



House of Commons  
CANADA

# **Standing Committee on Foreign Affairs and International Development**

---

FAAE • NUMBER 015 • 2nd SESSION • 39th PARLIAMENT

---

**EVIDENCE**

**Thursday, February 28, 2008**

—  
**Chair**

**Mr. Kevin Sorenson**

Also available on the Parliament of Canada Web Site at the following address:

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

# Standing Committee on Foreign Affairs and International Development

Thursday, February 28, 2008

• (1535)

[*Translation*]

**The Chair (Mr. Kevin Sorenson (Crowfoot, CPC)):** Good afternoon and welcome, dear colleagues.

[*English*]

This is meeting number 15 of the Standing Committee on Foreign Affairs and International Development of Thursday, February 28, 2008. Today we will have a briefing on the crisis in Sudan and investments.

In our first hour we will hear witnesses. From the Department of Foreign Affairs and International Trade, we have Ken Sunquist, assistant deputy minister, global operations, and chief trade commissioner; Scott Proudfoot, director Sudan task force; and Donica Pottie, director, human security policy division. From the Department of Foreign Affairs, we have David Angell, director general, Africa bureau; and from CIDA, we have Louise Clément, acting director general, southern and eastern Africa directorate.

We welcome you.

In our second hour we're going to hear from a group on the Sudan issue as well.

I remind the committee that our intentions today are to have a very brief committee business meeting at the close of our meeting. This is to ratify and pass the steering committee report, or at least bring it forward to the committee for its consideration.

Mr. Sunquist will be making a statement, and then we will go into our first round.

Welcome, Mr. Sunquist.

[*Translation*]

**Mr. Ken Sunquist (Assistant Deputy Minister, Global Operations and Chief Trade Commissioner, Department of Foreign Affairs and International Trade):** Thank you. My colleagues and me are truly pleased to be here today.

[*English*]

I think it is propitious timing that we're here today. I do have a number of colleagues with me—more than you normally would have—and the rationale for that is that we weren't sure how wide your questioning might be, so we have a number of different groups within Foreign Affairs, from our corporate social responsibility, human security, and Sudan task force. We also have a colleague from CIDA regarding aid and development. So hopefully we can answer the full range of your questions and different issues.

We noted that the committee has an interest in the activities of Canadian companies in Sudan, and I think that was the starting point for us to be here. As the Canadian government does not currently promote investment or commercial activity in Sudan, there are very few companies active in Sudan. As a result, the information available on Canadian companies' activity—potential, real, or for the future—is somewhat limited, but we'll try to address any questions you might have.

Corporate social responsibility issues related to Sudan are also limited because of the number of Canadian companies active. However, the committee may be interested in the overall Canadian government approach and position on corporate social responsibility, upon which I'll elaborate a little bit later in my presentation.

The Government of Canada remains deeply concerned about human rights and the humanitarian situation in Sudan. Canada has repeatedly put on record its serious concern with ongoing human rights violations, in particular violence—including sexual violence—against women and girls, by all parties to the conflict in Sudan.

Canada is centrally involved in the efforts of the international community to find solutions that will lead to lasting peace throughout Sudan. To that end, since 2004 Canada has committed over \$441 million in diplomatic, peacekeeping, humanitarian assistance, reconstruction, and rehabilitation projects. Canada has been a supporter of peacekeeping in Darfur. We were one of the principal donors to the African Union mission in Sudan, which contributed to mitigating the violence of attacks against civilians and to providing a more secure environment in which humanitarian actors could operate.

Canada continues to offer its support during the transition period from the African Union mission to the UN mission. We continue to call on all parties to the Darfur conflict to facilitate the deployment of the hybrid mission and to cooperate fully with its implementation. Canadian senior officials systematically raise their concerns with respect to the situation in Sudan, both bilaterally and in multilateral fora. Canada is also participating in international efforts to support the Darfur political process, and we continue to call on all parties to the Darfur conflict to participate in the renewed peace talks.

Restricted humanitarian access also remains a serious concern, and Canada consistently advocates for safe and unhindered humanitarian access to enable humanitarian actors to assist those in need without fear of violence, intimidation, or harassment. Canada regularly calls on parties to the conflict in Darfur to protect civilian populations and refrain from attacks and acts of violence against them and humanitarian workers.

The UN Security Council, through various resolutions, has also imposed an arms embargo against Sudan, subject to certain humanitarian and peacekeeping exceptions, as well as an asset freeze and travel ban against four Sudanese individuals. Canada has implemented these sanctions with regulations under the United Nations Act. We would fully implement other UN Security Council decisions should they decide to take further measures in relation to the conflict in Sudan.

On the commercial side, it is important to note that since 1992, Canada has withheld trade and commercial support under trade development programs to Canadian businesses wishing to do business or invest in Sudan. In 2007, Canada's overall trade with Sudan consisted of imports valued at about \$65 million, about 99% of which was gold, and exports valued at about \$210 million, about 82% of which were cereals, particularly wheat and foodstuffs for the people.

• (1540)

Also, on February 5, 2008, the Government of Canada supported motion M-410. If passed, this would require the Government of Canada and crown corporations to divest from corporations conducting business in Sudan, as well as from all funds and financial instruments invested in or operating in these countries, subject to certain humanitarian exceptions. This motion will be discussed further in the upcoming weeks, but if it is implemented, it could place further pressures upon the Government of Sudan, including economic pressure, to meet international standards of conduct.

However, given the level of Canadian commercial engagement with Sudan, the overall effects of a unilateral disinvestment measure on the Canadian and Sudanese economies may be minimal. To our knowledge, and utilizing available databases, the department has only been able to identify a limited number of companies with commercial activity in Sudan. For example, La Mancha is a Montreal-based affiliate of a French mining company operating a gold mine in Sudan. Skylink is providing aircraft in support of Canada's commitment to peacekeeping in Darfur.

It should also be noted that more than 100—I think it's 108—Department of National Defence-owned armoured personnel carriers are currently operating in Sudan under the UN mission. These armoured personnel carriers are being maintained by a Canadian company under contract with DND, so when you look at the commercial figures, you'll see that some of that—there's a bit of a spike—is because of things like the helicopters, the maintenance of the armoured personnel carriers, and other issues.

Understanding the Canadian presence in Sudan is of critical importance, and for that reason the department is still investigating whether other, if any, Canadian firms are doing business in Sudan. This will require some time and some resources to confirm, but it's an active file for us.

With respect to corporate social responsibility-related issues in Sudan, we encourage all Canadian companies to adopt voluntary CSR best practices and international standards.

With reference to Canada's broader and overall approach on CSR at home and abroad, our government and Canadian companies

continue to play a key role in the promotion of best practices internationally. Corporate social responsibility is defined as the way companies integrate social, economic, and environmental concerns into their business practices. CSR promotes sustainable results as well as wealth creation for companies and stakeholders, and it is critical to helping companies manage risks abroad, including environmental, human rights, and financial risks. The Government of Canada encourages and expects all Canadian companies to uphold voluntary international standards and principles and to reflect our values and international commitments. Voluntary initiatives can advance public policy objectives in a flexible, expeditious, and less costly way than regulation. Canadian companies are also encouraged to work transparently and in consultation with local communities in which they are active.

In February 2007, Canada announced its support for the Extractive Industries Transparency Initiative, or EITI, which calls for improved governance in resource-rich countries through the verification and full publication of government payments and government revenues from oil and gas mining. This is a significant step toward increased transparency and helps hold governments to account for the payments received from mining operations.

In addition, Export Development Canada announced in October 2007 that it has become a signatory to the Equator Principles. This is an international financial industry benchmark for assessing and managing social and environmental risk in project financing. I believe they were the first export finance institution worldwide to sign on to that.

Canada and the Department of Foreign Affairs and International Trade promote CSR through the National Contact Point. This is an office responsible for promoting the OECD guidelines for multinational enterprises. Its aim is to facilitate a positive and constructive dialogue between multinational enterprises and those affected by their operations.

In addition, our department is actively engaged in various outreach initiatives and continues to undertake CSR training and information sessions for government officials at home and abroad, enhancing our ability to best advise companies and engage foreign governments on CSR-related matters.

I should just mention as an aside here that all our heads of mission and all our senior trade officers receive training in CSR now before they go abroad.

In conclusion, with respect to Sudan, the Government of Canada remains deeply concerned about the human rights and humanitarian situation. In terms of commercial activity, we do not anticipate any significant increase in investment activity in Sudan. Moreover, if motion M-410 were to be passed, it would represent a further disincentive to trade and investment with Sudan.

• (1545)

Finally, Canadian companies with operations and activities in Sudan or anywhere else in the world are expected to follow high standards of behaviour with respect to issues relating to corporate/social responsibility.

Thank you, Mr. Chairman. That's I think where we can take the statement and then be open for any comments or questions you might have.

Thank you.

**The Chair:** Thank you, Mr. Sunquist.

We'll proceed to the first round. Just before we go to the first round, I should say that we have both Foreign Affairs and CIDA represented here, and so I think it would be a good time to congratulate Mr. Obhrai, who has been given the new responsibility of parliamentary secretary to CIDA along with his Foreign Affairs responsibilities. We have some of the CIDA group here.

We'll move into the first round.

Mr. Martin, please.

**Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.):** On behalf of all of us, I'd like to congratulate Mr. Obhrai for bearing this new mantle. I'm sure he'll do it as well as he has borne that in Foreign Affairs. Congratulations.

Thank you very much, everyone, for being here today. I think all of us will perhaps agree that a whole-of-country approach is needed to deal with the complexities in Sudan. When I was in Khartoum, I met with the regime there, a few years ago. This longest-serving genocidal regime in the world I found to be, frankly, to not put too fine a point on it, a group of pathological liars.

I'm concerned, frankly, that the CPA in the south is going to collapse. That would be a harbinger, of course, of an extraordinary amount of violence and a rebirth, unfortunately, of what that part of the country endured not so long ago.

My questions are threefold.

Mr. Edwards, the deputy minister, was in front of the committee, and much to the surprise and shock of all of us, he said that there would be no resources whatsoever for the UNAMID mission. If that is still the case, I'd like to know why. And if it isn't the case, perhaps you could let us know, please, what resources specifically are going to be used to support the hard assets that are needed for the UNAMID mission: the helicopters, the ground transportation, and the fixed-wing air transport that's required.

My second question is to determine—and if you don't know this today, that's perfectly understandable, but you could send your response to the committee—the list of resources that CIDA is giving to the south to support the CPA and to support humanitarian needs in the south. I think to an extent it has been forgotten about, and particularly in view of the insecurity in Kenya, making it very difficult perhaps to get assets there.

Last, I'd like to know whether any efforts have been made to convince the members of GNPOC, the Greater Nile Petroleum Operating Company, to engage in a divestment and in return be able to find other oil assets, perhaps from Angola and Nigeria, whereby they could replace their oil needs and essentially sever their ties with Sudan, in exchange for a quid pro quo coming from perhaps places such as Nigeria or Angola.

Thank you.

**Mr. Ken Sunquist:** Thank you, Mr. Martin.

I'll turn to David Angell, the DG for Africa, to comment on the first part, the resources in UNAMID, and then Louise Clément from CIDA can talk about aid in the south.

**Mr. David Angell (Director General, Africa Bureau, Department of Foreign Affairs):** Thank you, Mr. Chairman.

The fundamental difference between AMIS and UNAMID is that the first is an African Union peace support operation and the second a United Nations operation combined with an AU peace operation.

What that means in financial terms, sir, is that with AMIS, the African Union operation, funding is voluntary; countries are asked to contribute. Canada is among the principal countries to have done so. With regard to a UN peace support operation, funding is very largely through assessed contributions. As member states of the United Nations, we automatically are taxed, if you will—in the case of Canada, approximately 3% of the cost.

I think, sir, what Mr. Edwards was saying is that Canada has made an exceptional contribution to AMIS. We have contributed, I think, \$286 million since 2004, making us the fourth contributor to AMIS, but with the transition to UNAMID, funding would be through assessed contributions, and so that sort of exceptional contribution would not be sought, because there is a standard funding formula that would kick in automatically.

Canada has contributed, I think, \$48 million towards the transition specifically from AMIS to UNAMID, and we are in discussion with the United Nations about other areas where Canada might contribute, above and beyond its assessed contribution.

Thank you, sir.

• (1550)

**The Chair:** Mr. Sunquist, did you or Madame Clément want to follow that up?

**Mr. Ken Sunquist:** I will ask Louise to comment on the aid issue.

**Madam Louise Clément (Acting Director General, Southern and Eastern Africa Directorate, Africa Branch, Canadian International Development Agency):** Thank you very much, Mr. Chairman.

While I am not in a position to provide you with a full list of the initiatives today, I can provide you with an overview of CIDA's program in Sudan.

We have a program that is very much focused on a whole-of-Sudan approach. It involves two main areas of priority, the first being humanitarian assistance focused mostly on Darfur. The second component or priority is early recovery, which is very much related to the implementation of the Comprehensive Peace Agreement. So the objective of that component is to facilitate the return of refugees to their home communities, to facilitate de-mining of various regions in Sudan, and of course to improve governance and local government capacity to deliver services to communities.

We will provide you with a full list of the initiatives for the south.

Thank you.

**The Chair:** You have another minute.

**Hon. Keith Martin:** Mr. Angell, the information I've received is from those responsible for the UNAMID mission. They've really been crying and begging for specific resources—not the troops; they have 26,000. But they're really looking for the hard assets to support those troops. It doesn't preclude us, outside of our assessed contributions, from taking a leadership role to provide some very fixed and defined hard assets that will enable the troops to be deployed. Are we going to do that, have we said no, or do we know?

**Mr. David Angell:** Canada will continue to make available to UNAMID the more than 100 armoured personnel carriers they made available to AMIS. We'll still have up to 50 Canadian Forces personnel available to both UNAMID and the peace support operation in the south of Sudan.

Canada had provided a number of helicopters to AMIS. We have been told formally by the United Nations that they are no longer required, but they have been made available during the transition from AMIS to UNAMID. We will remain in discussions with the United Nations about further needs that the United Nations might have.

**The Chair:** Thank you very much, Mr. Angell.

We'll go to the next round, but first I would like to mention that we have with us in the audience here today Her Excellency Dr. Faiza Hassan Taha, ambassador of the Republic of Sudan to Canada; and Mr. Adil Bannaga, deputy ambassador.

We welcome both of you.

Madame Barbot, you have seven minutes.

[Translation]

**Mrs. Vivian Barbot (Papineau, BQ):** Thank you, Mr. chair.

Good afternoon, ladies and gentlemen. I thank you for being here today.

About this disinvesting in Sudan, which is the topic of today's meeting, Mr. Sunquist, you were saying that the number of Canadian companies in that country is rather small. Therefore, it seems to me that we have to look at this issue differently. I understand that all the efforts of Canada are aimed at peace, and that there is a desire to change that situation in Sudan. However, the issue of foreign disinvestment is still very topical.

Do you believe that such measures can really have an impact on the government given that those people do business with banks which are not in our world. They deal mainly with Islamic banks from the Gulf. Do you believe that disinvestment measures can improve the situation or accelerate the peace process?

**Mr. Ken Sunquist:** Thank you.

[English]

I think we need to talk about the context of how large Canadian economic presence is in the country, and it's very small. Why is it small? Since 1992 we have not been promoting the economic exchange. So if companies have come to us and talked to missions, to the department, we have taken the perspective of discussing corporate social responsibility, discussing the role of companies in a warfare situation. We've been discussing these kinds of things, and that has in a sense been a disincentive, a disinvestment, right from

the word go, because companies have not wished to participate largely. There are some companies that have. I mentioned that 82% of our commercial activity of exports is around foodstuff, which I think most would agree is probably good for the people in a general sense.

On the import side, the one company that is producing most of the gold has actually been taken off the list by the NGOs in the United States for disinvestment because they are—how best to describe it?—a poster child, one of the best examples of sustainable development, of working in the community. This is according to the NGO rather than from our facts and figures. What we see is a company that has employed over 500 people in jobs that are sustainable, and it isn't part of warring factions. They've built the churches, schools, mosques, hospitals. They've done the traditional good corporate social responsibility, and they've gone a bit farther. Now, this is not a company that is a controlling shareholder in the whole activity.

I think your question is really a difficult one, because it gets to the heart of it. How can you proceed with disinvestment if we don't have very much, and yet, at the same time, get the point across that this is an activity by the Government of Canada, by Canadians, that we don't appreciate and that we don't support what's happening in the region.

So I absolutely agree with you that it's continually talking to companies. You've seen the examples of big companies that were there in the past. They were counselled. They were talked to. They participated in discussions. And most of them have withdrawn.

• (1555)

[Translation]

**Mrs. Vivian Barbot:** Even if Canada does not have many corporations in Sudan, it does have a voice in international fora. It has a position on investment and disinvestment, which means that it can have an influence in the debate. Taking account of what Mr. Sachs told us, we can see that the root causes are not of a business nature but are mainly related to poverty, misery, etc.

What influence can Canada exert in order to actually resolve those problems at the root level?

[English]

**Mr. Ken Sunquist:** First of all, anywhere, anytime we can, if it supports that position you just said, yes, we're there. In my opening statement I think that's what we've said, that Canada is quite prepared to participate in different fora, in different organizations, to do exactly that.

[Translation]

**Mrs. Vivian Barbot:** Do you have any results to show us?

[English]

**Mr. Ken Sunquist:** David, do you want to answer that?

[Translation]

**Mr. David Angell:** Mr. chair, I would like to add to my colleague's answer.

At the nonbusiness level, Canada does play an important role about the situation in Sudan through international diplomatic channels. With the peace process, for example, Canada has been among the most important contributors. Personally, I have been involved in the negotiations in Abuja during two years. Canada had a diplomat on the ground during the relaunching of the negotiations in Sirt, that is to say in October, November and December of last year. The contact group is the main international committee of the countries engaged in Sudan, of which Canada is a member. Whether it be on Darfur issue or in a North-South perspective, Canada plays an important role there. So, we are very present and active in the international process related to the situation in Sudan.

• (1600)

[English]

**The Chair:** We'll move to the government side. We'll go to Mr. Goldring and then to Mr. Lebel.

**Mr. Peter Goldring (Edmonton East, CPC):** Thank you, Mr. Chairman.

Thank you for appearing here today, ladies and gentlemen.

My question is on the divestment area as well. If Canada is engaging in this and Canada is a relatively small contributor to it overall, or has a lesser impact because of the amount of business it is doing in the region, I would specifically like to know what other countries are the major players in the region, identified by name. Which ones are participating in this divestiture? As well, which ones that perhaps should be participating are not doing so? They are a part of trying to find the solution; which ones are specifically just not doing so?

**The Chair:** Go ahead, Mr. Sunquist.

**Mr. Ken Sunquist:** That is an interesting question. As to which ones should be, we would say most should be, but that's a different issue.

From a quick search of databases, we found that Canada was minuscule. We looked at other countries that had a fairly large presence there and broke it down to just a couple of different ones for presentation purposes.

If you look at the oil and gas sector—without talking about individual companies, because there are multiples in some of them—countries such as China, Malaysia, India, the United States, Germany, the Netherlands, France, and Italy are all in there. As you know, we've retreated from that area for the last little while. In the energy sector, Switzerland, China, France, and India are all there. In telecoms, we have the United Arab Emirates, Lebanon, Kuwait, Germany, and France.

It gets to the heart of your earlier question too, Madame Barbot. There are a lot of countries very active there. Canada made a decision since 1992 that we wouldn't be as active.

I'm not sure if that gets to the heart of your question, but a number of countries and companies are active in Sudan.

**Mr. Peter Goldring:** When we speak of the United States having adopted investment legislation, it isn't necessarily implemented yet, and if the European Parliament has adopted the same type of

legislation, obviously some European Union players aren't participating in it yet.

My other question is on the caution side of it. I see that Canada is a contributor of food products and that. I think that would be essential, even though it may be an investment of a sort with companies in Sudan. Are there other cautionary types of investments that we should try to separate from the non-essential ones, investments that perhaps we do need and that may not fall under the purview of what we are trying to accomplish with a divestment process?

**Mr. Ken Sunquist:** I'll ask my colleagues to chip in on this one too, Mr. Chair, if you're agreeable.

I think that in general the idea is not to hurt the people of Sudan, so that's your question about foodstuffs and that type of activity.

You can paint with too broad a brush. For instance, if you talk about crown corporations, the interesting one you should know about is that the helicopters operating there currently are done through the Canadian Commercial Corporation. I happen to be a member of the board of directors of that corporation, but that's how we were using crown agencies. If you paint it too broadly, without understanding what the impact might be... In the case of the helicopters, it's clear that we needed them to be able to do what we wanted to do.

I think what you're expressing is the problems of not doing it as part of a multilateral UN type of thing and trying to do things unilaterally. I gave you the list of countries that are active. Our values, our ethics, tell us to do one thing, but it's very clear that a lot of people are still in the game. It doesn't mean that we should be there; it just means others will be doing it, and that's when we have to be in different forums expressing our values.

It doesn't answer your question entirely. I know there are issues around communications, and it's not necessarily just a humanitarian effort. If you have a radio... A former posting of mine was in the old days of Yugoslavia; allowing television into Albania for the first time, or television into North Korea when I was posted in Korea, had a dramatic effect on the people there. The unintended consequence of saying you can't have some communications is that the people never see that there's a better life—that there are other things too.

• (1605)

**Mr. Peter Goldring:** Is it possible to examine this under that type of light, that you would try to separate some of the industry and businesses that are desirable but still would technically fall under a divestment initiative—which you would not want it to do because it would be actually harmful—and also, the other type of industry that you actually do want to divest from it because that is encouraging and carrying on and providing funding or encouragement for the conflict there? Is it possible to report to the committee on what other countries have participated in different factions under this and whether they are considering that type of balance in their divestment efforts or just plain ignoring it altogether?

**Mr. Ken Sunquist:** Thank you.

Mr. Chair, with your permission, we will get back to you on that one, because it does take a little bit of analysis. I was just talking to Mr. Proudfoot from the Sudan Task Force. I think you deserve a more fulsome answer than what we have right now.

We'll take a look at other countries where they're doing disinvestment and how they're differentiating. I mentioned this in the U.S. example. La Mancha was taken off their list because it's doing a good job in there. I don't know how you are going to feel about those kinds of issues. You might take a different view, but that was with respect to the U.S. NGOs.

On the foodstuffs, some of the communications, let us get back to you, and we'll do that as quickly as possible.

**The Chair:** Thank you, Mr. Sunquist.

We'll get Mr. Lebel on the way back.

Mr. Dewar.

**Mr. Paul Dewar (Ottawa Centre, NDP):** Thank you, Chair.

I appreciate that probe and the drilling down a bit. We're going to hear from other witnesses who might help us with that and I'm sure they'll share information.

Thank you to our guests today.

One of the issues we've dealt with at this committee has been... One of the tools in the tool kit for government is SEMA, as you know, and presumably with your experience from the former Yugoslavia you know the history. I guess one of the tools that could be used here—and granted you've already identified that there's not a lot of Canadian investment there—would be SEMA.

My concern—and I will be talking again on Burma, but not today—is how we define how SEMA is implemented, because it is a policy tool that I'd say is fairly new, if you want to look back to 1992 when it came into place. But what we need is to understand the scope of investment. I don't see it today, but perhaps you could provide the committee with a list of exactly what Canadian companies are investing and to what degree.

I'd also be interested in indirect investment, because one of the concerns I had around Burma—and we discussed it at committee—was that the lens we were looking through was one of future investment. I would argue—and this is just my argument—that we should have been going back to existing investment in Burma. If we decide to use this as a direction for the government, a policy tool, we would do the same, looking at not just who's directly investing in Sudan, but indirect investments, so that we are able to touch all of the dollars that might be invested, just as information.

The other thing I want to mention, to see if you had any experience or knowledge of it, is that I was talking to some people today about this issue, and they identified, notwithstanding that there's not a lot of Canadian investment in Sudan presently for reasons aforementioned—there's a lot of investment by Chinese and Indian companies—that there's also a lot of interest in our oil in Canada. The proposition was contract prohibitions and employing CSR, corporate social responsibility, with those companies—for instance, Chinese oil companies that are very interested in our tar sands—and saying, before you invest in oil in the tar sands, let's take

a look... I know our government's interested in this. They announced that they were going to talk about a lens on foreign investment, because they were worried about national security, particularly around investment in the tar sands, and that we can employ the same tack and use that as a tool.

I'll just finish with this comment. The reason I'm concerned about investment in Sudan and Darfur is because of what it does to people. People are being moved off their property. They are not being compensated. The oil companies and the people who are investing there—and these are reports that I've heard and read—are sometimes using the places where drilling is going on for military purposes, and there's dual use going on in terms of the equipment.

I would like to put a question, I guess, to our government. Is there a way to put contract conditions on investment in our oil fields as much as looking at what is going on in Canadian investment and indirect investment, as well, in Sudan?

• (1610)

**The Chair:** Mr. Sunquist.

**Mr. Ken Sunquist:** Mr. Chair, Mr. Dewar asks a difficult question to answer in any short version. But let me divide it into two.

The first one is SEMA, and I think most of you have been through it in terms of Burma. We've used it in terms of Belarus; we've used it in other countries in the past.

The preference, in effect...and I'm not sure I can say the legal preference, but usually it's supposed to be done in concert with others in terms of a multilateral, so it's a UN or a larger grouping. In fact, Burma was one of the first times we did that without that...call it cover or whatever you want to call it; we did it differently.

So the way you can use SEMA is dependent upon, I guess, the way the government wishes to use SEMA. The preference has always been to do it in concert with others, because without doing it in concert... It becomes a tool without much teeth if other people can get around it in other ways, as Madame Barbot said in her question. So we have an issue of SEMA. We prefer to use it in concert with others so that we can make it...

Your second question is actually more intriguing, in a way. It's one that I don't think any thought has been given to. The whole idea of investment into Canada has been on the basis that companies would perform in Canada to Canadian values, Canadian interests, and that they would be good Canadian corporate citizens, as well. I don't believe we've used it as a line in the sand as to what that company does in the United States or in the UK or in China or Japan. I guess you would get into the reputation of the company, which could be used. It's just one that has not been used as a public policy vehicle.

**Mr. Paul Dewar:** Well, if I may, Mr. Chair, one of the things I fundamentally believe is that Sudan's oil wealth has the potential to be a major driver, if you will, for peace and equitable development, simply because we know that the petro-dollars that are generated in Sudan aren't exactly—and I say this with all due respect to our guests here—going to providing peace and stability in the country.



I would put the moral imperative in front of this by saying, if we know of Chinese oil companies, as an example, that are investing there and if their best practices don't conform to our notion of CSR, and they come here to invest, making similar profits, I think it's a fair question to ask. I know our government is looking at this policy in terms of putting some sort of lens on who is investing, be it in the oil patch or elsewhere. That's why I put it forward, because we have examples of some positive developments in Sudan through China because there has been pressure put on, there has been constructive engagement. And I'm not an isolationist on this. I believe there has to be engagement, but we have to have the tools in front of us.

I would submit that what I'm hearing from you is that SEMA is defined more by cabinet than by you, but if there are other tools, we should certainly take a look at them.

I'll leave it there.

•(1615)

**The Chair:** Just leave it there. There's no time to respond to that.

We'll move to Mr. Lebel.

[*Translation*]

**Mr. Denis Lebel (Roberval—Lac-Saint-Jean, CPC):** I would like to follow up on the Mr. Dewar's questions.

Mr. Sunquist made a very interesting statement a while ago. Sometimes, organizations tell us that Canadian companies doing business in other countries do not really contribute to their social development. You told us that Canadian companies, when they go to Sudan, receive some training on corporate social responsibility.

How does the government make sure that Canadian corporations doing business in Sudan or in other countries respect the social development of those countries?

[*English*]

**The Chair:** Thank you, Mr. Lebel.

Mr. Sunquist.

**Mr. Ken Sunquist:** Thank you.

The question is really around voluntary compliance. But it's also, I would argue, the case that Canadian companies, when they operate anywhere in the world, export Canadian values and Canadian systems. The number of Canadian companies that are ever involved in these issues is very small.

One thing that was most interesting, while we have not talked about it in our statement, is that if you look at Talisman in Sudan a decade ago, I would argue with you that today Talisman is probably a leader in Canada in CSR, and it's because of Sudan. This gets to your comment earlier about some pressure and some differences.

Companies in Canada.... We actually try to promote good CSR values as a niche for Canadians. That's how we want to be seen in the world. We would like people to know that if they deal with Canadian companies, there won't be corruption. In fact, that helps them find contracts, because government people can feel safe that they won't be held up to public scrutiny on these things, because they know that Canadian companies aren't involved in it.

When we find Canadian companies that are going down a path with which we're uncomfortable, our heads of mission, our ambassadors, our high commissioners, our senior trade people speak often and frequently to them about host government regulations. Because sometimes the host government regulations are much easier and laxer than Canadian ones, we're saying that Canadian companies should be bound by the two. And you don't get to choose the lesser of the two; you get to choose the greater of the two.

It's a constant.... I used Talisman, and I can use La Mancha, and I didn't reply to Mr. Martin's last comment about GNPOC. We've met with all the companies that have had anything to do, in the past or currently, with Sudan to talk to them about their actions and what they're doing. We bring this to their attention every day, with somebody talking to somebody.

I like the tenor of your comment, in the sense that it's not a regulatory approach, but it's one that demands that they really think of themselves as Canadians and about our values.

The other thing is the OECD regulations. We have a National Contact Point here that listens and talks to NGOs and talks to companies. So we have a formal mechanism, we have the informal mechanisms, we have the Foreign Affairs kinds of things. We believe we're certainly moving in the right direction and have the right....

I would also say that voluntary standards—we use voluntary international standards of the UN, the World Bank—are not just something somebody thought up in the basement of their house. These are valid standards for extractive industries—for corruption, for whatever. And you'll notice that many Canadian companies are global leaders now. They publish compliance regulations; they publish separate annual reports.

I'm not sure I can answer this better than to say that this is where we are.

I'll just take one second to say that the other thing we need to look at in contracts is whether there are any trade obligations under WTO or GATT negotiations, and I just don't know. That's why I can't.

I'm sorry. I didn't mean to take up your time.

•(1620)

**The Chair:** Thank you, Mr. Sunquist.

We'll go to Mr. Patry and Mr. Wilfert.

[*Translation*]

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** Thank you very much, Mr. Sunquist.

I have two short questions for you. It seems that there is no end in sight to the conflict in Darfur, even in the medium-term. Nobody knows when it will stop. Furthermore, the situation in Darfur has somewhat destabilized the neighboring country, Chad. It seems quite likely that this destabilization was aimed at not allowing the mission of the United Nations to increase the number of its troops in Sudan. Even if there is an embargo on Sudan, they will be able to get whatever weapons they want from some country, especially through Russia and China. My question is quite simple : could we not resolve the situation once and for all through the United Nations if the Security Council decided to take a firm stand, especially with the participation of China?

Secondly, you have talked a lot about corporate responsibility. When I was chairing this committee, two years ago — time flies — we did a study on corporate social responsibility and we produced a report. After that, the corporations, that is to say the extractive industries, as you mentioned, produced some guidelines in February. They support that. Later on, EDC supported those principles for Equator and, in March, the roundtables established by the federal government produced a report. Nothing else has happened since March. Eleven months later, we are still waiting for the government's response.

Is it not time for the government to give us a response, not in the form of pious wishes but in the form of a full-fledged policy?

[English]

**The Chair:** Thank you, Mr. Patry.

Mr. Wilfert, did you have a question? Then we'll let them answer all of them.

**Hon. Bryon Wilfert (Richmond Hill, Lib.):** Thank you, Mr. Chairman.

I'm pleased to see the Sudanese ambassador here, whom I have met, and the chair of the foreign affairs committee of Sudan, whom I've met on several occasions. I certainly believe it's important to engage, even if we don't agree at times.

Mr. Sunquist, regarding resolution 769, UNAMID, I want to know two things: one, it needs Sudanese cooperation to really be effective; secondly, it's financial for fixed-wing helicopters, etc. My understanding is that the Canadian government has not made any financial contributions. If not, why not? And if we believe in the responsibility to protect doctrine, which we authored and signed, why haven't we done it?

**Mr. Ken Sunquist:** Thank you.

I'll take the first part of the question, which is on the UN Security Council. In my opening statement, I said that the government's position is clear, that they would follow and would welcome UN Security Council discussions, debate, and decisions on this one.

The second question related to the round tables on extractive industries and a number of recommendations—27 recommendations in total—some of which have already been implemented, but all of which will be addressed in response to the House and tabled in the House.

**Mr. Bernard Patry:** After the election.

**Mr. Ken Sunquist:** I won't comment on that one, but I will ask my colleague to talk about Mr. Wilfert's question.

**The Chair:** Go ahead, Mr. Angell.

[Translation]

**Mr. David Angell:** Thank you, Mr. chair.

According to our analysis, the United Nations and the Security Council play a very important role. Even though their efforts have not been successful so far, they have been significant.

For example, members of the committee have referred to the importance of creating some tools. We have seen the United Nations and the Security Council create some new tools that had never been seen before in order to resolve the Darfur situation, such as the peacekeeping mission and the combined mission. As a matter of fact, there had never been such a level of a cooperation between the United Nations and the African Union.

The same type of cooperation is present in some of the peace processes. Mr. Roed-Larsen, the representative of the Secretary-General of the United Nations, is working in close cooperation with Mr. Salim Ahmed Salim, representing the president of the African Union Commission. Both work closely with the movement in order to establish the circumstances that would relaunch the negotiations. The Security Council has implemented some measures called the targeted sanctions, applied to the funding of weapons and to the travels of some individuals.

Furthermore, other United Nations people, such as Sir John Holmes, Mr. Guéhenno, on the peacekeeping side, and the Secretary-General himself are still very involved in this situation. Of course, the members of the Security Council, including permanent members such as France, the United Kingdom and China, play very important roles on the Sudan situation in a national context.

● (1625)

[English]

Mr. Chairman, with regard to financial contributions for air assets, the Canadian government made an extraordinary contribution during the AMIS phase, but with the creation of UNAMID, the responsibility for the provision of those assets has now been taken on by the United Nations on the basis of assessed contributions. So we have been told formally by the United Nations that the contribution we were making is no longer required.

There is Canadian support for the transport of some of the African peacekeeping forces, for example. There is support still through our helicopters not yet withdrawn, but as UNAMID deploys, that responsibility will be transferred. We've been told formally by the United Nations that the helicopters will no longer be required.

With regard to the responsibility to protect, our Prime Minister has said in a formal statement that R2P does indeed apply to Sudan. What's called for in this case is the effective deployment of a peace support operation, and this is why we have put so much store in getting UNAMID on the ground, and this is why we made such an extraordinary contribution to try to ensure the success of the AU force, AMIS beforehand, sir.

**The Chair:** Thank you, Mr. Angell.

Mr. Obhrai is next.

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

To my colleagues on the other side, if you want to know what the government is doing, ask me, and I'll tell you what the government is doing.

**Mr. Bernard Patry:** Take a note of this.

**Mr. Deepak Obhrai:** To my friend from the NDP who seems to know more about government policy than I do, as he keeps quoting it, one question I need to ask here is not directed here but to the comment the NDP made in reference to companies being invested into Canada and holding these companies accountable for their activities outside and making the distinction. I think that is absolutely not something that I can tell you this government or the investment committee would see. It's not feasible. It's not viable. Most importantly, of course, this is something that the NDP always thinks, because they know they're never going to form a government anyway.

The best example—and maybe the NDP should learn from this—is TeleSpan. It was a Canadian company. They had a lot of pressure within Canada to act responsibly, and they did. So that is the kind of pressure that they want to put. The NDP think they should get the countries where the companies are to put pressure on their companies to act responsibly, but to try to throw that through the channel of Canadians.... This thing is only an NDP dictatorship thing that works like that.

I want it to lay it out very clearly so that it's very well understood where we're going. Right? Thank you.

**Mr. Paul Dewar:** That's clear as mud.

**The Chair:** Mr. Obhrai, there is some more time, but I would like to ask one question.

You have made reference to Talisman retracting from or coming out of Sudan. We know that PetroChina then subsequently moved in. As Mr. Obhrai just stated, a lot of people here in Canada were not just so much calling for corporate social responsibility from Talisman, but for a full withdrawal, and that happened.

How has Talisman's leaving and China's coming in affected Sudan in terms of human rights?

**Mr. Ken Sunquist:** I'm not sure anybody wants to give you that answer on this end.

Let me give you a personal observation, perhaps. I think Talisman as a company in Canada and worldwide today is a great example. Maybe they've learned through the school of hard knocks. I think Talisman, as the parliamentary secretary has said, is a company that is now a leader. With several other particularly petroleum-based companies, such as Nexen and others, Talisman has really gone out of its way to develop a group of companies in Canada by working with Transparency International and other groups to really address these kinds of issues, so that's been very good.

If you are asking me to be honest about whether Talisman's withdrawal has improved the situation in Sudan, I would say probably not. Talisman is a company that was on the road to making

changes. Would they have done it staying in Sudan? I don't know. People here could answer that better than I.

At least it was the company we knew and the company we could talk to. Several of you talked about engagement. Do you have the same level of engagement today as you did 10 years ago, in terms of trying to promote...? I don't know; maybe others can tell whether the same schools and hospitals are still operating. Humanitarian needs were happening then.

I don't know. Maybe I'll leave it at that.

• (1630)

**The Chair:** Can I ask one more on our time here?

You also mentioned that before Canadian companies, specifically oil companies, go into some of these countries, the Department of Foreign Affairs or CIDA or whoever—I suppose it's Foreign Affairs and International Trade—sits down and very clearly talks about corporate social responsibility. They probably show them different ways in which they can be better social and corporate citizens in those countries.

Is there any way of evaluating Canada in comparison? Which would be the real model country? Would it be Norway, would it be Canada, would it be the United States? Which country would be the model country in terms of showing corporate social responsibility internationally?

**Mr. Ken Sunquist:** I'm biased, but I'll tell you that Canada is the best. And it's partly because, as former chairs of the committee have said, Canada took up the CSR issue much earlier than a lot of other countries. We addressed it specifically. We have addressed it in terms of corruption. We moved fast on the environment. We've done other things. As well, there was a push on us. Canada is the leading country in the world of extractive industries—the mining industry.

The Toronto Stock Exchange and the Vancouver Stock Exchange are where the world comes for financing, so in a way, we were mandated to meet with companies, talk to companies, and talk about CSR from the word go.

Our senior trade commissioners around the world—and you know the stories, whether it's in the Philippines, Central America, or wherever it is—are meeting with the junior mining companies and are meeting with the large companies continually. Large companies, generally speaking, follow CSR principles from the word go. It's just not worth it to them. Some of the smaller ones, which tend to get in and out of a country quickly, have different perspectives, but we have to work with them. It's Canada's image, it's Canada's reputation, and ultimately it's the companies' bottom line. If they do a good job, they will be invited back there and to other places too.

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

We want to thank the panel for being here today. We appreciate it.

We're going to suspend for about two minutes and then welcome our next group of folks to our committee.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
- 
- (1635)

**The Chair:** Good afternoon.

In our second hour we will hear from the Canadian Economic Development Assistance for Southern Sudan group, David Tennant, the executive director; from the Sudan Divestment Movement, Daniel Millenson, the national advocacy director of the Sudan divestment task force; and from STAND Canada, Ira Goldstein, national divestment coordinator. Welcome.

I know that some of you were here for the earlier segment, so you understand how this works. We look forward to your comments.

We want to have about five minutes for committee business to deal with the steering committee's report we want to ratify. We do have votes as well. It's a half-hour bell. We hope to be out of here by about 5:25.

We really do look forward to what you have to say, so thank you for coming.

Go ahead, Mr. Tennant.

- (1640)

**Mr. David Tennant (Executive Director, Canadian Economic Development Assistance for Southern Sudan):** Thank you, Mr. Chairman.

I should explain that I'm not with the Canadian divestment group. My organization is Canadian Economic Development Assistance for Southern Sudan.

I want to thank the members of the committee for this invitation. I hope my experience and comments will be helpful.

In January 2005 I made my first trip to south Sudan. A peace agreement had just been signed between the north and south that ended a 25-year civil war, a civil war that had taken the lives of millions and displaced millions more. Since 2005 I have made between 10 and 12 visits to south Sudan. I just returned in January, and I leave again in March.

Our organization, CEDASS, Canadian Economic Development Assistance for Southern Sudan, is focused on humanitarian aid through economic development. The philosophy is simple: rather than give a person a fish, you teach them to fish.

Let me address this in three segments: what we have done, where we are, and where we are going.

On my first trip to south Sudan, I hired a young Sudanese. We purchased vehicles and SAT phones and left money to start purchasing a product known as gum arabic, a product that I had never heard of before I went to Sudan. The product is harvested from the acacia tree and is indigenous to south Sudan. This is a tremendous resource for south Sudan. Gum arabic is used throughout the world in a myriad of products and industries, and is the key ingredient in the making of Coca-Cola.

After facing every logistical challenge imaginable, in the spring of 2006 we exported the first shipment ever of gum arabic from south

Sudan—not through Port Sudan, which would have been so much easier, but through Uganda, then Kenya, to the port of Mombasa. Following this, we re-examined and took apart every aspect of the operation to determine the strengths and weaknesses of the business plan. We recognized the need for a strategic alliance with one of the major international importers of gum arabic if we were to grow the industry.

In 2006 I was appointed as a special adviser to the Ministry of Commerce, Trade and Supply of the government of south Sudan in the area of international trade. CEDASS decided at that time to introduce mechanized farming to the bay area of Bahr al Ghazal. Farming in this area, indeed in most of south Sudan, is done by hand, the result being very low yields per acre.

The irony of south Sudan is that many people are starving, yet there are hundreds of square miles of land. Given the right application, and applying Canadian farming expertise, we believe the land is capable of feeding the population.

In April of last year we held our inaugural fundraising dinner. Minister Peter MacKay, then Minister of Foreign Affairs, attended as our keynote speaker. We were able to raise sufficient funds to purchase, on the advice of Canadian farming experts, walk-behind tractors. We also set up a business plan and model that will allow the program to become self-sustaining.

With regard to the gum, we have made a strategic alliance with an American company, the largest importer of gum arabic in North America and the second-largest in the world. This contact has led us to brokering the sale of approximately 1,000 metric tonnes of gum arabic from the Upper Nile region of south Sudan. We also are in the final stages of due diligence in a joint project in Bahr al Ghazal with the American company.

All the profits made by our organization in gum and farming will obviously be returned to the community for humanitarian purposes.

In December 2007, CEDASS was granted 1,000 acres of land by the government of south Sudan in the Juba area of Central Equatoria State. Our vision is to create a training farm where southern Sudanese can be introduced to and trained in modern farming methods and land cultivating, which will help feed the people of south Sudan. This project can open up the Juba area, which is 20,000 acres of fertile land. Given that it is adjacent to the Nile, we have the advantage of a constant water source.

CEDASS will bring in the experts. To give the committee some idea of the experts we have recruited since December, Mr. Jack Wilkinson, a Canadian and the president of the International Federation of Agricultural Producers, a worldwide organization, has agreed to act as an adviser. We have put together a project team that includes active farmers, academics in agribusiness, and business leaders. The key to this project is the business plan that will be established, which will provide for a self-sustaining farm operation able to grow from revenues as opposed to donations.

With respect to where we are going, CEDASS will continue to look for opportunities that can create self-sustaining operations. These operations will generate jobs, which in turn will generate wealth, and which hopefully will help to create an economy operated and controlled by the south Sudanese. By concentrating on training and financial assistance to south Sudan, we avoid what I refer to as “economic colonization”.

As part of my mandate as an adviser, I will encourage Canadian business to think of south Sudan as an investment opportunity, where corporate goals in regard to profits can be achieved and, in addition, provide training, education, and capacity-building to the south.

●(1645)

In December we were asked by the President of Southern Sudan to deliver a letter to Prime Minister Harper thanking Canada for its ongoing support. President Salva Kiir Mayardit is anxious to visit Canada and would also like to see ministers of this government visit south Sudan. We would be happy to help achieve this visit and are prepared to assist in any way.

During the many visits I have made to south Sudan, I have developed a passion for the people of south Sudan, a people who have the ability to survive, the likes of which I have never seen, and possess an optimism that is beyond comprehension. They are not looking for retribution, Mr. Chairman; they are looking for opportunity.

We as a country should strive to help them achieve it. Canada is a generous nation populated by a compassionate people. In Sudan, there are countless projects and situations that cry out for international help and aid. In my opinion, Canada should be proud of what it is doing and what it has done.

I believe we have to be judicious, however, and prudent in the projects we involve ourselves in. As this committee knows, Canada has committed over \$440 million to south Sudan, which includes \$285 million to assist in the settling of the Darfur crisis. This is significant. Canada's policy of working through NGOs and the Multi-Donor Trust Fund is the right policy and it should continue.

I would like to make three recommendations.

First, all projects presented to CIDA or other Canadian government agencies should be accompanied by a detailed business plan. Individuals, NGOs, or other institutions should be required to demonstrate their expertise, especially those projects that require knowledgeable, not just well-intentioned, people to operate them.

Rather than divest, I would encourage Canadians to look at south Sudan as an area of business opportunity. There is no doubt that Canadian business people can survive and do well in this country and at the same time assist in the capacity-building, economic development, and employment.

The third and last one is that we should create a central registry of all NGOs and companies operating in south Sudan to provide better liaison between the different bodies.

In conclusion, Mr. Chairman, I appreciate the opportunity to address you. I would like to take this opportunity to thank the members of the Sudan Task Force. They have been a tremendous

source of information for us and have made themselves available to us at all times. I would also like to thank CIDA and CIDA Inc. for the information they have provided and their offer to act as a resource.

I hope my comments and recommendations will assist you in your deliberations. We, CEDASS, will go forward with the Juba project and we'll raise funds in the private and institutional sectors. We think this is good for south Sudan and we believe it is good for Canada.

South Sudan survived the war. It is up to us to do what we can do to make sure it wins the peace by reaching its potential.

I'm happy to answer any questions you may have. Thank you.

**Mr. Kevin Sorenson:** Thank you, Mr. Tennant.

We'll move to Mr. Millenson.

**Mr. Daniel Millenson (National Advocacy Director, Sudan Divestment Task Force, Sudan Divestment Movement):** Mr. Chair, members of the committee, thank you for allowing me to testify today.

I represent the Sudan Divestment Task Force, which is a project of the Genocide Intervention Network. We're an NGO that is based in Washington, D.C. We also have offices in London.

Our organization primarily focuses on a model of targeted divestment we have developed that focuses on ameliorating the situation in Sudan by placing targeted economic pressure on worst-offending corporate actors, primarily those in the oil, mineral extraction, power, and military equipment sectors.

Before I begin, I would like to piggyback off the previous testimony by saying that we actually encourage investment in southern Sudan and eastern Sudan and Darfur and other marginalized areas of the country.

This is a model of divestment that has been adopted by 22 states in the United States. The federal government in the United States recently passed divestment and contract prohibition legislation that we authored, and international pension funds, including one Dutch pension fund, have also started to look into the matter and divest. It's a model of divestment that encourages investment in marginalized regions while focusing exclusively in those areas that actually benefit the regime.

This is a regime that is exceptionally vulnerable to economic pressure. Its foreign debt exceeds its gross domestic product, and with its overwhelming reliance on oil—90% of its export revenue comes from oil—it makes sense why up to 70% of that oil revenue then goes toward its military expenditures.

Sudan, though, does not have the technical expertise to exploit its own oil resources. For that, it relies on a small subset of foreign oil companies—primarily, a majority are wholly state-owned companies from China, Malaysia, and India—to drill and provide the profits necessary to prosecute the war in Sudan.

There is such a thing as responsible investment in Sudan. As was mentioned in the previous panel, Montreal-based La Mancha Resources is the largest mining company in Sudan. It primarily operates a gold mine in eastern Sudan. After being on our highest offenders list for several months, it became receptive to engagement and decided to take a number of steps. This is precisely the type of corporate presence we want in Sudan.

Sudan is China's fourth largest provider of oil; we don't see China leaving Sudan any time soon. It is the same with India and Malaysia. But there are ways that companies can use their influence for good, use their economic leverage to help end the atrocities. La Mancha is a great example of that.

The company publicly refrained from any new investment in the country—they had previously planned to do a multi-million dollar mine expansion, which would have given the Government of Sudan a lot of new revenue streams—until a peacekeeping force consistent with Resolution 1769, UNAMID, fully deploys unimpeded. They have also committed to funding humanitarian efforts in Darfur in addition to what they were already doing in eastern Sudan, even though Darfur is on the other side of the country from where they operate. They also met with Sudan's then-minister of Energy and Mining, Dr. Ahmed Al-Jaz, to discuss the situation, urging the Government of Sudan to again allow the UNAMID force access to the region.

That's the exact type of the operations we want to see happening in Sudan. Unfortunately, foreign companies, primarily these Asian companies, have done quite the opposite.

I would point your attention to one specific company, and that is China National Petroleum Corporation, which operates six of the seven active oil blocks in Sudan and has also invested in a couple of others that are currently in the exploration phase. It facilitates weapons transfers to the Sudanese regime and allows its facilities to be used as staging points for attacks by the government on civilians. It also refuels military aircraft.

Sudan's air force is primarily Chinese and Russian equipped. Iran also provides some small arms. In fact, this government, which partially funds an NGO called the Small Arms Survey, has done a really excellent job of documenting just that, as did the Harker commission in 2000 when it investigated the Talisman case.

• (1650)

A question about the Greater Nile Petroleum Operating Company was brought up earlier. CNPC is the operator for that consortium and for most of the other major consortiums currently doing work in Sudan. The total number of people who have been displaced as a result of CNPC's drilling in Sudan is well above 15,000. There is, however, an ability for this government to change that. There are several things that Canada can do.

First, it can join the targeted divestment movement that's already well under way in the United States. Many of Canada's public pension plans may be invested in these foreign companies and therefore have power as shareholders to change the behaviour of those companies in Sudan. They can also, if those companies prove unresponsive, divest and hit their share price.

Second, CNPC, as was alluded to before by a question from MP Dewar, currently has 11 oil blocks in Alberta in the tar sands. None of them is currently operating yet, but they've expressed interest in acquiring several more. ONGC, which is the Oil and Natural Gas Corporation of India, India's primary oil company operating in Sudan, has also expressed interest in drilling the tar sands in Alberta.

On New Year's Eve, President Bush in the United States signed the Sudan Accountability and Divestment Act. That act prohibits contracts from going to companies that are considered highest offenders, that meet the criteria for having a harmful presence in Sudan and have refused to take any actions to address that.

Perhaps more so than any other western country, because of the Alberta tar sands contracts, Canada has unique leverage, truly a more important type of leverage, to engage with CNPC to make it stop the displacement, stop the weapons transfers, stop refuelling military aircraft, and most importantly, pressure the government to end these atrocities.

In many cases, state-owned enterprises follow the lead of their home country governments. In the case of Sudan, CNPC is actually, in some ways, leading China's foreign policy. China protects Sudan at the UN and China gives weapons to Sudan to the extent that it does because of CNPC and for very little other reason.

I would urge this government to use its unique position of leverage to seriously engage with CNPC to make clear to CNPC and ONGC and any other state-owned enterprise or other company involved with Sudan in problematic ways that doing business in Canada must be contingent upon respecting human rights in other parts of the world where they're operating.

Thank you very much, again, for allowing me to testify. I would be happy to take any questions.

• (1655)

**The Chair:** Thank you, Mr. Millenson.

Mr. Goldstein.

**Mr. Ira Goldstein (National Divestment Coordinator, STAND Canada):** Mr. Chairman and members of the committee, thank you for inviting me to present before this committee.

For the past two years I have worked closely with students and citizens across the country for a common cause, to mobilize a critical mass of Canadian students, citizens, and decision-makers to end the crisis in Darfur and respond to future threats of genocide.

The standing order before this committee is an important step towards more meaningful government action on the crisis in Sudan. As the national divestment coordinator for STAND Canada, I oversee grassroots campaigns at the local, provincial, and federal levels. The goal of these campaigns is to investigate public and private holdings and companies operating in Sudan to facilitate shareholder engagement and identify ways to pressure the Government of Sudan to bring an end to suffering in Darfur.

Many of you seated around the table have received letters, phones calls, and e-mails from your constituents on these issues. They are concerned about the crisis in Darfur and Canada's role in ending the suffering there and promoting a lasting political settlement to the crisis. This case is exceptional in the international landscape of gross human rights violations. Canadians realize that and want our country to play an integral role in the fight to end continued mass killing and displacement in Darfur.

Thus far, international efforts to broker that settlement have faltered. I know that today's proceedings will provide the committee with concrete initiatives, as we've already heard, that the Canadian government can undertake now to expedite a resolution to that crisis.

Today I bring to you the message of my organization and its stakeholders. Students Taking Action Now: Darfur is a truly national organization with over 70 chapters in high schools and universities from coast to coast. Our chapters are a vibrant part of the communities they are in, and our organization works closely with citizens, decision-makers, and local, provincial, and federal governments—thousands of young and enthusiastic students engaging in a common cause, sending thousands of letters, and making thousands of phone calls to your offices with one message.

The details of this message are clear and simple: one, Canadians care about Darfur; two, Canadians want their government to take a leadership role in resolving the conflict there; and three, Canadians want to know that their investments are not making an already terrible situation in Sudan worse.

The message is clear, but how do we attain these lofty goals? Individual investors, university administrators, and investment fund managers have all taken action. The British Columbia Investment Management Corporation is engaging the companies it holds that are operating in Sudan to clarify their operations there and to ensure that these companies have corporate social responsibility policies that govern their operations in crisis zones. Student and community activists in British Columbia can be credited for this success.

Queen's University took concrete steps to regulate their investment portfolio in March 2007. As a precursor to a larger ethical investment strategy, they divested from certain companies with strong ties to the Government of Sudan. The students at Queen's, myself included, wanted transparency in the investments of the institutions they are a part of and demanded action from the university administrators. Students are demanding action across the country—at the University of Ottawa in the capital city, the University of Western Ontario in London, Laval University in Quebec, Memorial University on the east coast, the University of British Columbia on the west coast, and many more.

Finally, private investors across the country, from elementary school teachers to film and television producers, independent musicians, fund managers, and business consultants contact us on a weekly basis. They want to learn more about their personal investments and companies operating in Sudan and how some of those companies fuel the conflict in Darfur. Citizens in civil society organizations are facilitating this engagement process. The Canadian government should enact a legal framework regulating public fund investment in companies that are fuelling egregious human rights violations.

The research is ongoing and the facts are clear. Certain companies operating in Sudan are aggravating an already dire humanitarian crisis. Canadians need leadership on this issue. Canadians want a formal government-approved process whereby they can make these tough investment decisions. The result will be widespread shareholder action, engaging the companies that are responsibly contributing to the economy in Sudan and divesting from the companies that are fuelling the crisis there.

Canadian investors are in a unique position because of Talisman Energy's experience in Sudan. In my capacity as a coordinator of the Sudan divestment campaign, I recently spoke at length with the senior manager at Talisman Energy in charge of corporate social responsibility. Before Talisman's experience in Sudan, no such position existed on their board and social responsibility was not on the company's radar. He commented that I would be hard-pressed to find a similar meaningful position on the board of the Chinese and Indian companies operating in Sudan, and I think he is correct.

● (1700)

The Talisman experience shows that corporate social responsibility will never be a priority for any company unless it is either demanded by its shareholders or mandated by the government. In the case of private companies, there are no public shareholders to speak up on these issues; the only consideration is the company's bottom line.

Investors across the country are doing their job. Now it's time for the government to act. The Canadian government should mandate CSR standards and reporting obligations for Canadian companies consistent with the final report of the National Round Table on CSR, which we heard about earlier. Almost a year after the report, no formal government response has been issued.

But ensuring basic human rights standards starts at home. Numerous companies operating in Sudan with close relationships to the Government of Sudan are also operating in Canada. The Canadian government is in a unique position to leverage those relationships with the goal of engaging the Government of Sudan—an historically challenging proposition.

The extent to which these companies do business in Canada should be contingent on their operations in Sudan. If a company is fuelling violent escalations by the Government of Sudan's military forces, as news agencies continue to report new hostilities in Darfur detailing hundreds of deaths and thousands displaced, then that company's contracts with the federal or provincial government should be examined. Government contracts with companies operating in Sudan should be examined. The Canadian government should make doing business in Canada contingent on a company's governance policy and historical practice of corporate social responsibility.

In closing, let me reiterate the main recommendations in my brief. One, public investment should be audited, and investments in companies operating in Sudan should be examined. A public government statement on these issues is what thousands of Canadians are waiting for.

The Canadian corporate social responsibility framework must be implemented to ensure compliance at home and abroad, and the spirit of that framework should be applied to government contracts in Canada with foreign companies that also operate in Sudan.

Thank you. I'd be happy to answer any questions.

**The Chair:** Thank you very much to all three presenters.

I've just been given a little information that is different from that at the beginning. We will have bells at 5:15, and it's not a half-hour bell, but a 15-minute bell. That's the information I have.

In order to go beyond that, we need unanimous consent. We may go five minutes beyond 5:15, if I have the consent to do it. Is that fair?

All right, that's carried.

We'll go quickly into the first round.

Mr. Martin.

**Hon. Keith Martin:** Thank you all very much for being here.

Mr. Tennant, I agree with you. Flying up the White Nile, all I saw was tremendous economic opportunity for the people of Sudan. I certainly share your views of the Dinka and Nuer who are there and their extraordinarily resiliency. When I was down there, I thought, these people will do just fine if they're free of conflict and are able to have a bit of opportunity to fend for themselves.

We all know that conflict is the enemy of development, and I'm deeply concerned that the CPA will fracture before or after the referendum. Can you give us any insights, from your perspective, as to what will be required to ensure that the CPA will be strengthened and not fall apart, and what role Canada might play in ensuring that will happen?

A question I posed to the previous group was that perhaps there's a way—and I don't know whether you have any opinion—for Canada to try to take a leadership role in engaging with the Chinese and the members of GNPOC to replace their oil assets from Sudan with another source, such as Nigeria or Angola. Any insights you have on that would be appreciated.

• (1705)

**Mr. David Tennant:** Thank you, Mr. Martin.

As you know, there have been some difficulties with the CPA over this winter, and they seem to have settled down. With all of the people I talk to, both in community groups in Sudan and the government of south Sudan, there are probably two messages that are consistent.

First of all, the people of south Sudan did not want to go back to war and they want the comprehensive agreement to work. The problem is the frustration they feel from what they verbalize as the continual frustration imposed by the government of the north in not living up to all of the conditions and terms of the Comprehensive Peace Agreement—which I also think is having an effect on Darfur. The people of Darfur are asking why they should enter into an agreement similar to that which was done with the south when the comprehensive agreement in the south is not being lived up to.

I think it is 50-50 as to whether the comprehensive agreement will hold. I think there are obviously not going to be elections in 2008, because money has not been released by the north for the census. Will there be in 2009? I don't know. But there is the big vote in 2011.

With respect to the oil fields, I heard in the previous session comments about Talisman. I have no interest in Talisman. I'm a businessman, but I have no interest in Talisman.

But I would say this. I think we have to be very careful. We have replaced Talisman with a conglomerate that has no interest in the environment, has no interest in human rights, and we have no persuasive powers over them. Can we get that persuasive power? I think that is more up to people like you than it is up to me. But I have people who come to me in south Sudan and tell me that they are blocking and damming rivers. In my opinion, their objective is to pump as much oil as they possibly can before 2011.

I hope that answers your question this morning.

**Mr. Daniel Millenson:** Perhaps I could comment briefly on the oil consortium issue.

Talisman was forced to sell its stake to ONGC of India, which is one of the companies seeking to do business in Alberta. People are correct. They are a much less responsible actor than Talisman was, and to be honest, it was probably a change for the worse.

However, you can't get much worse than the trio of CNPC, ONGC, and the Malaysian state-owned oil company, Petronas. None of them is going to leave. Sudan is China's fourth largest provider of oil. China is growing so rapidly that they're ramping up operations in Angola as fast as they can as well. They're also looking for other sources of oil, including in Burma and other places where there are human rights situations.

The issue, though, is that many of these companies have exposure to western investors, including Canadian institutions, because they list on stock markets in the U.S. and Canada and Hong Kong, where western investors can have holdings in them. Secondly, the reserves for the 11 blocks that CNPC has in Alberta are estimated at about 2.4 billion barrels. That's about what their current known reserves in Sudan are estimated at. They can't afford to simply leave Canada. This is a great point of leverage to force them to change their behaviour, to be a force for good and to end their abuses.

**The Chair:** Thank you.

We'll now go to Madame Barbot.

[*Translation*]

**Mrs. Vivian Barbot:** Thank you, Mr. chair.

I am a bit frustrated to hear about Sudan in the context of the oil companies and their wealth when the reasons why we should talk about that country are the misery of people, the war, the fact that they have been living in camps for many years and that there is no end in sight. Personally, I find that a bit odious.



In fact, we talk about the wealth of the northern countries and about the power of the countries extracting the natural resources but we nearly never talk about the lives of the local people. It is as if they did not exist. I find that intolerable because, at the end of the day, the wealth that the other countries are accumulating is of absolutely no interest to me, if only because this wealth is located in African countries the resources of which we are extracting while leaving the local peoples in extremely dire situations. I listen to you, like I listened to the government officials who were here before you, and it is as if Darfur was not in Sudan. Talking about the companies operating in Sudan without talking about Darfur does not make any sense, as far as I am concerned. Of course, I have never been there and I do not know how people live on the ground but I know that there are people there who live, give birth and die in camps and that we do nothing for them. It is criminal. It is a crime against humanity and it is intolerable.

I will try to calm down and come back to the topic of the day.

Mr. Goldstein, you are part of a group called STAND Canada and you are recommending an embargo. However, all the experts tell us that embargoes do more bad than good for the people. Since we know that there are very few Canadian corporations in Sudan, what would be the point of an embargo? Would it be for us to be able to claim that we have done something in mobilizing Canadian, American and European students? Do you really believe that this situation would be resolved the day the few Canadian corporations operating in Sudan have left?

• (1710)

**The Chair:** Thank you, Mrs. Barbot.

Mr. Goldstein.

[English]

**Mr. Ira Goldstein:** Let me clarify, first of all, that we don't advocate for an embargo whatsoever or a boycott or anything of that matter. We're in partnership with the Sudan Divestment Task Force and we fully support the targeted divestment approach.

What I did say was that public funds should be audited as to the holdings in these companies that are targeted for divestment, not any company operating in Sudan. I'm strictly saying that companies that are on the highest offenders, as they're called, list are targeted for a specific reason. The same is true with the government contracts, which I said should be examined. Only companies that are providing no measurable good to the people of Sudan and are actually making the situation worse there should be targeted. The other ones, as we said, should be encouraged for investment there.

**The Chair:** Mr. Tennant, very quickly.

**Mr. David Tennant:** I think it's terrific to look at south Sudan or Sudan from 30,000 feet. I think when you get on the ground, what do I tell someone who says to me, "I want to do something better for my family. I want my family to have a better life than I had"?

The best way to do that is to provide jobs, to provide employment. Companies operating, companies who are prepared to take the risk and go into Sudan with that attitude, should be materially encouraged, and then they will be welcome in south Sudan. We talk about oil because oil is the thing of the day. Canada has so much expertise in the farming sector. South Sudan was reckoned to be the

bread basket of Africa. The farming opportunities for Canadian farmers in south Sudan—that goes right to your point, madam—can feed south Sudan and therefore take away a lot of the pressures brought on by companies who are coming into Sudan with immoral purposes.

**The Chair:** Thank you, Mr. Tennant.

We will go very quickly to the government side. If this works out, we may even get Mr. Dewar this afternoon.

Go ahead, Mr. Khan.

**Mr. Wajid Khan (Mississauga—Streetsville, CPC):** Thank you, Mr. Chair.

Mr. Tennant, I'm so delighted that you're here. I had this very conversation with the previous minister of the previous government. Why can we not invest in a business fashion? As you say, the projects and the details of business plan and demonstrated expertise.... Your company, your involvement, has demonstrated the export of gum arabic, and it is a tremendous experience. Plus what it does is create capacity for people to be independent rather than divest.

My question would be this. Would divesting diminish their ability? Iran, North Korea, Iraq, and other countries have survived sanctions, let alone divestment.

I think my young colleagues have tremendous, great ideas. I love their ideals and their beliefs. But we have perhaps over-estimated our ability to influence some of the other countries. China or India are not going to go away, I agree with you 100%. What are the first things a family wants? It's food on the table, clothes on their backs, and they want to know that if their kid is sick they can get a doctor, and if there is education required, that they can go to school. That is not going to come, in my view, from divesting. It is going to come from investing and increasing the capacity of those people.

I would like to hear your comments on that, as to the issue of investment and divestment.

• (1715)

**Mr. David Tennant:** In a very broad brush, Mr. Khan, I would agree with you that divesting is not the right policy. I think we have to be careful and we have to encourage companies that have a moral standard. You're absolutely correct that when you go down to the base level, the people in south Sudan are no different from the people in Canada. And Canada has that opportunity. Canada has that level of expertise.

If I were as young as the gentlemen to my right and left...I feel like the old man of the sea here. For a businessman, for an entrepreneur, south Sudan is an entrepreneur's sandbox. There are huge opportunities, legitimate opportunities, where you can not only make money but you can create capacity-building. The biggest tribute I could ever receive from anybody in south Sudan occurs when they come to me and say, "David, we've appreciated your help, but we don't need you anymore, because you have trained us to do it ourselves." That takes away from economic colonization, and south Sudan is heading in the direction of economic colonization.

**Mr. Wajid Khan:** I have one more quick question.

Yes, we want corporate social responsibility and all those wonderful things. But what would the effect on employment be if we continued to disadvantage some of the companies that are working there or we expected them to leave or we put pressure on them? You can't pressure China or India. They're too big to be pressured. They're not going to go anywhere. So let's get realistic and pragmatic. Rather than a protest movement, we have to look at it in a realistic fashion.

I'd like to receive your comments on the employment opportunities from divesting, or reduction of opportunities.

**Mr. David Tennant:** South Sudan, like many African countries, has no social safety net. If you have a job and that job goes into jeopardy, even if it's a bad company divesting, it's problematic.

However, I agree that what we should be doing is talking to people—and I will use Talisman because it has been used here today—talking to Talisman and saying, maybe you need to go back into south Sudan. I'm not sure the shareholders or the board of directors would appreciate that, but we should be encouraging responsible Canadian companies to invest in south Sudan.

**Mr. Wajid Khan:** Mr. Chairman, I'd like to add a quick comment. You're looking at your watch; we don't have much time.

Canada can only have influence if we invest. In Afghanistan, we are at the table. When you divest and pull out and put on pressure, you have no influence; you can't bring about any difference.

Thank you.

**The Chair:** Thank you, Mr. Khan.

We have to be careful, because divestment means that those without corporate social responsibility are asked to move out, not those who are showing leadership in corporate social responsibility. I don't think anyone has said that everyone should pull out of these conflict areas, but companies that aren't....

I'm going to go to Mr. Dewar, because I want him to have—

**Mr. Paul Dewar:** I'm glad for the clarification, because Mr. Khan—

**The Chair:** One other thing, Mr. Dewar. We will not be having committee business today. The steering committee will ratify on Tuesday. The table tells me that will still give them time.

You time hasn't started yet, Mr. Dewar.

**Mr. Paul Dewar:** I want to clarify two things, Mr. Chairman, for my friend across the way.

No one is talking about withdrawing all investment. I think Mr. Khan would appreciate that he wouldn't want to have anything to do with investment that does not help and actually hurts people. Yet we know that investments that we have, that you have, that I'm paying for through the CPP, are invested in Burma in some very dubious enterprises.

I also want to add that I can break bread with him and a couple of my friends from Sudan, who live with my mother right now, who were child soldiers. They would give you a tale that would tell you that we need to do something to change what has been happening. That's engagement. I look forward to that opportunity.

One of the things I mentioned to my friends across the way was that "The Harper government recently announced that it will introduce legislation enabling foreign investments to be blocked if they are contrary to Canada's national security interests." That's a quote from January 22. I put that to my friend Mr. Obhrai in terms of policy options. I was simply suggesting that this is an option for us to go beyond just national security and to look at human rights as a possibility as well.

I would like to ask Mr. Millenson, and anyone else who may have some evidence, about what kinds of labour practices exist with some of these oil companies, and who's actually working and getting employment with some of these operations on the ground.

• (1720)

**Mr. Daniel Millenson:** Mr. Chair, generally these are capital-intensive industries that don't employ most people anyway. The targeted divestment model carefully excludes things like agriculture, which employ 85% of the population. Upwards of two-thirds of the workforces of these Chinese, Indian, and Malaysian companies are in fact foreign.

Finally, I would add that in fact pressure on these companies is working. Nine major companies have either changed problematic operations or left. The Chinese government has taken action by leaning on the Sudanese government to accept Resolution 1769 to allow UNAMID into the country. Clearly that's not being implemented, but this was a major shift from China's normal way of doing things, which is to be completely hands off and no talk about human rights abuses in other countries.

**The Chair:** Thank you, Mr. Millenson.

Mr. Goldstein.

**Mr. Ira Goldstein:** I'd just reiterate that the steps we've seen China take, I think, can mostly be attributed to economic pressures such as we've been talking about. It's not normal for them to do that, and they're stepping out of their normal role to do it because of pressure such as we're talking about today.

**The Chair:** Mr. Tennant, did you want to—

**Mr. David Tennant:** I have a very quick comment, Mr. Chairman.

I think the best way to encourage Canadian companies and other companies is to make them put up a plan that shows the benefits to the people of south Sudan or the people of Sudan, so that they are operating training systems.

The Chinese are not only in oil; they're in everything in south Sudan, and the majority of the workers are coming from China. The menial labour is being done by the Sudanese or Ugandans or Kenyans, but the management is being done by the Chinese, and all of the technical expertise is coming from China.

That has to change. That's what I would like to see: that companies are asked or that the government, if it can pressure, says that when they go into that country they have to put in a training program that allows the south Sudanese or the Sudanese to take over that operation or to set up in competition with them.

That's how we built the Canadian economy.

**Mr. Paul Dewar:** Mr. Chair, perhaps I could ask our guest to provide the committee with a couple of examples and actually put together a synthesis of what you've just explained to us about how the divestment and the economic pressure on the Sudanese government through China, and pressure on China, actually was, in your opinion, a positive variable in terms of having China come to the table. A lot of us who have been following the file have noted that there have been some positive changes through China perhaps putting pressure on the Sudanese government. Because we will be coming back to this, if you could provide that to our committee, that would be most helpful.

Thank you for your time today.

**The Chair:** Thank you, Mr. Dewar.

Again, I thank all three of you for being here and for making your presentations.

I apologize on behalf of the committee for seeming to rush through this last hour. Especially in minority governments, when the bells are ringing and the votes are happening, we tend to want to get back there. So thank you.

We are adjourned.

---





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

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

**Also available on the Parliament of Canada Web Site at the following address:  
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :  
<http://www.parl.gc.ca>**

---

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

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