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—
Chair

The Honourable Jason Kenney

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•(1110)

[English]

The Chair (Hon. Jason Kenney (Calgary Southeast, CPC)):
Good morning, colleagues.

[Translation]

I think we have a quorum.

[English]

I call to order this meeting of the Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development, pursuant to the motion adopted by the standing committee.

With respect to our study on the Canada-China human rights bilateral dialogue, I would invite to the table witnesses we have scheduled to appear before us today: the Honourable Sergio Marchi, president of the Canada China Business Council, and Mr. Paul Evans, co-CEO and chairman of the executive committee of the Asia Pacific Foundation of Canada.

Welcome to the committee, gentlemen. I think you're both experienced witnesses—in fact one of you is a former member of a parliamentary committee—so you know how this works. We welcome you both warmly. I think you're probably aware of the context of our study, which we will soon be wrapping up, on these matters.

Both of you have a period for presentation, followed by questions. Which of you would like to begin?

Please go ahead, Mr. Evans.

Mr. Paul Evans (Co-Chief Executive Officer, Chairman of the Executive Committee, Asia Pacific Foundation of Canada):
Thank you, Mr. Chairman.

I very much appreciate the opportunity to appear before the subcommittee this morning.

The Asia Pacific Foundation of Canada was created by an act of Parliament in 1984. It's funded by the federal and provincial governments and the private sectors, and it is an independent think tank on Canada-Asia relations. It aims to broaden public understanding of Asia and to be a resource for Canadians in making policy choices about how to respond to and influence the enormous changes that are happening across the Pacific.

Mr. Marchi and I come today at the end of a long number of witnesses who have been before the subcommittee over the last four months. You have heard a great deal about human rights conditions in China, individual consular cases, and the approach and instruments that Canada is using to protect Canadian citizens and promote human rights and democratic governments inside China.

My remarks will focus on the broader political and economic context in which the bilateral human rights agenda is playing out. I have two main points to make today. The first is that however important the state of human rights in China is to Canadians, this is just one of several big issues in our bilateral agenda with China. The second is that it is essential to establish a positive political relationship at the most senior levels before we turn to any of these issues, whether they be human rights, commerce and trade, human exchanges, or management of a host of global problems.

Recent events suggest that the political relationship between Canada and China is on unusually shaky ground. The public response indicates that Canadians are not of a single mind about how to manage the relationship with China. Here, we are not alone. China poses huge challenges for every country in Asia and around the world.

Our current debate in Canada is almost unique, because it does not centre on global economic shift, trade irritants, job losses, international hot spots, or the strategic risks of China's rise. Rather, in Canada the debate has been about political conditions inside China and in the current context a particular consular case.

Human rights are important to Canadians. A survey we conducted last year in association with *The Globe and Mail* found that 63% of Canadians believe the human rights situation in China is better today than it was ten years ago. At the same time, 72% agree that promoting democracy and human rights in Asia should be a priority for the Government of Canada.

Few doubt that China has become a global economic and political force. It is now the second-largest trading partner of Canada, the United States, and Mexico. It now exports more to the United States than does Canada. By our studies, it is likely to become America's principal trading partner within five years.

China is not just the shop floor of the world; it is at the centre of regional and global supply chains that are transforming the world economy. Chinese multinationals are shopping the world for assets, and not just in the resource sector. China is no longer out there, it is here, the sharp edge of globalization and a daily economic presence for most Canadians. It affects what we produce and consume, the nature of our jobs, and our role in the world.

The road to solving the world's big problems, from global climate change to UN reform to human security in Darfur to the weaponization of space to global counter-insurgency, still run through Washington, but they now run through Beijing as well.

The Government of Canada now appears to be on a somewhat different track from its Liberal and Conservative predecessors in responding to the rise of global China. Its principled foreign policy emphasizes freedom, democracy, human rights, and the rule of law. The government has not issued a major statement on China policy, but it is signalling something that some have characterized as "cool politics, warm economics", a phrase first used to describe the Sino-Japanese relationship under former Prime Minister Koizumi.

• (1115)

Our Prime Minister's public remarks have focused on human rights and consular issues, and he has already said that he will not sacrifice human rights for the almighty dollar. A variety of cabinet ministers are tending to the functional parts of our relationship with China.

This approach is not an easy sell in Beijing. China's assistant foreign minister commented in early February that the economic relationship goes hand in hand with the political relationship.

Some fear that with cool politics and warm economics, Canada risks playing a game of chicken against a bulldozer. They argue that it will be impossible to make progress on complicated consular cases and the broader human rights file without a working political relationship at the most senior levels. They observe that the new government set a positive tone with Washington before moving matters like the Arar case to prominence in the bilateral agenda, and they have noted that the new Prime Minister of Japan, despite abiding differences with China, has made a strong effort to warm up the political side of Japanese relations with China to a temperature equivalent to that of the economic.

Many are worried that a cool relationship with top Chinese leaders will have economic consequences. Here we need to be very careful in assessing the claim. Most commercial transactions with China are commercial in nature and largely untouched by high-level politics, but there are genuine concerns that some high-value commercial transactions do depend upon high-level government involvement, for example, in big infrastructure projects that depend on government procurement, and in the area of aviation and financial services, which are subject to government regulation.

The longer-term economic risk is that the efforts to form new partnerships, the big thinking around the Pacific gateway, and opportunities for joint research and development projects may be held back. The immediate diplomatic risk is that without a comprehensive relationship, we will lose traction with Beijing on a range of global policy issues ranging from Kyoto to Darfur.

It is unwise to overestimate Canadian access to top Chinese decision-makers on any of these issues, but it is equally unwise to think that cool political relations will increase our access or impact. The sobering human risk is that we are dealing with a long list of consular and related matters in which there are already many irritants on both sides and a growing flow of transnational migrants to complicate the picture. By the estimates of my foundation, we think there are more than 300,000 Canadian passport holders in the area of greater China.

For the first time since the establishment of diplomatic relations in 1970, we are back to a national debate about the fundamentals of the relationship. It is not clear that the strategic partnership announced during the visit of President Hu Jintao to Canada in September 2005 is still in place, and it is not clear whether we are starting a new chapter or a new book in the relationship with China.

Over the past three decades, the Canadian government and civil society actors have developed a range of instruments for monitoring and promoting human rights in China. This subcommittee has heard proposals for several new initiatives.

Let me conclude by adding one more proposal for the committee's consideration. It concerns corporate social responsibility beyond China's borders. In addition to China's undertaking activities at home, it plays a role as a major investor and developer in projects around the world, which is becoming big news, especially in Africa and Latin America. Codes and practices in the conduct of business, labour relations, and provisions for transparency and accountability of Chinese companies all have a big impact on tens of millions of people outside of China, and they have a big impact on China's international reputation and influence. This is a frontier issue, part of dealing with a global China, and a problem of mutual concern for Canada and China, in which the Canadian government, our NGOs, and our business sector can work together in providing leadership and new connections with counterparts in a global China.

Thank you for the opportunity to appear before the committee today.

• (1120)

The Chair: Thank you, Mr. Evans, for making the effort. You have come all the way from Vancouver, I believe.

Mr. Paul Evans: It's always a pleasure.

The Chair: I have just one point needing clarification. You estimate that there are 300,000 Canadian passport holders in greater China. How do you define greater China?

Mr. Paul Evans: That would include the People's Republic of China, Hong Kong, Taiwan, and Macau. Some would also include some adjoining regions, but that would be the core area.

The Chair: Thank you.

Mr. Marchi.

Hon. Sergio Marchi (President, Canada China Business Council): Thank you, Mr. Chairman and members of the committee.

Let me first thank you for the invitation to participate in this morning's deliberations at your committee. The Canada China Business Council is grateful for the opportunity.

As you know, the CCBC is a business organization. For almost thirty years, we have served Canadian business interests in China, while also attracting foreign Chinese investment into our country. Accordingly, we do not profess to have detailed expertise in the area or discipline of human rights. However, the CCBC's rich history in China provides us with a keen perspective on the many issues and characteristics of Chinese society. It is that perspective that I am pleased to share with you this morning.

The CCBC supports the view that Canadian foreign policy vis-à-vis China must represent the full range of our country's values and interests. Trade and investment are indisputably important elements of that bilateral relationship, as are human rights.

No one suggests that Canada pursue a purely commercial relationship. However, if the focus is solely on human rights, our country runs the risk of never establishing the kind of relationship in which difficult questions can be raised, discussed, and settled in a mutually respectful way, and in a manner that is likely to lead to change.

The Chinese may place more importance on relationships than other nations, but in most countries and cultures an open and trusting relationship is a prerequisite to achieving the goals of each country.

Essentially, our foreign policy is made up of two ingredients, values and interests, and the two are inextricably linked. Over the years, Canadian prime ministers, ministers, and their officials have not shied away from discussing the importance Canadians place on the respect for human rights in China and around the world.

Interests and values cannot be pursued in isolation from one another or with one as a precondition to the other. It is our experience that only when they are pursued in tandem can one make progress on both fronts. Moreover, Canada does not take a human-rights-first approach in its relationships with all the other countries of our globe.

There is no doubt that the bilateral relationship is bedeviled by attempts to resolve ongoing consular cases. Naturally, the CCBC expects China, as well as other countries, for that matter, to fully recognize and respect the rights of Canadian citizens abroad. A determining issue is that China does not recognize dual citizenship and is reluctant to grant access to Canadian consular officials in many of these cases. Therefore, unless some means can be found to bridge this gap, I'm afraid it will be a continuing source of disagreement.

While these consular cases may involve human rights issues, we also understand, of course, that this committee is focused on a much broader consideration of how human rights are respected or not respected in China's evolving society.

It is difficult for Canadians to try to visualize the scale of the social change underway in China. There are roughly two Canadas on the move each year. Some 30 million people a year enter China's rising middle class, and an equal number of people migrate from the countryside to the big cities.

China's economic growth since 1978 has lifted hundreds of millions of people above the World Bank's poverty line. In fact, Chinese officials are concerned with developing the social policies necessary to ensure a stable society. Chinese authorities spend considerable time examining foreign approaches, in our country and others, to see how they might be applied in theirs.

There is considerable openness to hearing ideas from friends and allies. But there is a growing popular resentment in China—and not just in China, of course—to lecturing by foreigners, in the absence of deep understanding of the Chinese realities. Even in the western world, lecturing can be a delicate affair, be it by presidential candidates in France or American ambassadors in Ottawa.

• (1125)

Since taking power in 2003, the Chinese leadership has taken as their core task the narrowing of the gap between rural and urban areas, as well as between the rich and poor. Now that Chinese society has succeeded in creating relatively enormous economic wealth, one of the challenges in building that harmonious society is to find ways to better share that wealth.

Their five-year plan for 2006 to 2011 focuses very specifically on the quality of that growth. This includes the need to develop environmental protection standards and enforcement, social safety nets, educational improvements, health reform, and measures to improve conditions for migrant labour, among others. These action plans have been well conceived in the past and have yielded concrete results. This, I think, clearly opens the door to meaningful discussions on the issue of values where sharing Canada's experiences and best practices can and hopefully will influence Chinese policy and thinking.

Talks at the official level, of course, play a large role in achieving influence, but so do practical development assistance programs led by CIDA, Canadian university exchanges and training, foundations, NGOs, and private companies. However, it is difficult for these to operate in the absence of a strong working relationship at the senior political level. Failing to develop this relationship merely will ensure that we will be left on the sidelines, lacking the ability to engage and thus impact social change in China.

Moreover, Canadian corporations active in China continue to contribute greatly to the export of their respective national values. Foreign firms operating in China have played an important role in China's economic advance, the rise in the standard of living, and in the adoption of more advanced work practices. Typically as well, these practices spread gradually to Chinese competitors as they seek to attract employees from foreign enterprises.

China has taken up the challenge of participating actively in the global economic and political system. An accelerated timetable of WTO accession, for example, which imposed considerable hardships for Chinese domestic firms, demonstrated just how determined China was to become a full global player.

By contrast, North Korea has taken the path of isolation. As it stands, China's multilateral and regional participation has been central to the tentative resolution of the security situation in North Korea. We should therefore encourage China to assume more responsibility regionally and globally, and not less.

There is no doubt that political change has proceeded much more slowly than economic development. Yet at the same time, we must recognize that considerable progress has been made and that engagement of foreign countries, including Canada, has played a constructive and positive role in this development.

An understanding of individual human rights is evolving in China. For example, the Chinese have sought the advice of Canadian insurers and large pension funds, on various aspects of establishing an effective public pension fund system for the Chinese citizens. As well, the Chinese judge who made a recent landmark IP ruling was trained at the University of British Columbia, under the Asia Foundation program.

The speed at which progress has been made in China may not be what we had envisioned; however, we think a policy of continued engagement is vital. Human rights are in part a function of degree of economic development. Canada did not have a Bill of Rights until 1960, for example, and its perceived ineffectiveness was the key reason for the adoption of the Charter of Rights and Freedoms in 1982. We are also reminded that with Canada's recent official apology, it was not too long ago in Canada that a head tax was imposed on Chinese immigrants to Canada.

Canada has been evolving, then, and so has China. Since China's opening in 1979, some 300 laws and regulations have been enacted to construct their legal system, which has been heavily influenced by the models of other countries. In 1982, a Chinese constitution was written and introduced, and it was subsequently amended in 1994 to protect private property.

● (1130)

We should also consider that genuine self-criticism on human rights questions in China and Canada may open productive dialogue. In the Maher Arar case, the Canadian government has been fully open in investigating the problem. Public and rule-of-law processes to investigate human rights abuses are common in Canada, and this is a model that should be encouraged with the Chinese.

In closing, Mr. Chairman, both Canada and China have progressed. Clearly, we are further along that road and are therefore in a position to offer our experience to the extent that it may be helpful to the Chinese in addressing the challenges that come with massive social and economic change.

We therefore need to engage China and to help encourage and facilitate this continued pace of reform. We need to appreciate that effective and constructive dialogue on any subject is based on a relationship built on trust and mutual respect. In this regard, the recent visits by the Canadian Ministers of Finance, International

Trade, Natural Resources, and Agriculture were most valuable, as is, I think, the continued work of the Canada-China Legislative Association.

Let us therefore engage China effectively on human rights. At the same time, let us also have a comprehensive and balanced framework for our bilateral and multilateral discussions with China, for the pursuit of values without also emphasizing interests puts both at risk.

Thank you.

We've also attached to our original, much longer presentation, Mr. Chairman, a series of recommendations for the committee that flow from our presentation. I will forgo, because of time, the actual reading of those recommendations, but they're found in our presentation.

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

Mr. Cotler.

Hon. Irwin Cotler (Mount Royal, Lib.): Welcome to you both.

The presentations here were informed and will allow us to go right to the core issues.

You've mentioned, in a kind of generic sum-up, referencing the Canadian government's position with respect to cool politics and warm economics, specific reference to the fact that the Prime Minister has said we will not sacrifice human rights to the almighty dollar. And you've also mentioned that without a political relationship, there won't be traction on a whole gamut of issues as China emerges in a global sense, both economically and politically.

I think you can appreciate that we've had witness testimony that has said there is no relationship or more particularly no adverse impact between human rights advocacy on the one hand and adverse fallout for Canada's commercial interests on the other. I want to ask you whether you believe that is correct. What is the relationship between human rights advocacy on our part in the form of policies, programs, statements, and actions on the one hand, and our commercial interests? Have you any examples where such interests have been adversely affected?

In that context, perhaps you might make some suggestions as to how both can go forward together. And if you want to comment on the Canada-China bilateral dialogue and its efficacy, that would also be welcome.

That is to either one, or both.

● (1135)

Mr. Paul Evans: Perhaps I can begin and say that the central message I was trying to convey is that we can and must deal with China on a range of human rights issues, a broad range of economic issues, and also a range of global issues. We are not in a position yet where we have established the high-level political relationship with China that I think will allow us to deal with those issues in some sort of balanced or comprehensive way. Until we have that high-level political relationship, individual cases and the dimensions of what we want to do in promoting good governance and democracy in China not only falls on deaf ears, they fall on ears that are both confused and hostile.

If we take a step back on the Canada-China relationship, for almost a third of a century there has been a consensus on the way to balance these multiple concerns. That's even before China became as important to us as it is now. We're at an interesting moment when that consensus is being looked at again—revisited—and it's natural and proper for any new government to do it. At the moment, I think we're not square on what we would like to do in advancing our human rights agenda.

So far, there are trade-offs, Mr. Cotler, as you noted. Are there specific instances in which Canadian pursuit of human rights issues or consular cases have cost us in the past? I don't know. It's always hard to measure where retaliation responses come, with another party who doesn't agree with you. I think as we move forward it's essential that we have a way to speak with the Chinese so we can dig into those issues and the trade-offs can be minimal.

As I looked through the testimony given before this subcommittee over its four months of deliberations, one of the remarkable things is that there's almost total agreement on what we should do by way of programming substance. Some want to go a little further than others, but we have a 90% consensus out there. The point is, though, before we can move on these individual activities on human rights, we have to have the political relationship that will allow us to be effective. There, I think that some of the lessons Mr. Marchi pointed to about how Canada deals with other countries, including the United States, where we're not always eye-to-eye on some very difficult bilateral issues and human rights and consular cases—The situation of having a warm relationship with Washington first does matter.

Mr. Cotler, it's amazingly difficult to be able to calculate where retaliation or consequences come if we have disagreements with the Chinese, as we've had many disagreements with the Chinese government over the last 35 years. My sense is, though, that we won't find specific acts of retaliation. Simply, if our relationship cools or even cools further, we're going to fall further behind in connecting with China. That's not on individual deals; our relationship with China is so much bigger than individual deals. This is about the very structure and nature of industrial restructuring in Canada.

I can't give you specifics at this point. We don't know them. Virtually every country in the world is trying to build a political relationship with China at the same time that it deals with a host of economic and other issues. The balance sheet is not yet clear, but it seems that's the necessary condition.

• (1140)

Hon. Sergio Marchi: I certainly would underscore many of the things Paul just touched on.

There are a couple of points. First, I think we could, we should, and we can pursue warm relations both on the political and on the commercial front. I think that's entirely possible. That should be our pursuit, and that would be in keeping with the traditional foreign policy stance vis-à-vis China and many other countries. Politics, commercial relations, human rights, and global multilateral partnerships and issues are at stake. It's really about engagement. It's first about building the rapport, the relationship, the chemistry that will then allow the vast bureaucracy, particularly on the Chinese side, to hopefully function in a positive way.

I still believe that the marketplace is becoming a bigger self-determinant of how business gets done. In countries like China, governments still play a huge role, particularly in the sectors and on the projects that Paul touched upon in his original presentation. On those major contracts, governments do have a say and a sway.

In addition, we are facing increased competition, not less. Again, the whole world is in China. It's not like it was in the 1970s, when we were the first country from the west to open diplomatic relations with China. The whole world is seeking both political and commercial relationships.

We've had examples in the past. While it's very difficult to measure, in the 1970s, for example, the French sold a fleet of Mirage planes to Taiwan, and there was severe commercial backlash. French consulates were closed; contracts were cancelled. People say they lost the inside track on providing China the nuclear reactor, which in the end went to AECL from Canada. It wasn't until they signed a ban on weapons sales to Taiwan that those commercial relationships were put back in good standing.

It's also very difficult to measure, because if someone is asked to pay, how do you know that company A, B, or C is paying for that original reason? The Chinese, like any other country, aren't going to spell it out for you. If you talk to Canadian business people on the ground in China, they are concerned and anxious that we have a political relationship that provides a positive context. So we shouldn't test whether this is going to happen in any tangible way for Canadian companies, because I think it's Canadian jobs and investment that are on the line.

The last point I was going to draw your attention to, Mr. Chairman, is that there are more than just commercial implications of a bad political relationship. My argument is what does it do for advancing human rights? My position and the position of the CCBC is that if you don't have a relationship in which you can discuss these tough issues, and if the Chinese think that a country is lecturing them, and then if we don't have engagement, how do we hope to advance the cause of human rights? There are more than just commercial consequences. There are the consequences of not moving human rights files forward. That's why, in the balance, we should be doing both and showing results on both fronts.

The Chair: Mr. Cotler, we're well over time on that round.

Madame St-Hilaire.

[*Translation*]

Ms. Caroline St-Hilaire (Longueuil—Pierre-Boucher, BQ): Thank you, sir.

We are certainly very happy to hear you this morning. If you do not mind, I will ask you some questions with reference to testimony we received previously. I think you are not in agreement with—I mean what you said is very far from what we heard, mainly from NGOs and other organizations.

From what I heard this morning, you both said essentially the same thing: you were rather shocked by the Prime Minister's statement that he will not sacrifice human rights in China for the almighty dollar. I understand that you both advocate the status quo that has been in existence for 30 years. We will have economic ties, we'll mention human rights from time to time so it looks good for the media, but what we actually want is economic relations and more business with China. I can understand why this is so.

This brings me to my question.

I would like to hear from you on this. Mr. Marchi, you're talking about balance. How can you justify that, ultimately, human rights are important, but not more so than trade, business and deals we have with China? This is what I understand. We will not neglect human rights but political relations are more important. Is this what you're saying?

• (1145)

[English]

Hon. Sergio Marchi: The first part of your question was about pursuing human rights so it looks good for the media, but that Canada is primarily interested in economic issues with China. Let me respectfully disagree. We at the CCBC do not argue for one moment that Canada should not pursue with China and other countries its values surrounding human rights, democracy, and religious openings. The fundamental question is how do we do that? How do we advance that? What systemic bilateral instruments do we have in place? Can we put in better instruments? Have the old ones now come to the end of the road? If so, what do we replace them with?

So we're saying that we fully expect our government to pursue a human rights line with China. Past governments of both political persuasions that have occupied 24 Sussex have done that, so it's not a partisan issue; it's a bilateral and global issue. But we would suggest that speaking publicly about human rights in the absence of a relationship is not necessarily the way to advance success in human rights with also consequences in whatever commercial interests we have at stake.

I had the opportunity to be trade minister and was privy to meetings with our Prime Minister at the time and either the premier or president of China, and I can say to you very openly that all issues were discussed, whether they were economic, political, UN, WTO, global, and ultimately those tough issues on consular human rights cases. The Prime Minister of the time in my presence didn't speak in code language or in terms of briefs, but spoke quite openly with the President and Premier, saying, "There are cases where we have a very strong difference of opinion, and we want you to look into this. We expect you to look into this." The interlocutors on the other side, the Chinese president or premier, did not go apoplectic because of the Prime Minister's utterings. In fact, they expected a democratic country like ours to raise those issues. But it was done in the context of a pretty good relationship, a mature relationship, in a context where you could also agree to disagree.

We agree to disagree in our respective families. We did it from time to time, as I recall, in our caucuses. It's sometimes healthy to air things out. The president or the premier of China would say at that point to the foreign minister, "Mr. Minister, I want you to look into

those three cases raised by the Prime Minister." That's what we needed to get things going.

So we should advance the cause of human rights in China and elsewhere. The question is how to do it in a way that is also sophisticated enough to show respect, in this case, for the Chinese. If you show respect, you are likely to get respect. Then you can advance the files, because I don't want to feel good about lecturing the Chinese on a human rights case, and wake up the morning after and find out that case is going backwards rather than forward.

The question is, how do we best advance that case? That's where we're coming from, and not saying whatsoever it's business at any cost, at any time, for any deal. Of course it's not, because that's not the way we live in Canada. And therefore we should also export those kinds of approaches and values, as I think we have, around the globe.

• (1150)

[Translation]

The Chair: Madame St-Hilaire, you have two minutes left.

Ms. Caroline St-Hilaire: I do not want to embarrass you, but do you feel it was wrong for the Prime Minister to blame the Chinese authorities? Do you think it was a mistake? Basically, what I understand is that there was a break with tradition. In the past, human rights violations in China were mentioned but in a polite and respectful manner. You are now observing a change in international policy. I am simply asking a question. I am not trying to embarrass you.

[English]

Hon. Sergio Marchi: No, no, you're not embarrassing me, and I also don't want to embarrass anyone.

I wouldn't categorize it as an error. I don't think any prime minister goes out to make errors in foreign policy in this case or in others. It's obviously an issue Mr. Harper feels very passionately about, that he feels is a fundamental aspect of our relationship, and I accept that at face value. I have no qualms with Mr. Harper feeling passionately about human rights.

I also happen to believe that former prime ministers also felt quite strongly about those kinds of basic values. It's also then a question of judgment, it's a question of style, it's a question of the rapport that one enjoys in terms of asking how we advance these values, and how he can advance this cause. Mr. Harper is free to choose the style and the approach he thinks is going to work.

In terms of the CCBC, we have no quibbles with Mr. Harper on the passion that he brings to respecting the human rights of Canadians in China and ultimately to try to influence Chinese thinking and policy on how they treat their own people. But we happen to believe that if you want to show success and if you want to move the file forward, you need a much more comprehensive, balanced approach, but ultimately one that is predicated on a strong relationship.

Even if it was briefly, we were pleased that in Vietnam Mr. Harper, with his Chinese counterpart, at least were able to put a face to one another beyond the G-7 meeting that I think they had briefly in St. Petersburg. It is my hope, built on these last ministerial visits, that Prime Minister Harper one day soon—not necessarily in a third country, but I hope in Canada or China—can build that chemistry and rapport. We are convinced that if that happens we will be more successful in seeing gains on those issues he feels so strongly about.

The Chair: Merci.

Mr. Sorenson.

Mr. Kevin Sorenson (Crowfoot, CPC): Thank you again for coming here today.

As you know, this is the subcommittee on human rights, and we are looking at a number of countries today. You're here speaking about China, but specifically we look at areas where there are human rights violations or perceived human rights violations and we then ask the best way this committee can make a recommendation to the standing committee and then ultimately to the government to see effective change.

In your recommendations you say:

Canadian foreign policy development should consider that the Chinese community in Canada is diverse with views covering a wide spectrum. One cannot reduce the view of the Canadian-Chinese community to a singular and unified voice. Certain issues can be divisive amongst Canadians of Chinese heritage. Consequently, Canadian foreign policy should be sensitive to the diversity.

Can you give me some specific examples where you really believe we don't recognize the diversity among the Chinese community here in Canada? You must have some real specifics where we need to change policy to have that as one of your recommendations.

Hon. Sergio Marchi: Thank you.

In fact that was recommendation number 6. I didn't read that paragraph because I was afraid I'd go over your time limits, but it's in our presentation. That was a reference essentially to the fact that it is our experience in dealing with the Canadian Chinese community across our country that there is a divergence of views in terms of how a Canadian government approaches foreign or trade policy in China.

What we've said in our brief is that, yes, there are those elements in the Chinese Canadian community that would applaud a very hardline, tough human rights approach first and sometimes only with China, but there are also other elements of that same community that have either a nuanced view or a very different view, where they would not want to see their government approach China on that basis.

What we are saying is therefore we shouldn't simply take silence as saying we are all on the same page, if we are to take a harder human rights first or only line. We're saying foreign policy must also reflect the plurality of opinion within that community, because there are elements in that community that would also favour perhaps a more traditionalist approach in terms of showing signs of progress, be they on human rights or political issues.

So what we're saying is let's make sure we're reflecting the plurality of opinion that we know from our context exists in the Canada-China community as we know it.

• (1155)

Mr. Kevin Sorenson: So you aren't necessarily saying that our foreign policy isn't sensitive to that. This recommendation is basically a reminder that there is diversity, that there is not a unified voice in Canada. It's a reminder.

You mentioned that Prime Minister Harper has a passion for human rights. But you've never said that he's overdone it. He has stood up for human rights. We all recognize that and acknowledge it. But according to this, it would seem that if you have a recommendation dealing with sensitivity to foreign policy, given the variance of opinion here in Canada in the Chinese community, there is no one real set point. This is just basically given as a reminder that one must proceed cautiously on both fronts.

Hon. Sergio Marchi: Well, I think it's a recommendation based on our relationships in the community. I prefaced my remarks earlier by saying that we don't pretend to be a body that is expert in the discipline of human rights, per se. We were invited to come this morning, and I'm very happy to have the opportunity. In our relationships with different elements of the Canada-Chinese community, we have found that there are points of divergence in terms of how we engage China, as I'm sure there are points of divergence in many other communities when governments like ours interface with America, Australia, Europe, or Africa. It's stronger than a reminder. It's also to let you know, based on our relationships, that yes, there are elements in the Canada-Chinese community that would applaud a very hardline approach. There are other elements that are not convinced that this is the way we're going to meet with success, not only in furthering the cause of human rights, but in cementing a bond with a growing political and economic power when it is in the interest—in the vested interest—of Canada to enjoy a good relationship with China.

That does not mean always agreeing. It actually means that it allows us to disagree in a mature way without anyone paying the penalty or the price. That's what we want. And we're saying that there's that element in the Canada-Chinese community today, based on our relationships and dealings with that community.

Mr. Kevin Sorenson: If you could take off your hat as president of the Canada China Business Council for a moment and put your old political hat on—

Hon. Sergio Marchi: Am I allowed to do that?

Mr. Kevin Sorenson: Somewhat, I would imagine.

It's been brought to the attention of the committee and the media and Canadians that in China, at the present time, there is one Celil, a Canadian citizen, who has been denied certain basic rights—rights to consular services, and others. You say, and we know, that China doesn't recognize full dual citizenship and that our government should engage these Chinese counterparts to develop a workable formula so as to serve the interests of these dual nationals.

It would seem that China is unbending and unwavering in some of its stands on this case. From a political perspective, then, or maybe even from the business perspective—you're involved with the Canada China Business Council—what would be the best practices the Canadian government could put in place to make a difference on this file?

We've gone through the Maher Arar deal, where some would suggest government didn't do enough or didn't do what they should have done. In a case like this, how can we make sure that this new government is responding in a way that can make the maximum amount of difference? And what could private interests—business—do to drive some of those things home?

•(1200)

The Chair: Mr. Marchi, unfortunately Mr. Sorenson is at eight minutes of a seven-minute round. So if you could, be brief in your response.

Hon. Sergio Marchi: I'm not sure I'd need to take my hat off, because, quite frankly, in my dealings when I visited China for the first time in my capacity wearing the presidency of the CCBC in November, and subsequently, we talked to our Chinese interlocutors above and beyond simply business and commercial transactions.

Many of our companies go beyond their service or product as well. You look at Alcan and the things that Alcan is doing in the northwest province of China, not only for their workers but for the local communities. They're jumping a much higher bar than is necessary, but they do it. This is where I also embrace the idea of good corporate governance and social responsibility.

Many of our firms are doing that, so we think they are also exporting those kinds of values, first because now in a global economy you have one brand, and therefore, quite frankly, you should have one standard and one approach. So you will find many Canadian companies who go beyond their essential product or services, improving the lot not only of their employees but of the communities and various hospitals, transportation systems, and elsewhere.

Second, it is because at times it is so frustrating that we need a good relationship and an approach that really is going to try to crunch this issue for the positive. I also sympathize with the difficulty in trying to engage the Chinese on saying we would like our consular officials to be available for that individual who happens to be a Canadian citizen and who is carrying a Canadian passport.

There are times the Chinese don't make life easy for our government. I've been there. I can fully appreciate that, but I don't think it is reason enough to shout louder. Who knows? Maybe shouting louder would work, but I'm not sure it will.

If there is really an obstacle you really need genuine engagement, and the question is therefore how do you build a new means or

instrument to get around the fact that they don't recognize dual citizenship and we do? It is going to take a leader, a minister, officials to really eyeball each other, and cross those t's and dot those i's, so that we figure out a way where these consular cases will not continue to impede the growth of our relationship.

So we would advocate that those frustrations are cause for greater engagement and deliberation.

The Chair: Thank you, Mr. Marchi.

Mr. Marston.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): This will probably come as no great surprise to you. You talk about a divergence of opinions. There certainly are some between me and the government members present on the how. When Mr. Harper was aboard the plane and made the pronouncements he made, it was read in some circles as a lecture to the Chinese on human rights. I don't think that was helpful at all. I have been working with Mr. Celil's family and lawyers since March, and they just shook their heads in great disappointment.

To set that aside for a moment, there seems to be a disconnect, at least from what I'm hearing you say, between the political side and the economic side. It sounds like market-driven economics with these folks is working reasonably well. People and businesses are able to get in there and conclude their contracts, but there's a change in the politics.

I was listening to what you were saying about the relationship before, where you were able to lay on the table a number of differing issues, but now there seems to be some kind of a difficulty in doing that.

We're looking at the bilateral human rights dialogue here. I think some folks would like to park human rights there. The dialogue hasn't been that effective. We've had a situation where senior Chinese officials didn't even attend.

Human rights is a core fundamental value for Canadians, I think ahead of most countries in the world. Can you give any advice as to how you think we should proceed to try to re-establish that political relationship?

•(1205)

Hon. Sergio Marchi: From what I can gather, there was testimony from many different organizations, many of which are on the same page in saying that the dialogue either needs to be improved or that we need another instrument. Certainly I'm prepared to take that advice. We are not the human rights organization, and I will certainly yield the floor to those who perhaps have better ways to create those instruments. We would certainly support either an improved dialogue, which a number of countries have taken, or another instrument in its place. We don't think megaphone diplomacy is an alternative that is going to advance the cause.

The other thing I would like to say is that this is absolutely an opportune moment for real creative engagement on the whole issue of values. Never before in the history of the Chinese five-year plans have they dedicated so much political currency to the issue of building a harmonious society. I think there is concern that the huge gap that exists is potentially a source of instability. Stability is job one for many in that administration.

You see quality-of-life issues in that five-year plan—issues that we talk about in Canada. They are asking how to improve education, air and water quality, and health care for their citizens. I think there is a particular window of opportunity for engagement on a whole set of what one can say are social rather than commercial interests.

In terms of shared experiences and best practices—not that we're perfect—I think we do have a good story to tell. The question is how we engage the Chinese. They are quite well known for looking at various approaches, taking some on board, test-driving them, and either replacing them or fixing them or letting them be. I think there's a real opportunity to engage them, but to do so in a way that is preceded by a relationship, as I said, and I think as Paul enunciated, of real mutual respect and understanding that will allow those more difficult issues to be settled.

Mr. Wayne Marston: In listening to your remarks about the changes in China, the iron rice bowl is gone. Essentially, the state is no longer taking care of people quite in the fashion that they did. I would agree with you that we're sitting in a place where we have great opportunities. I think the critical, crucial thing is a demonstration of respect. Sometimes that's hard to do when human rights are called into question.

I tend to agree with much of your presentation. You're right that we've had presenters who have pushed the human rights side, saying trade will take care of itself. There was less impetus than what we're hearing today; it was more about standing up for human rights. I appreciate your—

Hon. Sergio Marchi: I can also say, I remember—

The Chair: Mr. Evans, would you like to get in here? You were signalling to me. Go ahead.

Mr. Paul Evans: Thank you.

I see that if you're a former politician you get a few more words to the committee, Mr. Marchi, than academics or professors.

Hon. Sergio Marchi: I'm just responding to the questions, Paul.

Mr. Paul Evans: I think Mr. Marston's question fleshes something out, and that's that through much of the discussion before this subcommittee over the last few months, there's been a view that human rights are at the heart, at the forefront, at the very centre of Canada's view of the world and of how we should be dealing with China.

The view that we are trying to represent today is that human rights have to be a fundamental aspect of our relationship, which cannot be seen as separate from what is moving on the commercial and on the global issues side. And that makes it a real challenge for a government to get the right balance and to move comprehensively.

I think, too, that what we are saying is that you need a relationship before you deal with issues, and once that relationship is established,

comments on human rights in general, and the creation of a whole new architecture—and I'd be happy to offer some thoughts on that—are possible, as will be dealing with individual consular cases.

We're now in a situation in which we've got hundreds of thousands of Canadian citizens who are very close to China, not because they're here, but because they have returned to or are close to the People's Republic. If you're wondering, as was Madame St. Hilaire, we can't go back to the old consensus. We have to move beyond it now.

Canadians are going to make sure that those consular cases are higher on our priority list. Our Prime Minister has signalled that. It's now a matter of how we're going to get our hands dirty and our feet dirty to make sure we have arrangements put in place and understandings with the Chinese that are going to deal not just with a specific case but with a huge issue for us in transnational relations, that of the several hundred thousand Canadians who are potentially vulnerable in situations of dual citizenship.

So the status quo isn't enough. We have to push harder. But what I think we're suggesting is that we push harder in the context of a comprehensive relationship.

• (1210)

The Chair: That terminates the first round. Before going to the second round, I'm just going to ask some factual questions to get some facts on the table here, so we can reference some concrete issues.

Mr. Evans, I understand that Canada's export share of the total Chinese export market has shrunk in recent years. Is that accurate?

Mr. Paul Evans: Yes, sir, it is.

The Chair: I also understand that the Canadian trade deficit with China has increased considerably. Is that accurate?

Mr. Paul Evans: Yes, sir, it has.

The Chair: It's been by about fourfold in the last decade or so?

Mr. Paul Evans: Well, it's even worse than that. According to the statistics we have for January to November 2006, Canadian goods exports to China were about \$6 billion. Our imports from China were about \$38 billion.

The Chair: You suggested that one characterization of the current government's policy could be warm economics, cold politics. Would you characterize the previous administration's policy as warm politics?

Mr. Paul Evans: I would say that it was not just the previous administration, if you mean the last Liberal government. I would suggest that really dating back to Pierre Trudeau, every Canadian government has tried to pursue warm politics. By the way, I'm not saying hot politics. No one feels that we can have the kind of complexity and depth of a relationship with China at the values level.

The Chair: So would you characterize a trade relationship in which our exports go down and our trade deficit sextuples as cold or warm economics?

Mr. Paul Evans: I would say we are bordering on hot economics, and that on balance, that economic relationship, even with that enormous trade difference, is great for the Canadian economy.

The Chair: Which of the two countries generates greater benefit from that relationship, given the current trade deficit?

Mr. Paul Evans: It's impossible to say, and the reason for that is we are now becoming so increasingly integrated in our production systems that a trade deficit with China can be helpful to us in our trade relationship with other parts of the world.

The Chair: A \$25 billion trade deficit is equally beneficial to us as it is to China?

Mr. Paul Evans: I would say that's the wrong way to measure it. We are looking at how Canadian businesses are learning to compete globally and at a connection into supply chains in which, for the moment, Chinese exports to us are larger, but we realize on balance that China is not a major world exporter. It's a balance of trade.

The Chair: Since you know something about the political situation in China, would you agree with the statement that there is a functioning opposition in the National People's Congress?

Mr. Paul Evans: I'm sorry—?

The Chair: Would you agree with the statement that there is a functioning opposition in the National People's Congress?

Mr. Paul Evans: I would not put it in terms of a functioning opposition.

The Chair: Do you think it's helpful as an expression of Canadian concern about democracy and human rights to assert that there is a functioning opposition in the National People's Congress? If a Canadian prime minister were to do such a thing, would that be helpful?

Mr. Paul Evans: I don't know if prime ministers have said that in the past. I would not know that the phrase "functioning opposition" is quite the right phrase—

•(1215)

The Chair: In 2005 I was in Beijing with a former prime minister who congratulated the Chinese government on having the opportunity to meet the leader of the opposition in the National People's Congress.

Mr. Marchi, you've testified that major contracts, particularly with respect to infrastructure, may be affected by the political context. Roughly how many Canadian companies are major infrastructure providers in China?

Hon. Sergio Marchi: I agreed with Paul's statement that these major infrastructure projects, among others, have a huge government role and intervention. I couldn't give you a specific number. I'll certainly endeavour to provide the committee with that specific number. But there's roughly—

The Chair: Could you name the top Canadian infrastructure providers just off the top of your head?

Hon. Sergio Marchi: There are about 500 Canadian companies on the ground in different parts of China.

The Chair: What are the biggest ones, the biggest three or four?

Hon. Sergio Marchi: You can talk about SNC-Lavalin, you can talk about Hatch, you can talk about Bombardier, you can talk about Power Corp. Those certainly would come to mind.

The Chair: I understand statistically the largest Canadian investor in China is Power Corp. Is that your understanding?

Hon. Sergio Marchi: It's one of the major ones. I don't know if it's the major at this time, but it's a major one.

The Chair: Who's the chairman of your organization?

Hon. Sergio Marchi: Peter Kruyt.

The Chair: And what company does he work for?

Hon. Sergio Marchi: Power Corporation.

The Chair: Thank you.

Mr. Khan.

Mr. Wajid Khan (Mississauga—Streetsville, CPC): Thank you very much, gentlemen.

I have listened with interest and I understand the balance between business and human rights that you've mentioned. I can also tell you that I visited Saudi Arabia recently, and I discovered the situation that Mr. Sampson went through was also a very poor understanding of culture and a lack of a personal relationship, as we talked about. I agree with you there.

The Chinese are very smart business people. I think they have moved a long way from where they used to be, but they're moving at their own speed. I think their engagement in Africa and Latin America some would say is a wonderful engagement, but at the same time we have to recognize that many of the other countries they're engaging with don't have a very stellar record on many issues. They aren't signatories to certain conventions, and therefore some European and North American countries wouldn't want to go there.

My question, sir, is how long do you think it would take, and how many people being abused is acceptable as a measure for a Canadian prime minister to bring up the issue publicly and then get criticized for it?

At the same time, sir, I think you've said that as reflected by recent Canadian ministers' visits to China, Canada must continue to build and maintain a mutually trusting and respectful relationship with China. We agree with that, no question about it, and therefore the ministers went there. That would permit the constructive engagement on the full spectrum of issues between our two countries.

So where do we draw the line? Is it wrong to speak up and at the same time send your ministers there? You suggest we should have a relationship. I would say, sir, that we do endeavour to have a relationship by the ministerial visits, and at the same time, I think the prime minister's bashing is admirable. He is standing up for somebody who is a Canadian and who's in jail. Somebody needs to speak up for that individual. I think it would be absolutely unacceptable in Canada, at least to me, that the Prime Minister of Canada would never bring up the issue.

And we talk privately. I think a business community such as yours should be standing up and championing the cause. I think the United States has less influence in India than Bill Gates probably has. Have you made an effort on this issue at all? That is my question to you, sir.

The other question is about the trade deficit and Mr. Chairman has already asked that, but I would ask a question on that issue. When do you see or do you ever see a possibility of a trade balance between China and India?

A voice: Canada.

Mr. Wajid Khan: China and Canada—sorry. Will we ever have a balance of trade? Let's not talk about surpluses here. I'd like to start with a balance.

• (1220)

Hon. Sergio Marchi: On the first question directed to me, I don't think it's acceptable that people continue to be abused. I don't think it's wrong for a prime minister to publicly raise issues he cares about. The question we are most concerned about—and the reason I thought we were here—is what is the best way forward? What is going to get us the maximum success, not only for Canadians travelling in China, but for the lot of the Chinese people in general?

I spoke earlier about the dialogue, and many witnesses have said there's something amiss here. One of the reasons we went to the dialogue was for the same reason as many years ago. Prime ministers then were simply not pleased with how the human rights commission in Geneva was working. I had the opportunity to spend some time in Geneva, and every year there were roughly eight weeks of very intense human rights endeavours. I can tell you that most of the ambassadors who were involved day in and day out were not convinced at the end of the process that we had moved the file one iota. That was broken as well.

When we moved from basically passing resolutions in Geneva to a dialogue, it was done because we were convinced that a frank, honest, and more intimate dialogue would enhance the files for the causes we felt strongly about. I think at that time it was the correct action.

Mr. Wajid Khan: I'm sorry for the interruption. I agree with you, there's no dispute. Do you agree that these ministerial visits and the Prime Minister standing up for human rights is a balanced approach?

Out of those 500 companies, or whatever number of companies are in China, how many are really doing business? There are lots of companies registered there, but they're not really doing business.

The Chair: We're out of time on this round, so please give a very brief answer.

Hon. Sergio Marchi: I agree, and I've said as much. The recent ministerial visits were positive and valuable, but a relationship with China also has to happen at the most senior of political levels. Therefore I hope the Prime Minister can and will complement with his counterparts the kind of relationship-building his ministers are doing. Then you will truly have the making of a relationship that will stand the test of time and allow us to tackle the toughest issues.

The Chair: Mr. Silva.

Mr. Mario Silva (Davenport, Lib.): Thank you, Mr. Chair.

I thank the witness for being here as well.

The committee has been struggling with the whole issue of a genuine engagement between Canada and China on the issue of human rights, and whether the bilateral human rights dialogue can play a bigger role in Canadian foreign policy in China. How you go about this dialogue is very important. Certainly there are those who argue that the dialogue is not working and we should just abandon it and go back to square one. If there is some measure of success, we'd

certainly like to hear what it is, so we can assess whether this is working or not.

The whole issue to me is how do you render the universal principles of human rights effective at the local level—how do you go about doing that without also engaging local governments, authorities, and NGOs? The problem is that our dialogue with China or any other country is always government to government. We talk about bilateral relationships, and it's the federal government versus their government.

At times when we talk about human rights it seems to them that we're lecturing them. But we're lecturing a regime, not the whole population. Obviously there are many people in China who have genuine concerns about human rights and want to advance the cause of human rights. We're not taking issue with those people. But how do you go about engaging those individuals so we can bring about effective change? I'm not sure. It's a big question in my mind, but I really believe we cannot have a genuine dialogue without those local engagements. Otherwise this is all going to be useless, because at the government-to-government level it's not working.

Maybe Paul Evans can answer that.

• (1225)

Mr. Paul Evans: Thank you for the question.

Like you, I share the view that the human rights dialogue is not performing to maximum capacity. But I think we need to take a step back. That human rights dialogue is just one square in a much bigger set of initiatives that Canadian governments, universities, and the private sector have put in place over about the last eighteen years, for advancing human rights discussions in China.

The problems in the dialogue itself have been reviewed rather carefully by your committee and I won't comment on them, except to say that, by itself, the dialogue not very helpful. However, in the context of a concerted effort that has several other dimensions to government-led activities, where government-led activities connect to what NGO's, foundations, or universities are doing, that's interesting.

Madam St-Hilaire asked us what we can do that's new. One thing that has been very valuable out of this subcommittee's hearings is talking not just about that government-to-government dialogue in isolation, but how it is going to connect to what NGO's and a number of others are doing.

As we look to the future, we're going to have to find new mechanisms for engaging China at multiple levels. I think corporations, on corporate social responsibility, as we discussed, can open up a new front both in their talks with Chinese counterparts, but also through connections of associations. The Canada China Business Council would be a kind of instrument for engaging some of their Chinese partners.

We're on the edge of something. No Canadians feel we can go backwards in our promotion of human rights in China. Every signal that we are getting through our polling, through what we hear at this committee and elsewhere, is that Canadians want to move on it. Now we might have a little bit of new energy, and we're going to need some new mechanisms. But the old architecture is not wrong, it's just not enough and needs to be improved. At least that would be my view.

Mr. Mario Silva: You wouldn't agree, then, that the present bilateral human rights dialogue needs to be expanded. Would you abandon it or just expand on that relationship?

Mr. Paul Evans: I can't give a reasoned judgment, but having seen that dialogue unfold, having seen what other countries are saying about that dialogue, this is not a dead duck. It's a duck that is hobbling on one foot and needs to be improved. I think several good recommendations have already been made, but the most important one is that we don't assume and don't focus too much on this dialogue. On a scale of one to ten, I would say it's at a three or four in terms of usefulness, but put in the context of nine or ten other activities where it could be a focal point, then we might get a seven out of that organization.

The Chair: Is that it, Mr. Silva?

We're actually out of time on that round, Mr. Marchi, but we'll allow you to respond to that.

Hon. Sergio Marchi: I was just going to say that there has also been considerable testimony in terms of CIDA's role, but in thinking of your question, I think it is also a role that CIDA has tried to fill in the past, not necessarily just government to government, but in working with provinces, regions, and communities.

I had the benefit of visiting a number of those CIDA projects in China, where there was terrific success with those projects and a real relationship that was built, not necessarily with the government or with the leaders of that area, but really with the community leaders of those areas. So however your committee wishes to look on the role of CIDA, I think that's one of the roles CIDA can play to build the capacity, if you will, for that civil society.

Someone mentioned that there are something like 30,000 NGOs. They may not fit the definition of NGOs as we know them, but hopefully, through evolution, they can and they will be. But I think you're right: you have to have a multi-dimensional approach. Government to government is one important facet, but it's not the only one.

• (1230)

The Chair: Since Madam St-Hilaire has waived her second round, perhaps I could just come back to one of the questions I was asking before about this warm politics or warm economics of the status quo ante that you characterized, Mr. Evans.

Is it not true that following the Tiananmen Square massacre, the Government of Canada imposed significant sanctions on the PRC and took other measures, such as granting refugee status to PRC students resident in Canada at the time?

Mr. Paul Evans: Yes, sir, you are correct on the latter part, but Canada-China trade actually did not decline after Tiananmen

Square. It was back to a period that Mr. Khan would find interesting, which is when we had a trade surplus with China.

The Chair: So at a time when the Government of Canada was extremely vigorous in its condemnation of human rights violations, and particularly the Tiananmen Square massacre, at a time when some sanctions were imposed, that was followed by a period of positive growth in trade.

Mr. Paul Evans: I would say it was in the context of virtually every other western country. Also, "sanctions" is not quite the right word in regard to our trade. After Tiananmen, we limited the kinds of political exchanges we had with China for a period of time. We did not put in place financial sanctions, except around some specific hardware that could be seen as useful to the Chinese military.

The Chair: So there was a chilling in the political relationship, but a growth in the economic relationship following that.

Mr. Paul Evans: The economic relationship continued at about its same pace. It increased slightly.

The Chair: In terms of your characterization of the status quo policy of cold politics, warm economics, have you seen, in the past year, any data to suggest that Canadian companies have lost contracts or that any Canadian commercial interests have been dilatorily affected as a consequence of what you characterize as cold politics?

Mr. Paul Evans: No, sir, we can't point to any specifics, but I would say that we are in a moment in which we don't know yet the full Chinese reaction to what long-term cool politics would mean.

The Chair: Is it true that Canadian companies—Mr. Marchi, please feel free to comment on this—have expressed ongoing concerns about problems in regard to the violation of intellectual property rights and copyright law in the PRC? Is that accurate?

Hon. Sergio Marchi: Certainly on the intellectual property front, I think the Chinese have made huge progress in terms of legislation and regulation.

The Chair: But is it accurate that there are problems?

Hon. Sergio Marchi: Let me get to your answer.

The biggest challenge or problem, as you put it, is in the implementation and in the enforcement. There is still a problem and a challenge on the enforcement side, and obviously that's not something akin just to our country, but certainly the United States and the European Union.

In their discussions and certainly at the WTO, the implementation and enforcement side is the area they need to do the most work with. In fact, our countries are also helping them in terms of setting up the systems and regulations for those enforcements.

There is a problem in enforcement. They have the laws and regulations in place. Now we have to give them time to certainly make sure the law is being respected.

The Chair: Some Canadian companies active with respect to China have claimed—certainly I have correspondence from several—that they have been victims of industrial espionage. Has this been an issue or problem, or do you dismiss that out of hand?

Hon. Sergio Marchi: I haven't had any companies talk to me about it, so I can't comment on that.

The Chair: Really?

Mr. Evans, do you think there's an issue in that respect?

Mr. Paul Evans: I think many Canadian companies that operate in Asia report examples of what you've characterized as industrial espionage. It is not unique to Canadian companies operating in China.

The Chair: Just to summarize, the metrics here are shrinking export market; increasing trade deficit; continued problems with copyright and property rights; and what some companies, as you've just said, characterize as industrial espionage. That would seem to be the metric of the economic relationship, of the status quo ante policy. Is that success or failure on the economic front?

Mr. Paul Evans: I think the metric for measuring the Canada–China economic relationship includes all of the things you mentioned, but is much bigger. Essentially, Canadian competitiveness and the productivity of our manufacturing depends upon deeper integration with global production systems, of which China is a crucial part.

•(1235)

The Chair: I have one last question.

Hon. Sergio Marchi: Could I also—

The Chair: Mr. Marchi, I have a particular question for you. It's my last question.

On page 11 you—

Hon. Sergio Marchi: But I don't want my silence to acquiesce with your assumption.

The Chair: My question was for Mr. Evans.

Hon. Sergio Marchi: Oh, I thought it was for both of us.

The Chair: On page 11 of your submission, you say, “Canada has something to lose: its reputation; and that should not be given up lightly.”

How are you suggesting Canada might be losing its reputation or could lose its reputation in China? Are you suggesting that with a government that is more aggressively asserting Canada's concerns vis-à-vis human rights, we would be losing our reputation? What would that reputation be that we would be losing?

Hon. Sergio Marchi: It goes back to the whole issue of building a relationship, having mutual trust and respect in that relationship, understanding some of the respective challenges that both sides have, and trying to work out our differences in a civil manner. There is therefore a reputation.

Whether it was Mr. Diefenbaker selling wheat to the Chinese, Mr. Trudeau opening up the way to China, Mr. Mulroney being very progressive, Mr. Chrétien, or Mr. Martin, there has been a tradition and a reputation built up about how we approach our relationship with China. It's what we are pointing to in that phrase.

The Chair: Thank you very much, both of you.

I know you're both very busy, and we certainly appreciate your contribution to the committee's hearings. Thank you very much.

We have committee business. We'll move in camera, and I'll ask our guests to leave.

Do we have to move in camera to discuss this? No, I don't think we do. If the committee is fine with it, we'll proceed with the motions before us in a regular session. Is that all right?

Mr. Marston, they're your motions. Is there a problem with that?

Mr. Wayne Marston: Thank you, Chair.

I think the motions actually speak for themselves, and it doesn't require a lot of speaking to them.

Canada was very involved with the optional protocol at the United Nations, as everybody would know. The Prime Minister in the last campaign spoke to the fact that he would be putting this before a committee fairly early in his mandate, which hasn't happened. I think it's the purview of this particular committee to take witnesses and to offer recommendation to our senior committee.

The Chair: All right.

Mr. Silva.

Mr. Mario Silva: Is it possible to amend the motion? It's a great motion that ties into some of the work we're doing and that we hope to do on Iran as well. Is there any possibility of adding “also Iran”?

The Chair: Are these two separate motions or is it one motion?

Mr. Wayne Marston: They're two separate motions.

The Chair: You're first of all speaking to what?

Mr. Wayne Marston: Optional protocol.

Mr. Mario Silva: That's fine. There's no problem.

The Chair: Is that what you're talking about?

Mr. Mario Silva: No, I'm sorry. It's the second one.

The Chair: That's all right.

The motion is before the committee, the first motion:

That the Subcommittee on International Human Rights study, invite witnesses to testify, and make recommendation to Parliament on Canada's adherence to the Optional Protocol to the United Nations Convention Against Torture.

Mr. Marston has spoken to his motion. Can we call the question?

(Motion agreed to)

The Chair: We've received appropriate notice for the second motion. Would you like to speak to it?

Mr. Wayne Marston: I'll speak to the suggestion of an amendment. I have no concerns about addressing the same motion to Iran, but it seems to be stretching it a little bit at this point.

Mr. Mario Silva: I will actually withdraw mine, because I was looking more at the convention. I realize we haven't yet signed the optional convention on torture, but I was wondering more about the convention in relation to both China and Iran. I realize there's a separation in your two motions, so I withdraw my amendment.

Mr. Wayne Marston: It makes life easier.

Lately, constituents across Canada have been talking to members of our party concerning the situation in China, particularly for Koreans who have gone there. When they had the big famine in 1995, there was a lot of movement there. With the government of the day in Korea, the threat of nuclear action and nuclear development has now caused a lot of concerns.

We thought it appropriate to bring forward witnesses to testify in relation to China, where we're already studying China.

The Chair: Okay. All in favour of Mr. Marston's motion?

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

• (1240)

The Chair: I next have to receive approval from the committee for a request from the liaison committee for \$22,900 for operations, including having witnesses appear before us regarding the study on human rights in China. Can I receive a motion to approve this request?

An hon. member: I so move.

(Motion agreed to)

The Chair: I'd invite people to submit names of witnesses.

Go ahead and speak to this, Marcus.

Mr. Marcus Pistor (Committee Researcher): Mr. Marston, if I could clarify the situation of North Korean refugees in China, would it be part of the study on human rights in China and incorporated into the report, or would you see it as a separate thing?

Mr. Wayne Marston: I actually saw it as separate. As I was reading it, it kind of stood out to me the other way, but it was seen as separate.

Mr. Marcus Pistor: Okay, thank you.

The Chair: The clerk has proposed that I mention next week's appearance at this point.

Have we confirmed these four witnesses? We have confirmed Monsieur Mendes and Mr. d'Aquino. What is the status on Mr. Lu Ducheng?

Mr. Marcus Pistor: The one concern—just to clarify that—is the amount of time devoted to the meeting if we have up to four witnesses, plus we have the session with the officials from DFAIT on the confidential portions of Mr. Burton's report, and there was an agreement to discuss a draft outline for the report on the bilateral human rights issue. That's a lot of items for a single meeting.

The Chair: Do you mean the Burton report?

Mr. Marcus Pistor: There are two separate things. The Burton report involves DFAIT officials. It's an in-camera meeting, but we would need, I'd imagine, at least half an hour. There was also some time to be scheduled to discuss what would go into a draft report on China so that I could start drafting over our two-week break period. That's up to the committee.

The Chair: Because Mr. Silva's keen on Professor Mendes, we'll definitely keep him on here. I'd like to strongly press for Mr. Lu Ducheng as a witness. He has a unique perspective we haven't heard. And I don't think Mr. d'Aquino is going to add anything that wasn't already added today by our witnesses. Unless someone disagrees, I

Mr. Kevin Sorenson: Which Mr. d'Aquino is this?

The Chair: Thomas d'Aquino. He is the president of the Canadian Council of Chief Executives. I don't think it will be a different perspective, but the staff is advising us to trim our witnesses.

Is it all right if we do it in that way?

Some hon. members: Agreed.

Mr. Mario Silva: Would it also be helpful, Mr. Chair, if we could just go for one round of questioning?

Mr. Marcus Pistor: We could have 45 minutes with Mr. Mendes and 45 minutes with Mr. Lu Ducheng, and then go to half an hour on the Burton report and half an hour on the draft outline. Would that be okay?

The Chair: Yes.

All right. Part of the meeting next week will be this in-camera hearing so we can finally see the very prosaic, edited bits of the Burton report.

Mr. Sorenson.

Mr. Kevin Sorenson: On another issue, Mr. Chair, just to let you know, there have been two motions that have been referred from the Standing Committee on Foreign Affairs and International Development, just in the two hours previous to our meeting today. They are, first of all, that the committee refer a request for a hearing on Colombia from the Canadian Council for International Co-operation to the Subcommittee on International Human Rights. The second point was that the committee refer a request for a hearing on Uganda from GuluWalk to the Subcommittee on International Human Rights. That was taken up in the steering committee and passed at our standing committee, that we look at those two subjects.

The Chair: We'll have to do too many in a week to get to all this.

Thank you, sir.

Thank you very much. We will call the meeting adjourned.

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