



House of Commons
CANADA

Standing Committee on International Trade

CIIT • NUMBER 009 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Thursday, March 12, 2009

—
Chair

Mr. Lee Richardson

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

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

Standing Committee on International Trade

Thursday, March 12, 2009

• (0910)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): Order, please.

Welcome to the ninth meeting of this session of the Standing Committee on International Trade. Today we are going to start a discussion of our study of Canada-U.S. trade relations.

This morning we have as witnesses, from the Tourism Industry Association of Canada, Randy Williams, president and chief executive officer, and Christopher Jones, the vice-president of public affairs; and from the Canadian Chamber of Commerce, Shirley-Ann George, senior vice-president, policy—welcome back, Shirley—and Ryan Stein.

I think we'll start off with our customary opening remarks from the witnesses, and follow with questions from the committee.

I understand, Ms. George, that you have to leave about 10:30. Is that correct?

Ms. Shirley-Ann George (Senior Vice-President, Policy, Canadian Chamber of Commerce): Actually, I was able to move my agenda, so I can stay for the full time.

The Chair: All right. Then we'll begin.

Randy, are you prepared to start with some opening remarks?

Mr. Randy Williams (President and Chief Executive Officer, Tourism Industry Association of Canada): Thank you, Mr. Chair. I appreciate the opportunity to speak with you today.

First, let me thank the committee for the opportunity to appear before you today to help situate the tourism sector within your investigation of trade relations between Canada and the United States.

As with many other sectors, the U.S. is Canadian tourism's biggest trading partner. With more than 80% of non-resident travel to Canada coming from the United States, the ongoing vitality of our tourism sector depends on overnight and same-day visits from our American neighbours. However, we are continuing to see some very concerning numbers with regard to the softening of this key market. To begin with, the overall number of Americans visiting Canada has slid precipitously in recent years, falling by 41% since 2000. Visitors from the United States made 5.2 million overnight trips to Canada during the third quarter of 2008. This is the lowest third-quarter level since records were first kept in 1972. In that same quarter, travel was down from all of the top U.S. states of origin, while spending by U.

S. visitors stood at \$2.8 billion, down 8.4% over the same quarter in the previous year.

Those are a lot of numbers, but what do they mean? I can tell you, from my discussions with our members across the country, those numbers mean a great deal to their bottom line and to their future.

For the tourism businesses in your cities, towns, and communities, those numbers mean fewer bookings, fewer patrons, and less stability. They mean that those from the traditional pool of travellers who used to make trips across the border are either not coming to Canada or are staying for shorter periods. They mean that small and medium-sized enterprises—the lifeblood of the Canadian tourism sector, if not the entire economy—are forced to do more with less to remain competitive. They mean they are unable to enhance their services or invest capital to improve their businesses. And sometimes they mean holding off on hiring, or in some circumstances cutting back on staff.

There are a number of factors that contribute to these declines, and while some of them may be beyond our control, this only underscores the need for us to take action where we can to help facilitate the process of crossing our border for our valued American customers.

With this in mind, I will speak today to two key issues for the tourism sector: the state of Canada's border infrastructure and technology, and the looming impact of the western hemisphere travel initiative, WHTI, at land crossings and seaports. As I speak to those two issues, let me take a moment to recognize some of the recent investments in these two areas.

The budget of 2009 promised \$12 billion over two years for roads, bridges, and border crossings. Earlier in 2008 the government announced the allocation of \$14 million over two years to expand the NEXUS program for high-frequency low-risk border-crossers, and \$6 million over two years to support provinces and territories planning to introduce enhanced drivers licences. These are important steps towards addressing the issues of our borders, but there remain a number of key issues that still need immediate attention.

Overall, increased hassle at the border has resulted in the perception of a border that is becoming progressively more difficult and expensive for travellers to cross. Peak period wait times frustrate and sometimes deter potential visitors, and trusted traveller programs, such as NEXUS, often lack the necessary dedicated lane or inspection infrastructure.

Canada's tourism sector understands that in this day and age it is an absolute necessity to have a robust system of security at our land crossings. However, the thickening of the border over the past eight years must be reversed without compromising security interests if we are to encourage the free flow of residents between our two countries.

● (0915)

So what can we do to address these issues? First and foremost, the Government of Canada needs to make the necessary investments in physical and technological infrastructure at our borders. This includes improvements in new construction at border inspection plazas, dedicated lane infrastructure for individuals holding trusted traveller documents that are WHTI-compliant, remote document scanning technology, RFID readers, electronic traveller and congestion information to steer travellers to the least busy land-border ports of entry or rest stops to avoid lineups.

Beyond these improvements to the infrastructure, we need to see a greater commitment on the part of the agencies that oversee the borders to make them efficient, effective, and welcoming to travellers. This includes increases in peak period staffing and 24/7 border services at all major crossings and a new welcome-to-Canada policy for border guards. These officers are the first people that U.S. travellers see on a trip to Canada, and their demeanour leaves a lasting impression on our valued customers.

Of course, all of these issues at our borders will become a stark reality when the western hemisphere travel initiative comes into force at land crossings and seaports of entry on June 2. Announced in 2005, WHTI requires all travellers to present a valid passport or other approved security document when entering the U.S. WHTI has been in effect for air travel since January 2007. The effects on air travellers were always viewed as minimal, given that most air passengers were far more likely to hold passports.

But the larger question for those of us in the Canadian tourism sector, which depends greatly on the short-stay American traveller, is will there be a critical mass of WHTI-compliant documentation in circulation before June 1, 2009, for land and sea border crossings. The last figures that we have are not promising. Just 28% of Americans currently hold a passport, as compared to 53% of Canadians. There are 700,000 Americans who currently hold a passcard. The NEXUS card is currently held by 300,000 Canadians and Americans. Enhanced drivers licences have been put forth over the past few years as a viable option, and we have seen several American states and Canadian provinces move forward on offering these as an option for a secure document. However, adoption rates for these drivers licences, incorporating proof of citizenship, have been modest at best to this point.

Ultimately, this is where we stand, 90 days away from the introduction of these more stringent border policies and at the beginning of our summer peak travel season. Although the recession

may dampen American demand for travel, the potential for border problems is a real concern for Canada's tourism sector as we approach this crucial travel period.

What we urgently need at this time is a more extensive and fully budgeted communications initiative designed to alert both Canadian and U.S. travellers to the new land and sea crossing requirements. If we cannot communicate these new requirements, we risk sabotaging some of the marquee festivals and events for this coming summer season. Take for instance the World Police & Fire Games being held in Burnaby, B.C., from July 31 to August 9. Organizers expect attendance for this event to be more than 10,000 athletes and families alone. Or take the upcoming Montreal International Jazz Festival this July, which attracts significant numbers of visitors from the northeastern states. Given the proximity of these venues to the border and the international nature of both events, a great number of participants and spectators will be traversing the Canada-U.S. frontier to attend.

In the case of the Burnaby event, it will be a critical pre-Olympic Games trial run for the staff, infrastructure, and technology of the Canada Border Services Agency. As we approach Vancouver and Whistler 2010, we must succeed in getting potential visitors across our border and into Canada in a seamless and welcoming manner if we are to truly prosper and thrive as a competitive tourism destination.

Thank you for your time. I'll stop there and welcome any questions you have.

Thank you.

● (0920)

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

I think we'll proceed with the second of the witnesses and then we'll have questions for all the witnesses following Ms. George.

Shirley-Ann.

Ms. Shirley-Ann George: Thank you very much.

Good morning, Mr. Chairman and members of the committee.

The Canadian Chamber of Commerce is pleased to provide input on the vital issue of Canada-U.S. trade relations focused on our joint border. I won't speak on the tourism industry, as Randy has already covered this off well.

As we find ourselves in a global economic downturn, we must make sure that the fundamentals of our economy are working. As a trading nation, access to foreign markets is a key pillar of our economy, and no partnership is more important than ours with the United States.

You all know the numbers well. The Canada-U.S. relationship is the largest trading relationship in the world, with \$1.6 billion in two-way trade and 300,000 travellers crossing the border every day. Over one-third of this trade is intra-company trade, delivering of input materials, because we do, indeed, build things together. Major benefits flow from this relationship, with ten million jobs in the United States and three million jobs in Canada, something that our American friends often don't understand.

While the Canada-U.S. Free Trade Agreement helped tear down the barriers, creating an integrated North American economy, security concerns following 9/11 have led to a piecemeal application of new border procedures. We now have a thicker border, one that is more costly for business and travellers, putting at risk many of these ten million jobs.

The new U.S. administration gives us an opportunity to reinvigorate our longstanding partnership, while strengthening our physical and economic security. We need to build on the momentum following President Obama's visit to Canada, where our leaders committed to enhancing North American security and to review the management of the Canada-U.S. border.

In a meeting that I had last year with then Governor Napolitano, it was very clear to me that she understood the importance of a balance between security and border efficiency. She strongly believes that both can be attained, and I think this bodes well for all of us here in Canada.

To fix the border, we have five short-term recommendations and one long-term border vision to share with you today. While each of these recommendations may appear an isolated item, combined they create a more secure and competitive North America.

First, we strongly support the voluntary trusted shipper and traveller programs, which enhance supply chain security and travel security. Properly implemented—and I stress “properly”—these programs should lead to more border-crossing consistency for businesses and lower inspection rates for participants. Border agencies can then focus on the unknown traveller, the unknown trade, in essence, making the search for the proverbial needle in a haystack in a smaller haystack.

While the initial cost to participate in these trusted programs can cost \$100,000, and up to two years to get certified, we believe that it is a necessary step for securing our supply chains, and participants should be rewarded with a traffic light that largely stays green when crossing the border. However, a number of companies have reported that their inspection rates did not decrease when they entered the programs, and few believe that the investment has produced enough benefits to justify the costs.

We need to treat trusted travellers and shippers differently from the unknown trade and travel. This includes ensuring a risk-based approach to border management, enhancing the membership in trusted shipper and traveller programs, and providing clear,

measured, and reported benefits for participation. We also should expand these programs so that companies that are regulated by other government departments beyond CBSA can also participate, something that's not permitted today.

The second major concern for the Canada-U.S. business community is there are not enough lanes open during peak commercial and travel times. While unfortunately this not a major issue today, hopefully we will soon return to normal traffic patterns. These traffic patterns, especially for commercial traffic, are largely predictable and should drive border staffing levels, not the time of day. We recommend that Canada and the United States offer 24/7 border services at all major crossings, including the operation of border booths and secondary inspections—and I stress including “secondary inspections”—and border-related support services.

The third issue is the lack of a single system for reporting imports and exports at the Canada-U.S. border, which continues to frustrate businesses. Different shipments are regulated by different government departments and agencies. And while Canada and U.S. border agencies are moving towards electronic importing and exporting reporting mandates, other government departments are still using other systems, and in many cases these systems are still paper-based.

● (0925)

Electronic cargo data reporting helps our border agencies manage risk. A uniform system across all departments will boost information sharing within government and simplify the reporting process for business. We strongly support the single window initiative in Canada and the international trade data system in the United States.

We recommend that both governments mandate the implementation of uniform reporting systems and that this be a starting point for a long-term strategy to put in place a fully secure and interoperable customs system within North America. If there's one thing you could do that would really make a difference, and that I encourage you to do, it's bring in the other government departments that are not participating in the single window initiative and ask them why it is that small businesses and all businesses in Canada have to go to systems that require electronic reporting to cross the border, as this is for the good of our nation, for the security of our nation, but government departments don't have to meet the same standard.

A pandemic, natural disaster, or terrorist activity, any of these could lead to full or partial border closures. The border's importance to these ten million jobs calls for a contingency plan to deal with these potential events. We applaud the progress made in this area by the Canadian and U.S. border agencies and encourage them to complete the job. We strongly support that a border contingency plan and the needed communications plan be put in place to reopen the border following an incident, especially for our trusted travellers and shippers.

The fifth issue, as Randy mentioned, is the WHTI, the western hemisphere travel initiative. We are pleased to see that when WHTI will be implemented at land and sea people will be able to use their trusted traveller cards and enhanced drivers licences. However, we remain very concerned that there is not the critical mass of WHTI-compliant documentation in circulation, and this will discourage visitors and increase congestion at the border.

We believe that the enhanced drivers licences denoting identity and citizenship, and containing secure RFID technology, are a less expensive and more practical form of documentation than a passport for the many Americans and Canadians whose only travel interests are limited to land crossings. We applaud the foresight of the provincial and state governments that have put in place this option, and we strongly encourage them to expand participation and encourage others to do so quickly as well.

I'd like to now move on the long term. The recommendations I have just listed are short-term border fixes, but they lay the groundwork for a longer-term border vision. Moving forward, we need to strengthen our long history of border cooperation. Successful cooperative models between our two countries already exist, including such examples as NORAD, the St. Lawrence Seaway, and the International Joint Commission.

We recommend taking border cooperation to the next logical level of cooperation with a co-managed border made up of officials from Canadian and U.S. border and infrastructure agencies, with potentially a rotating chair in the same spirit as NORAD. This concept could be tested using a pilot project at an existing border crossing with low-risk, pre-screened trusted shippers and travellers. We have border crossings that are ready to sign up today. A co-managed border will provide uniform border planning, coordinating agency resources, linking cross-border infrastructure projects, and strengthening port and between-port security enhancement protocol and incident responses.

The strength of the Canada-U.S. relationship and our ability to ensure an efficient border is a top international priority for Canadian businesses. We applaud your recognition of the importance of this issue through these hearings.

Thank you for the opportunity to present today, and we'll be happy to answer any of your questions.

● (0930)

The Chair: Thank you very much, Ms. George.

That will move us to our first round of questioning. These will be seven-minute rounds. That is, seven minutes for question and answer.

We'll start with Mr. Cannis today. I think we'll have lots of time for a second round. Mr. Cannis will begin the seven-minute round.

Mr. John Cannis (Scarborough Centre, Lib.): Thank you.

I'll split with my time with my colleague, even though I think we'll have time, Mr. Chairman.

Welcome, guests, and thank you for your very precise and wonderful presentations.

Mr. Williams, you talked about a fully budgeted communication requirement. I remember I was parliamentary secretary to John Manley when we first brought forth the Canadian Tourism Commission, and there was x amount of money appropriated. I believe it was \$75 million or \$78 million at that time. Has that increased? What percentage of that would be applied towards a communication strategy?

Mr. Randy Williams: What we're referring to is actually a communications strategy that would be issued through another department. The CTC's budget, which was around \$75 million, did receive a boost in the last budget, which was helpful for emerging markets and also some domestic marketing, which was much needed. But what we're speaking about is a different administration for communicating the document requirements from both the CBSA on the Canadian side and whatever other agency needs to promote it, and also from the DHS in the States.

Mr. John Cannis: Wonderful. Thank you very much.

I appreciated very much also, sir, your comments when you said we need to facilitate and improve better services when crossing the border, and a new policy with respect to our border staff. I think you were being very kind and very polite, but certainly very firm.

I'll speak from my own first-hand personal experience. As much as I will be constructively critical with respect to coming back into Canada and the way you are questioned, which I find very unacceptable, I will also say.... And this is just a reflection of the comments that you also made, Ms. George, on a co-managed border: it's a wonderful idea, but I'm sure you'll agree it's a two-way street.

We do have hassles. I remember a former colleague, a member of Parliament, with a delegation going down to visit U.S. representatives in Washington, and boy, was he given a hard time because he was born.... I'm not going to name the country; I'm not going to name his ethnicity. But it's a two-way street.

Do you think there's room where they're going to listen? Sometimes we have a mentality there, a block there, that is just so paranoid, for lack of a better word. Have we made progress, in your view, from their side? Because we get comments that things happen there, which we appreciate and understand, but sometimes we're blamed for things that we really are not to be blamed for. How can we overcome it? You referred to Minister Napolitano as well. Again, it's a different mentality from our predecessors. How is that going to blend in?

Ms. Shirley-Ann George: I believe that the change in the head of the DHS will serve us well. She has a history of working cooperatively with business, while still very much keeping her eye on the security ball. She has extensive experience with the Mexican border, given where she's from, and is very interested in understanding the northern border as well.

Some of this attitude comes from the top, and we're quite hopeful that we'll see some changes, but we have to understand that the United States is always going to take the protection of their country very seriously. We are hopeful that if we move towards a co-managed border, being inside the tent would allow us to try to have greater influence over some of the issues.

Mr. John Cannis: On our border staff, Mr. Williams, do you have any comment on that? How do we overcome it? Every six months, do we kind of bring them into a PR session? Any suggestions?

Mr. Randy Williams: We appreciate that their major responsibility is security and making sure that people don't enter the country improperly.

Three words: Welcome to Canada. Just start off the conversation with that and it makes a heck of a difference. That's all we're asking.

The Chair: Thank you.

Mr. Brison.

Hon. Scott Brison (Kings—Hants, Lib.): I have a couple of points.

Ms. George, you spoke optimistically of the prospects in terms of Canada-U.S. and the border issues. Secretary Napolitano's view of border issues is based on the Mexican border, which is very different from Secretary Ridge's view from Pennsylvania. His view on border issues was more shaped by the northern border. There is a growing trend in the U.S. towards trilateralism, where they view the two borders as being the same. This is of great concern to Canada, as we see the situation in Mexico in recent weeks decline precipitously in terms of security issues.

A couple of weeks ago, three of the Republican congressmen and senators I met with had the Fox News view of Canada, that our immigration policy was a root cause of great insecurity to them. I'm concerned about Secretary Napolitano's ominous northern border security study and some of the other initiatives. This is a point for both organizations, that your counterparts.... Congressmen and senators aren't elected or financed by Canadian legislators, but your counterparts in the U.S. have a lot to do with votes and money for American legislators. So I think that those counterparts play an important role in terms of communicating that message.

On the WHTI initiative coming in on June 1, we had an official from the government this week who wasn't certain what the

Canadian government's position was on that issue. I, for one, don't believe it's absolutely inevitable. I think we still have an opportunity. If that goes through, what will be its impact? I'll give you an example. You mentioned one event, Mr. Williams, but what about the 2010 Olympics? What will be the effect on the border between Washington State and British Columbia if we don't get this right and get it right quickly?

• (0935)

Mr. Randy Williams: The effect would be devastating. The amount of media attention that goes around the world.... The media will pick up on it. You can be sure of it. If there's a negative occurrence during the Olympics that happens to be two-, three-, four-hour lineups at the border, it's going to hit international news.

That's something we just can't afford to have happen at any time, let alone during a time when we're supposed to be showcasing our country. And it's the time the Americans should see that they're showcasing the relationship between Canada and the United States to the world as well. It would be devastating.

Hon. Scott Brison: What are you doing, in terms of your counterparts in border states, to create pressure on American legislators and policy-makers to make that case?

Ms. George, you were mentioning that around 40% of Canada-U.S. trade is intra-company. We make things together, so you can't de-scramble an omelette.

It will cost American jobs. But in terms of both tourism and commerce, how active is the relationship between yourselves and your counterparts, people like Scotty Greenwood and others, to make that case to legislators that this is going to cost American jobs?

Ms. Shirley-Ann George: We work very closely with the U.S. Chamber of Commerce. As you may remember, last year in February we released a joint report on the border with the U.S. chamber. We've just started to engage in an update of that report that will be released over the summer. Through that, we have been able to work very closely with our friends at the U.S. Chamber of Commerce, who are very focused on this issue and have put a lot of attention on the border. Just through the process of working with us jointly and consulting with their members, they better understand the importance of the issues.

I think we have some good allies at the U.S. chamber. The problem for us, and not just for the border, but with every issue we have in Canada when we're dealing with the U.S., is that they're dealing with so many other issues. We have to constantly be vigilant about remaining at the table.

Hon. Scott Brison: We have a global recession that is a borderline depression, and we have a new U.S. administration. This is no time to increase the moving parts in terms of the U.S. economy, so it's a case to be made to the Obama administration.

Delay this another year, and work more fervently on things like enhanced drivers licences in the interim, but this is no time to create more impediments to trade.

• (0940)

The Chair: Mr. Guimond.

[*Translation*]

Mr. Claude Guimond (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Thank you, Mr. Chair.

Greetings, lady and gentlemen.

You began by talking about the tourism industry. That concerns and interests me greatly, because I come from a region of Quebec where the tourism industry is very important, especially for Americans.

In addition, you refer to problems at the border. This situation goes hand in hand with a recession and an economic crisis that is hitting us hard, the Americans even more than us. I think we have a great deal of work to do in order to improve the tourism industry.

Mr. Williams, you talked about communication initiatives in Canada and the United States. I would like to hear more on that topic. How do you see this project? Do you have an elaborate communication plan? How do you see this communication between Canada and the United States?

[*English*]

Mr. Randy Williams: My vision would be that both sides of the border—the United States Border Patrol and DHS and CBSA—work hand in hand. It could be the start of a co-managed agreement whereby we look at setting a significant budget to advertise jointly, using a campaign that looks and feels the same, by both governments to both Canadians and Americans.

When WHTI was first announced, there was no discussion about a communications plan. We advocated back in 2005 for a communications plan to be put in place. There was some money allocated by our government here—close to \$2 million, I understand—to promote document requirements, and the same in the United States. But that's not significant enough to penetrate the North American market; we need to step it up.

I understand Mr. Brison's comment with respect to delaying WHTI, and if we're not ready to implement WHTI it should be delayed. The challenge with another delay is that there's no urgency for Americans to get documents, when they keep believing it will be delayed and delayed. The transition time has been as hurtful as the actual implementation. We need to get Americans informed about what documents they need to cross the border, and that requires a penetration of their awareness levels by communicating to them through an advertising campaign.

I think there's an opportunity. Both groups work closely together, CBSA and DHS, so we should be working together on a

communications plan that looks and feels the same to create more awareness.

[*Translation*]

Mr. Claude Guimond: If I understand correctly, you want a fairly extensive advertising campaign and you also want the government to invest in this campaign to encourage Canadians, it would seem even more than Americans, to make sure they have the documents required to travel between the United States and Canada.

Mr. Randy Williams: That's right.

Mr. Claude Guimond: Do you have an idea of the scope of the advertising campaign that you would need?

[*English*]

Mr. Randy Williams: Do you mean in terms of dollars to be invested?

[*Translation*]

Mr. Claude Guimond: Yes.

[*English*]

Mr. Randy Williams: It's going to have to be in the tens of millions of dollars. I'm thinking that at least \$20 million to \$30 million would need to be invested. We haven't done any work with marketing agencies to see what would work effectively, but with the number of dollars being used right now, at least \$20 million to \$30 million would be required.

It's almost too late, except that we know that WHTI is going to be with us forever, so we might as well begin today. For June 1 and its full implementation, we're too late already. But we have to deal with this in the fall and in the winter season, and it's going to be important for us to look at a campaign at least a year long.

• (0945)

[*Translation*]

Mr. Claude Guimond: As concerns the tourism industry, aside from the problems at the border, do you currently have a development strategy aimed at selling Canadian tourism products, in order to encourage Americans even more to travel to Canada and Quebec?

[*English*]

Mr. Randy Williams: There are a number of strategies that exist, not only at the national level, through the Canadian Tourism Commission—which has a strategy to place the Canadian brand in foreign markets, the U.S., U.K., France, Germany, and so on—but also in Quebec. Quebec Tourism has a strategy, as do Tourism Montreal, Quebec City Tourism, and so on. So there are a number of different strategies for how Quebec and its parts, its products, and its destinations will be presented. I'm sure that if your office would contact us, we'd be pleased to provide you with the means to acquire all of those strategies.

[*Translation*]

Mr. Claude Guimond: Thank you.

As concerns the borders—we've discussed the industry—what would it take to truly improve the situation in the short term?

[English]

Mr. Randy Williams: We need, in the short term, to advertise the requirements, the documents. We need to invest quickly in staffing levels for the peak summer time and certainly leading up to the Olympic Games, so there's enough peak-time staffing.

The CBSA is challenged, certainly with training and regarding the arming of guards at the border. Just that fact alone, that we're putting a gun in the holster of our guards, is intimidating for visitors. Why can't we balance that with three words: "Welcome to Canada"? It's a small quid pro quo for putting a gun in a holster.

Those are the kinds of things we need. We need the rollout of the infrastructure dollars for the border quickly. We need a large campaign to get the number of NEXUS cardholders increased. We have 300,000 NEXUS cardholders right now, whereas the goal was one million. So we're behind pace there, and we need to have more NEXUS cardholders. That would take frequent travellers out of the other lanes and put them in the faster lanes and speed up the border.

There's a whole range of things that need to be done immediately. It's moving too slowly.

The Chair: Thank you.

We're going to move to Mr. Julian.

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

Mr. Williams, I can't resist. You quite rightly mentioned the importance of the World Police and Fire Games, which are being held on the lower mainland this summer. The federal government provided full funding of \$1.5 million to the Calgary games and the Quebec City games. We're 150 days out, and so far the government has refused to fund the World Police and Fire Games to be held in the lower mainland of B.C.

Would you not agree that this is an important tourist destination and that the federal government should be providing funding for these games?

Mr. Randy Williams: Obviously, I think all of the events and festivals that we have in Canada are important. The needs of each are certainly different. I wouldn't know, specifically, where the needs of those world games are compared with other events in Canada, but they are important.

One of the few destinations in Canada this year that did better or outperformed the rest of the destinations in Canada was Quebec City, because of its 400th anniversary. That was a big investment by a number of partners. It helped Quebec City to have a better year than other destinations in the country. It provides evidence that supporting festivals and events—which the government did in its last budget, by announcing \$100 million—is important. We need to make sure that it goes to the right events at the right time, for the right things.

• (0950)

Mr. Peter Julian: Thank you for that.

I would like to come back to the issue of marketing and promotion. We heard pretty stunning testimony on Tuesday that the

total federal government allocation for product promotion in the United States market is \$3.4 million. That's it, and it's absurd when you think of other countries and how much they invest.

If we take the entire tourism sector—provincial and federal governments, if you're aware of the provincial government figures—how much do we invest in the United States market now for tourism marketing and promotion?

Mr. Randy Williams: The total budget of the CTC is \$75 million with the extra \$40 million. They invest about \$20 million of that into the U.S.

Mr. Peter Julian: That would be purely tourism marketing and promotion, about \$20 million?

Mr. Randy Williams: That's correct.

Mr. Peter Julian: What you're suggesting is that another \$20 million or \$30 million needs to be invested in the short term to make people aware of the WHTI.

Mr. Randy Williams: Correct, but that would be separate from the CTC advertising the Canada brand. I'm speaking specifically there of a communication message on document requirements, which isn't a promotion-of-Canada budget; it's more of a public message.

Mr. Peter Julian: I understand. I would suggest—and I think a lot of people would—that \$20 million for a market of 260 million to 270 million people is very small.

Mr. Randy Williams: When you consider that Las Vegas itself invests \$150 million in marketing its destination... Australia as a country invests \$150 million per year, and it's a country two-thirds the size of Canada. We're now investing, thanks to the last budget, \$95 million per year—\$75 million for base appropriation, plus \$10 million for emerging markets and \$10 million for domestic markets per year for the next two years. So it's \$95 million for the next two years. We're being outpaced by a number of countries in our marketing budget.

You have to create an awareness for Canada. The Olympics are going to be an opportunity for us. There were some funds—\$25 million—given for specific Olympic awareness marketing, which is going to be great. The opportunity around the Olympic Games for us is really about the "pre- and post-" and creating a legacy, a reminder to people that Canada is a great place to visit. It's not the 17 days of the games themselves; it's really the legacy, the awareness of Canada as a great destination for two, three, or four years afterwards.

Mr. Peter Julian: Thank you for that. That's a pretty stark comparison. That's how little we're putting into marketing and promotion.

Is it your opinion that the government has done a sufficient amount of work to flag in both the United States and Canada the possible implications of the WHTI?

Mr. Randy Williams: Bluntly, I've already said to this committee that we haven't invested enough on the awareness of document requirements to Canadians. Certainly I'd like all Canadians to stay in Canada, so if we don't alert Canadians to what's required then that's fine; let's not even issue any passports to Canadians, so we keep them all here. But that's not realistic.

What we really need is Americans to be informed of what documents they need to get into Canada. We haven't done a good enough job with that.

The last budget was certainly a welcome relief for our industry. We had a number of things in there that are going to help us. We just need to be able to roll it out. We needed quicker action on getting this budget in place. On the festivals and events money of \$100 million, for example, we won't see any of that until this summer.

Mr. Peter Julian: Thank you very much for that. Sorry to cut you off, but I have some questions for Ms. George as well.

I appreciated your intervention, particularly on the staffing of the border posts. That's something the NDP has been calling for some time. They basically shut down dozens of border posts across the country at night. That certainly doesn't help to facilitate tourism, and it helps fuel the trade in illegal guns coming across the border from the United States.

I have two questions for you. I was reading your document around the division for the border. You talked about the new administration. The new administration is preaching fair trade, rather than the old Bush-style unregulated free trade. They are talking about higher environmental, labour, and social standards.

Don't you think we should be mirroring the language that we're hearing in the United States around fair trade issues and looking to approach how the Obama administration is treating those issues?

My second question is around the SPP, the security and prosperity partnership. The SPP was supposedly about border issues, and then it blossomed into this monster that tackled lower standards on pesticide residue and lower safety standards. It went into a whole bunch of areas where most Canadians clearly did not want to see us going. We've heard from the Canadian Council of Chief Executives publicly that the SPP is dead. Do you think this is the opportunity now to put to rest a broader ideological approach and just to focus on the border issues? I think all parties around this table would agree we have to deal with this.

• (0955)

Ms. Shirley-Ann George: On the issue of fair trade and U.S. interest in including other issues in their trade agreements, we shouldn't view this as a challenge for Canada. Canada already puts environmental and labour clauses in our trade agreements. They're not identical, but very close to what the U.S. is putting into their agreements.

So we're already on the same page on that one, and the language the U.S. has used is really about countries other than Canada. So, yes, of course we need to monitor that. We need to watch it carefully. The notion of including those things is something that Canada is already rightfully doing and the U.S. is doing as well.

Mr. Peter Julian: Are they talking about tougher standards and pushing away on chapter 11, the investor state provisions?

Ms. Shirley-Ann George: It isn't clear to me that this is what the U.S. is necessarily talking about. They won't give chapter 11 investor provisions to any new agreement, but my understanding is that the environmental and labour clauses, what they have negotiated in their recent agreements, is very close to what Canada has negotiated in our recent agreements, so we should be pretty well on the same page.

On SPP, it was an interesting experiment when all the dozens and dozens of things we do with the United States were gathered into one package and looked at as a whole. It did prove the extent of the interaction of all government agencies with their United States counterparts, but it really wasn't more than just collecting the package together. I don't expect the SPP to continue. It's not clear what kind of cooperative approach... There's still a need for dialogue, of course, between Canada and the U.S. There's also need for dialogue on a trilateral basis, and it's not clear to us at this point how that will continue or whether or not it should focus only on their border.

I think we need to remember the United States has a bigger goal, and we need to be part of the bigger picture for the United States. That's why the work we're doing in Afghanistan and the work we're cooperating with them on for other measures, such as the environment, IMF, etc., is so important.

The Chair: Thank you.

We're going to go now to Mr. Keddy. I understand you're going to share your time with Mr. Holder.

Mr. Keddy.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman.

Welcome to our witnesses. It's a very interesting discussion.

I've got two quick questions. The first is really a comment. I appreciate your comments on the authorities at the border. We all cross the border a fair amount, and I think "Welcome to Canada" would be a welcome addition, or even "Welcome home". That's an extremely good point, and it just takes some of that edge off crossing the border. We've all been held up at the border at some time or another, a needless delay of an hour and a half or two hours sometimes. The border gains nothing except having a client who says this is the worst part of his trip the next time he comes to the border. So I think that's a great idea.

You spoke about integration of the border authorities. I've always been amazed at the amount of infrastructure we have on the border. There are two things: the infrastructure on the border and the fact that we don't have a dedicated fast lane. At most border crossings, even when we're crossing as members of Parliament with the green passport, there's no dedicated lane you can move through more quickly. So how would you suggest doing that? How do other countries dedicate their resources, for instance in Europe and other countries where you have individuals and separate jurisdictions? No country's sovereignty is threatened, but they join forces at the border.

• (1000)

Mr. Christopher Jones (Vice-President, Public Affairs, Tourism Industry Association of Canada): Maybe I could take that one, having lived overseas in Europe for a few years.

The Schengen Accord governs the movement of people—

Mr. Gerald Keddy: Yes, very interesting, and they were shooting at one another 60 years ago.

Mr. Christopher Jones: Yes, and they have a multiplicity of languages, and the fact that they can make that work is quite a testament to joint cooperation.

I think it's probably worth looking at the concept that Michael Kergin, the former Canadian ambassador to Washington, advanced a couple of months ago in the *National Post* about the idea of a permanent joint border commission. It might in the first instance be limited to things like packaging requirements and freight and documentation requirements. It wouldn't be too expansive, but it might simplify some of the areas where at the moment Canada seems to me to be somewhat subject to arbitrary American or fairly sudden.... You know, we have the smart border accord, which was joint, but since then we've had WHTI, we've had the APHIS, which is the agricultural inspection fee. A number of these things hit us from out of left field.

I think Kergin's point is that if you have some kind of jointly staffed entity, yes, there would be some secession of sovereignty, and the Americans might be uncomfortable about that, but ultimately I think that may be the way to go.

The Chair: Ed.

Mr. Ed Holder (London West, CPC): Thanks very much.

I'd like to thank our guests for coming today.

I come from the city of London, Ontario, and we're within two hours of four border points, so to us this whole issue of border crossing and access is very important. Because London is a major transportation hub, this is a very crucial issue. So when we talk about

border thickening—and we've all experienced that—it causes me some concern.

Most recently, we had some bureaucrats who spoke about the number of Canadians who have passports and the number of Americans. Mr. Williams, it was interesting to hear your stat, that some 53% of Canadians have passports. I think the number we heard the other day was higher than that.

I'm somewhat concerned that you featured the 2010 Olympics as a showcase for Canada for a lot of reasons. If anything, part of it is post-9/11, to say there's a great relationship with a great neighbour, and Americans come take a peak—and the rest of the world, of course. But what I'm not sure of is this. We know new border requirements come into effect as of June 2009. You've indicated the concern about delaying it would only be that the Americans then say that's just one more delay and they can always keep delaying. But is there any sense, from your perspective, that there may be some merit—noting that we've already had one delay—of getting us at least past the 2010 Olympics? Is there an advantage to Canada for that?

While I've heard we can have one-day passes, I don't know what good that is if you've got a two- or three-day event or a series of events you're trying to attend, and you can't see Vancouver in a day, so I'm mindful of the difference between that and an event package. Would you imagine there's some benefit in our trying to negotiate an extension past the 2010 Olympics for the sake of tourism and relationships?

Mr. Randy Williams: Yes, there are certainly extenuating circumstances. We have a new administration in the U.S., there is a global recession, and there's certainly evidence that there aren't enough holders of the required documentation. Those three factors would say that, yes, we should delay.

There may be a third option here. Rather than delay for another year or implement on June 1 hard and fast, there may be an agreement to transition. Certainly put in the rules, but allow for some kind of freedom for people who have proven their identity but don't have a passport or required document. At least give them a free pass, so a transitioning might occur. And there's softening. They did that, I think, when the air went in; they allowed for some exceptions to occur as people became more aware. I think that option might also be looked at.

But I would agree, considering the other factors, maybe a year's delay would be the best right now. The economy is so dire that we can't afford to turn away export dollars and people spending money in our country and employing our people.

•(1005)

Mr. Ed Holder: And particularly with the 80-cent dollar right now, it's a more attractive time.

I'm not sure our bureaucrats are of the same view. I'm not 100% certain on that, but I got the feeling that June 2009 was the line-in-the-sand point. I'm sure you communicate the need to do that to them and to other interested parties.

The other thing I want to respond to, Mr. Williams, is a comment you made. I like the comment "Welcome to Canada", but as I recall, because I do travel between Canada and the United States fairly often, I see a "Welcome to Canada" sign. And maybe because Londoners are nicer, I'm not sure, but when I cross I haven't sensed that hostility—and perhaps it's there—but I have certainly experienced delays. I'm one of those who has a NEXUS card, so that works exceptionally well.

But you made a comment, and I made a note of it, "gun in the holster", in terms of the concern about our border guards having guns. Most of the border guards I see are sitting in their booths. You wouldn't even know, unless for any reason they came out and decided to do an inspection. I sincerely hope that's not the mindset of your membership, that there's a paranoia about our border guards having guns. Obviously that's been implemented for very good and reasonable security reasons. I hope when you made that comment you weren't thinking that somehow that made us more hostile or somehow less engaging. We may well have other issues, but I don't think it's because we've got guns to protect the security of our border staff. I wonder if you might comment on that.

Mr. Randy Williams: The comment on the guns is only concerning the perception it gives to travellers. Certainly it's not that we're implying we're a more hostile nation. It's that the perception has changed. We had unarmed customs officers in the past; now we have armed ones. The perception of the traveller is what I'm speaking about.

We've all visited countries in which we have seen armed people at airports and other parts of the destination, and it has an impact on us. I've talked to travellers before who have talked about the number of visible armed people around. It is a perception that this is an issue for travellers.

We have, rightfully I think, made the decision to arm our customs officers. That's fine. My concern is what perception it gives to travellers. All I'm asking is that we balance it with a welcome to Canada. A sign, in my view, is not a welcome to Canada. It may say it, but it doesn't give that impression.

Right now, when we go through lines—I have a NEXUS card, but sometimes I'll go through a line because I'm travelling with someone who doesn't have a NEXUS card—it's merely a glance or a wave forward that we see. I would rather see our people at the border saying welcome to Canada, as a way of introducing the discussion.

I think it's a simple measure, and it helps to offset the effect of the holster.

Mr. Ed Holder: Am I allowed to ask a question to our other guests?

The Chair: We'll have to make it the next round.

Mr. Ed Holder: Thank you.

Mr. Christopher Jones: I have a point about the receptivity Canada shows to foreigners. It has to do with the customs halls in Canadian airports. There is a consensus out there that many of these new airports are a bit of a barren environment: there aren't enough posters of Canada, not necessarily enough shots of the local scenery and environment. We would like to see more of that, would like to see the customs halls a little more adorned, with inviting, friendly features and posters to do with.... It sounds like a small point, but many other countries do it, and we don't do it that well here.

Mr. Ed Holder: I have some extra *Anne of Green Gables* posters I can send you, if you like.

Quickly, then, if I may, Ms. George....

I apologize; I'm not trying to be facetious.

The Chair: You're going to have to wait until the next round; I'm sorry.

Mr. Ed Holder: Thank you. I'll do it next round, sir.

The Chair: Mr. Silva.

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

I have some brief questions. My colleague John Cannis also wants to ask some questions.

Obviously, some of the concerns we have raised and that people have generally are about the border and what's going to happen, whether we're doing everything possible to make the border as friendly as possible. I think it's very important. We also need to have people on staff who are friendly.

Sometimes when I go through the border, I find—on both sides, both going to the U.S. and even coming back home—that there isn't the friendliness there could be. This is a bit strange, given that in Europe—I also have European citizenship, for I was born in Portugal—there are no borders. Governments of all political stripes, beyond the left and the right, have done everything they can to integrate that market and make it very free-flowing for people.

We seem to be going in almost the opposite direction here with one of the closest trading partners we have in the world—historically, and in terms of raw numbers, and everything else. It is a little staggering that we seem to be going back rather than going forward. It's one of the reasons we have raised, even here in this committee, the question whether the government is doing everything possible to delay this proposal that's coming forward. The passport.... All of us are very much concerned.

One thing that also needs to be raised—it hasn't been, and I think it's an important issue that you may want to comment on—has to do with the flow of goods across the borders and whether we are providing enough access points. Windsor was very much concerned that the borders were taking too long to get their goods across. There has been talk for the longest time on the Canadian side about also getting a tunnel towards...passage of the goods and trucks, and so forth.

I'm not sure why there are such long debates, given the economic situation. We want to get things moving. This is vital to our national interest, our economic interest. Anything you can do to encourage government to move more quickly would be great. We'll also do what we can for our part. It's staggering, knowing how important the relationship is on every front, that we could be dragging our feet. I find it quite appalling. It affects not just people down in Windsor; it affects every one of us across this country.

I wonder whether you could comment on that.

● (1010)

Mr. Randy Williams: I agree 100%.

Ms. Shirley-Ann George: You raise a very important point, and that is that our ability to take on any new, large infrastructure projects in Canada is fundamentally broken. It takes years and years to get approval.

That doesn't mean we should be in any way undermining the needed reviews that must take place for such important things as environmental assessment, but the process right now simply isn't working. Whether it be in Windsor for a new bridge, for a new tunnel, for a pipeline—whatever it is—it's a very serious problem that needs to be fixed.

Mr. Mario Silva: Thank you.

Mr. Cannis.

Mr. John Cannis: Thank you, Mr. Chairman.

Responding to my good friend Mr. Holder, I'd like to think that we have great and wonderful people in Toronto and Scarborough as well, friendly faces. But the feedback I've heard is that it's not the presence or the visibility of a pistol, for example, but more the type of comments that come from that person, who's there to serve and verbally welcome to Canada.

If I may comment on this, it's the type of attitude—and I underline that, attitude—and the line of questioning, to the point that people I was travelling with told the border services individual: if you don't like your job, please go and find another job. That's how miserable.... It must be stressful, Mr. Chairman; I don't know. Certainly I encourage whatever we can do.

Let me ask whether the GST rebate for tourists that was in place had any impact. That's one of the questions, if you can comment on it.

Second, you talked about new construction scanning technology. I know that after we did the review in the committee on industry, post-9/11, there was a great investment made in equipment—scanners, new technology, etc.—that was in the billions of dollars. Have we outgrown that now, or have those proposals not been fully implemented?

With respect to new construction, I want to close off with what my colleague Mr. Silva said, and Windsor's an example: for years there's a back-and-forth question of jurisdictional responsibility. What can we do, beyond being there as we have been collectively? And what is it that you have been doing and can be doing, and what is it that you could suggest to us we can do collectively? We know there's been talk, action, this new mayor, that new representative, etc., which is really one of the problems. Moneys have been invested, feasibility studies have been done, and the bar changes every so many years, etc.

Give us any kind of feedback on that, if you will, please.

● (1015)

Ms. Shirley-Ann George: I don't know that I can go into a great deal of detail on what can be done to move this forward, but I am hopeful that from the work underway in the government right now to figure out how to speed up funding for the infrastructure projects, there might be some lessons learned on how to speed up other projects.

Concerning the new crossing in Windsor, there's so much political investment in all the different positions that it's very difficult to move forward. We're very concerned that even now we could end up with legal cases that could delay the bridge for years and years longer again. We simply cannot compete on a global basis with the rising emerging nations that have a lower cost structure than ours, if we cannot put in place the kind of infrastructure that we need to be globally competitive.

Mr. John Cannis: Can the GST help us, if we bring the program back, Mr. Williams?

Mr. Randy Williams: On the GST rebate.... Don't get me going. I think the GST visitor rebate program would be a good one to re-invest in. It's another one of those things that send a message. All of these things in their totality add up to a visitor experience. All of them seem small, whether it's a welcome to Canada message or whatever, but all of us know that when we travel, it's all of the collective little things that make up the experience.

The visitor rebate program should be put back in place to let people know that we're pleased they've come here. These are export dollars they're spending, and every other export has the GST rebated, back to the end customer; we should have it as well.

Mr. John Cannis: Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Cannis, and thank you, Mr. Williams.

Mr. Holder, do you want to continue?

Mr. Ed Holder: Thank you very much, Mr. Chairman.

Just very quickly—because I know Mr. Cannan has a couple of questions—we've talked about tourism and border thickening relating to that. This question is to Ms. George, as it relates to the single window initiative.

I noted a comment you made, and I want to get some clarity around this if I could, please. It seemed to me you got a little bit off-script and talked with some passion about the issue of getting all departments together, because where it seems that companies have to do their online reporting, various government departments don't have their act together. This is the sense I had from you. As a past president of the London Chamber of Commerce, I'm very mindful of business and the critical need to have business flow. So I'd like you to expand on that a little bit just for our clarity, with the ideas the Canadian Chamber of Commerce has with regard to pulling this all together to make it work, and the financial implications if we don't.

Ms. Shirley-Ann George: Thank you for the opportunity to talk about this. What happens now is that CBSA has done a tremendous amount of work putting in place electronic data reporting systems, but they have no mandate. Even though many other government departments require information when you cross the border—dangerous goods, agricultural goods, there are lots of different reasons government agencies feel they need to collect information at the border—the CBSA has no authority to tell the other government departments they have to use the single window. It's entirely up to that minister and where it falls in that department's priorities. It's important for the economy as a whole, but it has continually fallen down below the level of getting the proper funding inside the other government departments.

We've had briefings from the other government departments. They're looking at it, they'd like to do it, but if they're going to do it they have to change the entire back end of their system, and this will take years and millions of dollars. There are lots and lots of reasons they can't do it, when in fact it is absolutely essential that somebody in the centre pull all these guys together and tell them it's now become a priority and they need to get it done.

• (1020)

Mr. Ed Holder: Not to sound silly, but who is the one pulling at the centre to pull all the departments and compel—

Ms. Shirley-Ann George: Today nobody is pulling at the centre.

Mr. Ed Holder: And where should that initiative come from, do you think?

Ms. Shirley-Ann George: I would hope it might start by.... Well, this committee could be very helpful by including it in your report and asking for the other government departments to explain why they do not feel it's essential to meet the same standards.

Mr. Ed Holder: The other part of the question is, have you put a financial cost to that? Do you have any sense of the implication of the failure to do this?

Ms. Shirley-Ann George: I don't think we have a specific cost right now, but what's happened is that it spreads out. For example, you cannot participate in some of these trusted shipper programs if you have other government reporting requirements because the risk

assessment is all done on electronic reporting. So if you can't share some of your information electronically, you can't participate in the programs.

We'd like to see programs such as the ability to do some of these inspections in the production facility. For example, they already have inspectors on site for food. They're more than willing to have the border inspections done on site instead of being done at the border, but because the other government departments aren't doing it electronically you can't even begin to have those conversations. So it has ripple effects, and I can't stress enough how much I encourage you to consider putting this in your report.

Mr. Ed Holder: Perhaps through you, Mr. Chairman, because it's certainly not appropriate for me to do this, you might ask the Canadian chamber if they've got more information on this single-window initiative that helps us reflect on that and that we might take any more information beyond the small segment you had in your report that might be useful for us to consider. I'll leave that to you.

And perhaps I can pass to Mr. Cannan.

The Chair: Thank you, Mr. Holder.

And thank you, Ms. George.

We're going to continue for a couple of minutes with Mr. Cannan.

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

And thanks again to our witnesses.

I just want to reassure Mr. Williams that my caucus colleague, Ms. Ablonczy, is a champion of tourism. Any opportunity she has, she doesn't miss. Within caucus and to anybody within earshot she'll talk about the importance of tourism for each province in our country.

Tourism is one of the biggest economic generators for our region, British Columbia and the Okanagan Valley, so we're very concerned about the border issues from a tourism and an economic perspective, and for the flow of goods and services.

As my honourable colleague Scott Brison alluded to earlier, working with the Canada-United States Inter-Parliamentary Group, we had a delegation that just recently went, and we're going to continue to address that full-court press, because as you know, President Obama just announced trade initiatives this week, and we're concerned with some of the language that's in there that's more and more protectionist.

Ms. George, I appreciate the work of the Canadian chamber and Mr. Beatty as well in continuing to address this issue. I just wonder what kind of dialogue you have with the U.S. chamber to emphasize the importance of removing that protectionist language within their trade policies.

Ms. Shirley-Ann George: The U.S. chamber was very much in front in dealing with the “buy America” issue. We were very pleased with how proactive and forceful they were in encouraging the government to reconsider its position.

We remain concerned. We expect Congress, which by its nature has a history of being more protectionist... We expect to see a number of other such issues pop up as we move forward over the next year or two. We'll have to be absolutely vigilant in trying to deal with them.

On the specific “buy America” that was in the stimulus package, unfortunately we're in a bit of a difficult situation with it. The way it's worded now, any federal spending on infrastructure will be exempted because of NAFTA, but because Canada and our Canadian provinces have not opted into the WTO procurement agreement, other countries who have, such as Europe and Chile, will have greater access to state-level infrastructure spending than Canadian companies may.

This is one of those things wherein perhaps we've done it to ourselves, but it's definitely something we might want to reconsider our position on.

Mr. Ron Cannan: Here is another question with regard to your excellent vision document. On page 6, in the very last paragraph, you say:

Canada should seriously consider reviewing its regulation in critical sectors and take unilateral action where the tyranny of small differences increases costs with marginal, if any, benefits to producers and consumers.

Prime Minister Harper clearly and passionately articulated to President Obama when he was here on February 19 that any security issue concerning North America concerns Canada. They also went on to talk about some aspects of how Americans consider most trade irritants, such as agricultural policies. I'm wondering what we can do unilaterally that addresses this issue.

• (1025)

Ms. Shirley-Ann George: Recently someone was telling us at the chamber that in the previous administration one of the powerful secretaries had commented that dealing with Canada is like dealing with a condominium association: there's this unending list of complaints. It's important that we try to change some of that perspective.

On the regulatory aspect, there's a long list of things you really have to shake your head about and ask why we have a standard different from the U.S.'s. If nothing else, let's just mutually recognize the U.S. one as acceptable. Why do we have a different standard for underarm deodorant? Give me a break.

We could quickly come up with a long list of these things that the government could take a look at and consider. Maybe we can't do all of them, but we can take care of 50% or 75% of them, and let's just move forward.

Mr. Ron Cannan: Excellent. I appreciate that. It's something we're going to continue to focus on.

I think my time has expired. I just want to mention not only the Olympics in 2010 but the Paralympics. The kick-off is happening right out in front of the Parliament Buildings today. It's important to recognize the paralympians, as well as the importance of what they contribute to not only our economic life but the social fabric of our country and the world.

Thank you.

The Chair: Thank you.

We're going to have time for another round. We're going to go to Mr. Cardin, then back over to the other side, and then to Mr. Brison.

Monsieur Cardin.

[*Translation*]

Mr. Serge Cardin (Sherbrooke, BQ): Thank you, Mr. Chair.

Greetings, lady and gentlemen.

I'm going to get right to the subject of regulation that you have just referred to. You seem to be saying that Canada and, I presume, Quebec, should perhaps review their regulations. Why should the same thing not apply to the United States? An American company has just launched legal proceedings against the Quebec government because a fairly powerful herbicide is not authorized for use in Quebec and the company believes it is going to suffer enormous losses. So I think that is an excellent regulation.

That's why I don't understand your reaction when you say that it should be up to Canada to review its regulations, namely with regard to certain types of deodorant. The use of certain herbicides can be harmful to our health, so I think the regulations in force are good. I would say that it is the Americans who are extremely tolerant in some cases, when it suits them, but are less so in other cases, when it doesn't.

[*English*]

Ms. Shirley-Ann George: Of course Canada will have some areas where we agree to differ and will have different regulations; there's no question of that. We need to make an evaluation of these regulations as to whether or not they're needed.

Let me give you an example. The automotive industry has done some work. The U.S. and Canadian counterparts have gotten together and have built a list of regulatory differences. They've done the homework. You know, when you're in a car in the United States, that the safety belts work; when you're in a car in Canada, the safety belts work. Why do we need a different standard?

We should be able to bring forward a list, and I would encourage the industrial sectors in both nations to work together to build a list to bring forward to government, showing the areas in which they think it should focus on considering either unilateral action or mutual recognition.

I don't know the specifics of the case you brought forward, but there are legitimate reasons for both Canada and the United States to consider important issues such as environmental regulations, and we're not suggesting the abandonment of Canadian regulations. But when we literally have hundreds of thousands of them, I'm sure there are some which you might agree do not need to be different from the related ones in the United States.

• (1030)

[Translation]

Mr. Serge Cardin: You are right, because in many respects, you understand... It's one of the world's great mysteries. Often, people try to make things complicated instead of keeping them simple. There are many areas where people take pleasure in complicating things. We know very well that the Americans tend toward protectionism. In a certain sense, it would also seem that for security reasons they install systems that are, for all intents and purposes, irritants. Take passports, for example. The Americans consider them an irritant, but in fact, it is their country that wants to monitor people coming into the United States. Our borders have always been fairly open and, of course, we welcomed visitors to Canada the right way. Armed or unarmed, we gave them a warm welcome. I find that I had more problems returning to Canada and dealing with Canadian customs agents, when I travelled by land, than when I travelled to the United States. I always had the impression that I was dishonest and guilty when I returned to Canada.

For people from the United States, it's an irritant. It has even been proven that they are not interested in obtaining a passport or other pieces of identification. So that's another element that I would describe as being fairly protectionist. It's the same thing with customs. The problems people experience crossing the border, the slowdowns, and the duplication show that, as you say, there is something that is not working. How many years ago were new policies established? I don't know where the problem is. There is a lack of commitment and there are people who try to complicate things, because the border between Canada and the United States should be a model of fluidity.

I am looking at your short- and medium-term recommendations and your pilot projects. The border is long, very long. So we have to focus our efforts on being able to do a certain number of inspections, even if some travellers and shipments are pre-approved. So I don't know how you see the situation or how to fix it quickly. Could you give us a brief overview of how to go about this? I'm not pointing the finger at any one person, because I think there are many people contributing to the problem. How can we truly improve the situation quickly?

[English]

Ms. Shirley-Ann George: Thank you for that question.

The challenge we have with the border is that many incremental requirements have been added. We're trying to bat those off one at a time and deal with them. I think it's fair to say that we may have made progress on a lot of these issues, but there are just so many of them that when you add them all up they result in a thicker border. There are definitely significantly increased costs for companies that are regular shippers across the border, and the delays and confusion

on requirements have caused a significant hit to the important tourism industry.

I don't know that there's a quick fix, but I am coming more and more to the conclusion that the incrementalist approach is only going to keep us in the same state for a long time, because there's always another requirement coming around the corner. We need to change the game, and that's why we're suggesting looking at a co-managed border. Unfortunately, I don't have a quick-fix band-aid for you.

The Chair: Mr. Miller. Welcome back to the committee.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Thank you, Mr. Chairman. It's nice to be back. I used to sit on this committee.

Tourism is the second-largest industry in my riding, after agriculture. For those living on Georgian Bay, it's certainly big for my area. We're actually on the circle route. It's what they call the scenic tour of Lake Huron, which covers both Ontario and Michigan.

I apologize if this matter has already been addressed. A drop in the Canadian dollar is usually good for tourism. Have you noticed anything significant yet? I know this is not the heaviest tourist season, but we are a four-season area. Have you noticed anything significant there in terms of Americans wanting to come up and spend their tourist dollars in Ontario and Canada? If so, to what degree, and would you be able to put a dollar figure on it?

• (1035)

Mr. Randy Williams: It helps somewhat, but Americans don't have a lot of understanding about the Canadian dollar, although in the nearby border states they do. I have to say that in 2008 we had 12,000,000 visitors from the U.S. That's the lowest number since recording tourism travel to Canada began in 1972. We used to be around 18,000,000 to 20,000,000 visitors from the U.S. In the last six to eight years we've seen a 40% drop. We've had fluctuations in our Canadian dollar since then. It comes and it goes. It affects it somewhat, but not dramatically.

It will help to keep Canadians in Canada a little bit more. Our travel deficit has ballooned. After the numbers come in for 2008, it should exceed \$12 billion. In 2002 we had a \$1.5 billion travel and trade deficit. It's going to be over \$12 billion after the 2008 numbers come in. It's startling. That's a new record as well.

The numbers are certainly dramatic. I've been in travel and tourism for 40 years. I started as a busboy when I was 16 in 1968 and I'm 56 today. I have 40 continuous years in the travel and tourism industry.

In response to the question on a rapid fix, for 40 years we've been talking about the lineups at the border and the challenge of welcoming at the border, and asking why we, as a friendly nation, can't be friendly at the border. It has been an issue for the past 30 to 40 years. We just can't seem to care to get it right. It is discouraging that a country as powerful, intelligent, sophisticated, and friendly as we are can't get this right. Where's the leadership? Where's the central force that will pull us together? This is silly.

Mr. Larry Miller: I'll add a comment to that. I think it's human nature, for whatever reason, to react to somebody in a position of authority, whether it's going through a RIDE program or whatever. There's always that apprehension. It's a natural thing for a person to want to stiffen up because you're going through there.

Your point is well taken. I cross the border a bit, and I find most of them official and for the most part courteous. There have been exceptions, not just on our side but probably more so on the American side, and it's out there.

I'll come back to the \$12 billion deficit you talked about. We can have as beautiful a summer as anybody, although last summer certainly was not a good example, so what percentage of that \$12 billion deficit is for what we call the "snowbirds" who go away in winter? As they say, we have a pretty cold climate in the winter, and it's natural for people to want to get away. What percentage of that deficit would be covered there?

Mr. Randy Williams: There's another good reason to pick up the Turks and Caicos.

We had snowbirds in 2002 when we had a travel deficit of \$1.5 billion. You'll see this around the world: a northern hemisphere country always tends to have a travel deficit. It's not just a Canadian phenomenon; it exists in other countries as well.

We expect to have a travel trade deficit—that means Canadians spending more money outside the country than visitors spend in the country. But to be ballooning every year—for the last six years we have continually added another \$1 billion or \$2 billion to our travel deficit, with the same number of snowbirds—is startling. Things such as the GST rebate, the welcoming at the border, the border thickening, the relationship with the United States—all of these things—have compounded to hurt Canada with its number one visitor market, the U.S.

• (1040)

Mr. Larry Miller: If I have any time left, could Mr. Keddy or Mr. Holder have a question?

The Chair: I think we're going to have to wrap it up.

We'll have one more question from Mr. Brison. There are a couple of points of committee business that we have to attend to in this hour. With the indulgence of the committee I'm going to ask Mr. Brison for a brief question, and then we'll have to move on.

Hon. Scott Brison: George's point is an important one involving sub-national protectionism in the U.S. and the vulnerability we have as a country. I would urge the government members to make sure that in our discussions with the provinces this is addressed.

From your organization's perspective, it should be one of your recommendations that this become a fed-prov discussion issue,

because it's one of our biggest vulnerabilities. Most of the stimulus money is going to be spent by state-level governments. That vulnerability, which is exclusive to us and not to most of the U.S. trading partners, is a real one.

As a quick point both on the WHTI, the western hemisphere travel initiative, and on country of origin labelling, they're both coming down the track at us. I thought the idea that Mr. Williams had of a "third way" approach with WHTI is an interesting one.

We're going to be in Washington in a few weeks, in April; we're looking at going to Washington to meet with the legislators. It would be very helpful that we have, from both your organizations, some specific and practical recommendations—you could even vet them with some of your U.S. counterparts, as an example, and particularly in border states, for instance, on the tourism side—that we could present to U.S. legislators as options that could make this situation more palatable to our mutual interests and still be realistic. I know this is a fairly significant demand, because it involves your counterparts talking to their legislators to try to find out what might work and doing some of the groundwork.

If we can go down there with a very focused message and a very specific ask, so that rather than simply saying "don't do this" we can say "if you do this, then give us a year in which there's flexibility, in order to adjust to it", or something.... We need a very practical approach to what is a very critical issue with immediate effects upon us. I'm sure that for Mr. Julian from British Columbia, with the Olympics coming, and for all of us with our trade issues, particularly people with border towns in their ridings, this is a major issue that's coming at us. We need a practical approach that we can market and lobby for with our counterparts in the U.S.

I don't think we can give up on this. I don't think it's too far gone, if we take a practical "third way" type of approach. Can you please provide us, both your organizations, with some very practical recommendations?

Mr. Christopher Jones: Mr. Brison, thanks. I think we can undertake to do that. It's a very good suggestion, and there are some things we could do to mitigate it.

May I just mention—I didn't make the point and I agree—that Diane Ablonczy has been an excellent representative of our interests and a real stalwart champion of tourism at the cabinet table, and that was seen in the last budget.

There's one issue, though, that's outstanding, which you may not know about. It's the subject of several letters that have been written to the CBSA minister. It's the cost recovery policy for the second Amtrak train that is going to be coming into Vancouver—this would be in the run-up to the Olympics. The existing train does not pay a fee for its CBSA inspection services. Amtrak and other agencies in the U.S. government are concerned that the proposal to apply a cost-recovery fee will deter people from using the train and hence contribute to congestion at the border. They would like to see that second train grandfathered.

It's been the subject of some correspondence. We would like to see an effort to have that second Amtrak train grandfathered, so that more people end up using that service.

• (1045)

Mr. Randy Williams: We know of six letters that have been written to CBSA on this issue. Those letters date back at least three or four months, and we haven't received a reply.

The Chair: Ms. George.

Ms. Shirley-Ann George: Mr. Chair, if you would allow me, I'll put forward one additional idea before we close off today. We talked about the importance of the NEXUS cards. Unfortunately they're viewed as a card for crossing between Canada and the United States. Even people who have them sometimes don't understand that they can also use them when entering Canada from any country.

There is, I think, an opportunity for us to greatly enhance the benefit of that program by considering using the NEXUS card for a fast lane at the airport. We have all gotten into the line where there are 60 or 80 people queuing up to go through security. If, in fact, people with NEXUS cards could use a faster lane, it would encourage domestic travellers to get the card as well, and I think that would greatly enhance the benefits and the rationale for paying the required dollars for that card.

The Chair: That's a very good suggestion. As a matter of fact, I just sent a BlackBerry message to my office saying "Get me the application for the NEXUS card". And we should probably do it for the committee.

Hon. Scott Brison: They do background checks, Mr. Chairman.

Some hon. members: Oh, oh!

The Chair: Mr. Holder.

Mr. Ed Holder: I don't know whether this is a point of order or a point of clarification, but quickly on that point to you—this may not help you—I tried to use my NEXUS card at the Detroit airport four weeks ago, and the woman did not even know what it was. So there's a lot of education that has to be done.

A voice: On both sides of the border.

The Chair: It's a very good point, and I think a good point to wrap up on—not just the specific point, but also the general point that Mr. Brison just raised. That is, that we are intending to visit Washington soon. I would very much appreciate your giving us some concise points. I think it is the consensus of the committee that we would like to proceed to Washington as a unified group, with a bit of a shopping list or recommendations or priorities that we can

sell together to our American counterparts. Your input would be most helpful in that regard.

With that, I'm going to take about a two-minute break here while we bid adieu to our witnesses. Then I'd like you to return. I have a couple of housekeeping items we need to take care of.

• _____ (Pause) _____

•

• (1050)

The Chair: Gentlemen, we're going to reconvene here.

I'd like to quickly deal with two items of the agenda. We just have a couple of minutes here; I don't think it's going to take long.

You will all see in front of you two items. One is a request from the Senate of the Republic of Colombia, from Jorge Robledo, who is a senator there, who has asked to appear before the committee. The other is a routine motion to approve a budget for our study of chapter 11, which we agreed to last week. This is a routine thing. The clerk has proposed a maximum of \$16,000 for witness travel expenses, but I don't think it's going to be that high.

In any event, let's do the first one first.

Mr. Julian, do you have a motion?

Mr. Peter Julian: Yes, thank you, Mr. Chair. It hasn't been orchestrated at all.

I move that we authorize up to \$16,300 for witnesses on the chapter 11 study. But I agree with you that it probably is not going to take that full amount.

The Chair: I don't think there's any debate required. Does anybody have any comments?

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

The Chair: That was unanimous.

Secondly, we have a request from a senator of the Republic of Colombia who is attending Canadian Labour Congress meetings here in Ottawa on March 24 and 26 and has asked to appear before the committee.

I think it's relevant and current. As a matter of fact, in the draft that we talked about, we have an open meeting. On March 26 we had scheduled one other meeting—one meeting on Canada-U.S. trade for that week and one on something else. So it does, coincidentally, appear that we could have this witness appear and make this a Colombia meeting on March 26.

I think we're going to begin a general discussion of South American matters again pretty quickly, with Brazil and others.

If there's no objection, I'll accept that invitation.

Mr. Silva, and then Monsieur Cardin.

Mr. Mario Silva: Thank you, Mr. Chair.

I don't have a problem with having a visiting senator come before the committee; however, I don't know anything about the senator, nor do I know what views he has on particular deals. In every democracy, different political leaders always have different opinions or different views on certain things, and I don't want to have the senator come here and give a view that is not necessarily shared by the government or by the senate. Will he be here speaking to the committee in his capacity as a senate representative and on behalf of the government as well? What is his view?

The Chair: My sense is that he will represent a certain point of view, and that's reasonable. At this committee we have had very diverse views, and we have visited Colombia, so there is a lot to discuss.

Over the course of the next month or two, there will be lots of opportunity for all kinds of diverse views on this subject. I appreciate your point, but I think we're going to let him speak his mind, whatever his point of view, as a courtesy.

Go ahead, Monsieur Cardin.

[Translation]

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

Obviously, we will be called upon to discuss this free trade agreement with Colombia. We have always tried to strike a balance by inviting parties with opposing opinions. Wouldn't it be appropriate to have other guests who will defend opinions different from those of the senator, which are fairly predictable?

• (1055)

[English]

The Chair: Yes, I think that's a good point. It seems to me that if we are going to have witnesses.... We've had several in the past, and I think the clerk could probably provide a balanced meeting. I take your points well.

It certainly had been my intention that we wouldn't hear just one witness. We generally try to have three in order to provide a balance and a background on the issues, and it's a good idea anyway, to bring the new members of the committee up to speed. We may even have someone from the department come and give an overall briefing again, and then have a couple of witnesses on the points raised. We've generally found that the clerk is able to balance these things.

It's a good point, and well taken. Thank you, Monsieur Cardin.

Mr. Keddy and Mr. Cannis wanted to speak to this. We're running close to—

Mr. Gerald Keddy: It's a question of time, Mr. Chairman. I'm assuming that if it happens that we have only one witness, we'd have only a one-hour meeting.

The Chair: There's probably good reason to have this committee briefed on Colombia, so we could probably use the whole meeting and get into a pretty good discussion on Colombia.

Mr. Mario Silva: Are we going to be getting a briefing as well?

The Chair: I think we might fill up the meeting that way. I'm open. From your input and that of Mr. Cardin, it sounds as though that may not be a bad idea. I'm happy to spend the whole meeting on Colombia.

Mr. Gerald Keddy: Yes, and that's fine, but we're getting off into tangents here. We don't even have Colombia before the House right now. We've already finished discussing it. In the last discussion we had, we were trying to organize a trip to the United States. Now, all of a sudden, we're off somewhere else.

The Chair: That's not really the case. I appreciate your point, but we did save a day that week for a discussion of something other than the United States. However, your point is taken.

Go ahead, Mr. Cannis.

Mr. John Cannis: Thank you, Mr. Chairman. I'll be very brief.

If I may clarify, the concern I sense around the table has to do with something the senator stated. He said that he had carried out a meticulous review of the process that led to the signing of the treaty, and that he would very much like to be able to relate concerns shared by some—and I underline the word “some”—members of the Colombian Parliament.

First of all, Mr. Chairman, I agree with you that we could make some time. Maybe the clerk and staff can undertake to give us—whenever they can, but prior to the gentleman's arrival—a summary that might include his affiliation and the studies he made. We could read it and prepare ourselves. As another member of the committee mentioned, what party is he from? Is he on his own? Is he here on behalf of the government? I think that is important, Mr. Chairman. Does he want to come before our committee and do a presentation? I think we need to know the parameters of his visit, and certain other parameters as well.

I'm not turning away. I'm not saying not to invite the gentleman. That's not what I'm saying, but I'd like to know the terms of engagement, if I could put it that way.

The Chair: Well, perhaps those of us who have studied these matters were assuming a number of things.

I might get an answer from Mr. Julian, or an opinion.

Mr. Peter Julian: You'll certainly get an opinion, Mr. Chair.

I think your approach on this is the right one to take. We have an individual, a senator, coming from Colombia. He represents concerns that have been raised by some members of the Colombian Parliament. I certainly think it's wise to have a counterbalance of opinion and take the whole two hours on this. You're right to suggest, as well, that since we have that as an open meeting and since Senator Robledo will be in town, we can profit from that to have one of what will probably be a number of hearings on Colombia—assuming it comes forward this spring. The parliamentary secretary did say that it was a strong possibility, if not a likelihood. What we're doing is simply getting an advance—

• (1100)

Mr. Gerald Keddy: I didn't say any such thing.

Mr. Peter Julian: You said it was a possibility.

The Chair: We're deviating.

It's going to come at some time.

Mr. Peter Julian: Yes.

So this allows us to do one of those hearings on what could possibly or is likely to come forward.

The Chair: That's right. We'll be able to speed it up when it does come, and assure a speedy passage of the bill when it comes.

Mr. Peter Julian: You're certainly putting words in my mouth, Mr. Chair. I think we're doing our due diligence. I like the approach you're taking on this.

The Chair: Fair enough.

We will extend the invitation and consider the meeting of March 26 as a meeting on Colombia, again, to facilitate the speedy passage of the bill, should it come before the House.

Mr. John Cannis: Can we have a brief note from the staff on the gentleman?

The Chair: Okay. I think our analyst has a briefing prepared to give to the committee.

Thank you, gentlemen.

Have a good break.

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

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

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

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

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