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# Standing Committee on Foreign Affairs and International Development

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**Chair**

**Mr. Kevin Sorenson**

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# Standing Committee on Foreign Affairs and International Development

Tuesday, April 15, 2008

• (1530)

[English]

**The Chair (Mr. Kevin Sorenson (Crowfoot, CPC)):** Good afternoon, everyone.

This is meeting number 24 of the Standing Committee on Foreign Affairs and International Development, on Tuesday, April 15, 2008. Today we will have a briefing on the proposed sale of Radarsat-2.

For our committee's information, we will also have the opportunity for committee business at the end of the second hour. In that business, we have a report from your steering committee that we would like reviewed and adopted. There will also be time for other committee business.

In our first hour we have a witness testifying via video conference from the University of British Columbia, Professor Michael Byers, Canada Research Chair in Global Politics and International Law.

Good afternoon, Professor Byers.

**Professor Michael Byers (Canada Research Chair in Global Politics and International Law, University of British Columbia):** Good afternoon. Thank you for having me.

**The Chair:** We also have Steven Staples, who is the chair of the Rideau Institute on International Affairs, and Pierre Leblanc, who is president of Canadian Diamond Consultants Inc. Welcome, Mr. Leblanc and Mr. Staples.

From the firm Sack, Goldblatt and Mitchell, we have Steven Shrybman, a lawyer with this firm. We welcome you as well.

I think most of you have appeared at committee before. If we could ask you for your opening comments, that would be appreciated, and then we will move into rounds of questions and answers.

Mr. Byers, thank you for attending from British Columbia. You may begin, please.

**Prof. Michael Byers:** I would like to begin by thanking the committee for inviting me to appear, especially for allowing me to do so by video conference. It's my wife's birthday today, which made it imperative that I stay in Vancouver.

Six weeks ago I testified before the industry committee on the implications for Canadian sovereignty of the proposed sale of MacDonald Dettwiler's space division. I have a strong interest in that dimension of the issue, being the leader of two separate sovereignty-related projects for ArcticNet, a federally funded consortium of

scientists from 28 Canadian universities and five federal departments.

I know that Colonel Pierre Leblanc will speak following my comments, and I will simply say in advance that I almost certainly endorse his views. As the former commander of Canadian Forces Northern Area, he knows more about the importance of remote sensing satellites to Canadian sovereignty in the Arctic than anyone.

Arctic sovereignty was a central factor in the decision announced last week to block the proposed sale. As Industry Minister Jim Prentice said in the House of Commons, "...we have stood up in space and we have stood up in defence of Canadian sovereignty".

This aspect of the decision is entirely consistent with Prime Minister Stephen Harper's public assertion that he is "passionately committed to protecting and defending" the north. So am I, and I would be pleased to answer any questions that you might have on the sovereignty dimension.

But in the few minutes that I have today, I want to address a consequence of the government's decision that I believe falls clearly within the mandate of this committee as a body charged with studying foreign affairs.

With all respect, the government made the right decision, but implemented it in a less-than-perfect way. Instead of using the net benefit test in the Investment Canada Act, I believe that Mr. Prentice should have left the matter to Maxime Bernier, the Minister of Foreign Affairs, who could have refused to transfer Radarsat-2's licence without creating a precedent for other foreign investments.

The 2005 Remote Sensing Space Systems Act was adopted specifically in anticipation of the launch of Radarsat-2. That legislation empowers the foreign minister to deny any transfer of a licence that imperils "national security" or "defence of Canada", as the sale of Canada's eyes in the Arctic would have done.

Having testified before the Standing Committee on Foreign Affairs and International Trade three years ago on this issue, on that specific draft legislation, I clearly recall both the Conservative and Liberal members concluding that the foreign minister has more than sufficient powers to block the satellite sale.

The Investment Canada Act is not nearly as clear and specific. The industry minister is directed to consider a number of economic factors, but there is no mention of national security, meaning that Mr. Prentice had to read that factor in as an implicit consideration. As a result, Mr. Prentice has created a degree of uncertainty for potential future foreign investors, and not just in the space industry.

Which Canadian assets and companies are protected by this implicit national security exception? Are shipyards that build navy and coast guard vessels off-limits? What about the companies that train pilots for the Canadian Forces? What about our ports and railways and the companies that operate them?

An implicit national security exception creates unnecessary political risk for investors, most of whom would not be deterred by an explicit test, especially an explicit test that was coupled with specific criteria. Markets do not require an absence of regulation. They require regulatory clarity and stability.

• (1535)

Free trade and foreign investment are entirely compatible with an explicit national security test. The United States has an explicit test that includes the protection of critical infrastructure in the energy, communications, and transportation domains. Britain, France, Germany, and Japan have explicit national security tests. So too does China, one of the greatest recipients of foreign investment and a full-fledged member of the WTO.

In my view, the Canadian government has little choice in the matter now. It has to place an amendment to the Investment Canada Act before Parliament that would bring our legislation into line not just with other countries, but also with Mr. Prentice's decision last week, and that amendment should be studied and debated, not just by the industry committee, but also by your committee. Any controls on foreign investment that are grounded in national security are centrally matters of foreign affairs.

Finally, it is important to note that consideration of an explicit national security test was already planned before last week's decision. Last December Mr. Prentice issued new guidelines on how the net benefit requirement of the Investment Canada Act would be applied to foreign state-owned enterprises such as national oil companies or sovereign wealth funds. This move was prompted by concerns that Chinese state-owned companies might buy into the Alberta tar sands. Last week's blocked sale was not covered by these guidelines, since Alliant Techsystems is not a foreign state-owned enterprise. It is a foreign private-owned enterprise that conducts most of its business with a foreign state, a difference that in retrospect is less significant than Mr. Prentice probably assumed last autumn.

Last November Mr. Prentice also announced that cabinet would be "examining the necessity for an explicit national security test for foreign investment". "In doing so", he said, "we will examine what other G-8 countries have done, as well as our obligations under international trade arrangements."

This examination was made contingent, in part, on the conclusions of the Competition Policy Review Panel, which is due to issue its recommendations in June. We are therefore moving towards an explicit national security test, though hardly fast enough. In the wake of Mr. Prentice's decision, it is imperative that Parliament provide clarity for foreign investors, not next year, but as soon as possible.

At the same time it is important that Parliament get it right, and that, I respectfully suggest, requires that your committee, the foreign affairs committee, give the Investment Canada Act your careful yet immediate attention. Because when we start talking about blocking foreign investments on the basis of the impact that a foreign

investment would have on something like sovereignty or national security or the defence of Canada, we are going beyond the investment realm and into the realm of foreign affairs.

I look forward to any questions you might have.

Thank you.

• (1540)

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

We will move to Mr. Leblanc.

**Colonel (Retired) Pierre Leblanc (President, Canadian Diamond Consultants Inc.):** Mr. Chairman, members of the Standing Committee on Foreign Affairs and International Development, thank you for the opportunity to share with you my concerns about the potential sale of Radarsat-2 to Alliant Techsystems.

From July 1995 to July 2000, I was the commander of Canadian Forces Northern Area, which encompasses our three territories. During that time I quickly came to the conclusion that the assets Canada had for the security and sovereignty of the Arctic were severely inadequate.

Until the end of the Cold War, the Arctic was basically a no man's land between the Soviet Union and NATO. There was little activity other than military activity. Since then, the Arctic has seen a huge increase in development, which has generated increased levels of human activity. More alarming, in my view, have been the multiplicity of reports about global warming and the speed at which it is taking place in the Canadian Arctic.

On the one hand, the government at that time was reducing the very limited resources required to ensure our security and sovereignty in the Arctic. On the other, I could see signs that the Arctic was opening up like never before from an economic, and more importantly, from an access point of view, which would lead to challenges to our claims regarding our internal waters and would increase significantly the threat to an extremely fragile ecosystem.

One of the challenges that was evident was that global warming was in the process of opening up the Northwest Passage, creating a shorter route between two large trading blocks—Europe and Asia—and improved access for resources exploitation. This would naturally lead to increased maritime traffic and to potential challenges to our sovereignty. The route between Japan and Europe is reduced by 37% if ships go through the Northwest Passage instead of the Panama Canal and by 64% for ships that have to go around Cape Horn because their size prevents them from going through the Panama Canal.

The potential increase in maritime traffic will increase the threat to a very fragile ecosystem, as I've mentioned. The cost of cleaning up the *Exxon Valdez* accident exceeded \$2 billion, and it took place near a very large port facility. Given the value of crude oil, it is only a matter of time before its exploitation resumes in the Arctic. How much would it cost to clean up a similar accident near Resolute Bay? What if it was a ship with a flag of convenience and no assets?

Canada has in place the Arctic Waters Pollution Prevention Act, but to date we lack the resources to monitor the situation in the Arctic and the assets to intercept in a graduated and timely manner. It is similar to posting speed limits when everybody knows that the police have no radar or patrol cars. Most people will respect the rules; the bad guys won't.

Back in 2000, I briefed the defence department on my concerns. In 2001 I also wrote a paper on the lack of security assets to protect the Arctic. I understand that a copy has been or will be provided to you. At the time, I recommended surveillance of the Arctic using space-based assets, along with a number of other recommendations. I was very pleased two years ago to see the present government start to allocate new resources to our sovereignty in the Arctic. It is, in my view, a wise investment.

Two systems showed great promise for monitoring the access points to the Arctic archipelago: Radarsat-2 and Canadian-developed high-frequency surface wave radar. Unfortunately, the project to install the high frequency surface wave radar has been cancelled. And now there remains the possibility of the sale to a foreign company of the best asset we have to monitor maritime traffic in the Canadian Arctic.

I can see a number of scenarios in which Canada may not be well served by the sale, depending on the specifics. If the satellite and its controls belong to a U.S. company, it will fall under laws such as the Patriot Act, and the company may be compelled to act in a manner not consistent with Canadian interests. For example, some information of interest to Canada may not be provided if it is not in the national interest of the United States. Another scenario could be that the priority of effort for the satellite will be redirected to support a U.S. situation, leaving Canada with no coverage of the Arctic.

• (1545)

What if, in a number of years, there are compelling reasons to move the controlling facilities outside of Canada? What if the company is then sold one more time, this time to a company from a nation with which Canada has some concerns?

The U.S. recently blocked the sale of a stake in 3Com to a Chinese company for national security reasons. 3Com produces routers and networking equipment. I am of the opinion that to maintain positive control of the satellite, its assets must be based completely in Canada and not be subject to the influence of any other jurisdiction.

We must remember that our claim to the waters of the Arctic Archipelago is not recognized by the U.S. or the European Community. It is a contested area. For Canada to assert its sovereignty over that area, it has the duty to monitor it adequately and enforce its laws upon it. Until Radarsat-2 becomes operational, Canada does not have the means to monitor the Arctic properly.

To effectively monitor surface maritime activity, we must use Radarsat-2 and cross-reference the data to NordREG, the regulatory maritime system in the Arctic. NordREG, unfortunately, is still done on a voluntary basis, despite the improvements to our security regime post-9/11. Making it compulsory would provide a solid database against which Radarsat information can be cross-referenced, allowing us to quickly identify discrepancies and take appropriate action when necessary.

I therefore urge the government to act very cautiously with regard to approving the sale of Radarsat-2 and to continue to block the sale, unless it is absolutely convinced that it will retain full control of this essential asset now and in the future. It is in the security and sovereignty interests of Canada.

Thank you for your attention.

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

We will move to Mr. Staples and Mr. Shrybman. Am I correct in assuming you're splitting your time?

**Mr. Steven Staples (Chair, Rideau Institute on International Affairs):** Yes, you are.

**The Chair:** Thank you very much. Continue, Mr. Staples.

**Mr. Steven Staples:** Mr. Chair and members of the committee, thank you very much for inviting me today.

I'd like to introduce Mr. Steven Shrybman, our legal counsel, who is prepared to provide you with information and take your questions regarding our legal opinion on the Remote Sensing Space Systems Act and the conflict with U.S. law should Radarsat-2 be purchased by a corporation subject to U.S. law.

We have long expressed at the Rideau Institute our concerns about the proposed sale of the MDA space division to Alliant Techsystems, or ATK, and we have similarly expressed our support for Industry Minister Prentice's decision to not approve the deal under the Investment Canada Act. In our view, the government is moving in the right direction.

However, we've also underscored the need for the government to address the long-standing lack of a clear direction for Canada's engagement and use of space. What we need now, maybe more than ever, is a national space policy.

Now that the deal is dead, or at least barely moving, the government needs to assure the industry, the scientists, and the engineers working in the industry that Canadians cherish our space capability and will make a commitment to see it flourish.

In 2005 the Canadian space industry generated over \$2.5 billion in overall revenues, of which 50% stemmed from exports, a testimony to Canada's international recognition as a reliable and sought-after space partner.

Globally, space is a \$100-billion market worldwide, growing at nearly 7% yearly. The space sector is a proven catalyst, enabler, and driver for innovation, knowledge, state-of-the-art technology, and the development and delivery of cost-effective services. Yet Canada's investment in space, in civilian space in particular, is declining. According to Athena Global, between 2000 and 2004, as expressed as a percentage of GDP, Canada's investment in civilian space declined by 10%. Meanwhile, in the U.K., for instance, their investments in space increased by 25%.

Currently, there is a fragmented approach by different ministries and departments to the role of space-based systems in meeting their respective mandates. There is an urgent need to pull these various interests together under a coordinated and coherent framework. Such an approach would help the Government of Canada focus on developing space technologies and programs useful for implementing a wide range of government policies, make a more cost-effective use of federally appointed budgets, and favour an integrated Canadian policy-making approach.

By the way, 2007 marked the 40th anniversary of the entry into force of the outer space treaty. Ratified by 90 countries, the treaty has enabled the peaceful uses and exploration of space and has contributed to maintaining international peace and security.

Space technologies provide a critical infrastructure to the military, and today, space remains the only environment where no weapons have yet been placed. In order to ensure that space remains safe and secure for all space players, Canada should continue to advocate the non-weaponization of space, as well as strengthening the outer space treaty. We view this priority as part of a national space policy for both domestic policy and our representations internationally.

The adoption of a Canadian space policy based on the peaceful exploration of space would enable the government to achieve numerous objectives, such as developing space programs and technologies that serve Canada's public policy objectives; ensuring and protecting the safety and security of Canadians, the Canadian Forces, and Canada; and promoting a competitive space industry and providing economic leadership.

The time has come for Canada to consider space as a whole and to comprehensively address these issues, ranging from national security and the non-weaponization of space to providing critical infrastructure and promoting our industry.

Our recommendation would be that the Department of Foreign Affairs, and possibly even this committee, should structure a public consultation process to initiate engagement of Canadians in developing a new national space policy. This could include online consultations, regional hearings, and expert studies looking at the various aspects of space. The foreign affairs committee could prepare its own report to contribute to a government process, along with other affected committees such as industry and defence.

• (1550)

What's needed now is the political commitment to space as an area of important national priority.

I turn now to Mr. Shrybman to provide remarks on the legal study.

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

Mr. Shrybman.

**Mr. Steven Shrybman (Lawyer, Sack, Goldblatt and Mitchell):** Thank you very much, Mr. Chairman and members of the committee.

As Mr. Staples indicated, on behalf of the Rideau Institute and the Canadian Auto Workers we prepared a legal opinion and submitted it as a brief to Ministers Prentice and Bernier. The subject of the opinion is Canadian and U.S. law as they relate to Radarsat-2 and its

ability to collect images of the earth and the way in which that information may be shared.

Because of the strategic importance of images collected by satellites such as this, Canada has legislation, the Remote Sensing Space Systems Act, which I'm sure you're familiar with, which stresses the strategic value of this information as, in the terms of the statute, being important to ensure "national security, the defence of Canada, the safety of Canadian Forces, Canada's conduct of international relations, Canada's international obligations", and two other criteria that have been added by regulation under the act which have to do with the competitiveness of the Canadian space industry.

Under the act, in order to operate a satellite like this a company needs to obtain a licence. The act obliges the company to maintain control of the satellite and of the images it gathers, imposes certain constraints on the extent to which those images may be shared with other nations, and finally, asserts the right of the Government of Canada to priority access and in some cases to exclusive access to the information the satellite gathers, underscoring the strategic importance and value of the information that a satellite like this can collect.

The U.S., not surprisingly, has similar legislation. Their statute is called the Land Remote Sensing Policy Act, and it asserts the same types of public controls and public issue priorities that our legislation does. So the question naturally arose as to which legislation would apply if this sale were to go through, and it was quite clear—and we cite the provisions in our opinion—under the U.S. law that it would apply to Radarsat-2, if it were acquired by Alliant Technologies.

I'll just read the key provision from the consolidated federal regulations under section 960.2, as follows:

The Act and the regulations in this part apply to any person subject to the jurisdiction or control of the United States who operates or proposes to operate a private remote sensing space system, either directly or through an affiliate or subsidiary, and/or establishes substantial connections with the United States regarding the operation of a private remote sensing system.

We were told by ATK that it was going to incorporate a subsidiary, which would operate in Canada. But it's clear under the U.S. law that it would apply to a Canadian subsidiary of ATK operating in this country, with respect to the images collected by the satellite.

I'll just refer you to a couple of other provisions of the regulations. Under section 960.11:

The licensee shall maintain operational control from a location within the United States at all times, including the ability to override all commands issued by any operations centers or stations.

Because of the importance of the information gathered by the satellite, the U.S. is able to assert, as does Canada, priority control over the satellite and may issue directions, and this is under subsection (4) of section 960.11:

The licensee may be required by the Secretary to limit data collection and/or distribution by the system as determined to be necessary to meet significant national security or significant foreign policy concerns, or international obligations of the United States

I know the Minister of Industry has already made a preliminary determination, but given the importance of this legislation and the role of the Minister of Foreign Affairs, it seems appropriate for this committee to be inquiring into this issue as well.

We addressed our letter to both ministers because we believe that this issue of control of the images collected by the satellite has important implications for economic development in Canada, the north being only one such example. So it was appropriate for Minister Prentice to take all of this into account, but even more appropriate for your committee and for the Minister of Foreign Affairs to be apprised of the conflict between U.S. law and Canadian law as it relates to this satellite, if this sale were to proceed.

• (1555)

Thank you.

**The Chair:** Thank you very much to all our guests.

We'll move into the first round of questioning. We'll go to Mr. Chan for seven minutes.

**Hon. Raymond Chan (Richmond, Lib.):** Thank you, Mr. Chairman.

Thank you, gentlemen, for giving us that very detailed and useful briefing.

The first question is to Mr. Shrybman. With your analysis of the provisions of the legal conflict between the Canadian and American systems, would you be agreeing with Mr. Byers that the government has a less than perfect way to deal with this? Would the foreign affairs minister, based on the acts we have, have enough authority to block the sale? That's the first question.

The second question is to the rest of the panellists here. Of course, when we consider foreign affairs decisions we cannot base our decision purely on what the impact is on the industrial side, about the livelihood of our space sector. I would like to see whether any of you can shed some light on what kind of minimum investment you think the government would have to make to support a viable, vibrant space industry.

**The Chair:** Thank you very much, Mr. Chan. I think you mentioned Mr. Shrybman and Mr. Byers, and then the others, if they want to join in.

We'll go to Mr. Shrybman first.

**Mr. Steven Shrybman:** With respect to the Investment Canada Act decision that Minister Prentice has made, as my client has indicated, we're entirely in support of that decision.

One of the difficulties we have with the Investment Canada Act process is that it's very opaque, so we have no idea really what transpired when the company ATK sat down with ministry officials to discuss the merits or demerits of the deal.

We certainly think he came to the right conclusion, one we believe entirely defensible, at least on the information that is part of the public record as we're aware of it. We think it was appropriate for the minister to also take into account, as I've just indicated, the implications of the application of U.S. law to the images collected by the satellite.

I don't think we have any complaint about the way in which the Minister of Industry has proceeded.

• (1600)

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

Mr. Byers.

**Prof. Michael Byers:** Let me say as well, to be entirely clear, that I support Mr. Prentice's decision. I also support his stated intent to seek a national security exception through an amendment to the Investment Canada Act in the future. My only point here is that of those two policies, one got ahead of the other, in the sense that he had to read an implicit test into legislation to which he was already intending to seek an amendment to put in an explicit test later.

The point here again is that we need an explicit test in the Investment Canada Act and that the situation of Radarsat-2 and MacDonald Dettwiler underlines that point quite dramatically.

In terms of the satellite in question and the specific legislation available to the foreign affairs minister, I believe that Minister Bernier could have blocked this sale by taking the "transfer of licence" necessity into consideration and refusing the request for the transfer.

But I must say as well that one advantage of doing this under the Investment Canada Act is that the actual blocking of the sale is not restricted to Radarsat-2. That's very important, because Radarsat-2 has an expected lifespan of only seven years. We need to be moving towards the next generation, towards Radarsat-3, if we are to protect Canadian sovereignty and national security in eight, nine, ten, fifteen, or twenty years' time. There, we have to think about the technology in terms of the intellectual property, and not just about the equipment that is currently in orbit.

In that context, I would encourage this committee to support Mr. Prentice's decision, but take it upon itself, in conjunction with the industry committee, to work as quickly as possible to introduce that national security test in an explicit fashion into the Investment Canada Act, so that this kind of unfortunate and unnecessary messiness does not occur again.

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

Mr. Leblanc.

**Col Pierre Leblanc:** Mr. Chairman, I don't have a position in terms of the resources we would need to invest in maintaining this company. I'm not familiar with the details.

I would take the opportunity, though, to raise a concern that I have about the amount of public funding used to develop this technology over the years benefiting a foreign company, ultimately.

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

Mr. Staples.

**Mr. Steven Staples:** I would only add briefly to this, and I take your point, Mr. Chan, that we have to look at the broader implications of these things, and not just industry ones.

I'm reminded of a U.S. ambassador who always reminded Canada that in the view of the United States, security trumps trade sometimes, the point being that national security interests sometimes have to come ahead of industry. I think that's a point we need to be reminded of here.

In particular, on the question of funding, the Canadian Space Agency's budget—and I think we have a representative from the CSA following us—has been stagnating for about a decade now, at about \$300 million. That is very small when you consider, for example, that the sticker price of a C-17 transport aircraft is almost three times that, and we've bought four of those planes. Just in terms of that comparison, the entire CSA budget is only a fraction of that. So I would see at least another \$300 million in the next budget that could be devoted to getting some of the programs that are on the books and waiting for the release of funds moving again.

We've spoken to MDA staff, who say they are looking for direction on particular programs, such as Radarsat Constellation—Radarsat-3, 4, and 5. We could get that moving. But I would say that \$300 million in the next budget would be a good figure to get started with.

•(1605)

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

We'll move to the Bloc, Madame Deschamps and Madame Bourgeois.

[Translation]

**Ms. Johanne Deschamps (Laurentides—Labelle, BQ):** I would like to go first, Mr. Chairman. Before the witnesses spoke, I had raised my hand and you did not give me the floor.

After listening to the panellists' testimony, in particular that of Mr. Staples and Mr. Byers, I think it is very relevant that I speak at this stage of the Bloc's motion that I recently sent to the clerk. I would like to have the support of committee members. This motion is extremely pertinent and relates to the current study of the sale of Radarsat-2 and MDA assets, among other things.

[English]

**The Chair:** Madame Deschamps, I'm questioning how it is best to proceed. What I would suggest is that at the conclusion of the meeting we take the time to have this motion. If you bring the motion forward now, we can debate the motion now, but I will cut debate off at seven minutes, so that every party gets the opportunity to question the experts in the panel.

[Translation]

**Ms. Johanne Deschamps:** Fine then. I really do not see any need to debate it. If we look at the wording of the motion...

[English]

**The Chair:** On every motion that comes here—

[Translation]

**Ms. Johanne Deschamps:** I understand, Mr. Chairman, but it relates perfectly to what we are studying today. It is specific to what the witnesses have told us. It reinforces Mr. Dewar's position and motion, as well as the reasons why we decided to bring this matter to the attention of committee members.

[English]

**The Chair:** Your motion is completely in order.

[Translation]

**Ms. Johanne Deschamps:** Yes, sir.

[English]

**The Chair:** It's completely in order. Even though the 48 hours were not part of it, because your motion is specific to what we're studying today—

[Translation]

**Ms. Johanne Deschamps:** It relates to...

[English]

**The Chair:** —the motion can come out of that.

But my suggestion is that we not debate the motion until committee business at the conclusion of the meeting, so that we have opportunities to listen to our witnesses.

[Translation]

**Ms. Johanne Deschamps:** In that case, I will go along with you, Mr. Chairman, provided I have some assurances that I will have enough time at the end to discuss the motion.

[English]

**The Chair:** Yes.

Now, do you have questions for our guests? You're almost out of time.

[Translation]

**Ms. Johanne Deschamps:** Yes.

If MDA's system is sold to US interests, this sale will result at the same time in their acquisition of intellectual property. Will Canada lose access to technology developed here in this country by Canadians? Could this sale jeopardize the surveillance and protection of Canadian and Quebec territory and of the Canadian Arctic?

[English]

**The Chair:** Who would you like to pose that question to, Mr. Leblanc, or to all our panellists?

[Translation]

**Col Pierre Leblanc:** Perhaps you could direct that question to Mr. Byers. Unfortunately, I have neither the legal expertise, nor the knowledge of the details of the contract, to answer your question.

**Ms. Johanne Deschamps:** So then, I will put the question to Mr. Byers.

[English]

**Prof. Michael Byers:** For the committee's information, for five years I taught as a professor of international law at Duke University in North Carolina. I know a reasonable amount about the way the United States applies its laws extraterritorially.

I would remind you of the controversy over the Helms-Burton Act, whereby the U.S. government sought to regulate the activities of foreign companies with respect to a third state, namely Cuba, and the fact that the United States at one point in doing that sought to deter a challenge in the WTO by threatening to invoke a national security exception.



The legislation that exists with regard to remote sensing satellites in the United States would support such an extensive view of U.S. extraterritorial application as well. I have no doubt that if the space division of MacDonald Dettwiler were sold to ATK, the U.S. government would exert powers over this satellite in ways that exceed Canadian national interests.

I agree entirely with Mr. Shrybman and his legal analysis. I think he's right on. For me this is a red flag that calls into question even the possibility of authorizing the sale.

• (1610)

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

Mr. Staples, and then Mr. Shrybman.

**Mr. Steven Staples:** Briefly, on the question of intellectual property, Mr. Friedman, the CEO of MacDonald Dettwiler and Associates, appeared in this room at one of the other committees. He gave us an interesting reminder.

There are three aspects to this that you need to look at. First, there are the existing contracts between the government and MDA in terms of getting the imagery they paid for. Second, there is the licensing issue of Radarsat-2, for which we've done the legal opinion. Third, the one you are striking on, madame, is the intellectual property.

It was quite clear when the ATK executives appeared before the committee that they were most interested in the intellectual property of the satellite. That is the knowledge that's going to be needed to carry our industry forward. Even if we were to keep, for instance, Radarsat-2 and lose that intellectual property, our industry will be forever frozen with ten-year-old technology that's currently in Radarsat-2, because the technology has evolved.

From speeches they have given in the United States and from what their own executives have said, it was quite clear as well that ATK wanted to use the intellectual property, to move it to Pentagon classified programs. This would effectively rule out Canadians from participating in those programs because of ITARs and other problems. Our space industry and the future of our space industry are at risk if we lose that IT.

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

We'll go to Mr. Goldring.

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

Thank you, gentlemen, for appearing here today.

I want to make a comment.

I'm appalled at the monumental Liberal mismanagement that put our government into a position like this by putting five times the amount of funding into a virtually private company and not having these types of arrangements thought out beforehand.

Another political question of note is the connection of Marc Garneau, who was there during the time, the Liberal candidate, I believe, and his silence on this. Somebody in the industry surely would have picked up on the vulnerability of this at that time. How

much has his silence affected this to bring it to this stage today and then drop it on the table for our government of today to deal with?

The second part of this is that Canada certainly must assert itself in its Arctic territorial claims or weaken its position internationally. Of course our government is doing a lot on this now, as you said, Mr. Leblanc. They've been putting in ports, aircraft, and sea patrols. They're doing a lot on it.

My question is, even with a bilateral agreement with American ownership of this equipment for the imagery facilities, if it's American-owned and only sometimes requested by Canada, whose sovereignty is really being reinforced overall with Radarsat scans of the Arctic waterways in the higher Arctic? Is America's being reinforced, or is Canada's? Is it reinforcing internationally?

After all, if the equipment isn't owned by Canada, is only used part-time by Canada, if it's mostly owned by the United States and used most of the time by the United States, and with the United States having a disagreement on Arctic sovereignty itself, whose sovereignty would be reinforced if we used it part-time from the United States? Is that not a concern?

Could you respond, Mr. Leblanc, or Mr. Byers?

**The Chair:** Mr. Byers is waving his hand.

**Prof. Michael Byers:** Thank you for recognizing me.

I think one could reasonably take the view that it would have been better to keep the development of Radarsat-2 vested entirely within the government agency, the Canadian Space Agency, rather than constructing the private-public partnership that was used to build Radarsat-2. But one could equally take the position that the government of the day should simply have done a better job in constructing the private partnership with MDA.

In any respect, that is to some degree water under the bridge. The question is, what do we do now to fix any mistakes that were made? I think the blocking of this sale is a fine step in that direction, and I applaud the government for that.

In terms of the question of whose sovereignty would be reinforced if we had only occasional access to the satellite, that's a very pertinent question, because it's not simply a question of us losing priority access to the satellite, it's a question of losing something called "shutter control", the ability to block the use of the satellite by others for certain purposes.

For instance, I would presume that the Canadian government would not allow Radarsat-2 to be used to take images of Kandahar airfield in Afghanistan, images that might then be used by someone purchasing them on the open market internationally. Those images we would want to restrict to us and to our NATO allies there.

Shutter control is just as important as priority access. This is a satellite that the Canadian taxpayer paid for, not just for the images that we get from time to time but also for the control.

•(1615)

**Mr. Peter Goldring:** Supposing we're leasing time on it, or renting time on it. Would we not be losing credibility internationally on our efforts to monitor our own territory and sovereignty by renting it part-time—in other words, lose the credibility because we as a country will not even think enough importance of it to fund this type of very important detection itself?

**Prof. Michael Byers:** I certainly take the view that the second-largest country on earth should have surveillance ability of its territory at all times, including at night, which is why we built the Radarsat technology rather than optical technology. This technology is made-in-Canada technology for a reason, because of the nature of our country and the fact that the Arctic is in complete darkness for some months each year.

But also, in terms of other issues, such as partnering with other countries, Radarsat-2 is an asset that we bring to the table. So if we are partnering with the United States in the defence of North America, we bring icebreakers to the table; we bring ice-strengthened patrol vessels to the table; and we bring the best satellite in the world to the table to share with the United States when we are in partnership, without giving up control.

**The Chair:** Do you want somebody else to answer? You have more time, another minute.

**Mr. Peter Goldring:** I have a question to Mr. Leblanc on the conditions, as you saw it, of the Arctic monitoring from 1995 to 2000, and your reporting on it.

I'm a former member of the RCAF radar ground, so I know the situation in the 1960s. But it was of concern by 1995, seeing how our major patrol of the Arctic was done with Ski-Doos and .303 rifles with the ranger units that they had through there and the lack of proper equipment.

Could you comment on what you feel international opinion would be on Canada's effort to patrol its own territory and monitor its sovereignty if it does not have equipment like this?

**Col Pierre Leblanc:** The situation in the Arctic has not improved from the year 2000, when I was commander of the northern area.

We still have a navy that has no capability to operate all year round in our three oceans. The air force hasn't really increased its capability in terms of the long-range maritime patrol aircraft. We still don't have drones that have been considered. Radarsat-2 is not operational yet. Radarsat-1 doesn't have the resolution to be able to monitor activity in the north.

If you look north of 60 degrees and you count the number of federal officials—armed forces, the RCMP—tasked with federal issues, the total number will be less than 300 people to cover an area the size of continental Europe. It's a huge area to cover. The number of ranger patrols that we have in the contested area is only 12, and these rangers are now spending less time on the land than when I was there, principally because, from an economic point of view, the north has started to be developed, and many people are employed in mining operations—diamond mines, diamond exploration, and exploration for other goods. All this is to say that the situation has not improved.

Radarsat-2 is going to finally provide Canada with the capability to do monitoring of a very large space, very cost-effectively. Then, once we do spot that there is something untoward taking place in the north, such as one of these rust-buckets from Asia trying to transit through the Northwest Passage, we can take action to prevent that ship from going through. But in the first instance, we need to know what's going on, and right now we don't.

•(1620)

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

We will now go to Mr. Dewar.

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

Thank you to our guests, both here and in B.C.

I just want to state for the record on the issue of whether or not we should have privatized MDA, we were clear. In fact, my colleague Ms. McDonough, at the time, tried to convince the government not to privatize and actually wanted to bring in stronger provisions to protect our technology. I'm not sure she had support from anyone around the table, but I'll leave that to others to view.

Just while we're naming names, my friend Mr. Goldring mentioned some people who are involved and didn't protect the public purse and suggested that there were some other interests. I also note that Mr. Emerson was a member of the board of MDA, so there are, I guess, lots of names to throw around.

On the issue of what policy options we have in front of us, I think there was sufficient confusion for Canadians as to what policy option the government should invoke. Mr. Prentice decided to use the Investment Canada Act, and again, for the record, we support his decision. We hope he sticks with it.

Mr. Byers, I have a question to you, and you mention this in your presentation, how to fortify the Investment Canada Act. What I get from you is to integrate the two paths we have in front of us for this particular sale of MDA—that was the Investment Canada Act and the Remote Sensing Space Systems Act. Is that what you're getting at? How do we ensure that we're not going to have this dilemma in front of us again? Surely, if we don't do anything now, in the future we'll have this dilemma in front of us.

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

Mr. Byers.

**Prof. Michael Byers:** I think Mr. Prentice has to stick by his decision. In fact, any uncertainty he's created in the market would only be exacerbated if he flipped back and allowed the sale to proceed.

What he has done is that he has made the right decision, but he's done so with an act that is not a 21st century investment act. Other developed countries this century have all had explicit national security exceptions built into their legislation. Mr. Prentice realized so this last fall, and set in process a set of deliberations that will eventually lead to an amendment to the act; but before those procedures could conclude, he found that he had to step in and read into the existing legislation an implicit national security test.

My point here is that the saga of MacDonald Dettwiler only underlines and emphasizes the imperative that we modernize our legislation, that we put in an explicit national security test so that in the future, if absolutely necessary, we can step in to block a sale without causing the kind of market uncertainty and political risk that we've seen created in the last couple of weeks. That's all.

If we do that, we should of course think about criteria we could then include in the act to guide the minister, and perhaps actually put in an independent body that could make recommendations to the minister with regard to any decision he has to make.

We used to have something called the Foreign Investment Review Agency. I know that name is problematic for some people today, but I would remind the members of this committee that FIRA approved 90% of the proposed sales that came before it, and it was criticized from both the nationalist left for not intervening enough, and by the business community on the other side for intervening perhaps a little bit too much. We don't necessarily need to replicate FIRA. We can learn from that experience and the criticisms it was subject to. But we do need something like that, particularly in the 21st century in our post-9/11 world, where national security occupies the much more prominent place it does today.

• (1625)

**Mr. Paul Dewar:** Mr. Leblanc, I have a question. You mentioned the high frequency wave radar system process. Can you elaborate a little bit on that? Is that still something that is necessary and that we should be investing in as a component of the whole rubric of Arctic sovereignty? And could you just tell us what should be done, if this is indeed something that needs to be put in place?

**Col Pierre Leblanc:** This technology or project, as I understand it, was stopped because the frequencies being used by the high-frequency surface wave radar were interfering with some frequencies used in the maritime world. So there was a conflict and it could not be resolved.

Technically, this radar was bouncing radar waves from the station about 200 miles all the way out, which is what regular radar cannot do, because past 30 miles the radar shoots out into space because of the curvature of the earth. This system would bounce radar waves back and forth and be able to monitor up to 200 miles.

In military systems, you prefer to have a number of assets covering the same area, so that if one of them goes down you have something to fall back on. If we have a solar flare, it could possibly disable Radarsat-2, and all of a sudden all that we would have is space junk up there, and we would not be capable of fixing it. It would take years, if not a decade, to get the next satellite up there. What will we have in the interim? Right now it's very little.

So that capability would have been great to monitor the access or entry points into the Arctic Archipelago, with the results superimposed on information provided by the rangers, the coast guard, and Radarsat-2, providing a good intelligence picture of what's going on in our backyard.

**Mr. Paul Dewar:** But certainly we'd need more than 12 rangers to be able to do that successfully.

**Col Pierre Leblanc:** Indeed, our capability in the north is very, very poor right now.

**Mr. Paul Dewar:** Thank you.

Do I have more time?

**The Chair:** You have 15 seconds.

**Mr. Paul Dewar:** I'll just be very quick.

To my friends from the Rideau Institute who joined us today, you are saying that we should be doubling our space budget. But before we do that, I guess you would want a space policy. Is that correct?

To my understanding, to date we don't have what we would call a space policy in this country.

**The Chair:** Just very quickly, as we're out of time.

**Mr. Steven Staples:** I wouldn't wait until we had a complete space policy before we get those investments going. I think there are a number of projects already on the books that are waiting for the release of funds that I would include in that. But certainly they could happen at the same time to ensure that we're getting maximum benefit.

**The Chair:** Thank you very much.

I don't know if we need to sum up anything here. I think the Minister of Industry made the decision based on the net benefit test.

Maybe I can look this up, but would he still have had the capability of doing that if the government hadn't put all the hundreds of millions of dollars into it? If this had been a private company that had developed this technology on its own, and had leased or sold the information to Canada, would that have been a different process, then, with the Minister of Foreign Affairs? Or is it that Canada had such a significant investment in this?

Mr. Byers, quickly.

**Prof. Michael Byers:** I think the answer to that is that there are some public goods that private industry will not provide on its own. That is why Radarsat-2 was built through this public-private partnership. One could conceive of other things being subject to the net benefit test and not passing that test even if there was no government involvement, but that simply is not the issue and is not really conceivable with respect to a remote sensing satellite of this kind.

**The Chair:** Thank you very much.

Thank you to our guests. We appreciate your being here. We have a second hour with new guests. I will suspend this meeting for a few moments to allow our guests to take their exit and the new ones to make their entrance.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
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- (1630)

**The Chair:** Welcome, ladies and gentlemen.

We're in the second hour of the Standing Committee on Foreign Affairs and International Development, Tuesday, April 15, 2008.

In our first hour we heard from an interesting panel in regard to the proposed sale of Radarsat-2. In our second hour we will be hearing, on the same topic, from Tom Last, who is the president of ImStrat Corporation. We also have James Fergusson, director of the Centre for Defence and Security Studies at the University of Manitoba.

I'm not sure if both of you have appeared before our committee before. Certainly Mr. Fergusson has. We welcome you back. We look forward to your comments. You had the opportunity to sit in during the first hour and you've heard some of the questions that were asked and the comments made by the guests. We look forward to your statement.

Perhaps we'll begin with Mr. Fergusson. Welcome.

**Dr. James Fergusson (Director, Centre for Defence and Security Studies, University of Manitoba):** Thank you.

It's a pleasure to be here, Mr. Chairman, and it is a pleasure to be able to speak in front of this committee and take, having listened to the last group, somewhat of an alternative perspective on the issue of this Radarsat-2 question and also on the general issue of the sale of what I call the space systems division of MDA to ATK.

In my view, there are three interrelated but separate elements involved in this issue. One is the question of ownership of Radarsat-2 and in effect of Radarsat-1 as well. Second, there is the question of the space systems division's technology production capacity or capability, which ATK seeks to purchase. Third, of course, is the larger issue of a national space policy and strategy.

Beyond the specifics of the sale itself, the common denominator is the United States: U.S. ownership of a Canadian capability, U.S. ownership of Canadian technology and production capacity, and the U.S. place in Canada's national space policy and strategy, if one can say there is one.

Unfortunately, too often in such debates the U.S. is used in a sense as a whipping boy, a characteristic of any debate in Canada in which emotional nationalistic sentiments come into play. As a result, in my view assertions are made that are somewhat misleading, to say the least.

First of all, there's an implicit assumption, particularly if you read the press, that the U.S. government is behind the sale, seeking to acquire capability and technology to the detriment of Canada: the U.S. government will use the sale to block Canadian access to its own technology and in so doing undermine Canadian security and sovereignty, especially with regard to the Arctic.

In reality, however, this is a business decision being made on business grounds by both parties. That ATK is interested in acquiring cutting-edge technology and an integrated production and engineer-

ing capacity is not surprising, but I do not see how this acquisition would necessarily block the ability of the Canadian government or the Canadian Space Agency to work in a public partnership in the future with ATK in Canada and procure, for example, the next generation of radar satellite technology.

In terms of the ability of the United States government to prevent such a possibility, U.S. concerns about technology, as embodied in the ITARs, and its own export controls issues—which confront U.S. industry as well—will affect the space systems division whether it is owned by a Canadian firm or an American firm. The reality is that the Canadian and U.S. technology industry is highly integrated. It has been that way for over 40 years now. Radarsat-2, for example, employs several critical pieces of U.S. technology, and this fact played a role in the launch dispute several years ago that led to Canadian legislation on remote sensing, or shutter control.

With regard to shutter control, two points stand out. First, MDA—and thus ATK, if the purchase were to go through—operates Radarsat-2 out of the CSA facility in Saint-Hubert, Quebec. It is on Canadian soil and subject to Canadian law, regardless of whether a Canadian or an American firm owns the operation.

Whether the contract explicitly prevents the company from moving its flight operations elsewhere I do not know, but even if the company were to move its operations to the United States, the question would become whether U.S. legislation is much different from Canadian. I doubt this is the case, given the Radarsat-2 dispute and the fact that any crafting of legislation in Canada on remote sensing no doubt looked at other people's legislation to try to create some basis of harmony, particularly given the integrated nature of the Canada-U.S. relationship.

With regard to priority access for tasking Radarsat-2, I am not privy directly to the details of the contract, but I would suspect, and it is generally the norm, that such contracts contain a priority for national security and emergency tasks. These would not change, regardless of ownership.

In addition, I'm not sure that the contract portion governing the experimental national defence ground moving target indicator on Radarsat-2 provides security insurances for Canada, but I'm confident those would have been negotiated in the original contract.

As far as the idea of the U.S. blocking Canadian access goes, under what circumstances and for what reasons would the U.S. government undertake this step, if it were legally able to do so in Canada? Canada and the United States are close allies and cooperate across a range of defence and security functions, including intelligence sharing. The implicit circumstance, it seems, is the issue of Canadian sovereignty in the Arctic, but this emotional issue is misunderstood.

•(1635)

For example, the U.S. does not dispute Canada's ownership of the Arctic Islands, agrees to disagree with Canada on the status of the Northwest Passage, and has a legitimate disagreement with Canada—as we do with them—on the drawing of the ocean boundary in the Beaufort Sea. In my view, Radarsat-2 technology is really not of much value there, but if the U.S. did want to dispute Canadian sovereignty up north, it certainly would want to be seen to be doing it, rather than hiding it. That's how you dispute a sovereignty claim.

In terms of activities the U.S. might wish to keep out of Canadian view, the only reasonable one I can think of, which is an old one dating back to the Cold War, is U.S. submarine activity. This takes place under ice and water, and as far as I know, Radarsat-2 cannot look underneath ice and water, so I'm not sure what value it would have that would lead the United States to block its use. It is also relatively easy for submarines to avoid detection, simply because Canada does not possess a 24-hour, seven-days-a-week surveillance capability. Besides, the United States has cooperated and worked with Canada on elements of Project Polar Epsilon, and I'm confident that such open cooperation will continue, regardless of who owns Radarsat-2.

As far as the Arctic goes, Canada and the U.S. share a range of common interests supporting greater cooperation rather than conflict, and a future Canadian-funded Radarsat-2 constellation or an American-funded one will be beneficial to both parties, regardless of who owns it.

Finally—and I noted this was mentioned at the end of the last session—there is the question of ATK's motives, of Radarsat acquisition versus the technology for future market opportunities. If the Canadian government and this committee are so concerned about Radarsat ownership—and this would also include the question of operating Project Sapphire, the national defence satellite due to go up shortly—then perhaps the answer for the government is to simply purchase the capability from MDA.

There is an argument, and I would support an argument, that Canada should own and operate a national space capability. This may be one of the reasons behind the decision. However, as far as technology and production capacity go, one must ask why this capability is of such a significance as to undo decades of Canadian policy in this regard, why there is such national security importance relative to other industries in a long-standing close relationship with the United States, and what the government plans to do to invest to keep this critical capability functioning. These questions have not been answered, but in the end I am not sure why the question of U.S. or Canadian ownership is really essential to the answers.

In the end, this is not to suggest that the government's decision to block the sale is necessarily wrong. This can only be evaluated once the government releases a comprehensive and much-needed national space policy and strategy that places the current decision—assuming there's no change—in a specific policy and strategy context.

Thank you.

•(1640)

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

Please go ahead, Mr. Last.

**Mr. Tom Last (President, ImStrat Corporation):** Thanks very much.

I won't take too much of your time.

First of all, thank you very much for inviting me here. It was at the very last minute, so I have only a few notes here in front of me and I don't have very comprehensive notes to go through.

Nonetheless, I would like to put my points across to you from my perspective, my perspective being not only a commercial point of view but more specifically the point of view of a commercial company that provides geospatial intelligence support operations to the federal government and also to international clients, minus the United States.

It is my position that Radarsat-2 should not only be operated by the Government of Canada—it is presently under contract from MDA to operate—but should also be owned by the Government of Canada. Radarsat-2 is an integral part of the government's national surveillance system, not only for the east and west coasts, but also for the Arctic areas in terms of Polar Epsilon and its follow-on, which the navy will be responsible for on the east and west coasts and also here at national defence headquarters.

In my view, having a national security asset owned by a private company is bad enough, but having that national security asset turned over to a foreign company that comes under a completely different set of rules under a foreign government is to me pretty outrageous. Canada is the the only country I deal with that has assets that we lease or rent from our own companies; my other clients around the world, in the Middle East and Europe, go out and actually buy their own satellites. Ownership is nine-tenths of the law. That's the bottom line.

It is first and foremost a national government's primary responsibility to ensure the defence and security of its citizens, its national territory, its airspace, and its sovereign waters. Radarsat-2 is a critical component for the Government of Canada to deliver on this, a component in a series of sensors and capabilities for surveillance, intelligence, and reconnaissance, but also, hopefully, in the near future, for force projection if it's necessary.

If Radarsat-2 remains under the control of a Canadian company—or even better, of the Government of Canada—then Canada's laws and Bill C-25 will apply to the Canadian company and to any client wishing to obtain and use Radarsat-2 data, including me. If, however, ownership of Radarsat-2 is passed over to a foreign company, then Canada's laws simply won't apply.

We're talking about the use of Radarsat-2 and its ownership today, but what about in five years? What about in ten years? When we as companies look at strategic planning, we're not talking about today. I can assure you that, yes, I can provide that contract support for you—not a problem—but at the end of the day, I'm actually looking ten years in advance. Do I need that IP, that intellectual property, in order to advance my needs for companies or clientele down in the United States? Sure—so, yes, I can appease you; that's not a problem.

In terms of operational control, at present my understanding is that Radarsat-2 is operationally controlled by the Canadian Space Agency under contract from MDA. How ironic. In turn, MDA has the sales and distribution rights worldwide. Even though this may seem like a good arrangement at this time, if the sale of Radarsat-2 is approved, then I might suggest all bets are off once the present MDA-CSA agreement is finished.

One of the questions that needs to be asked is what the intention of ATK is once these arrangements expire with the Government of Canada. It must always be remembered that companies think long term. Strategic planning over one, three, five, or even ten years, as I said, is key to their continuous survival and, most importantly, growth. A company's assurance today can be completely legitimate and very truthful. That's not a problem; not one of us wants to go to jail. However, what really matter, both for the company and for other stakeholders such as the Government of Canada, are the future intentions of the system down the road. That's not just the system that is presently going to be operated for the next seven years along with Radarsat-1 and other sensors, but the other sensors; what's happening with the intellectual property?

Finally, I would like to point out that I'm a businessman who owns and operates a company in the same field as MDA, albeit a little bit smaller, and I can respect MDA's desire to sell parts of its company that it feels cannot reach their full market potential unless sold to a U.S. company. Yes, they do have some legitimate claim in saying that to get into the U.S. market, they must be an American company. I'll emphasize right now that it's not necessarily being an American company; they must be U.S. citizens in order to gain the clearances necessary to gain the contracts. Again, at the end of the day, where is this leading? Is it the IP or is it the people they're after?

• (1645)

MDA makes claim that they are a people-based company—no question about it. But are those people willing to lose their Canadian citizenship and gain American citizenship in order to continue on with the contracts at a very highly classified, first-tier-level clearance, or are they after the intellectual property?

All I can say is not everything in Canada can be for sale. Yes, I'm a capitalist to the extreme, trust me on that. However, at the end of the day, when it comes to national security, that has to be first and foremost in our minds. I'm very happy that today, finally, after so many years, the Government of Canada and all the other members, in terms of the other parties, are in compliance that Canada must come first in terms of its national security. I've seen it too many times in the past that companies have provided or created some of the best technology in the world, and it ends up not just in the United States, but it ends up in China and it ends up in South Africa and it ends up in Europe. Why? They're looking for buyers and they're looking for money, and at the end of the day, well, that's what people are looking for.

Thank you very much.

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

We will move into the first round of questioning.

Mr. Rae.

**Hon. Bob Rae (Toronto Centre, Lib.):** Thank you, gentlemen.

I'd just say that I'm a little more interested in the future than I am in the past. It seems to me that the minister's decision has been made. We can go over it as much as we like, but it doesn't make a whole lot of sense to me to spend a lot of time doing that.

When we look at the future, I'm trying to find a common thread between both of you, and I think what I'm hearing you say—I don't want to put words into either of your mouths—is that you could see a structure where the Government of Canada would buy Radarsat from MDA, both Radarsat-1 and Radarsat-2 presumably, and then what? I guess what I'm asking is what is your view about what the relationship should be between the public sector and the private sector going forward? That's the first question. And the second question would be how do we deal with this problem that led to the sale, which is the company's concern that in order to maximize its capacity to take the technology and have it more widely used, it needed to get into a much bigger market than only Canada can provide?

I'm asking the question quite sincerely, because I don't have a magic solution in my head, except to say that the Canadian market is very tiny. If we simply look at it as a national asset and say we're going to nationalize the whole thing, which is, I'm sure, music to some people's ears, there is a considerable question of two kinds. First, what is the cost on an ongoing basis of that kind of nationalization? Second, what is the ability of a nationalized company to actually function in the most efficient and aggressive fashion? That is another question that is subject to some considerable debate about the historical experience.

I'd ask you to reflect on that question and try to look at in as constructive a way as possible, and frankly not really concentrate on what's happened, because I think what's happened has happened. And whether we are critical of the decision of the government or whether we're in favour of the decision, it seems to me that there are enough flags wrapped around this decision that it's not going to come unravelling.

That's just my political judgment at the moment, so we should be focusing on where we go in the future.

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

Mr. Fergusson.

**Dr. James Fergusson:** You've raised numerous important questions. I don't disagree with your view that this isn't going to be undone, although I remain a little puzzled as to the extent to which what particular issue the government answered upon. What drove the decision? Was it the ownership of Radarsat technology, Radarsat itself, and Radarsat-1, or was it the question of the technology and the production capacity—or both?

• (1650)

**Hon. Bob Rae:** It was a little word called “politics”.

**Dr. James Fergusson:** I understand the word “politics”, Mr. Rae. I understand it entirely, but there are two separate issues here. So it may go on as a basket, but you raise a lot of questions that are important, questions in which history is important to us.

We went through these agonizing decisions 40-plus years ago, when it came to issues surrounding Canada's capacity to maintain its own private- or public-owned defence industrial capacity. The decision made then, the famous Avro Arrow decision, and that was followed by others, was that Canada cannot afford to do it, as it does not have the market to sustain it; that Canadian industry can only sustain by access to foreign markets; and that the key access for Canada, as a function of geostrategic interests, simply location, common values, cultures, and the business community was the American market. With questions of access and maintaining access to the market, numerous agreements were reached between Washington and Ottawa that facilitated this close working relationship, which was highly integrated. That gave Canadian firms access to the American market with constraints, which gave American firms prime access to the Canadian market with constraints that we put on them. So it was never a free trade arrangement. It always was a managed trade arrangement, and that has been fairly successful.

Are there new issues that the relationship faces? Of course there are, and the central one is the issue of ITARs when it comes to this question. It seems to me that if we're going to look at the past and what that record is, relative to the current issues of where we're going in the future, we have to ask ourselves very simply whether the Government of Canada, Parliament, the people of Canada, are willing to invest the massive amount of capital for this one critical capability, sustain it, make it dependent on Canada, and probably undermine its ability to access foreign markets because of the dynamic of the international marketplace when it comes to these things. How much are we going to invest? How long are we going to invest before the government comes to the conclusion, which happened 40 years ago, that in fact this is not a wise investment of national capital?

I think we have to be concerned in terms of recognizing that the public-private partnership has been successful up to now, and the question in my mind becomes: why do we think this is suddenly going to change? That seems to be the critical issue that no one wants to answer.

So that's my perspective on it.

**The Chair:** Mr. Last.

**Mr. Tom Last:** Radarsat-1, as far as I understand it, is owned by the Government of Canada. It's government property. So in the old days, the old days being Radarsat International, it was brought up, stood up, and provided the distribution rights to go and sell it on the market, and they were very successful at that—great time, not a problem. And then they were bought out by MacDonald Dettwiler in order to pursue that.

In terms of the future, yes, in terms of private-public partnerships and all that, I find it extremely debatable as to whether these are successful or not, especially within the geomatics industries, considering the number of companies that have gone under for many, many years either because of lack of funding or delayed funding for potential contract opportunities in research and development, and of course with the domination of one primary corporation within a Canadian industry, that being MDA, which saw a lot of focus. That has nothing to do with MDA. It just means that the focus was on the development of Radarsat-2 and its infrastructure.

In terms of the infrastructure to operate this, it's already there. It's been paid for. The Canadian Space Agency operates the Radarsat-2. It operates Radarsat-1. The Canadian armed forces have already invested heavily through Polar Epsilon in the installation of ground station segments and so forth on the east and west coasts as part of the operations in preparation for Radarsat-2.

In the future, it will be joint operations. There's no question. And when I talk about joint operations, I'm not talking about just within a military perspective. I'm talking about a joint operation in terms of having the lead organization be the Canadian Space Agency—that's what they do, that's their job—along with the Canadian military and Natural Resources Canada, specifically the Canada Centre for Remote Sensing. They have a key interest in this whole thing.

In terms of emergency preparedness, in terms of forestry, in terms of geological survey, this Radarsat-2—and not only the Radarsat-2 system, but all the intellectual property that has been developed in the applications—is right here in Canada, so working within that type of organization is tantamount. It's critical, and it has faltered in the last ten years because of the focus of trying to get this Radarsat-2 system up and operational.

Now here we are today. Where's the future? It's joint operations, no question about it. Does Canada take control and ownership of Radarsat-2? As far as I'm concerned, yes. It's got nothing to do with MDA. It has everything to do with national security and how we want to use that system.

Let's look at an example of private-public partnership from the German model, the business model, which I thoroughly enjoy, I'll be quite honest, because I deal directly with Infoterra over in Germany for TerraSAR-X. That's Germany's system. The satellite is owned and operated by DLR, which is a German government organization. The imagery distribution rights have been given to EADS Infoterra, so for worldwide distribution and sales it works out beautifully, because I get it and they get it. We go by the rules and regulations, the laws of Germany. It's not a problem. It works out great.

So in terms of business models, there's not an either this or this. There are various types of business models that could be looked at.

• (1655)

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

We'll move to Madame Bourgeois.

[*Translation*]

**Ms. Diane Bourgeois (Terrebonne—Blainville, BQ):** Thank you, Mr. Chairman.

Unlike my colleague, to my mind, to understand the future, you have to look to the past. In 2005, this committee examined Bill C-25 which dealt with Radarsat-2. The Bloc Québécois was very visionary at the time, in that it was the only party—indeed it had the support of the NDP—to argue that Bill C-25 did not provide any guarantees that the Radarsat system would not be bought up by another company. At the time, the Liberals and the Conservatives were opposed to beefing up the act to protect Radarsat.

That being said, I would like to come back to something Mr. Last said, namely that not everything is for sale and that national security must remain a consideration. Mr. Last, Mr. Chairman, I would also say that values are very important in this instance, since MDA handles the archival side of things. We are talking about data that is important to Canada. If MDA is sold, who knows what will become of this archived data.

Am I correct in my assessment of the situation?

[English]

**The Chair:** Thank you.

Mr. Last.

**Mr. Tom Last:** Yes, that is correct, as a matter of fact.

The archiving of the Radarsat-1, at present, from what I understand through the Canada Centre for Remote Sensing, is being conducted by MDA. What happens to this archive? It's a very good question. You're going to have to ask MDA, or more specifically, I would encourage you to ask CCRS.

[Translation]

**Ms. Diane Bourgeois:** Thank you.

Mr. Fergusson, it is a known fact that the majority of Quebecers are opposed to the militarization of space. I am told that ATK manufactures fragmentation bombs and anti-personnel landmines. Earlier, you talked about decades of Canadian policy. Yet, in recent decades, people have tended to oppose war and to favour negotiation over war.

Canada is a signatory to the Ottawa Convention which calls for the removal of anti-personnel land mines. If Radarsat is bought by ATK, a company that manufactures fragmentation bombs and anti-personnel landmines, do we run the risk of being associated with the United States, a country that has not signed the Ottawa Convention?

[English]

**The Chair:** Mr. Fergusson.

**Dr. James Fergusson:** ATK, like most major corporations, has numerous divisions that generally run independent of one another. I don't know the exact organizational structure of ATK, per se. If we took that perspective on this issue, I would suggest there are numerous companies in this country that are American-owned and numerous companies in this country that are Canadian and access the American market that are engaged, one way or another, in defensive sales and development of technologies. In my view, it doesn't make any difference at all to the issue of the question of Radarsat, of the question of this technology in production being sold to ATK. It wouldn't matter if it was ATK, as far as this issue has been constructed. It's only a matter that it's U.S. ownership. That's the issue at play here.

I would remind you that our forces in Afghanistan work very closely with American forces in Afghanistan, and American forces in the United States never signed a landmine ban at all. I don't see why this is an issue. If we're going to make a case that Radarsat-2 and the technology, the intellectual property, etc., of the space system division should be in Canada on national security grounds, which means on grounds of defending the nation from threats to its national security, then that requires the potential threat and deployment of

force. So you can't say that on national security grounds we're going to keep this in order not to use it for national security grounds.

● (1700)

[Translation]

**Ms. Diane Bourgeois:** Mr. Fergusson, if ATK, a company that manufactures anti-personnel landmines, was to buy Radarsat, what image of Canada would that convey to the rest of the world? Do you want Canada to project a strictly military image? Can we not have values as well? If I understand correctly, you are defending the sale of Radarsat to ATK.

[English]

**Dr. James Fergusson:** It has no impact whatsoever on the way Canada looks on the international stage, period. It has no impact in terms of the landmine question working with American soldiers overseas. It's irrelevant.

[Translation]

**Ms. Diane Bourgeois:** Let me remind you that Quebec is still part of Canada. Quebec, like many Canadians, is opposed to weaponization and anti-personnel landmines. Perhaps this is something to think about.

Thank you, Mr. Chairman.

[English]

**Dr. James Fergusson:** Radarsat has to do with remote sensing. It has nothing to do with weaponization of space. It looks downward. It's not a weaponization issue.

**The Chair:** Thank you.

Mr. Last, did you have any comments on that?

**Mr. Tom Last:** In terms of the perception of the selling of Radarsat, if we're going to use that as a test to determine, then we're going to have to go back and look at every single Canadian company that was ever sold to a U.S. company. That's the bottom line. As far as I understand, many U.S. companies have a direct or an indirect relationship with defence, with targeting, with attacking, and with bombing. I'm also talking about remote sensing companies too, in terms of DigitalGlobe down in the United States.

Can Radarsat-2 be used for targeting? No. It doesn't have that capability. But in terms of the perception and the values that Quebecers want to project, then we're going to have to look at all the Quebec companies that make ammunition in Montreal and that provide it to other countries and also to the Canadian Forces. These are all the different things we have to take into consideration.

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

We'll move to the government side. Mr. Khan.

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

I'll be sharing my time with my colleague, Mr. Lebel.

We on this side of the House feel there is a bright and growing future for CSA with the ongoing and upcoming programs—the announcement of the astronaut recruiting program, the James Webb Space Telescope, the International Space Station, and the Radarsat Constellation program.



This Conservative government recognizes the strategic importance of having a long-term S and T policy, which is why the government addressed the issue in budget 2008 of transforming ideas into concrete, innovative products.

What I would like to ask anyone.... Perhaps Mr. Last would like to comment on this. Professor Michael Byers of UBC states, and I quote:

Shockingly, Canadians began to lose control over Radarsat-2 before it was even built.

Do you agree with that statement? Is it true today? And do you think it was wrong for the former government—and I have to say Liberal, unfortunately, as they were there at that time, and it's not being political—to have allowed a private company to own and operate a piece of hardware like Radarsat?

**The Chair:** Mr. Last, it looks like you're geared up and ready for that question.

**Mr. Tom Last:** Yes, and I'll go back a good number of years to when it was first announced that MDA was awarded the contract and the impact it had upon the geomatics industry. Some of them were growing and some of them were very prosperous, both through contracts with the Government of Canada and internationally, and then there was the announcement that all ownership and copyright laws were to be passed over to one particular company. This impacted significantly in terms of further research and development in which other companies wanted to participate with the use of Radarsat-2, because so much work was done with Radarsat-1 and 2. And I'm talking applications here—whether agriculture, forestry applications out in western Canada, in Quebec, and so forth, and also for national security.

All of a sudden we were told by the Government of Canada of the day that in order for us to obtain any funding, in order for us to obtain any support for application development, we had to cooperate with the biggest kid on the block, MDA. This impacted significantly. There's absolutely no question.

Many companies—and I'm sure some of them are still here, but some of them have gone bankrupt due to a lack of opportunity and a lack of support—were completely outraged at that stage and at that time when it was announced by the Government of Canada. It just so happened to be MDA that was awarded it. It had nothing to do with MDA. It was just the decision of having this private-public partnership where a majority of the taxpayers' money was to be invested in this, with a small percentage provided by that company, and then to turn around and tell us, “Oh, and by the way, if you want this, then you'll have to go to your competitor to get that imagery to compete against them”.

So from an industry perspective, yes, it's pretty outrageous. From a national defence perspective or a military perspective, yes, to me it's pretty outrageous. And I find it extremely insulting that I have to go to a private company. As a first-rate developed nation not having their own assets...only Canada.

• (1705)

**The Chair:** I'll ask Mr. Fergusson.

**Dr. James Fergusson:** Well, I'll take a different tack from Mr. Last to the question you raised.

I'm not sure, as I wasn't here when Mr. Byers made those comments, but I infer that he's raising the question of the access issue and the question of the launch of Radarsat-2 and the dispute that emerged over the question of launch after NASA refused initially to launch Radarsat-2, as they had launched Radarsat-1.

The debate then emerged about whether Canada should seek an alternative launch from either China or Russia, and of course all the political issues emerged, which then brought into play the reality of the integration of Canadian and U.S. industries and technologies. The fact of the presence of U.S. technology on Radarsat-2 gave the United States, of course, leverage on the issue of launch because it had to meet U.S. ITAR technology demands, which then gave us remote sensing legislation.

The answer to the question, of course, is that when one talks about a national space capability, one also is talking about the most important thing that everyone forgets. Radarsat-2 technology is wonderful, but if you can't put it up there, if you have no independent access, and Canada does not have an access capacity, then you rely upon others. Over the decades there has been a very profitable and mutually beneficial relationship with the United States, which now for security reasons on the American part has become a little difficult.

Canada, for a lot of strategic political reasons and economic reasons, cannot simply ignore that reality, and I think this is probably what the reference is. I don't think in that sense we've lost control of Radarsat. I don't think we've lost control of this technology per se. It's the reality of the beast, if you will, that no matter what the government's going to do, it can't really escape from and it has to always be sensitive to these types of questions and issues.

**The Chair:** We have more time.

Mr. Lebel.

[*Translation*]

**Mr. Denis Lebel (Roberval—Lac-Saint-Jean, CPC):** First of all, thank you for joining us. I listened to my colleague from the Bloc Québécois talk about what transpired in 2005. We need to ask ourselves what the consequences of this transaction could be.

I am pleased that today, our minister has decided to protect our country when it comes to very important intelligence and security matters. Mention has also been made of important values such as defending our country, democracy and health. Our country continues to defend these values on both the national and international stages.

This issue of Arctic sovereignty worries me a great deal. Mr. Fergusson talked about Canada's inability to adequately defend our sovereignty over the Arctic. One of the areas he mentioned was submarines. I would like to hear Mr. Last's views on defending the Arctic. What capabilities do the Americans have? The motion reaffirms our will to maintain control over the Arctic and to continue working with this aim in mind. I fail to see the purpose of the motion, since it merely reaffirms the same thing.

Having said that, now that we have shown our true colours on the question of defending Canadian technology, can the Americans influence in some way how these services are used?

• (1710)

[English]

**Mr. Tom Last:** To be quite honest, for national security reasons I can't really discuss that, because that is what I consider top secret information. Please, I encourage you to talk to the Minister of National Defence and all his intelligence personnel. I'm sure you have your clearances and I'm sure they'll provide you all the details that you want.

[Translation]

**Mr. Denis Lebel:** Your answer only confirms how important it is to maintain control over what happens here at home.

[English]

**The Chair:** Mr. Fergusson on Monsieur Lebel's question.

**Dr. James Fergusson:** I'm not an expert on detailed capabilities of the United States in the Arctic, but what I do understand is that both the United States and Canada share the same difficulties, share the same problems of investing resources and where to invest those resources, and share the same interests with regard to the Arctic in overwhelming terms.

It seems to me that when you talk about defending Canadian interests, I always find it very interesting and I think it should be important that everyone should remember that Radarsat, until the last year, two years at most, was never considered a national security asset, period. It's an interesting dynamic of why suddenly we think it's a national security asset.

But in terms of American capability, given the nature of our common interests over knowing what's up there, being able to monitor movement of vessels up there, etc., I think there's much more to be benefited by cooperating with the United States, given the costs of operating there by both parties, than trying to point fingers at each other, saying "You're going to threaten me here and I'm going to threaten you there". In part, this is what's happening with this debate, it seems to me.

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

Mr. Masse.

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Mr. Chair.

Thank you, gentlemen, for being here.

I'm sorry my colleague had to leave for another appointment, but he did want me to ask this question: If you could lay out some key elements you believe would be important for a space policy for Canada, what should Canada at this point in time focus on in terms of creating more of a structure with our space policy?

Coming from Industry Canada for a number of years and sitting on that committee, we had very little discussion on this subject matter. We'd be interested to see what you think in terms of what the key elements would be.

**The Chair:** That leaves it wide open.

**Mr. Brian Masse:** Yes, and that's the intent. We've had other testimony on Radarsat, but we're interested right now about where we should go further.

**The Chair:** It's a very good question, and I know that our guests have some interest in that.

We'll start with Mr. Fergusson.

**Dr. James Fergusson:** It's important to recognize that Canada's national space policy or strategy, if there is one, is in fact made up of not one but many elements, and the real issue of the absence of a national space policy or strategy stems from the absence of a coherent integrated approach to it.

National defence is one specific approach to dealing with military space, and that overwhelmingly is trying to assure access to vital U. S. capabilities, military space capabilities, as well as commercial capabilities. It's important to recognize in this regard that the United States military relies 80% on commercial satellites. That's an important thing that's been lost as well, in this debate.

So you have this element of it, and the centrepiece, of course, for national defence is the first defence satellite being built by MDA, which will operate it as well. I'm not sure what the status of all that is in terms of this issue that's involved—Project Sapphire.

You have CSA's element embedded in industry where the Radarsat model, as far as I understand it, exists. This is really about leveraging technology to create capacity to then develop economic benefits for the nation, usually by accessing foreign markets, of which the United States is the most important.

You have the CSA, which increasingly over the past ten years has begun to focus more and more of its attention away from space exploitation for terrestrial purposes into exploration. If you look at its budgetary share and where that's going, we're unique in this country in terms of our space agency. The proportion that we spend on exploration is much higher than that of any other nation relative to the proportion for terrestrial exploitation, which has been the focus, particularly for the Indians and the Europeans. That's taking it in one direction in terms of technology. So the CSA and Industry Canada aren't necessarily on the same page.

Then, of course, there's the Department of Foreign Affairs, which is driving a multilateral strategy about a space security regime. So when one talks about a national policy and about space as a strategic asset, a strategic domain to defend Canadian interests, to protect the Canadian economy, to protect its critical infrastructure, to defend its sovereignty, etc., one needs to develop a coherent approach that pieces all this together against the realities of what Canada can reasonably expect to invest over the next 10 to 20 years in space and where those developments are.

This is an area where the Radarsat or remote sensing and the ability to exploit that one area of critical capability with a degree of comparative advantage right now and use that to develop a coherent strategy come into play. Not only can this contribute to Canadian national security, but it can leverage, of course, benefits from our allies and make a real contribution to our allies on the international security stage.

In this regard, I just want to add an important side point. The Radarsat-2 for the United States was never about Arctic sovereignty. It was about the resolution of Radarsat-2 and its impact elsewhere in the world if other people could get access to it. They were looking for assurances that no one else could get access to that type of precise high-resolution technology.

Going back to what a national policy or a national strategy should look like, it has to be woven together out of the institutional interests of separate organizations. Right now, the lead in that is industry via CSA, but with CSA not really going in the industry direction, notwithstanding what will come out of the strategic review that's under way right now with the Canadian Space Agency. Defence and foreign affairs and all the other elements are going to have to be woven together with this as part of a coherent strategy.

Up until now we've had a strategy and policy running at best on parallel tracks, and at times on contradictory tracks.

• (1715)

**Mr. Brian Masse:** Mr. Last, do you have any comments?

**Mr. Tom Last:** Yes, I have a few comments.

First of all, some people questioned the value of Radarsat-2, and I'll be the first to admit that I was guilty of that at the beginning stages. However, it has to be understood that Radarsat-2 was considered as one component of the buy-in to the future imagery architecture system in the United States, in support of or in relation to access to other data sources from the United States. I don't consider Radarsat-2 an intelligence collector. It is a surveillance system, specifically broad area surveillance, which has great value for Canada due to the size of our country.

In terms of a policy, what are we talking about? Are we talking about a space policy? As our friend here mentioned, there are two things we're talking about: remote sensing and space exploration—looking down and looking out. Do we need a policy? Yes, big time. We need a huge turnaround and a huge policy, and we need to identify the lead elements. Is the Canadian Space Agency in St. Hubert in a prime position for a lot of this? Absolutely. That's their job. But they have to be funded, and they have to be given the resources to do it correctly.

Intelligence surveillance and reconnaissance, ISR, is a National Defence responsibility. This has to be integrated within the whole policy. Natural Resources Canada and Canada's Centre for Remote Sensing have to be taken into consideration, right now. The Canada Centre for Remote Sensing is a lead agency for the NMSO—a national standing offer—for commercial satellite imagery. It has been delayed for I don't know how many years because they're always asking industry for more and more input—procrastinate, procrastinate, procrastinate.

If I'm a company and I provide imagery as part of my business, am I going to wait for them to make a decision, or am I going to look somewhere else? These decisions have to be made, and we have to move forward. We need action on these things.

Again, the Canada Centre for Remote Sensing is another key stakeholder that has been ignored for many years—for way too long—and they have lost people. They have lost professors to the

United States and to National Defence, to DRDC. They're all over the place. There is no cohesiveness at all.

So a policy has to be integrated, and all the stakeholders have to be in. But there has to be a fixed timeline. Let's not sit around committee for the next ten years. Let's do this within a timeline—six months. Make a decision and move on. That's what people want to see in industry, and that's what Canadians expect.

• (1720)

**Mr. Brian Masse:** There's no doubt that it's a dog's breakfast right now.

Do you have any recommendations in terms of a particular way to go about focusing on Canadian space?

**Mr. Tom Last:** A think tank. A think tank has to be implemented within this whole organization, to get all the key people—professors, universities, experts within remote sensing, intelligence, experts in geological survey—because they are their users. Those are the people who are going to be using all this data and this information. They're all stakeholders. One is not better than the other; they are all equal with regard to this. They are the ones who need to lead this. They have to provide that information to the Canada Space Agency.

In my opinion, the Canada Space Agency is the operator. They're the experts in how to operate the satellite systems, provide us that data and so on and so forth. We're the experts on the policy. It's the policy that has to lead the people. At the end of the day, it's the people who are going to make those decisions for you.

**Mr. Brian Masse:** Would you agree with that, Mr. Ferguson?

**Dr. James Fergusson:** I would tend to agree. I'm not sure if I would agree that it would be as widely representative as Mr. Last suggests.

But certainly if we look at the past roughly 20 years, since Canada took an active interest in space again, from the last major focus, which was 1967, and the Chapman report—the joint parliamentary committee report of 1986, if my memory serves me correctly—which led to the establishment of CSA, it is clear that the interdepartmental approach to moving this forward has failed miserably. I think you really need to take it to an independent commission or something, with a timeline and core stakeholders, who can talk not just about the current structure but the need to restructure and really take a look at the question of the integrated space policy in this country as a strategic asset. I think that's very important.

**The Chair:** Thank you very much.

We appreciate you being here today. Our time is up, and we have some committee business. We appreciate your input. I would also add, and I neglected to do it in the earlier segment, that if some of the questions today have prompted a further response to enlarge on an answer you already gave, we would encourage you to submit that. They will be put on the record, and I know that our committee would be better off for that.

Thank you again for coming.

**The Chair:** We will now move to committee business.

Before we go to Madame Deschamps' motion, a report from the steering committee has been circulated. We met on Monday.

**Mr. Peter Goldring:** Do we go in camera for the steering committee session?

**The Clerk of the Committee (Mrs. Angela Crandall):** We don't normally, because it goes into the minutes.

**The Chair:** You don't have to. The steering committee meets in camera. It brings forward its report. For committee business you don't go in camera unless you're dealing with something.

Do we have a motion to adopt the steering committee report?

Madame Deschamps moves it, and it is seconded by Mr. Khan.

(Motion agreed to)

•(1725)

**The Chair:** Madame Deschamps, you brought forward a motion. Thank you for waiting until the end of the meeting. We've heard all the testimony from today. From that you've brought forward a motion in regard to—

**Mr. Peter Goldring:** Would it be possible to go in camera for this discussion?

**The Chair:** You can always make a motion to go in camera, but it's not something we normally do. We can move in camera, but it takes a vote.

**Mr. Peter Goldring:** I'd like to put it to a motion.

**The Chair:** Do we have a seconder for that?

**Mr. Brian Masse:** Mr. Goldring might want to explain why to the committee.

**Mr. Peter Goldring:** Given the circumstances of what the issue is about, we've been listening to some commentary on it and there's some question as to whether it is national security—what it is. The nature of this motion seems to be instructing the minister to do something that he's clearly in the process of trying to make a decision on.

I think it would be best to go in camera so we can have a discussion on this issue within the committee without the general public being present. This is a possible national security issue. It's certainly about something that's important to Canada's sovereignty. Why would we want to have this discussion in the general public at large, and internationally, when we could very well deal with it ourselves within the committee meeting?

**The Chair:** Madame Deschamps.

[*Translation*]

**Ms. Johanne Deschamps:** In any event, Mr. Chairman, we are giving the House notice of this motion. There is nothing secretive or confidential about it. Can I speak to this motion? I have not yet had an opportunity to do that.

[*English*]

**The Chair:** We have a motion on the floor, but I don't have a seconder yet to go in camera. Okay, we don't need a seconder.

Mr. Goldring, if you want to debate this motion because of your concerns that it might affect the market, or some of those things, I guess you have the right to make that motion.

(Motion negated)

**The Chair:** Madame Deschamps, do you want to bring forward your motion?

[*Translation*]

**Ms. Johanne Deschamps:** We should not have to debate it for very long, since Mr. Lebel has already said that he was very pleased with his minister's decision not to put these assets up for sale and to stay the course. My motion is along the same lines. We will not need to debate it at length, since you have already voiced your opinion on the Industry Minister's decision.

Therefore, I ask that you call the vote.

[*English*]

**The Chair:** You can call for a vote, but we need to have the debate on this first.

My intent here today is to deal with this motion; it's not to run out at 5:30.

Mr. Khan.

•(1730)

**Mr. Wajid Khan:** Mr. Chair, my intent is not to not cooperate or not to say anything that is otherwise, or not to waste the time of the committee. All I'm saying, in all earnestness, is that this motion should be dealt with at the industry committee. It specifically names the Minister of Industry. The industry committee has had four meetings on it, and we have had one.

The Bloc has also tabled this motion in the industry committee, not just here. So I'm questioning why we are duplicating the work when they're coming to the issue pretty much at the twelfth hour. How can the Bloc be so concerned about the national security of Canada?

However, I don't want to get into the political debate. I want to say it's in the industry committee, the Minister of Industry is responsible, he is dealing with it, they've had four meetings, we've had one. So I would request that my colleagues send it back to let the industry committee deal with it.

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

Mr. Lebel and then Mr. Masse.

[*Translation*]

**Mr. Denis Lebel:** Earlier, I said that I was proud of the minister's decision. I think it is up to him to continue his work. As my colleague just noted, the matter has already been brought to the attention of the Standing Committee on Industry, Science and Technology. We need to let the Minister of Industry do his job.

[*English*]

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

Again, I think part of why this debate is important is that we leave the process to the ministers. I think that's what Madame Deschamps is saying here.

Mr. Masse.

**Mr. Brian Masse:** Thank you, Mr. Chair, and thank you for dealing with this today.

As a member who sat on the industry committee for five years, I can tell you this is an important signal to the industry committee as well. We did deal with the Foreign Investment Review Act a number of times. In fact it took me three years to get the national security element included in that act.

I think this motion is important. We heard testimony from our two witnesses here who talked about the silo approach we have with regard to space and so forth.

Just to be brief, it's to say we support this motion. I think it's one that shows direction from this committee in an interest, and I hope it will be positive in addressing a wider problem that we face, which is having a more concentrated space strategy. This has been one of the issues that's raised the profile, and this is an opportunity for this committee to engage the industry committee on that and show interest.

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

I have Madame Deschamps, then Mr. Goldring, and then Mr. Patry.

[Translation]

**Ms. Johanne Deschamps:** I want to thank Mr. Masse for his comments.

Mr. Khan finds it surprising that the Bloc Québécois is concerned about Canada's security. As far as I know, Quebec is still part of Canada and 25% of the Canadian population has concerns about this matter. I believe that we the members of the Bloc Québécois have a duty to raise these concerns in this forum.

If you have taken the time to carefully read this motion, Mr. Khan and Mr. Lebel, you will have noted that it reflects something that we would like to see happen. We want assurances of the Minister of Industry's commitment. I have served on other committees in the past and as committee members, we can convey our support to the Industry Minister.

This is not a setup. We are not endangering Canada in any way.

[English]

**The Chair:** Thank you.

Mr. Goldring, then Mr. Patry, and then Mr. Khan.

**Mr. Peter Goldring:** Mr. Chairman, from a point of order, I suppose, a point of view, this seventh report, did we pass this at the subcommittee? And if we did, on point number four here, it says that if the committee feels the need to hear more witnesses on the Radarsat-2 issue, they will hold a one-hour meeting on April 17, 2008.

If we have a possibility of having another one-hour meeting in the future, wouldn't that pre-empt the passing of this motion now? This motion is to go ahead with a supporting issue when very clearly in this seventh report here we're leaving the door open to having further discussion on it. What's the point of having further discussion on it if you're already making up your mind on what you want to do? You have a conflict.

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

Mr. Patry.

[Translation]

**Mr. Bernard Patry (Pierrefonds—Dollard, Lib.):** There are two separate pieces of legislation that concern Radarsat: the Canada Investment Act, which comes under the authority of the Minister of Industry, and the Remote Sensing Space Systems Act, or RSSSA, which provides for a mandatory satellite operation licensing system. Pursuant to this act, the Department of Foreign Affairs and International Trade is responsible for issuing, amending and renewing licenses. Both departments are involved in this and the fact that the two committees have passed the same resolution...We are not making any demands. We merely want him to stand by his decision.

The motion is worded in a very diplomatic way. Diplomacy is important in the field of foreign affairs and this motion smacks of diplomacy. I think that adopting a motion is a very nice way of conveying our support to the government. It is not every day that opposition parties support the government. This one time that I do actually support the government, I think it would be nice to adopt a motion to that effect.

**Hon. Diane Bourgeois:** They should be jumping at the opportunity.

I think you should call the vote at this time, Mr. Chairman.

• (1735)

[English]

**The Chair:** Mr. Khan and Mr. Lebel. If there are no others after that, we will hear the question.

Mr. Khan.

**Mr. Wajid Khan:** Thank you.

The minister has made the decision. As you know, the minister is very serious. Let's just let him do his job. Everybody is in agreement. There's nobody here who disagrees with the minister. This is important. The minister is addressing it, but he seriously has made his position clear. I suggest we have other matters as well that are there, and we should address those, and we should have some faith in the Ministry of Industry. They will do a decent job, but the minister has already decided in favour of...in the same vein as all of you believe.

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

Mr. Lebel.

[Translation]

**Mr. Denis Lebel:** Mr. Patry, I am simply going to repeat what my colleague Mr. Goldring said earlier about respecting the witnesses and their testimony here today. Mr. Masse agreed with his comments.

The subcommittee's report mentioned the possibility of holding another one-hour meeting to hear testimony on Radarsat. In my opinion, if we want to continue working in the same spirit that Mr. Masse alluded to earlier, then we cannot move forward until we have completed our study of the Radarsat system and until we have heard from all of the witnesses.

[English]

**The Chair:** Just before Mr. Patry, I would like to ask a question to the mover of this motion.

In your motion, Madame Deschamps, you say that the standing committee calls on the Minister of Industry to stand by his decision, a decision made under the Investment Canada Act, but then you also add “not to allow the Canadian company MacDonal, Dettwiler and Associates Ltd. (MDA) to sell aerospace assets, including Radarsat-2...”.

So by your motion, are you saying that they shall not have the ability to ever sell any of their assets? This is much larger than just Radarsat, or any of the proposed sales that they have now. You've gone beyond that by saying that MDA not have the ability to sell their aerospace assets, including....

[Translation]

**Ms. Johanne Deschamps:** I think we are starting to exaggerate a bit.

**Mr. Bernard Patry:** I would just like to respond to Mr. Lebel. Arrangements could have been made to hold another meeting, but the committee did not feel that this was necessary. We talked about it before. The steering committee agreed and no other meeting is planned to discuss Radarsat. There is a one-hour meeting planned for next Thursday, but there are no witnesses scheduled. Therefore, it is a moot point.

[English]

**The Chair:** You're speaking to what Mr.—

**Mr. Bernard Patry:** —always through you.

**Mr. Kevin Sorenson:** But I'm wondering about this “not...to sell aerospace assets, including...”.

Madame Deschamps.

[Translation]

**Ms. Johanne Deschamps:** Mr. Chairman, the motion calls on the Minister of Industry to stand by his decision. The purpose of this meeting is to discuss the proposed sale of Radarsat assets by MDA to ATK. That is the issue here. We have discussed this matter and heard from witnesses. It matters little as to who is bound in this case. My motion calls on the Minister to stand by his decision. We support him and ask him to stand firm. Everyone knows what decision I am referring to here.

[English]

**The Chair:** What was that?

[Translation]

**Ms. Johanne Deschamps:** We are asking him to stand by a decision that he has already made, not by a decision that he has yet to make.

**Ms. Diane Bourgeois:** They will look silly if they vote against this motion.

[English]

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

**Mr. Peter Goldring:** In the comment that you made, I think the important thing is that this motion does not describe what the minister has said and what he has decided. It just does not describe it at all, based on in particular the point that you made. The minister has not said that he cannot sell any of the aerospace assets; he hasn't said that at all. So the motion is in error.

● (1740)

**Mr. Bernard Patry:** We have a motion, so call the question.

**The Chair:** All right. We'll call the question.

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

**The Chair:** Thank you very much, folks.

We are adjourned.









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