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—
Chair

Mr. Leon Benoit

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•(1105)

[English]

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

Today, pursuant to Standing Order 108(2), the House of Commons Standing Committee on International Trade is undertaking a study to examine the machinery of government, and through this understanding how we can create a better trading strategy, making Canada more competitive internationally for our citizens and businesses.

The objectives of this study are to evaluate how the machinery of government delivers trade and investment services, promotion of Canadian products overseas, and the idea that Canada is a marquee destination for investment.

Today we will be hearing evidence from a group of witnesses, but before we get to the witnesses, I would like to just explain a little bit more of what we're talking about when we're using the term "machinery of government". It refers to a collection of federal government departments and agencies that play a role in setting, implementing, promoting, and enforcing the various aspects of Canada's international trade and investment policies.

Yes, Monsieur Cardin, you have a point of order.

[Translation]

Mr. Serge Cardin (Sherbrooke, BQ): Pardon me, Mr. Chair. I didn't realize that you were going to move so quickly to the item on today's agenda.

First off, I'd like you to start with the notices of motion, if possible. I think the majority of members here would agree with me. I'd like us to dispense with motions quickly since we're not likely be able to come back to them for some time. Therefore, I suggest we amend our agenda and begin with motions.

[English]

The Chair: Monsieur Cardin, we do have an agenda here for the meeting today, and that agenda has the business of the committee at the last half hour. We'll leave half an hour at the end of the committee to deal with that. So unless the committee instructs otherwise, that's the way we'll proceed with the meeting.

We do have witnesses sitting here, ready to go.

Mr. Julian, is this a point of order?

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

We have a motion from Mr. Cardin. I will second that motion.

The Chair: I didn't hear a motion.

Mr. Peter Julian: I believe he did move a motion, and I will second—

The Chair: No, there's no motion, Mr. Julian.

Mr. Peter Julian: Well, in that case, I move a motion—

The Chair: What motion is that, Mr. Julian?

Mr. Peter Julian: —that we first deal with the motions before us, the committee business, and then secondly, hear the witnesses. It should take very little time, and I believe Monsieur Cardin is right in stressing that we didn't close that item of business from the last meeting.

The Chair: Mr. Julian, we have witnesses here, ready to go. We have an agenda. I am here, of course, to carry out the will of the committee.

Mr. Julian has put a motion before the committee. Is there any discussion on the motion?

Yes, Mr. Cannan.

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

I'd be speaking against the motion. I think out of respect for the witnesses, if we want, as a committee, to change our agenda, we should at least deal with the witnesses first and then deal with the other items. I know there are two motions to deal with, plus our travel budget has to be dealt with as well. I think it would be appropriate. We want to give fair time to debate the issue, but I don't think we should have our guests sit here and listen to the debate for however long it takes. It's not a protocol of respect.

The Chair: Yes, actually, just as a correction, we don't have two motions necessarily. We have put this on the agenda just to let members know that these motions have been tabled with the committee and have the appropriate 48 hours' notice. That doesn't mean the members will bring them up, but they are there.

Yes, Mr. Menzies.

Mr. Ted Menzies (MacLeod, CPC): Once again, I just find this absolutely repugnant. We have invited guests, witnesses who have better things to do than sit and listen to this debate. If we were going to do this, we shouldn't have invited our guests at the beginning. They're here. Let's listen to our witnesses. We will set time aside at the end of this. Let's show respect to our witnesses.

The Chair: Mr. Menzies, that's what has been done. There is a motion on the floor to change that, of course. I'll get to a vote on the motion as quickly as possible.

Monsieur André, you've indicated you'd like to speak.

[Translation]

Mr. Guy André (Berthier—Maskinongé, BQ): As you know, we were not able to debate this motion at our last meeting because time ran out. Fifteen minutes is not enough time to discuss an issue thoroughly. That being said, I ask that we vote on Mr. Julian's motion.

[English]

The Chair: Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): I think the point, Mr. Chair, is we do need sufficient time to debate motions.

Yes?

Mr. Guy André: I asked to vote.

Mr. Pierre Lemieux: No, you can't ask to vote when there is debate going on.

The Chair: Order. Come on, let's have order at this committee.

Monsieur André, the chair decides when there will be a vote. Mr. Lemieux has the floor. Please respect that.

Go ahead, Mr. Lemieux.

Mr. Pierre Lemieux: Just to clarify, you can't force a vote. If there's debate on the motion, there's debate.

The Chair: Through the chair, Mr. Lemieux, please.

Let's go ahead.

Mr. Pierre Lemieux: Thank you, Mr. Chair.

What I'm saying, Mr. Chair, is that one point is well taken, and that is, at the end of meetings we're not leaving sufficient time to debate motions. I agree with that, but I disagree with the fact that we should therefore move all debate to the beginning of a meeting, particularly when we have witnesses here. We have witnesses we've called in. We've asked them to attend. They're prepared to give a presentation to us, and we're prepared to ask them questions, and yet a debate on any particular motion and on any particular amendment to the motion could go on for quite some time. I don't think that is showing proper respect to our witnesses.

We have an agenda here for a reason. We should follow our agenda and make sure that we leave sufficient time at the end of the meeting to be able to discuss committee business.

Thank you.

• (1110)

The Chair: Mr. Cannan.

Mr. Ron Cannan: Thank you, Mr. Chair.

This being my first term in the House, I'm more familiar with *Robert's Rules of Order*, but on Montpetit, maybe I could be clarified through our clerk.

Can we actually move a motion on a point of order?

The Chair: It wasn't actually a point of order. Whether I should have recognized that is another question.

Mr. Cannan.

Mr. Ron Cannan: You did recognize him on a point of order and you had a motion on a point of order, so I just wanted to strike it out of order.

The Chair: Actually, that is true. I did ask Mr. Julian if it was a point of order. He indicated it was, and you cannot move a motion on a point of order, so we do not have a motion before the committee right now.

Mr. Peter Julian: I did not, Mr. Chair.

The Chair: That is the way I remember it, Mr. Julian. We could, of course, research that, if you'd like.

I'll ask the clerk if he remembers.

The Clerk of the Committee (Mr. Normand Radford): I have no recollection. I wasn't paying attention.

The Chair: However, because there is some uncertainty here, and I don't want to take the time and I'm not sure we could get a definite answer on that, we will continue with this.

Monsieur Cardin.

[Translation]

Mr. Serge Cardin: Mr. Chairman, the Conservatives are talking about having respect for our witnesses. Yet, they had agreed to set aside time to discuss this motion in order to avoid having to go along with my suggestion.

I, for one, out of respect for our witnesses today, am willing to debate this motion at the end of the meeting. However, we should begin our discussion at least 30 minutes before the end of the meeting. If we must go over the allotted time by a few minutes, then so be it. I'm prepared to hear from the witnesses, and then to set aside some time at the end of the meeting to deal with these motions once and for all.

[English]

The Chair: Monsieur Cardin, I indicated at the first of the meeting, or when asked, that I would leave 30 minutes to discuss two motions on the travel budget—I don't know why that would be more than two minutes—and then your motion, if you wish to bring it up again. Now it's clear that you do want to bring it up, so we can deal with those two motions. I can't say how long the travel budget will take. You never know on these things, for sure, but I will leave half an hour, and if you wish to table your motion, then you can certainly do that.

Mr. Peter Julian: In that case, Mr. Chair—

The Chair: It is Mr. Cardin's decision as to whether he wants to table the motion until that time.

[Translation]

Mr. Serge Cardin: At the end of the meeting, we will take a minimum of 30 minutes. If it takes longer, we can wrap up our debate on the motion before adjourning the meeting.

[English]

The Chair: Thank you very much, Monsieur Cardin. I appreciate that. We will proceed then in that manner.

Do we need a formal tabling motion, or can we just put the motion off until 12:30? Is that agreeable to the committee?

Mr. Peter Julian: In that case, Mr. Chair, I will withdraw my motion.

The Chair: Oh, it was your motion. Sorry, that's my mistake, Mr. Julian. Thank you, Mr. Julian. We will come back to that at 12:30.

Now, if we could continue, we will go directly to the witnesses.

We have, from the Department of Foreign Affairs and International Trade, Ken Sunquist, assistant deputy minister, global operations, and chief trade commissioner. We have Carmen Sylvain, director general, bilateral commercial relations, Europe, Africa, and the Middle East. We have also Peter McGovern, director general, bilateral commercial relations, Asia and Americas.

Thank you very much for being here today. We will hear your presentations. We have agreed to have you go longer than usual because you're setting the stage for this study on the machinery of government and the various government departments, agencies, and so on that are involved in trade, as I stated at the start of the meeting.

Go ahead, please, Mr. Sunquist.

[Translation]

Mr. Ken Sunquist (Assistant Deputy Minister, Global Operations and Chief Trade Commissioner, Department of Foreign Affairs and International Trade): Thank you.

[English]

Thank you very much to all members of the committee.

In starting today, I want to say thank you very much for having had the pleasure of reading your report and the comments from the different parties, because in fact it's how we can improve and how we can better meet your needs and the needs of the business community.

I do have a short statement, and then my colleagues and I would be very happy to answer any questions or have any discussion that you might like. The chair has already introduced my two colleagues with me today, so we can talk a little bit about anything that you might wish.

I start by saying that ten years ago my predecessor sitting in this chair would have welcomed an opportunity to talk about exports, but as your recent report really outlines, the world is more complex: it's about two-way trade, two-way investment, innovation, global supply chains. These have all impacted on what we do, how we do it, where we do it, and who our partners are to accomplish it.

We have in the past put emphasis on companies competing with companies, and that's still true today in a global marketplace; but as Minister Emerson has put it, within a global commerce strategy, really we have to put more emphasis on how governments compete with governments as well.

At the Department of Foreign Affairs and International Trade, we work with our partners to coordinate and manage the "whole of government" approach to Canada's trade policy, trade promotion, investment promotion business lines. That means really working with a number of groups, including businesses, other government departments, the provinces, the territories in formulating our trade policy, determining that market negotiations are priorities, helping business and investors capture global opportunities, and promoting Canada's global presence around the world.

We rely on our major stakeholders from trade associations such as the Canadian Manufacturers and Exporters Association, the Canadian Chamber of Commerce, the Canadian Association of Importers and Exporters, just to name a few, and regional associations from the Canada China Business Council, to the Canada-Arab Business Council, the Canadian Council on Africa, Canada-India Business Council, and a number of others. All of these collectively form the team.

We have industry associations from plastics to steel, from aerospace to advanced technology. We share the same clientele. We have the same members and we share the same objectives. I think this is really important, because if you look back even ten years ago, there wasn't that collective feeling of industry associations, trade associations, other government departments on the priority of what we can do overseas and how it helps our companies.

We cooperate here at home. We cooperate in key markets around the world and we cooperate through innovative electronic tools, like the virtual trade commissioner, which I'll discuss in a moment. But let's start in Canada. There are 12 regional offices in Canada whose main purpose is to find and work with business people who wish to take advantage of international commerce opportunities that are identified by our missions abroad.

The second major task is to assist provinces and municipalities to attract investors to Canada. Having regional offices in each province brings trade commissioners closer to the business community and allows us to identify key industrial subsectors that are internationally competitive. We currently have about 107 employees in the regions who provide us with a broad-based domestic footprint so critical to connecting with clients. All of the regional offices except one are co-located with Industry Canada. In some offices we're joined by representatives of Canadian Heritage, and a pilot project in Montreal is being conducted where officers in the regional offices do the front-line work of promoting and counselling for the Canadian Commercial Corporation. But it's not just a matter of co-location with other departments; it's also a matter of cooperation. I want to differentiate between the two.

The regional offices and provinces co-chair a regional trade network that provides a strategic team approach to trade, investment, science, and technology. It's composed of Foreign Affairs and International Trade plus the provinces, partner federal departments such as Industry Canada, Agriculture and Agri-Food Canada, Canadian Heritage, economic development agencies such as FedNor, Export Development Canada, Atlantic Canada Opportunities Agency, and the Western Economic Development Agency. So it's really a full team in each province.

Together we coordinate strategic plans, such as premiers' trips to China or India. We collaborate on significant events, such as incoming and outgoing trade missions. We share knowledge pertaining to the capabilities of key businesses and the funding available for international initiatives. This type of coordinated approach is extremely useful in connecting companies and businesses to global opportunities.

• (1115)

Turning to the rest of the world, I'd like to turn to our international presence. The continuum of domestic and overseas offices and a trade commissioner service at home and abroad to help companies is a major step forward from the past. It really is this domestic continuum—what we do abroad to what we do in Canada, and how you pull it together—that makes a difference.

As you know, the Department of Foreign Affairs and International Trade manages 168 missions in 111 countries. We also have 128 honorary consuls and 16 other offices that offer points of service. In total, we have in 312 points of service in 159 countries. Of that total, our trade commissioner service operates in more than 140 cities worldwide. We have approximately 250 Canadian-based trade commissioners, about 350 locally engaged trade commissioners, and about 200 to 250 support staff.

We are stretched thin to meet current needs and succeed in new or expanding markets. But this requires greater focus on our part, redeployment of resources, and an emphasis on results. This kind of presence provides many opportunities to work closely with our partners in some of the world's most important markets.

I'd like to illustrate this with one example: the U.S. enhanced representation initiative. By far, the U.S. is our most important trade and investment partner. Indeed, on the virtual trade commissioner we have about 20,000 companies, and about 16,000 companies explore the U.S. marketplace every year.

The ERI, U.S. enhanced representation initiative, brings together Foreign Affairs and International Trade and six other departments, including Industry Canada, Agriculture and Agri-Food Canada, the Atlantic Canada Opportunities Agency, Canada Economic Development, Western Economic Diversification Canada, and the National Research Council of Canada.

Together, the ERI partners oversee a network of 22 new and existing consulates general, consulates, and trade offices. This also includes the staffing of all positions, ensuring that programs delivered by missions across the United States reflect shared priorities and a collaborative approach.

This initiative is an important part of our effort to keep Canada's commercial relationship with the U.S. strong and vibrant, but we

don't just sit with what we've had in the ERI. We're taking a look at how the ERI can transform itself into a North American platform concept, and it would include other government departments, such as Environment, Natural Resources, National Defence, and Heritage, which could join the group.

For a moment, let me expand on the numbers when we talk about who our partners are. I'll talk about co-location for a minute. For instance, Agriculture has seventeen positions located in our missions abroad; Natural Resources has three; Export Development Canada has twelve; the Canadian Space Agency has three; the Canadian Food Inspection Agency people are in four of our missions; Heritage has six; Ontario has ten officers co-located in our missions; Quebec has eight, plus 21 separate offices; and Alberta has seven inside our embassies and two outside. So it's really a team approach everywhere.

If I could explain for one moment, under the global commerce strategy, we have what's called market plans. This is a way to take a look at any country and decide what tools we need to use. In fact, it's reflected in your "Ten Steps to a Better Trade Policy", because when you look at a market, you have to look at what are the quiver of tools that we need to use to get into it. It could be market access, it could be free trade, it could be foreign investment protection, it could be air negotiations.

For instance, too often we focus on just one aspect of what the policy tools might be. I would argue that for instance in China the biggest thing we did was air negotiations, moving from 15 or 16 flights a week to 66 flights a week. This means that our companies bypass the coasts of Beijing and Shanghai to get into the interior, to Wuhan and other parts.

This puts pressure on me, because the trade commissioner service is all about contacts and local networks. In fact, it means that we can't be stuck with a bricks-and-mortar approach to being an embassy and some consulates. How do we make our people mobile? How can they look after business in other parts of a country? I use that as one example.

We are also looking at how Canada becomes a partner of choice for international business and whether that means regulatory issues. How does that play into the provincial game? We are also looking at how we connect with Canadian business to offer the global opportunities.

• (1120)

On connecting with business, I'm going to take one moment to talk about a new thing we have. Not surprisingly, the bottom line for our clients is accessibility of federal services, not who delivers them. It doesn't matter to companies and provinces what department or partner provides that service; what matters is having a single window of service, one that helps them to capture global opportunities in the most innovative way.

With this in mind, we're working with Agriculture, with Heritage, with Export Development Canada, and with the Canadian Commercial Corporation to develop something called the "virtual trade commissioner", which will more effectively serve the market information and intelligence needs of Canadian companies involved in international commerce. As you may know, the virtual trade commissioner allows Canadian companies that have registered to obtain selected country, sector, and other information, as well as intelligence from any of the participating departments and agencies. This was a step in the right direction to meeting businesses' needs. And we're still making progress.

Studies that were undertaken in 2005 and 2006 indicate that the services and information that were provided came from 23 different federal government websites. In some cases companies were required to repeat the same or similar registration information over and over again. This is not effective or efficient, and it certainly doesn't help companies. In response, we're working closely with a number of departments and agencies on something called the "government online trade services". It's a project to determine the best, most efficient ways to provide federal government trade services to our clients based on company needs rather than the organizational structure of the federal government. Indeed, Export Development Canada chairs this innovative project on our behalf.

I understand the committee hopes to visit several countries in Southeast Asia and the Middle East in June. I encourage you to meet with Canadian companies that are active in these markets and to learn from them about how we can better meet their needs and bring prosperity and jobs to Canada. I hope you will be able to assist us by fashioning an approach for the future, not just what we have today. The point is that the government has an important role to play in helping Canadian companies and investors succeed in global markets. At Foreign Affairs and International Trade we're committed to working with our partners at all levels to find the most effective ways to deliver these services.

I should mention before I close, Mr. Chair, that the world has changed dramatically in the last ten years. The number of federal government departments that are interested in international issues has expanded exponentially. Ten years ago somebody in my job could have sat here and said that we're in charge of exports. Today if I said that most people would laugh. The fact is that everybody has an interest and it's how we coordinate and collaborate together.

Let me give you an example—aboriginal international business development. We've been working with visible minorities, with different groups, and for the last few years with the aboriginals, to develop a way to get more aboriginals into the international commerce game. Our department can't do that by itself. We have to reach out and have partnerships to be able to do that.

I could use ten more examples to show you that one department can no longer manage it all. It's how you deal horizontally. It's how you work with your colleagues. And most of all, it's how you work on behalf of companies. If you don't have a results-based focus, none of this really matters.

I could offer one other thing. When your committee travels I hope we can give you some pre-travel briefings. My colleagues will be responsible for that. Plus, our trade commissioners will look after

your program on the ground. We'll get you country profiles and background information on the major issues and on some of the problems we have.

Some of the markets you're looking at are not ones that are well represented and some areas don't even have a presence right now, so collectively we would really appreciate your insight on what we can do and how we can do it better.

With that, Mr. Chair, perhaps I could say thank you very much. I look forward to your questions.

My comments started with the machinery of government issues. I know you said we could go further on it, but I thought that questions might be a better way to get at it.

Thank you.

• (1125)

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

We will of course be asking you, if we haven't already, for briefings for both groups who are travelling. We will depend on that to give us the direction we need to be effective with our committee travel.

As well, these meetings are all about looking at how the various government departments and agencies work together and how they could better work together to deliver the services needed for companies and individuals doing trade with other countries.

We will go to questioning now. We'll start with the official opposition, the Liberal Party.

Mr. Bains, for seven minutes.

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you very much.

Thank you very much, Mr. Sunquist, for your presentation.

In your closing remarks you said that the world has changed. I would also say that the department has changed quite a bit. It's gone through some major transformations. In mid-December 2003 there was a plan that was implemented, a separation of international trade and foreign affairs. After that, the Conservatives came into power and consolidated that.

When I talk to people, and many people have written to me as well, there's a concern about the impact this has had on the working culture, especially abroad and especially with the trade commissioners. There's a concern that there's a lack of resources and emphasis on international trade. What's your assessment of that?

• (1130)

Mr. Ken Sunquist: That's a difficult question to answer quickly and succinctly.

In 2003 there was a recognition that the international commerce game was changing in global value chains towards an emphasis on results. So many of the decisions made about how government was organized—which was an entirely political discussion and entirely at the call of the Prime Minister with regard to machinery—were very much centred around how we get better results.

One of the things we found out from our trade commissioners was that yes, we could focus on results. But some of the companies felt that they needed the linkage to heads of missions. So how did the foreign policy side and the trade side work? If you did it independently, could you agree on what the priorities were, and could the heads of missions be further involved?

When the Prime Minister brought us back together again in 2006, it was with the feeling that over the past three years we'd spent a lot of time on determining what our value added was and on really focusing, on the trade side, on how we could make a difference. So in fact we have what I'll call an integrated department, with very strong economic and trade priorities.

Hon. Navdeep Bains: And there were no job losses during that transition?

Mr. Ken Sunquist: There were no job losses on the trade side related to that integration.

It gives us a different structure, but our minister, Minister Emerson, and our deputy minister are very clear that there are goals and objectives on the trade side, and it's how we tie the political side into those goals and objectives that makes a difference.

I think the argument can be made that trade is no longer something that can be done in isolation or in silos, just as you can't do anything else in silos in the international world today.

The second part of your question is a more difficult one. It has to do with the morale of the people. It has nothing to do with a separation of one department into two departments, but it gets into promotional prospects and into funding that's available for programming.

As I said in my remarks, I'm certain that for those of you who have travelled to posts, you've always heard the story that we could use more resources. I think that's true. But on the other hand, it's also true that over the last few years we have become much more results-oriented and much more focused. That means that sometimes we have to redeploy.

I can give you examples. In the past we have had as many as eight Canada-based people in Paris and about twelve locally engaged staff. Do you need so many Canadians? Maybe we can put fewer Canadians there, increase the number of locals, and put those Canadians elsewhere into the system. So we're doing that redeployment now.

Hon. Navdeep Bains: I'm sorry to interject.

Very quickly, I have a question with regard to resource allocation and this notion that there's a potential for closure of consulate offices—say 19 to 23 of them. We've read about this. These are rumours or allegations or at least commentary that's made in public. Is there any truth to this? Have you seen any plans? Have you come

across any documentation that shows there's a plan to close some of these consulate offices, up to between 19 and 23?

Mr. Ken Sunquist: The best answer I can give you is that on a regular basis we're taking a look at posts around the world and how they perform and what their role is. For some posts for which we may have had a rationale or *raison d'être* a few years ago, maybe the rationale is less. We constantly evaluate. We constantly look at that.

Are there a number of posts? As you know, the announcements—

Hon. Navdeep Bains: Is there a plan in place that you've seen?

Mr. Ken Sunquist: As you know, we closed four consulates late last year and early this year. We've looked at other posts that could be closed. Instead of saying "closed", it would be better to say, "how would you do the job better?" So we're taking a look at that. There is no list that says we're going to close 19 posts. There is a list of, as I said, 168 posts that we are re-evaluating.

Hon. Navdeep Bains: That sounds fair.

How much time do I have?

• (1135)

The Chair: You have two minutes.

Hon. Navdeep Bains: Okay, fantastic.

I have a couple of questions about the Auditor General's report. I know we were talking about machinery of government. There were a couple of key recommendations she made in a report with respect to a comprehensive human resources plan to deal with staffing.

That plan should have been prepared—or at least in your response you indicated—by the spring of 2007. It seems to be roughly around the same timeline. Do you have that plan? What's the status of that plan? Is that report being prepared?

Mr. Ken Sunquist: I'm the assistant deputy minister for trade, and we have an assistant deputy minister for human resources, but our two deputies, Len Edwards and Marie-Lucie Morin, held the executive committee retreat two weeks ago. At the top of the priorities was to look at what we can do quickly to make a difference.

I think over the next few weeks, to the end of June, we have very definite timelines, not just on HR, but on many other issues: administration processes, human resources, mission issues, representation abroad. I think the focus is we have to make real changes within the next few weeks.

Hon. Navdeep Bains: You believe the department should have a comprehensive human resources plan prepared or at least finalized in the next few weeks. Is that a safe assumption?

Mr. Ken Sunquist: That's a fair statement. By the end of March each branch had to have a human resources plan, and the department now has a human resources plan. We have to implement the parts that can be done now.

The Chair: Thank you, Mr. Bains. Your time is up.

We go now to the Bloc Québécois, Monsieur Cardin, for seven minutes.

[Translation]

Mr. Serge Cardin: Thank you, Mr. Chairman.

Good morning, ladies and gentlemen. I'm delighted that you could join us. We should have started earlier, so we will try to make up for lost time.

Currently, the committee is examining Canadian trade and investment policy, particularly as regards international trade. In order to achieve wealth and experience economic growth, Canada must sell the products that it manufactures and produces. I will not elaborate on the philosophical underpinnings of marketing, but the fact remains that ultimately, everybody wants to sell, but nobody wants to buy.

You represent foreign businesses. You say that the world has changed significantly. The approach taken is no longer the same. Currently, investors, business people and companies operating abroad do not all share the same status. We only have a general idea of how major companies operate.

Nonetheless, what type of assistance would a medium-sized business need from departments? What foreign market opportunities can they expect to encounter?

[English]

Mr. Ken Sunquist: Merci.

You have put this in the right context: companies of different sizes, what do they need, what can they expect? Clearly, a larger company needs one level of support and the SMEs need something else, but all of them are looking for local market knowledge and intelligence, contacts.

The global value chain could say that a company may want technology from Japan, investment from Europe, and export to the United States. So the way we would touch that company may be very different, depending on the market. In the past, we used to talk only about helping that company export, but now we talk about how we can build the company with investment, with technology, with our services.

But it comes down to the number one issue, our focus groups, our questionnaires, client surveys. It's always market knowledge, people on the ground, the more people on the ground, the more assistance. That's what they want. So it's a complex issue, market by market, size of company and sector.

But as more companies move into the service side it has an even larger implication, because in the past it was easy to talk about raw materials, manufacturing, which are still priorities, but more and more we're seeing the service companies. In the past we used to see companies that would need two years of manufacturing before they could export. Today, some companies start looking at the overseas market from day one.

So when they look at our people, I like to refer to it as Canada's largest international consulting firm, with more points of service abroad than any other private sector company. We have people on the ground who work for them to help them with contacts, with intelligence, with language, with whatever they need in that marketplace. So we work with those companies as their consultant,

I guess is the best way to put it. But there's a difference between how we'd find it in Europe and some of the markets of Asia.

• (1140)

Ms. Carmen Sylvain (Director General, Bilateral Commercial Relations: Europe, Africa and the Middle East, Department of Foreign Affairs and International Trade): There are differences, for example, even in the three areas of my region. If you're looking at the Middle East, for example, contacts are extremely important in terms of doing business where markets are not necessarily established for us. In other areas, for example Africa, intelligence on the opportunities—because many Canadian companies don't have a presence in Africa—becomes all the more important. Again in Africa, troubleshooting in countries where governance may be an issue is something that Canadian companies will require. So it varies very much from one region to the next. In Europe, again, intelligence and information on how value chains come together are also important.

[Translation]

Mr. Peter McGovern (Director General, Bilateral Commercial Relations: Asia and Americas, Department of Foreign Affairs and International Trade): If I could just add to that, in the case of an SME, the CEO is often responsible for marketing and finances. When the CEO of a small business travels, efficiency is of the utmost importance. It's quite a different matter for large companies such as SNC-Lavalin or Bombardier, who have detailed knowledge of the local markets and who are working toward a very specific goal. When the CEO of an SME is away on business for one week, his or her absence could be detrimental to the company. The week therefore has to be planned efficiently and effectively, particularly in the case of difficult markets such as India.

The support of our trade commissioners is critical to ensure that information about the local markets is accurate and that business people are not wasting their time during these trips. After one week, people should be in a position to decide whether or not they wish to do business in a given market. This is one practical, albeit important service provided by our network throughout the world.

Mr. Serge Cardin: So then, you claim to be consultants who help people with export issues and perhaps also with setting up a business abroad.

How do you evaluate your performance or your success? Do you strictly go by the financial performance of the companies that you advise?

[English]

The Chair: Mr. Sunquist, we'll need a very brief answer.

Mr. Ken Sunquist: Minister Emerson has stressed performance measurement as being the key to how we can do redeployment and how we can decide what services are best offered. So in fact the success of the Canadian company is what we measure our success against, in a way. We can't make a sale, so sometimes we can just provide the information and get them to that point. But it is clear that in looking at the large or small companies, there are very different types of success. Troubleshooting might involve market access, opening the doors, whereas smaller companies might need something quite different.

We do client surveys, and this makes a difference in what services we offer where. We do focus-group testing. We continually go out to companies, and we have a new electronic service called "trio", an electronic client relationship management service, which will mean going electronically to companies and asking how we can improve our service. We'll do that continually.

• (1145)

The Chair: Thank you, Monsieur Cardin.

We'll go to the government side now, to Mr. Cannan, for seven minutes.

Mr. Ron Cannan: Thank you, Mr. Chair.

Thanks to our witnesses.

I appreciate the opportunity. As you mentioned, we've been working for the last several months with the committee, and we've got this *Ten Steps to a Better Trade Policy* report, of which I'm supportive of the majority of the recommendations.

One of the issues that has come up from several of the witnesses, and to which our member opposite here from the Liberal Party alluded, is resources. In your comments, Mr. Sunquist, you mentioned the global supply chain and trying to redeploy, and looking at trying to maximize our existing resources.

I guess my question would be more about where we are today and about looking at the number of people who are on the ground. Do you think, in order to facilitate their building a better trade relationship with other countries, this lack of resources is a new phenomenon or a symptom of a lack of vision of previous governments?

A voice: Where did that come from?

Mr. Ken Sunquist: That's a good question.

The question is on resources. Regardless of the government in power, you will always find trade commissioners saying they would like more. Is it realistic to expect governments to continually give you more without results, without a careful look internally? I don't think any government today would do that.

You referred to your colleague opposite, and the list of posts, and as I said, we continually look at the posts. Yes, there is a list of about 19 right now, but those are not posts to be closed. Every year we take a look at what posts are out there and where they fit. We continually do that.

I guess the argument would be that resources should be redeployable as time changes. Yes, we would like to always continue at a high level everywhere, but it just doesn't make sense. There are countries where, from time to time, due to instability or other things... Let me use an example. There are a couple of countries in South America where there used to be terrific posts. We had three, four Canadians at them. Well, the instability there kind of drove it downwards, so we only needed to have one or two Canadians. As the economy comes back, we'll ramp back up as well.

I think the real issue that has been addressed is one of flexibility rather than just being traditional and staying in the same place all the time.

Mr. Ron Cannan: Thanks.

To expound on that last comment, I agree that the markets are evolving around the world and we need to have that flexibility to move the resources wherever we see we can be most effective and efficient.

Something in your comments, going along that same vein of questioning, kind of piqued my interest. On using technology, you talked about a virtual trade commission. Could you expand a little bit more on that?

Mr. Ken Sunquist: We have officers, as I said, in 140 places around the world who have knowledge of that market. The issue is that Canadian companies sitting in Calgary or Moose Jaw or Rimouski want information, and they're not quite sure where to go. If you just go online and hit Chile, well, you might get chili sauce, chili powder, or chili pepper, but you don't get a lot about what the market in Chile is like.

So we started a system of government online and expanded it from there to a virtual trade commissioner, which is a 24/7 type of thing. We're funnelling information from our posts so that people can pick the pre-travel information. What are the sectoral opportunities? What are the constraints? Who are the people who can help them?

A company that gets onto the virtual trade commissioner will know who the trade commissioner is, they can use the system to get through with their questions, they get all of the market information we can get from many sources in the Canadian government and from newspapers abroad. So the virtual trade commissioner is a shortcut for companies to instant knowledge on the market they're interested in. Now, if they want to go to the next step, they use that system to get to the trade commissioner in the mission.

So it's a first step, but it's a personalized website. You put in which countries you're interested in, what sectors you're interested in, and that information is available just to you.

That's what the virtual trade commissioner is. It's a system that is working well, especially when you have companies that have always gone to Buffalo or Boston or Seattle, and you try to get them into Dallas, or you try to leapfrog into South America or into Asia or into Europe. They can start to see the benefits of a global system.

• (1150)

Mr. Ron Cannan: That's excellent use of that technology.

From your observations and what we've heard to date, we've tried to make some recommendations on how we can improve our business strategy in the international trade market. From an efficiency perspective, how do you see that we can make the machinery of government more efficient?

Mr. Ken Sunquist: A few years ago we had organizations such as Team Canada Inc., where we tried to organizationally bring other government departments together. It seems now that other government departments are interested in particular markets. Instead of this broad-brush "we're interested in exports", people are interested in different parts. Maybe they're interested in exports in Europe, or maybe they're interested in market access issues in Asia.

So we're finding a breakdown of this overall system into very specialized groups. We know there are probably about ten government departments that are interested in the U.S. marketplace. We do this through this enhanced representation. There's a grouping, and they meet regularly.

When we talk about market plans, developing a market plan for Europe or developing plans for China and India, we get the government departments that are interested in this, that are interested in putting in resources, and that, more importantly, are interested in putting in their ideas and priorities. In fact, we're experimenting with different pilot projects, as I'll call them. The government online trade services is one; we have six or seven different departments. Enhanced representation is another; we have several there.

We're finding that the team approach involves the provinces, it involves the private sector, and it involves the federal government. We're finding that these regional trade networks are best. For instance, we know that in Alberta it's best, because the provincial government, the federal government, and all of our partners are putting time, effort, and people into working on it.

We have some other examples that don't work so well because the same commitment hasn't been made to it, but I think that's true at the federal government level too. It's a commitment to international issues, and not every department will have the same degree of interest worldwide.

The Chair: Thank you, Mr. Sunquist.

Thank you, Mr. Cannan.

Mr. Julian, for seven minutes.

Mr. Peter Julian: Thank you very much, Mr. Chair.

I want to address the issue of the prosperity gap that was mentioned very clearly in the trade committee report. Mr. Menzies speaks on it quite often. In fact, Mr. Menzies took five committee meetings to talk about the prosperity gap. He seems obsessed with the issue.

The reality is that most Canadian families are earning less since we started the free trade process, starting with the Canada-U.S. Free Trade Agreement in 1989, going through to NAFTA. If we look at Statistics Canada figures, about 80% of Canadian families have either seen stagnation or they've seen their real incomes actually fall.

One of the chief contributory factors to that, many observers believe, is related to the fact that we're exporting raw resources. We're exporting our oil and gas, exporting our raw logs rather than exporting manufactured products, value-added products.

I have two questions. One is related to thinking outside the box; we have to diversify our markets. It is reckless to have 86% of our exports going to one market. It means that market determines what goes in and what doesn't. We saw that with the softwood sellout. What effort is devoted to diversifying our market, and how much is manufacturing capacity and value-added production part of the overall thrust of international trade?

And Mr. Menzies I'm sure will want to ask a question on the prosperity gap later on.

• (1155)

The Chair: Go ahead, Mr. Sunquist.

Mr. Ken Sunquist: Mr. Julian, I'd want to look at the statistics. I can't dispute you...I just don't have that here. But on the diversifying of markets, I think that's exactly what we're trying to do. We recognize that the U.S. is the most important market. We recognize overwhelmingly—as Mr. Cardin was talking about with the small and medium-sized enterprises—that many Canadians regard the U.S. as their backyard, so we have a volume of companies to serve the U.S. You look at other issues such as the automotive pact and that, which have led the way in terms of two-way trade, so I'm sure you're never going to get too far away from 86% or 80%. Most of the countries in the world would value a partner that close and with that big an appetite.

I think your point on diversifying markets is key. We've done market plans for the U.S., Mexico, Brazil, China, and India, and we're under way on Europe. These plans look at what sectors offer the best opportunities in those markets. We're going to the company level to try to interest them. When I referred to our electronic client relationship—what we call our trio system—it's how you pull those who are doing well: if they're doing well in Boston, can they be doing well in Toulouse.

It also gets into the question that is in the *Ten Steps to a Better Trade Policy*; it gets into the value chain. For instance, if you were selling to Airbus ten years ago, you went to Toulouse, France. That's where you had to go. You took a trade mission there. Today if you want to do the avionics, you may be going to Honeywell in the States because they are the first-line producer. So it's changing the nature of where you go and what you do. These value chains make a big, big difference to the services we can offer, or should offer, for the future and how companies play into it. You're looking at importing from China to manufacture something here that you export to Europe or the States. The old rules of two-way trade balances no longer make as much sense as they used to.

Mr. Peter Julian: You mentioned market plans. Now, these are being drawn up this year. Would you be making them available to the committee once they are completed?

Mr. Ken Sunquist: Yes.

Mr. Peter Julian: Terrific.

I'd like to continue on with—

Mr. Ken Sunquist: I was just going to say that we would make this available through Mr. Emerson, or the parliamentary secretary Mr. Menzies, I guess.

Mr. Peter Julian: Thank you

With respect to trade commissioners, first, I'm interested in the quality of our trade commissioners. What is their profile, their background? I'm sure you have statistics on their education and relative ages. On their linguistic competency, do they speak English, French, and other languages? To what extent are they trilingual, quadrilingual? Second is the issue of the quantity of trade commissioners. Given the size and scope of the Canadian economy and the necessity to diversify our exports, it strikes me that 250 full-time trade commissioners, 350 overseas, is far below the numbers we'd actually require.

I would like you to answer both those questions: the quality, and whether it is realistic to say that we should be substantially investing in more on-the-ground trade commissioners in countries where we want to broaden our market access.

Mr. Ken Sunquist: Thank you.

I have two comments. First, I can provide you with a good demographic picture of the trade commissioner service. I'll supply it through the chair or the clerk.

Second, in the last few years we have tended to recruit people who have some industry experience rather than those coming right out of university. About 60% of our new employees have post-graduate degrees, and about 60% have lived or worked abroad. As the ethnic makeup of our country changes, we're finding more and more people who have language abilities. So I would argue that there is a far more professional group in the service than when I first arrived 30 years ago.

The education and linguistic levels have gone up, but what is most rewarding for me is that the trade commissioner service, Foreign Affairs and International Trade, is clearly seen as an employer of choice for people who want to do that kind of work overseas with the best and brightest of our economic people.

This year I think 3,300 people have applied for the 50 or 60 openings we have. In fact, it takes more time to interview all the people.... We're not going to interview 3,000; we'll interview several hundred. So we're quite pleased that the quality seems to be edging up.

The second question is the numbers. The problem, purely and simply, is cost. If you look at the average cost of having a Canada-based trade commissioner or foreign service officer abroad, it's somewhere in the range of \$350,000, on average. You have housing, education for children, salary, and all those things. So it makes a real difference. Those are difficult things you play with. That's why I look at redeployment and where I can move people.

• (1200)

The Chair: Thank you, Mr. Julian.

We'll go now to the five-minute round, starting with the official opposition and Mr. Temelkovski.

Mr. Lui Temelkovski (Oak Ridges—Markham, Lib.): Thank you very much, Mr. Chair, and thanks to all of you.

Mr. Sunquist, you mentioned you've been with the department for 30 years or so. If you look at the past 30 years, take into consideration the growth that has happened, and apply the same growth without any increases for the next 20 years, where do you see Canadian trade going? What infrastructure is necessary inside Canada and globally for us to be competitive and maybe leaders in world trade?

You mentioned earlier that more and more information is posted on the Internet, and a lot of people from small communities can access this 24/7. Is this going to impact the way we do business in the next 20 years? Will it be more knowledge-based and accessible on your belt, as opposed to travelling to faraway places to get a few pieces of information or meet somebody in person?

Mr. Ken Sunquist: I think your questions form the basis of the committee meeting, but they also form the basis of my everyday job, to try to look at where we're going to be in five or ten years—that's what I have to worry about—although I think we've got a pretty good service today.

First of all, the Internet only gives you information; it doesn't give you intelligence. You can get lots of information, but you need people out there who can get out, dig the information out, find the opportunities. So yes, it will be more knowledge-based, but that's what our service will become. It will be much more knowledge-based in five years than it is today.

The second part of that is that when we look to the future, it's clear the composition of the Canadian economy is changing. Mr. Julian mentioned some of the shifts from commodities. When I joined 30 years ago, my first posting was Jamaica, and I worried about fish and commodities to Jamaica. By the time I got to a place like Indonesia, it was infrastructure projects and everything else. My postings have been Jamaica, Yugoslavia, United States, Korea, China, and Indonesia. While I've changed, it's clear that Canadian companies and the demands have changed even faster. Twenty years ago, they wanted much more handholding; today they want value-added real results more quickly, because these are expensive.

But business is still done by people getting into the marketplace. You cannot do business long-distance in most of Asia. You can make the connections, but you still have to go face to face at some point. I think this is overlooked in an electronic age. Many of my young officers are really good behind a computer, but still you need that interaction with the buyers, the joint-venture partners, the innovative people in a community.

So the change for the trade commissioner service, the change for international trade in general, is toward knowledge-based. It's toward a playing field that becomes more level, because whether it's WTO or free trade agreements or whatever, it will be more and more of a level playing field and it's going to be how you get into that market, how you get access to it. Many of the access questions these days concern regulations rather than barriers.

Your question had 15 sub-questions, every one of them key to where we'll be in five years' time if we don't address them.

• (1205)

Mr. Lui Temelkovski: In terms of the mechanics of it, in the last six months we've seen that the United States has required Canadians to have a passport, and six months later we see posters at the airports telling flyers they require passports. But it's six months after the fact. Do you see these kinds of mechanisms alleviated? How do you see our foreign trade department communicating these sorts of requirements and/or capacity? Because the way I see it, it will be growing fast and furiously in the next 20 years.

Mr. Ken Sunquist: You used the example of the passports and the border. Clearly, if 16,000 of our clients are heavily involved in the U.S. marketplace and access is a big issue, this gets to Foreign Affairs and International Trade. My colleague is the assistant deputy minister for the U.S. I'm on his committee looking at the western hemisphere travel initiative because this is a huge stumbling block for a lot of Canadians.

So we have to look at whether to have alternate means of identification or get more people to have passports. It's a very simple thing, but it's time-consuming. But it's clear that whether it's in the U.S. or whether it's in China or whether it's in the U.K., you have to have people-to-people contacts. So how do we get people from your community into those marketplaces, and how do we offer them services?

The new globalization issues are things like corporate social responsibility. It's things like the knowledge of other countries and their needs, and you can only do that by going and being part of it. So I find your comment that it's getting faster is very true. We no longer can take two months to reply to a letter. You've got 24 hours to reply to the e-mail. Things are spinning very quickly, and Canadian companies, to be globally competitive, have to be part of that game. So how do governments facilitate, how do governments assist, and how do governments compete?

The Chair: Thank you, Mr. Temelkovski. Your time is up.

We'll go to Mr. Lemieux, for five minutes.

Mr. Pierre Lemieux: Thank you.

I wanted to ask a question about consultation with business and non-governmental organizations. I'll just start on the business side.

How do you interact with businesses? Do you seek them out? Do they seek you out? What sorts of mechanisms are used to do that consultation?

Mr. Ken Sunquist: It's regular. It's daily; it's weekly. For instance, the Canadian Manufacturers and Exporters or the Canadian Chamber of Commerce we see on a regular basis. Do they seek us out? Do we seek them out? I guess my comment would be, as in my opening remarks, that our clients are their members. So in fact we have a common need.

Yes, we seek them out when we look at a global commerce strategy and at what the needs are. They seek us out when they see problems or when they want to do something in a specific country. For instance, right now there's a lot of pressure on government to do things with respect to India. It's missions. Mr. Menzies led a mission. Minister Emerson was there.

Do we have enough offices there? Well, the Canada-India Business Council and the Indo-Canada Chamber of Commerce are coming to us, but we're going to them, too. This is a case in which we have the same objectives, so we take advantage of it.

It's structured on some occasions, it's true. We have all sorts of committees. The international business development committee reports to a colleague of mine. So we have formal means, but I would say that on a daily basis, it's informal.

• (1210)

Mr. Pierre Lemieux: Okay, and then when—

Mr. Ken Sunquist: I should just mention that there's one other thing we have. Our department and our deputy has started something called our executive outreach plan. So every one of our senior managers, from a director general to the assistant deputy minister to the deputy minister is allocated a different part of Canada. Our attempt will be to get out to meet with individual companies and the provinces to talk about what they need, as opposed to what we're doing. We're out there to get their input and see how we can overcome their problems.

Mr. Pierre Lemieux: You're doing that by looking at Canada and dividing it into regions, as opposed to, perhaps, looking at markets and saying, of potential markets, looking forward, here are some of our priorities. And now who wants to do business in these markets and what are your hurdles?

Mr. Ken Sunquist: We do both. I talk about the market plans. Let me just use an example, because some of you may be going there. In the Gulf Cooperation Council states—Dubai, Abu Dhabi—the growth has been tremendous. We took a look at this, and we felt that actually health care was an area, from owning hospitals to health care. It's all around services. We have 6,000 Canadians living in Dubai. We led a mission out there just a few months ago and took Canadian companies that are interested in the health care sector. We'll see how we perform there.

It's sector and it's market. On the consultations, we actually go after companies in sectors that we believe offer promise.

Mr. Pierre Lemieux: With industry, you're listening to industry; you're consulting with industry. How do you translate that into, perhaps, meetings or exchanges of information with either companies in other countries or with their ministries? How do you actually translate that?

Mr. Ken Sunquist: We have 140 missions abroad. I think that's in 80-some countries, on the trade side. Our senior trade commissioners meet regularly with senior officials of other countries simply to find out if we have any market access issues, problems, or regulatory issues. We try to meet quite often with their export development agencies in order to have some synergies.

For instance, if Canadian companies are looking at sourcing, maybe AUSTRADE, in Australia, will have a better inkling of all the Australian companies that might be partners. For instance, the UK, Australia, New Zealand, Canada, and the U.S. meet on a regular basis. I just finished a meeting with my counterparts, my colleagues, taking a look at it.

Obviously, there are some things we don't talk about, and some things we guard.

Ms. Carmen Sylvain: I'd just like to mention a very practical example of how we consult and how the information gets back out. Very recently we organized, in cooperation with the Canada-Arab Business Council, a conference on doing business in the Middle East and North Africa. We took advantage of the fact that we had our heads of mission from every one of those countries in Ottawa to have a meeting of heads of mission, and we also invited the heads of missions of those countries posted here in Canada. The Canada-Arab Business Council invited members of the business community who were either already involved in the region or who potentially would be interested in being involved. The heads of missions here and heads of missions abroad were able to talk about the opportunities, the investment climate, and some of the challenges. Those with experience were able to describe their experience and provide advice to others. That's being factored into a report. Our heads of mission then went back, spoke with their trade commissioners, and talked about the particular interest of Canadian companies and what they needed to be working on and that kind of thing. The heads of missions of those countries could also inform their government.

There is something else that Mr. Sunquist has been doing much more actively, since I've been there anyway, from what I've seen, and that is hosting a series of round tables. When he sees a country or a region in which there is particular or emerging opportunity, he will take the initiative of inviting a select number of Canadian companies that are either active or have a potential interest. Doing so is very efficient, and it identifies what the barriers are and what we need to be doing to address those barriers, and then we will act on that.

The Chair: Thank you, Mr. Lemieux.

We'll go now to Mr. André.

Go ahead, please, Mr. André. I apologize for missing you once again.

•(1215)

[*Translation*]

Mr. Guy André: Thank you very much, Mr. Benoit. Isn't it remarkable how mistakes are always made by one side, and never by the other.

Good afternoon et welcome. I'm glad to have the opportunity to discuss this topic with you.

Mr. Sunquist, what are your relations with the Security and Prosperity Partnership of North America? As you know, the SPP initiative brings together entrepreneurs from Canada, Mexico and the United States.

On another note, how do you measure the success of a company abroad? Do you only weigh economic considerations, that is whether or not a company is generating huge profits for its shareholders, or do you consider societal outcomes and the impact on employment in Quebec and Canada?

[*English*]

Mr. Ken Sunquist: The link between security and trade has never been stronger and more difficult. Your colleagues have talked about passports and the thickening of the border, which is not a term we like to use because it's negative. But security is a big issue. It has also opened new opportunities for Canadian companies. There are

some issues around ITAR and intellectual property, which is a separate topic for discussion, perhaps. You've raised an issue that troubles us, because it's much more difficult to move freely. Capital moves freely, but do people move as freely? How do you overcome that?

It's not just the big security issues. A lot of the world is unstable. Maybe there are opportunities in a certain country, but is it safe for Canadian citizens to be there? So there are consular issues and big security issues. It's not a balancing act; it's just that you have to make sure Canadians are aware of the risks of being in the international marketplace. The risks are not all economic. I don't know how better to answer that question now, other than to say it is an issue for the department to look at internally. It is one that Canadian companies ask us for advice on quite often for people who are travelling.

On how to determine success, I would term it the other way: how do companies think they're successful? Do they have more jobs? Are they more profitable? Are they running a second shift? We don't say that the success of a Canadian company is based on the fact that they've made \$8 more on export sales. It may be that they have technology that allows them to expand their operations. It may be that they have investment that will allow them to continue as a sustainable company.

When we measure success, it's based on the company's perception of how they fared in the international game. It gets back to my comment that companies have changed. In the past they used to look at export sales as their measure of success. Today it's investment, franchises, joint ventures, and participation in value chains. There can be more than one measure of success, I entirely agree with you. And what are the social consequences in the community?

At the risk of going one step further than your question, I said that new globalization is around things like corporate social responsibility. Canadian companies—it's why I enjoy my job working with companies—carry Canadian values and ethics with them when they go abroad. We're finding more and more that this is an easy call for us. Canadian companies are valued internationally because of the types of companies they are and the type of people who get into the game. I find that those interested in the international game are usually the best and brightest of what we have to offer in this country.

•(1220)

[*Translation*]

Mr. Peter McGovern: Let me add that investment is also one component of our work. Cooperating with our trade partners is an important part of the work of our foreign trade commissioners. This mainly involves the provinces, because investment is a provincial mandate. Job creation is the main purpose of investment.

When I was consul general in Milan, I worked with the Ferrero Rocher company. This company, which is established in Canada, has created 600 jobs. Our embassies, as well as our consulates general, have a long list of objectives. They are working to create prosperity, but it has to be to Canada's advantage.

Mr. Guy André: You understand, no doubt, why I put this question. We observed that in the free trade environment, in matters of international trade, some companies had grown tremendously, resulting in the loss of many jobs in Canada and Quebec. That's why it is important for the government, when it gives support to companies involved in the export business, to have expectations of favourable returns for our citizens.

You also mentioned, Mr. Sunquist, the Security and Prosperity Partnership initiative, and more specifically, the transboundary issue. We heard a few witnesses on this subject. Besides the transboundary issue, we have heard talked about harmonizing public health and environmental services. The harmonization of bilateral and trilateral trade is also being discussed.

Several witnesses raised concerns about the SPP initiative. They wanted to know what direction the SPP was taking and maintained that the movement was undemocratic. It's a fact that the SPP mostly represents big business.

I would like to hear what you have to say about this.

[English]

Mr. Ken Sunquist: To be honest, I'm not quite sure how to reply to the question about the population's belief that somehow companies will abrogate their Canadian roots, in the sense of a NAFTA or other free trade agreements.

I think what we're trying to do is build the small companies into medium-sized companies and medium-sized companies into world-class competitors. The question is how you do that and what are the results if you accomplish that. If we can find the means to help those companies to become globally competitive, it will stop foreign companies from invading the marketplace. It will help our companies invade foreign marketplaces. The trick is to really get those companies out there and make sure they have the right technology, the right people, and the right opportunities. That's as much as the trade commissioners can offer.

The other aspect of it, which you raised, is that I firmly believe that the companies that I see that are doing well in the international game retain that link to the community and retain the link to their values. Certainly you'll all be able to find examples otherwise, but the vast majority of companies today in Canada have found a new way of doing business.

To use an example, in Africa we have Canadian companies investing, I don't know, \$7 billion to \$8 billion in mining, and \$3 billion in oil and gas. There are companies, particularly in Quebec on the consulting side, for which that's the major marketplace. Why are they being invited in? It's because they have a view on how companies should operate in a foreign country. They're viewed as clean. It's almost like a niche marketing. The fact is that you can be fairly certain of what you're getting from those Canadian companies and how they will interact in the community.

You pose the question, though, at the reverse end, of what the effect is in Canada on those companies, if they retain their... I guess I can only say that I hope so and I trust so, but you're closer to that than I am.

●(1225)

The Chair: Merci, Monsieur André.

Mr. Julian, for five minutes.

Mr. Peter Julian: Thank you, Mr. Chair.

Just on Mr. André's comments around the security and prosperity partnership, I agree with his comments. I would also suggest that this is thinking inside the box, when thinking inside the box over the last 18 or 19 years has actually led to real incomes falling for most Canadians. So we need a new approach.

I'll come back to the issue of the trade commissioners. You mentioned, Mr. Sunquist, that it's about \$350,000 per trade commissioner, roughly. Right? How, then, does the department do the evaluation as to whether or not the potential for building Canadian exports, hopefully value-added exports, or the existing market would justify additional trade commissioners?

Mr. Ken Sunquist: That's exactly it. We take a look at the costs in any post, for both our Canada-based and the locally engaged, the mixture that you would have there. We have what's called a Canadian commercial interest list—we're in the process of changing it right now—which takes 22 indicators from the past that show why a market might be good or bad, and we list 150 markets there and try to judge from there where your payback is going to be larger. It really is an investment by you. It's Parliament investing funds.

Now, having said that—

Mr. Peter Julian: Would you be able to table that? I know it's being revised, but would you for the existing 22 criteria?

Mr. Ken Sunquist: We could clean up the list for the purpose of giving it to you.

We take a look at the countries and what the opportunities might be. Having said that, deciding whether adding a fourth person in New York is better than putting in a first one in Kazakhstan is where the value judgment comes in. At some point in time, maybe you can do, in absolute numbers, more in New York than you could do in Kazakhstan, but on the other hand how do you knock on the door or kick open the door to get in and get companies in? So that's when you decide to put one or two people into Kazakhstan. Maybe on a straight value for dollars it might not be quite at the top, but we know that in the long term, there are more prospects for that. So we try to make that value judgment.

Mr. Peter Julian: But you use more subjective criteria than objective criteria, from what I see.

Mr. Ken Sunquist: We start with the objective, and then at the margins there is a subjective nature to it, obviously. There has to be.

Mr. Peter Julian: Okay. Further to that, we talked about trade commissioners, but there's also the whole issue of support, promotion, promotional budget or promotional support on the ground, particularly given that Canada as a country is well perceived in most countries around the world. I'm interested in knowing to what extent there is support, to what extent there are advertising budgets and trade show budgets to enhance the on-the-ground work that a trade commissioner would be doing.

My last question is with regard to the whole support by the department for diaspora-type organizations that exist. Canada-Philippines, for example, has many Canadians of Filipino origin, but then there are also Canadians living in the Philippines. To what extent is there a tie-in between organizations both in Canada and overseas, in order to enhance Canada's profile in those countries?

Mr. Ken Sunquist: Thank you for giving me the opportunity to comment on the first part, which is that our department is not a program department. That is one of the issues: over a long period of time, our program funding has gone down. I can tell you that the total program amount on the trade side is only around \$10 million to \$11 million. That's outside of people. About \$6 million of that is spent on what we call our client service fund, which is helping the trade commissioners in the regions. It's not very much when you look at the number of posts. I could give you how much each post gets, if you wish.

Mr. Peter Julian: That's ten to eleven million dollars for the entire planet per year?

Mr. Ken Sunquist: Yes. That's in program dollars on the trade and investment side. On the diaspora, I think that's the change I was trying to get at in my statement. The world has changed, and Canada has changed. I think what we're trying to do is both recruit new people and also have a much more active working relationship with the different groups within Canada that retain relationships with their countries of origin.

• (1230)

The Chair: Okay, Mr. Julian, your time is up. Our time with the witnesses is up.

Thank you all very much for coming today and for helping us start this study on the machinery of government and on how various departments and agencies work together when it comes to trade. I'm sure we will hear from you again. Thank you very much.

We will suspend for a minute or two, and then we'll get right back to the rest of the committee business starting with the travel budget. Thank you.

• (1230)

_____ (Pause) _____

• (1235)

The Chair: Let's reconvene.

We will first deal with the issue of the travel budget. You have in front of you a copy of a motion for travel and to approve the budget. Is there any discussion?

Mr. Ted Menzies: Do you want someone to move it?

The Chair: Sure.

Mr. Ted Menzies: I will move it.

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

The Chair: All right. We will now go to the last order of business on the agenda, as far as I know. There is another possibility.

We have a motion. At the last meeting, we'd started dealing with a motion brought forward by the Bloc.

Monsieur Cardin, would you like to kick off our discussion on this today?

[*Translation*]

Mr. Serge Cardin: Yes, Mr. Chairman.

Mr. Julian's amendment was also tabled last week. At what point exactly are we starting?

[*English*]

The Chair: Yes, we will start, if it's acceptable. We ended with Mr. Julian putting forth some amendments. We'd asked that these amendments be included in the text for discussion, and they are included.

If we could first go to the discussion on Mr. Julian's amendments, you'll see the amendments before you. Is there any discussion on this?

Yes, Mr. Julian.

[*Translation*]

Mr. Peter Julian: Mr. Chairman, I would like to clarify Mr. Cardin's excellent motion. We hope that it will be supported by the four parties represented here.

Mr. Menzies spoke of tabling a motion that will deal with prosperity. However, I hope that Mr. Cardin's motion will be adopted, along with the amendment.

[*English*]

The Chair: Okay, Mr. Julian.

Is there any other discussion?

Mr. Menzies.

Mr. Ted Menzies: I must apologize that I wasn't here when these amendments were put forward. I must state that I have a great deal of difficulty with the whole motion.

On the amendments, let's deal with the one in the second paragraph, "and to our best knowledge, water is not excluded". We know for a fact that is not correct. If this committee were to accept this, it demeans the whole committee. We know for a fact it's well documented in many places that water is completely excluded, bulk water is excluded from NAFTA.

For this committee to even entertain an amendment that says "to our best knowledge" brings into question the credibility of this committee, not to mention the credibility of the researchers who didn't give us the right advice. If we accepted this, we'd need to bring them in too. It's irresponsible. It demeans the committee to suggest that we haven't done our homework.

We can cite all of the places. For example, let's talk about the statement made in 1993 by the governments of Canada, Mexico, and the United States:

The governments of Canada, the United States and Mexico, in order to correct false interpretations, have agreed to state the following jointly and publicly as Parties to the North American Free Trade Agreement (NAFTA): The NAFTA creates no rights to the natural water resources of any Party to the Agreement.

It creates no rights. I don't know how you can get any clearer than that.

Unless water, in any form, has entered into commerce and become a good or product, it is not covered by the provisions of any trade agreement including the NAFTA.

I can go on and read the rest of it. It's plain, it's simple, and it states that.

I'll let some of my colleagues talk about some of the other amendments, but the first amendment is the first one that should very simply be excluded. It's not the motion itself. It's the amendment.

The Chair: Thank you, Mr. Menzies.

Of course I will make it perfectly clear that our committee researcher certainly had nothing to do with writing up this motion or the amendments to the motion, so I will clarify that.

Mr. Julian on a point of order.

[*Translation*]

Mr. Peter Julian: Mr. Cardin also raised a point of order.

[*English*]

The Chair: Mr. Julian, do you have a point of order or not?

[*Translation*]

Mr. Peter Julian: Yes, Mr. Chairman.

My amendments are printed in bold typeface in the French version. Some amendments are missing from the English version. Consequently, the two versions do not match.

Unfortunately, we will have to rely on the French version because it was moved by the Bloc Quebecois and it contains the amendments I made to the original version. The amendment that Mr. Menzies is talking about did not come from me.

• (1240)

[*English*]

The Chair: Mr. Julian, what particular words are you referring to?

[*Translation*]

Mr. Peter Julian: My amendments are printed in bold typeface in the French version.

[*English*]

The Chair: The clerk has indicated that the words in the English version “and to our best knowledge” should in fact not be in there. They were actually suggested by someone else and they weren't part of the amendment you proposed, Mr. Julian. So we will strike that out and the rest is in order.

Mr. Cardin.

[*Translation*]

Mr. Serge Cardin: Mr. Chairman, this was the important point that I wanted to raise regarding the so-called amendment to the English version.

Coming back to what Mr. Menzies said, I remember that at a previous meeting, some Conservative members of the committee stated that there was no imminent problem with water within the NAFTA framework. Of course, I did a bit of research and I read some texts similar to those put forward by Mr. Menzies. Now we are finding out that the gates are wide opened. If we are not careful about bulk exports of water, we're going to come up against some serious problems. Therefore, we should be clear about this.

As the saying goes, there's no harm in being overly cautious. If Mr. Menzies is convinced that water will never be an issue for NAFTA, let's make sure that it is clearly stated.

[*English*]

The Chair: Merci, Monsieur Cardin.

I have on the list Mr. Cannan, Mr. Lemieux, and Mr. Allison.

Go ahead, Mr. Cannan.

Mr. Ron Cannan: Thank you, Mr. Chair.

To be brief, I echo my colleague's comments about the 1993 statement. It's clear that water is not included in NAFTA. You're saying it's not excluded, but do we have to list everything in the whole world that's not excluded? That's why we have an agreement, to include the items that are included in the agreement, and that's what frames the agreement. Otherwise, if you list everything that's not excluded, it would go on ad infinitum. You can't make it any clearer that water is not included in NAFTA. The witnesses last week reaffirmed that. We have the statement from 1993 that was reinforced by the highest members of the governments of the three countries.

I don't support the amendment.

Thank you.

The Chair: Thank you, Mr. Cannan.

Mr. Lemieux.

Mr. Pierre Lemieux: The point I'd like to make is that I think we should be cautious and clear, but we have to maintain our credibility. We've had witnesses come in front of us to give lengthy dissertations and answer a lot of questions, but the essence of a lot of the argument is speculative. It's not concrete. It's worries. It's concerns. It's fears. It's things that may have been heard or may not have been heard, but they're not very concrete.

This is a classic example, I think, where someone has a fear of having perhaps heard of a meeting where something might have been discussed. Maybe they give it in a bit more detail than that, but not much more detail than that. And we've only had one or two or maybe three witnesses pertaining to this. It's all very indirect and it's all rather benign, actually.

As the parliamentary secretary pointed out, I think the credibility of our committee is at stake here. What we're doing is chasing phantoms. We're going to focus this committee and all of its resources on a phantom, something that's not concrete, something that only a few witnesses have mentioned. And it will damage our credibility, because people will say, “Well, what are you doing as the committee? Why are you chasing that when in fact you have more important work to be doing—for example, studying the machinery of government?” That's very concrete.

We can put in place specific recommendations and we can basically improve the way in which our government pursues trade policies, the way it targets particular countries, and the way it works with industry instead of chasing these phantoms.

Once we start chasing this phantom of water being included under NAFTA, when it's not included under NAFTA, what are we going to be chasing next? We could have other witnesses who come in and put up other smokescreens, and then we'll have other motions that come forward and we'll be running in circles.

We have an agenda in front of us. We've been accommodating on this agenda of the security and prosperity partnership. We've televised them, we've gone with extra sessions, and we've called in extra witnesses. And now we're going tangential; we're moving into the obscure here.

It's a concern of mine, because as MPs we need to have credibility. Our committee needs to pursue work that is important to the government, that's important to Canada, and this is simply wandering off into I don't know where. So that's the point I'd like to bring up.

In fact I've called on our Liberal colleagues to realize this. I don't know why there is such support from our Liberal colleagues for a motion such as this. And I don't say that in a partisan way; I say that because I really don't understand it. I would actually look at my Liberal colleagues and say, "Don't you agree with what I'm putting forward here, that we're going to be heading off on the path?"

I don't know why they're not staking out their ground more, Mr. Chair.

We saw that before with the witnesses on the SPP as well, where Mr. Julian had.... How many witnesses did you want to call forward? It was a lot of witnesses, and the Liberals were just basically abrogating their ability to call witnesses to another party.

So I would look at my Liberal colleagues and say, "Have a look at this and think back to the witnesses who appeared before us and what it was they said." What you will realize is that it's speculation, at best. Basically this committee is going to be pulled off track, off rail, chasing speculation.

It's a concern of mine. I think it's a concern of my colleagues. I hope it's a concern of my Liberal colleagues as well.

Thank you, Mr. Chair.

•(1245)

The Chair: Thank you, Mr. Lemieux.

Mr. Allison.

Mr. Dean Allison (Niagara West—Glanbrook, CPC): Yes, thank you, Mr. Chair.

I need some clarification on this motion. I know we've just struck something. I'm not sure if we're talking about amendments right now, if we're talking just about the amendments. I am not sure what amendments we're talking about regarding the original motion. I'd like some clarification here as to what we're discussing and then voting on one particular amendment at this point in time. Where exactly are we?

I do have some additional comments, but I would like some clarification before I move forward with my comments. I do have this amendment before us, but now I've just struck part of it, and I'm really not too sure.

The Chair: Yes, Mr. Allison, I will clarify that.

The amendments are bolded, Mr. Allison. As well, we have taken out "and to our best knowledge" from the bolded section in the English version because the clerk has indicated that it really never should have been there. It never came from Mr. Julian. So it would be as bolded, but with "and to our best knowledge" taken out. That is what we're debating.

And we are—

Mr. Peter Julian: On a point of order, Mr. Chair—

The Chair: Mr. Julian, I hear you, but I'm going to finish my comments first.

What we are doing is discussing all of the amendments, as bolded.

Mr. Julian, you had a point of order?

Mr. Peter Julian: Yes, Mr. Chair.

The first paragraph, which is bolded, which says "water is not excluded," is not an amendment that I offered. That was my point. So we would take out "to our best knowledge", and "water is not excluded" would be part of the original motion.

That is why it's important for members of the Conservative Party to follow the French text, because that's where the amendments are accurately brought in, in bold.

•(1250)

The Chair: I hear your comments, Mr. Julian, but the clerk has indicated that in fact "water is not excluded" is as it is in the French version.

I'll just discuss with the clerk here for a minute.

Mr. Julian, I think I understand what you're saying. The clerk has indicated that in fact "water is not excluded" was in the original motion. So it is not part of the amendment; it's part of the original motion.

The clerk has indicated that is in fact the case, so thank you for that clarification.

Now, Mr. Allison, please continue.

Mr. Dean Allison: So we're not dealing with the amendments. We're dealing with the whole new amendment—

The Chair: We're dealing with the amendments.

Mr. Dean Allison: —just the way it reads right now, minus what we just struck down.

I just want to add a couple of comments.

The Chair: We are dealing with the amendments now, Mr. Allison, for clarity—just the amendments.

Mr. Dean Allison: Once again, I want to reiterate what my colleague, the parliamentary secretary, had to say. This is a committee in which we may disagree from time to time on what we are doing and what we move forward on, in terms of thought process, but I think factually—I'll say it once again—the credibility of this committee is at stake should we factually misrepresent something back to the House.

This does not make any sense to me at all. I know Mr. Menzies has talked about the statement made in 1993. We've had witnesses come before our committee who have worked on NAFTA and have said that bulk exports do not have anything to do with this agreement. So we are going to look very unprofessional to bring forward this motion that is factually incorrect in terms of dealing with bulk water.

I will remind my Liberal friends. I have quotes here from Chrétien in the House of Commons, not one of my fans by any stretch of the imagination. I'm going to quote him, because I need to remind my Liberal friends where they stood on this issue before we started with this committee.

It says here that he "told the Commons yesterday that water is exempt from the North American Free Trade Agreement". His foreign affairs minister, John Manley, who I probably like a little bit better than Chrétien, "also assured MPs there's no change in government policy". "Water should not be treated as a matter of trade." "The position of the government of Canada is to oppose the bulk removal of water from any of our drainage systems..."

So once again, this is a position the Liberals have clearly taken. I'll go back to what Mr. Lemieux said. I don't understand why these guys are now all of a sudden the arm of the NDP and they talk about a motion that's going to make this whole committee look like a joke.

An hon. member: It's better than the Green Party.

Mr. Dean Allison: Well, you're right, it is better than the Green Party. That's a good point.

Anyway, Mr. Chair, my point is that factually this motion is incorrect. We have had witnesses who have said it's incorrect; we've had statements by government, we've even had former Liberal prime ministers who have said this is incorrect. My concern is the lack of credibility this committee will have, going forward, by introducing such a reckless, such a partisan, such a totally irrelevant piece of information, as far as this motion goes. So I want to express my concern again.

This is a question of credibility that I will put forward to the Liberals. We can disagree on policy and we can disagree on other things, but this is a factually incorrect motion and it should be struck. We should not even be having this conversation right now.

I will remind my Liberal friends that their prime ministers or ministers of foreign affairs have all been on the record saying that is not true, so I want to know why all of a sudden now they're switching their position on this.

The Chair: Thank you, Mr. Allison.

We'll continue with the speaking list. Mr. Julian.

Mr. Peter Julian: The Conservatives are completely wrong on everything they've said.

I call the vote, Mr. Chair.

The Chair: Next on the list is Monsieur André.

Mr. Julian, you've requested that there be a vote. The chair has determined that it's not appropriate at this time. We have a speaking list, and I will carry forward through the speaking list.

Point of order, Mr. Julian?

Mr. Peter Julian: You have to then consult the committee to decide whether they want further debate on this.

The Chair: Mr. Julian, I, as chair, determined that we will go through the list.

Monsieur André, you are next on the list.

[*Translation*]

Mr. Guy André: Mr. Chairman, further to Mr. Julian's proposal, I challenge you to put this motion to a vote.

● (1255)

[*English*]

The Chair: Are you challenging the ruling of the chair? Okay, so I'll just discuss with the clerk, and we will carry forward on this. We have to go directly to this now.

Monsieur André, you have challenged the decision of the chair, so I will read the question.

Shall the decision of the chair be sustained? We will go now directly to a vote on that.

An hon. member: It's a vote to cut off debate, is that what it is?

The Chair: No. Shall the decision of the chair be sustained—that's the motion. If this motion is carried, then we have to deal with that. If the vote is defeated then we carry on with the business before the committee.

Mr. Pierre Lemieux: Can I ask you a question for clarification? I don't understand how debate can be limited like that. Maybe you could clarify. If other members want to participate in the debate and want to discuss the motion, I do not understand how it is that a motion can be called to a vote and nobody can stop that. There's still a speakers list; there are still MPs who want to be heard. We had this on another committee, Mr. Chair, and you could not call the question to a vote until debate ended.

[*Translation*]

Mr. Guy André: On a point of order, Mr. Chairman, you called the vote on the Chair's motion.

Mr. Pierre Lemieux: Mr. Chairman, I am trying to understand this.

[*English*]

The Chair: Just for clarity, Monsieur André, what you're asking for here is going outside the rules of the committee. You're asking for the rules to be overridden in this case, by challenging the decision of the chair, which is to carry on as described in the appropriate committee process. That's what you're asking for.

We'll now go to a vote on whether the decision of the chair shall be sustained.

Those in favour of the motion brought forward by Monsieur André?

Mr. Peter Julian: No, no. Those in favour of sustaining the chair's decision—that's the question.

The Chair: That's exactly what I....

I have read the motion that is before the committee now. It is here because of a motion brought forth by Monsieur André. I've been informed by the clerk, and we've done this before at this committee, that we vote on the question: "Shall the decision of the chair be sustained?" If the decision of the chair is sustained, then we carry on. If the decision of the chair is defeated, then we go to the vote on the motion.

I need just a minute here.

It's not debatable. We will go to a vote, and what we're voting on is whether the decision of the chair shall be sustained.

(Ruling of the chair overturned)

• (1300)

The Chair: The decision of the chair is overruled, so now we go to a vote on the motion as amended. No, we're not on the motion; we're on the amendment. So we'll go to a vote on the amendment.

Mr. Ted Menzies: I'm sorry, but what about the speakers list, Mr. Chair? There's a precedent set, in Marleau and Montpetit, page 456. Let my honourable colleagues dispute it if they will. It clearly says that a motion to put the question—or in official terms, the previous question—is out of order in committees, based on precedent from committees of the whole in 1969.

The speakers list stands.

The Chair: Mr. Menzies, you're absolutely right, but the motion was that we ignore those rules of committee. And the committee is the master of its own destiny; it can ignore the rules.

We will go to a vote on the amendment.

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

The Chair: Our time for this committee meeting is up.

The meeting is adjourned.

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