you have to observe that Korea is going to be manufacturing a substantial number of vehicles in the United States. Those vehicles will have duty-free access to Canada under NAFTA. Eighty-five percent of Canadian vehicles are actually sold in the U.S. So the amount of competitive threat that the automotive sector faces in Korea is not as dramatic as is being portrayed.

There is no doubt—and we've been working closely with the auto sector on this—that there are non-tariff barriers to trade in Korea that are difficult to deal with. We've been meeting with the industry and with the industry in the United States and the U.S. government to collaborate on how we, Canada and the U.S., can ensure that any free trade agreement that the U.S. or Canada might put in place would be fair and would have adequate protections for the auto sector as well as other sectors.

I should point out, though, that the automotive industry is basically saying “We don't like free trade because the Koreans are going to be unfair and we won't get into the Canadian market; therefore, we want to have some quantitative test put in place. We want there to be a certain level of import penetration in the Korean market before Canadian tariffs come down.”

The reality is that if you were to apply to Canada-U.S. trade that same test, the trade balance test that was referred to by Stanford in his article in the paper this morning, we'd be in serious bloody trouble. The Americans would want all the jobs back that we have brought into Canada, because we have a favourable balance with the Americans. To make that argument with respect to Korea but not want to apply it with other trading partners strikes me as logically inconsistent, but we're working with them and we think we can get through it.

The Canada-Korea potential free trade agreement does have the potential to offer substantial benefits to Canada. We've quantified them and modeled them. They're well in excess of \$500 million, perhaps upwards into the range of \$1.5 billion to \$2 billion a year. So it's not that we're trying to get into a free trade agreement that is going to be harmful to Canada—quite the contrary.

• (1655)

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Do I have a second for a question?

The Chair: You have about a minute.

Mr. Michael Savage: Okay.

Minister, as a word on shipbuilding with the FTA with Korea, I'm glad to hear we're proceeding cautiously.

Last year it was my view that you had some sensitivity to the shipbuilding industry in Canada. It's not going through the best of times. It's an industry that's not as big as it once was, but in places like Nova Scotia it's important. I know you've met with industry, with unions, with a lot of people who were involved. I would just hope that's something you would continue to be sensitive to: the shipbuilding industry. I wonder if you might give us your thoughts on that.

Hon. David Emerson: Let me say right off that Minister Bernier is the minister who has primary responsibility for that.

However, generally speaking, I believe that as we move into trade liberalization and some of these bilaterals in particular, where we have sensitive sectors, there is a role for the development of sector strategies. When I was in industry and we were dealing with the automotive sector, the purpose of sector strategies wasn't to prop up a sector using the taxpayers' money for an indefinite period. The idea is to ensure that our policies and programs in government are such that we can move the industry to a position of global competitiveness, so you don't have to prop it up against foreign competition.

In the shipbuilding industry, I believe there is a potential to do that. I believe that Canadian shipbuilding and the marine machinery industry, or whatever they call themselves, have some significant technological and competitive strengths. We have the opportunity, with procurement, to ensure a long-term viable shipbuilding and machining industry in Canada. We have a program, the structured financing facility, as you know, which has been helpful. I hope it's an area we can focus on, going forward.

I've indicated to Minister Bernier that I'll be prepared to give him help and support to the degree that I can.

The Chair: Thank you, Mr. Minister.

I'd just like to say, Mr. Maloney, and you may know this, that we're having a meeting on the Canada-Korea trade relationship next Wednesday. That's a bit of a heads-up, in case you don't know.

For five minutes now, Mr. Carrier.

[*Translation*]

Mr. Robert Carrier (Alfred-Pellan, BQ): Good day, Mr. Emerson.

You recently demonstrated to us that international trade was a priority of yours, not just an election campaign issue. Congratulations on taking this position.

However, regardless of how the government, or a department such as yours, performs, the public tends to judge us on the basis of the number of jobs lost in certain sectors. The public tends to be critical of our performance when job losses occur. Regardless of our overall policies, if people lose their jobs, the government gets a negative rating. People wonder why it is not doing more to protect their jobs.

This brings me around to the bicycle manufacturing sector in which many jobs have been lost as a result of bicycle imports. The Canadian International Trade Tribunal did an in-depth review of the situation and found that, as you most likely know, domestic production has declined by 23% and that 259,000 fewer units were produced in this country. The situation is serious indeed. The CITT therefore ruled that Canada should impose safeguard measures of \$400, and less in the case of bicycles of lesser value, to protect the bicycle manufacturing sector and to save jobs.

One industry located in the minister's own riding sustained heavy job losses. In response to a question in the House, you stated that you wanted to keep prices as low as possible for consumers. However, that's a difficult choice to make when Canadian workers are losing their jobs.

Could you clarify your position on this matter? Why are you refusing to enforce the CITT's ruling?

• (1700)

[*English*]

Hon. David Emerson: As you know, this was a decision that involved extensive public consultation with retailers and with the industry. Not all of the bicycle industry in Canada wanted to have the duties levied that the Canadian International Trade Tribunal were calling for. As you perhaps know, the industry is basically a dichotomous industry. Some parts of it are manufacturing very high-end bicycles. They do not want duties, they don't want protection, they don't want their bicycle parts subject to extra duties and tariffs. Then there's the low-price-point part of the industry, which has asked for the protection.

In reviewing all of the considerations—and Mr. Bernier is quite knowledgeable, because he has a company in his riding—we reached the conclusion that with investments in technology and some upgrading of their capability they could be competitive and we would not have to impose those costs on the consumer.

[Translation]

Mr. Robert Carrier: These are hypothetical, rather than concrete solutions. I have to wonder why we even need the CITT if, after it proposed some safeguard measures, we then disregard its recommendations. You know very well that the Americans haven't shied away from imposing measures, even after these were found to be illegal. We have a firm ruling that allows us to enforce these measures that would give us quick results and that would be better than hypothetical solutions.

[English]

Hon. David Emerson: As I say, it was felt that there is a broader public interest to be focused on. The CITT, as you know, focuses only on the narrow issue of the validity of the request for protection; it doesn't consider the broader public interest considerations. When those were considered, the government came to the conclusion that it was in the broader public interest not to impose the duty.

The Chair: Thank you.

We'll go to the Conservatives now, to Mr. Cannan for five minutes.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chairman.

Thank you, Minister Emerson, for great opening comments and for the answers to these questions; it's very informative.

Coming from British Columbia, I want to focus on some of the opportunities I see coming from the private sector, just being in government here for the last few months. You talked about the lack of competitiveness and our declining productivity. Coming from the business sector, I would say one of the things you always capitalize on is your natural advantages.

What I see is the great geographic advantage we have with the coast of Vancouver. One of the other portions of your portfolio is the Pacific gateway. As you know, we've put \$591 million in May's budget. I wonder if you could explain how you see the gateway and the trade portfolios overlapping, and maybe even more importantly, how they complement each other so that we can maximize the value of our geographic location on the coast.

• (1705)

Hon. David Emerson: Thank you very much.

I mentioned earlier that competitiveness in today's global economy requires Canadian companies to participate efficiently and effectively in global supply chains. In order to do that, you really must have access to world-scale competitive logistical and transportation systems.

My portfolio includes the Asia Pacific gateway, which is a series of transportation facilities and corridors, primarily in western Canada, which, as we invest in them, and as other stakeholders invest billions of dollars in them, will give Canadian companies the opportunity to participate in just-in-time supply chains, to become suppliers to these supply chains, to manage these supply chains, and to be world-class competitors.

I might also add that the gateway concept has applications across the country. People will recall that when the Vancouver port had a

shutdown last summer, the repercussions were felt in central Canada, they were felt in Toronto, they were felt in Montreal, and they were even felt in Halifax. What we have to focus on is the fact that transportation gateways and transportation systems are going to be critical, not just to the west, but to all parts of Canada. And indeed, there is potential for gateways in eastern Canada, just as there is in western Canada.

I might underscore the fact that the transportation gateway concept in western Canada builds on the idea that we can move goods and services between Asia and all of North America, not just Canada. For example, when you ship containers through the port of Prince Rupert, you can then ship them right down the rail system to Chicago for dissemination into the United States market. You can do the same thing through Vancouver. Getting U.S.-bound products coming through our transportation system, and Asia-bound, U.S.-originating traffic going the other way, allows us to develop a transportation system that is far more efficient than if it were dependent on Canadian traffic alone.

So again, you're creating a transportation system and a competitive advantage that could be taken advantage of by Canadian companies. The same can happen in eastern Canada. We have the Windsor-border corridor. In a sense, that's a gateway. Montreal has been positioning itself as a transportation gateway, as has Halifax.

So the opportunities are substantial, and the link to competitiveness is very direct.

The Chair: One minute, please. Is there anybody on the Conservative side?

Okay, we will go next to Ms. Bell, from the New Democrats.

Ms. Catherine Bell: Do I get five minutes?

The Chair: Yes.

Ms. Catherine Bell: Thank you.

Just for clarification on the independent arbitrator who's outside the dispute.... I have a constituent who has a small flooring company, and he's being charged 20.24% duty by the Americans under the softwood deal. He's very upset, because he gets most of his wood privately on the open market, often from non-stumpage-based logging, and he also buys from a lot of small, single-man mill operators and pays much higher prices for the raw wood. And he's being charged on the finished product—it's milled, it's mitred, it's formed.

So would it be best for him to go through the arbitration process, or is there some other means to get resolution to this? Because he's having to pass the costs on to his American customers.

Who pays the cost, and is that under the budget? And if the dispute mechanism is cumbersome and doesn't seem to work.... Are we funding it to \$2.991 million, or is that billion? I'm not quite sure what the numbers mean.

• (1710)

Hon. David Emerson: I'm not sure what you're asking on this.

Ms. Catherine Bell: It's on the NAFTA secretariat section, under vote 65.

Hon. David Emerson: I'll come back to that.

On the NAFTA secretariat, there are staff who are working on NAFTA-related issues. We're always working on definition issues, on concepts of what we call rules of origin. There's a whole lot of administrative and analytical work that goes into just running the North American free trade agreement, and those are staff expenditures related to that. That's not related to dispute resolution.

On your flooring manufacturer, you have a letter there. I presume it's from the constituent. If you could give that to us it would be helpful. There are a number of producers of value-added products who have been brought into the case recently and are facing quite substantial duties. We're trying, as part of the negotiation, to wrap this up. We're trying wherever we can to get some of these producers excluded, or at a minimum more fairly treated. Perhaps you could pass that along to me. We're looking at a number of companies in that regard. In some cases we may get them out entirely, we just don't know, but we need the information. And that person should give it to us.

Ms. Catherine Bell: He may have sent you a letter, I'm not sure, but I'll pass it on anyway.

Hon. David Emerson: Who is the producer?

Ms. Catherine Bell: Woodland Flooring, Steve Roscoe.

Hon. David Emerson: Okay, pass it along.

The Chair: I have two minutes if you have more questions.

Ms. Catherine Bell: Where is the dispute mechanism resolution funded from?

Hon. David Emerson: That wouldn't be included in these estimates. This would have to be included on a go-forward basis. I'm not quite sure where the funding will come from for that; it's something we will have to work through as part of the finalization of the negotiations. It may actually be something that would be paid for out of some of the duties that are retained outside of the return of deposits to producers. I'll let you know.

Ms. Catherine Bell: Thank you.

The Chair: Thank you, Ms. Bell.

Mr. Temelkovski, for five minutes.

Mr. Lui Temelkovski (Oak Ridges—Markham, Lib.): Thank you very much, Mr. Chair.

Thank you, Mr. Minister.

International Trade Canada was requesting \$173 million, including \$130 million to forgive certain debts to African countries in November, or in the fall budget of 2005. It looks like the department has not requested that through government warrants. It's not clear that the funds for the debt relief are in the 2006-07 budget. Did the department find another mechanism to forgive the debts for the countries in the supplementary estimates, especially for the Congo, Cameroon, and so on? If not, what is the status of these countries' debts today? Perhaps you could comment on that too.

Hon. David Emerson: My understanding is that this initiative is still in play, but it's under Foreign Affairs and/or CIDA and not in International Trade. They were the kinds of costs that could not be covered by warrants. As you perhaps know, special warrants require

a very high standard in terms of what is legal as a special warrant. It has to be urgently and immediately required in the public good, and you couldn't make that argument with those particular payments.

Mr. Lui Temelkovski: Thank you.

According to the main estimates, the IT Canada bilateral relations program is no longer in existence. This activity received \$54.2 million in the 2005-06 main estimates. Why has this program actively been discontinued? How has the funding committed to this activity been spread across the four other areas?

● (1715)

Hon. David Emerson: I do not have the answer to that question. It would appear my officials do not have the answer to that question. Could we give you a written response?

Mr. Lui Temelkovski: Absolutely.

If I could, I have one more question. This is with great help from our research analysts, by the way, who we have to give some credit. On February 6, 2006, the government announced that International Trade Canada and Foreign Affairs Canada would be reintegrated. How much will this cost? And will International Trade Canada still report separately from Foreign Affairs Canada in the future?

Hon. David Emerson: I dealt with the cost issue in an earlier answer. It will cost about half a million dollars, and it will be absorbed in the departmental budget from other cost savings elsewhere in the system. Going forward—and I think this will be picked up in the supplementary estimates—international trade and foreign affairs will be merged into common votes as part of the reintegration.

Mr. Lui Temelkovski: Thank you very much.

The Chair: Thank you, Mr. Temelkovski.

I think we have time for two more questions before we go to the question on the estimates.

Monsieur Paquette, and then Mr. Miller, and then if someone moves the motion, we'll proceed to votes on the issue.

[Translation]

Mr. Pierre Paquette: I'd like to come back to the Canadian International Trade Tribunal's ruling on safeguard measures. It's generally acknowledged that safeguard measures are a temporary initiative to give the industry time to recover. I toured the Raleigh plant in Waterloo. They now use robots to do welding, but it all takes money, and time. In my view, it is reasonable to give this industry a chance to compete against Vietnamese and Chinese industries.

You've decided to side with distributors, and that's your choice.

The furniture manufacturing sector is now lobbying for safeguard measures of its own. What message are we conveying to this industry? Regardless of whether you successfully argue your case before the CITT, these measures will never actually be enforced. In fact, no single safeguard measure recommended by the CITT has ever been enforced. We might just as well say that Canada does not apply the international rules that it could to temporarily protect its industries. You're sending a very negative message to our manufacturers.

I for one was extremely disappointed with this decision. Obviously, it's never very pleasant to take safeguard action, but I would imagine that furniture manufacturers are quite worried about the prospect of having to hire and pay for legal counsel, knowingly full well that ultimately, even if they win their case before the CITT, it's unlikely any safeguard measures will ever be applied.

What would it take for you to follow through with a Canadian International Trade Tribunal ruling? Your answers will always be truthful. Enforcing the ruling will mean higher prices for consumers wanting to purchase a bicycle and distributors won't be happy. The same holds true for the furniture sector. Clearly, distributors enjoy the wide variety of products available from China. So then, what would it take for the government to implement safeguard measures?

[English]

Hon. David Emerson: I don't want to second-guess what others ministers and cabinet may decide. I've met with the furniture manufacturers—at least some of them. I've talked to them about their issues and concerns. I've encouraged them to continue to file another request to the CITT. We'll look at the circumstances of that particular request when it comes in, and we will make our recommendation into the cabinet process. Mr. Gero was there when we met with them.

So I have had a meeting and tried to help them to put a case together, and we'll see where it goes.

• (1720)

[Translation]

Mr. Pierre Paquette: If I were in their shoes, I admit that I wouldn't be overly optimistic.

I have another question for you, this time one sent to us by representatives of the softwood lumber industry. All of the groups with whom we have met have asked that legal victories be acknowledged, one way or another, in the agreement.

Do you think it's possible to find some way of doing that, in order to avoid having to start all over again when the agreement expires seven or nine years down the road, as if the NAFTA panels had never handed down any rulings.

[English]

Hon. David Emerson: We're clearly looking at all of the legal cases and assessing our position. I think we have to recognize, though, that when you come to a negotiated settlement, we're asking the Americans to cease and desist from taking further actions as well. And while it may appear that we are giving up on certain legal cases if we all set aside our litigation, we're also winning in terms of immunity from further cases. As I said before, when you're going into, as we may be, a period when the U.S. housing market is looking a bit shaky and prices are not as robust as they were a few months ago, the data on which past American cases have been fought are changing. I think if we do not have a negotiated settlement, if we do not have a commitment from the Americans not to pursue further litigation, we will find ourselves facing more attempts to claim injury or threat of injury, and in a soft market it's a lot easier to make a claim of threat of injury than it is in a hot market, which we've had recently.

So we will do our best to try to preserve our legal victories. I'm personally of the view that it is more important than ever that we

work closely with the Canadian and American industry together, collaboratively, and work together with the government of the United States to ensure that we do not see creeping protectionism manifesting itself in regulatory and legal changes that could make it even worse for us going forward.

I know there are lawyers who read the law and they pound the table and say we're just that close to winning it all, but I tell you, I've been in this industry a long time, and every time you think you're winning they come up with another little twist, and they come at you again. That's been the history of the file over and over again.

I recall when I was in the forest industry and we were just beginning the latest fight on softwood lumber, and the Byrd amendment came up. We kept hearing from lawyers that there was a movement in Congress that they could put in place a legal mechanism whereby the duties we paid could be distributed to the American companies that brought the case. Our lawyers—the best lawyers that we could pay in Washington—said “Oh, no, that'll never happen. The President will veto it. It won't pass Congress.” It won't this, it won't that. Well, you now know what happened. Something that seemed egregious and completely counter to any normal trade policy was put in place, and now we have the Byrd amendment until November 1 of next year.

So you just can't underestimate the degree to which legislators in the U.S. can turn on you if it's to their advantage to do so.

The Chair: Thank you, Mr. Minister.

Mr. Miller, you have only a couple of minutes, so please go ahead.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thank you, Mr. Chair, and thanks for being here, Mr. Minister.

This is my first chance to sit in on the international trade committee, and I've learned a lot today.

I just wanted to make a comment to my colleague. I have a number of furniture builders, three actually, in my riding, and other than the difference in the dollar—our high dollar—they're very competitive.

In the past, Mr. Minister, one of the tools that ITCan has used to promote international business and development around the world is its Team Canada missions. These missions involve sending a delegation of politicians and business leaders to specific countries. I think some of the most recent ones have been to Brazil in 2004, China in January 2005, and again to India in April of that year. I'm sure there's a great benefit to these. Do you have any idea how much these missions would typically cost?

Secondly, what performance measures are in place to tell you how well they're doing, that kind of thing?

•(1725)

Hon. David Emerson: I have to confess I'm not a really big booster of big Team Canada missions. There may be a place for them in terms of getting publicity in a given marketplace, in terms of incremental value added, in terms of securing deals or joint ventures. I believe we have to be more focused, more selective, probably go on smaller, better-defined, more specialized missions where we're targeting getting commercial deals done, getting specific objectives accomplished. In that sense it's going to be cheaper, and you're going to have a much more precise sense of what you're trying to achieve. That would be my general approach.

How much these things have cost in the past—I'll have to ask my officials to give you some idea. I've never been on one, because even when I was in private industry I always thought if you didn't go ten times, let's say to China, to work out the details of a commercial arrangement, just going along with the Prime Minister and waving flags wasn't going to do it for you. That would be my general approach.

Do you have a sense of cost?

Mrs. Kathryn E. McCallion (Assistant Deputy Minister, Corporate Services, Passport and Consular Affairs, Foreign Affairs and International Trade): I don't have the precise figures. I can send them to you. But I can tell you, the business people themselves, it's a cost recovery. They contribute to their airfare, they get there, then they're usually hosted by the other government, and the costs of the Prime Minister or the minister's activity is a government expense. We can itemize it for you and let you know.

Mr. Larry Miller: Yes, I would be interested in seeing that., Mr. Chairman.

Mrs. Kathryn E. McCallion: For those three: China, India, and Brazil?

The Chair: We'll look for that, and there's some other information promised by the minister, so we'll look for that as well.

We're out of time for this meeting. I'd like to thank you very much, Minister Emerson, and your officials for coming today. I very much appreciated your presentation and the answers to the questions. I'm sure we'll see you again in the not too distant future. Thank you.

Before we adjourn the meeting, we are dealing with the estimates today.

Mr. Cannan, you wanted to make a motion on the estimates?

Mr. Ron Cannan: Yes. Can I do them as a lump, or do I have to...?

The Chair: Try as a lump, and we'll see how it goes.

Mr. Ron Cannan: I'll cluster them together.

I move that this committee adopt votes 15, 20, 25, and 65 in the 2006-07 main estimates under Foreign Affairs and International Trade. I'd like to seek unanimous consent of the committee, please.

The Chair: Does the committee agree?

I'd just like to make the point before we actually deal with it that nine-twelfths of the vote amount in the estimates have already been approved through interim supply. We're actually only dealing with the other three-twelfths—a quarter, that is. I just want to clarify that.

All in favour?

(Motion agreed to) [See *Minutes of Proceedings*]

The Chair: The meeting is adjourned.

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