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Mr. Kevin Sorenson

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• (1530)

[English]

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

This is meeting number 20 of the Standing Committee on Foreign Affairs and International Development. Today, Monday, May 26, 2009, we commence our study on Bill C-300, An Act respecting Corporate Accountability for the Activities of Mining, Oil or Gas in Developing Countries.

As our first witness, we have the author or sponsor of this private member's bill, the Honourable John McKay.

We look forward to your comments, Mr. McKay. Welcome to our committee. You know very well the procedure here: you will give us an opening statement of about 10 to 15 minutes, and then we will grill you on this bill. But we do welcome you and thank you for your hard work on this bill.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Mr. Chair. I look forward to being grilled and grilled.

Thank you, colleagues, for this opportunity to speak to you about this important initiative. As you know, this initiative has, in the last little while, generated a great deal of controversy. I hope that over the course of this next hour we can direct our minds to some of the issues that might be generated by Bill C-300. This committee, under the chairmanship of Dr. Bernard Patry, issued a report in 2005 to ensure socially and environmentally responsible conduct by Canadian companies, with a particular interest in the activities of a particular Canadian mining company, TVI Pacific, in the Philippines.

It was a comprehensive report that recognized that Canada, as a leader in the extractive sector, had a moral and legal responsibility to lead. It was also an unanimous report. It said in part that “Canada does not yet have laws to ensure that the activities of Canadian mining companies in developing countries conform to human rights standards, including the rights of workers and of indigenous peoples.”

The report led to the round tables in 2007. I have here a copy of the round tables' report. The round tables were a multi-stakeholder group of people from industry, NGOs, and various other entities who compiled the reports and tabled them. They had six recommendations, of which numbers three and four are the most significant for the purposes of this committee. Recommendation three called for “An independent ombudsman office to provide advisory services, fact finding and reporting regarding complaints with respect to the

operations in developing countries of Canadian extractive companies.”

And the fourth called for “A tripartite Compliance Review Committee to determine the nature and degree of company non-compliance with the Canadian CSR Standards, based upon findings of the ombudsman with respect to complaints, and to make recommendations regarding appropriate responses in such cases.”

It was felt this would improve Canada's competitive position. It was hoped that the government would respond in a timely fashion, but it didn't do so. In 2009, the report was re-tabled. We still have had no response. So along comes Bill C-300, a rather modest little bill that.... If you listen to its critics, you'd think we were approaching the end of western civilization as we know it.

The government has felt that doing nothing was not an option, so they chose to do the next best thing, which is the appearance of doing something while in fact doing very little. In fact, I'll argue that what they did on March 26—that is, the issuance of a press release and the order in council appointment of a counsellor—is in fact worse than nothing.

I'm working on the assumption that all of you are fairly well informed about corporate social responsibility and environmental stewardship. In the time allowed to me, I don't propose to re-plow old ground—although I dare say that given your witness list, there will be quite a number of witnesses who do want to raise to your attention some very, very serious issues regarding CSR and environmental stewardship.

Ironically, the tabling of the press release and the setting up of a dedicated counsellor foreclose the debate about CSR. The government, by doing so, has in fact confirmed that we—meaning Canada—do have a CSR problem and proposes to address it in particular way. So the debate about whether we should or we shouldn't is now over. Now we're on to the question of what is the appropriate methodology.

So essentially you have three approaches. You have this approach, which is the round table report. You have the second approach, which is the government's press release with an order in council attached. And you have Bill C-300.

For the purposes of our discussion, this approach is off the table. It is very clear that whatever response this government is going to give to CSR, it has given it already. It is reasonable to conclude that the Prime Minister has done pretty well everything he's going to do about CSR during this government.

What he has proposed instead is the appointment, by order in council, of a counsellor dedicated to CSR, with a mandate to educate and investigate. I have no great objection to the Government of Canada educating and encouraging Canadian companies to be world leaders and to adopt best practices on CSR. That should be applauded. My objection is to the investigative part of the mandate, which, in my judgment, has the appearance of doing something while doing little or nothing.

• (1535)

The counsellor is an order in council appointment. It's trite but true, but what a Prime Minister can make, a Prime Minister can unmake. The appointment will only last as long as the Prime Minister wants it to last, and if the counsellor strikes a course just a touch too independent for the Prime Minister, he will have his appointment revoked or suffer the fate of a death by a thousand cuts—witness Mr. Page, in the Library of Parliament. There is nothing like having your budget cut to curb your investigatory enthusiasm.

Bill C-300, on the other hand, proposes a legislative mandate that will not be subject to the whims of a Prime Minister or, indeed, of any Prime Minister. A repeal of the order in council requires a pen and a piece of paper in the hands of a Prime Minister, whereas a repeal of an act of Parliament requires an act of Parliament—two very different beasts.

In addition to the vulnerabilities that the appointment process and the whim of a Prime Minister's limitations place upon the ability of the counsellor to investigate, there is within the mandate a heading called "Limitations on Authority". It says that no investigation can be launched into the activities of a Canadian mining company unless the company itself consents to the counsellor conducting the investigation with the "express written consent of the parties involved".

How do you think that's going to play out? Would it be reasonable to assume that the only companies that are going to consent are already CSR-compliant? If they are already CSR-compliant and they agree to an investigation, what kind of report is the counsellor going to produce? We're going to have a happy bunch of little reports that are entirely useless to everyone.

Contrast that to Bill C-300, wherein the minister is not under a similar restriction. Under a Bill C-300 regime, the minister will not have to obtain the consent of the corporation or company prior to launching an investigation. It's a little like the police asking the accused whether they can investigate the allegation first. Just to state it makes it sound somewhat dubious.

So we have a counsellor appointed—or unappointed, as the case may be—on the whim of a Prime Minister, vulnerable to budget restrictions without notice, and producing happy little reports of dubious benefit to anyone. But it gets worse.

Prior to launching an investigation, the counsellor shall "consult with the national contact point". You will hear from other witnesses on what they think about the national contact point, but "dysfunctional" and "a tremendous reputational burden for inaction" are words you will hear. Civil society and private sector actors in the national round tables agreed that the national contact point was not

an appropriate mechanism for advancing human rights and performance standards in mining, oil, and gas.

It gets worse. In addition, "The Counsellor shall not...make binding recommendations". If the recommendation is not binding, what is it?

The counsellor may only review on getting a request from an individual, group, or community that "may be adversely affected". If an NGO such as the Mennonite Central Committee—or any other NGO, for that matter—observes something that is a breach of CSR standards, it in itself is not adversely affected, so the counsellor has no mandate to investigate.

Further, under section 6.2, the counsellor may not on his or her own initiate a review. If an NGO sees something that should be investigated, the counsellor's hands are tied. He or she has no power to do an independent investigation.

• (1540)

So let's review. We have an order in council, which is on the PM's prerogative. We have an inappropriate precondition of a national contact point. If we have no consent by the company, we have no investigation. If there are no adverse interests affected, the person has no status to complain. There is no independence on the part of the counsellor and no initiative ability. And just to top it all off, all recommendations aren't binding.

If the counsellor jumps through all these hoops, there's an elaborate process set out in paragraphs 6(5)(a) to 6(5)(f) for conducting a review that will have a number of formal and informal add-ons from the lawyers of the affected company. I say good luck to that counsellor.

If the counsellor jumps through all the foregoing hoops, before he or she issues a statement the counsellor must inform the parties of the results. If the report is adverse, the counsellor must give them opportunity to comment. If the counsellor is still determined to publish after all this, the company then may go to the courts and seek a mandamus order to quash the findings. So how many adverse findings do you think we're going to hear out of this counsellor?

Canada is at a crossroads here. It's an important player on the international stage in this area, and the complaints are starting to pile up. You have a bill kit. You'll see in there three very serious complaints: one about Barrick in Papua New Guinea; another one about Goldcorp in Honduras; and another about Banro in the Congo. You'll see some pretty negative commentary on the part of some pretty respectable people.

On the Barrick Gold one, it says there have been numerous complaints over the actions of Barrick Gold at this mine, with the most recent allegations culminating in the Norwegian Ministry of Finance disposing of its shares in the company over ethical concerns in regard to their waste disposal practices. Based on an in-depth assessment of Barrick's operations in Porgera, the pension fund's council of ethics concluded that investment in Barrick amounted to "an unacceptable risk of the Fund contributing to serious environmental damage." The council added that "the company's assertions that its operations do not cause long-term and irreversible environmental damage carry little credibility."

You can read the rest for yourselves. Goldcorp in Honduras had the largest fine ever assessed by the Honduran government against a corporation. And then, in the Congo, that's another story altogether.

So there we have it. Other witnesses will speak far more eloquently than I about these complaints and, I assume, others. I'm quite prepared to concede that occasionally these reports may be frivolous and vexatious and there may be actually other games in play, but if you look at Bill C-300, there is a mechanism to deal with frivolous and vexatious complaints.

We will be presenting amendments that incorporate the Government of Canada's press release and the counsellor into Bill C-300. We think incorporating the counsellor into Bill C-300 meets some of the criticisms I've just outlined and addresses the vulnerability of the appointment in the preconditions of consent and the ability of the counsellor to initiate proceedings. It also neatly sidesteps the royal recommendation, because the Government of Canada, in its press release, has already committed funding to a regime. I would invite any one of my Conservative colleagues to move that amendment. I'd be happy to have you move it.

As members of Parliament, you will incur significant blowback from some of the most powerful people and companies in Canada who do not want, under any circumstances, a legislative response to the allegations of a growing CSR problem. From their perspective, a preferable course would be to do nothing at all. Their default position, however, is the Government of Canada press release and then fighting it out behind closed doors with the counsellor.

• (1545)

Let's be clear here. Canada has a choice: it can legislate a response that would put Canada at the head of the class, or it's more business as usual—see no evil and hear no evil. Voluntary guidelines have pretty well run their course. The question is really whether you as MPs want to move Canada along to the next logical position: a legislative mandate for CSR. Their preference would be to kill Bill C-300 and then lawyer it to death. Unless you give the counsellor some legislative spying, it will be a repetitive environment.

You have written your report, and it now has a response some four years later. I wish you Godspeed in your deliberations, and I thank you for your time and attention.

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

We'll move to the first round of questioning.

Mr. Rae, please.

Hon. Bob Rae (Toronto Centre, Lib.): Mr. McKay, you spent a lot of time in your presentation hammering away at the government's approach, which actually isn't in front of us. What we have in front of us is the bill.

Clause 3 of the bill says:

The purpose of the act is to ensure that corporations engaged in mining, oil or gas activities and receiving support from the Government of Canada act in a manner consistent with international environmental best practices and Canada's commitments to international human rights standards.

I'll try to parse that out. When it says "corporations", I assume those are Canadian companies. If that's the case, it has to be made precise.

Hon. John McKay: It is in the definition. Corporation includes any company or legal person incorporated by or under any act of Parliament or by any province.

Hon. Bob Rae: Right. That means it could also include other companies. It doesn't mean that. Anyway, I'll get back to that, because there are companies that engage in mining in Canada that....

What does "receiving support from the Government of Canada" mean?

Hon. John McKay: For the purposes of this bill, it means receiving support from EDC, promotional activities from the Government of Canada, and purchasing of shares by CPP.

Hon. Bob Rae: Again, that's not clear in the definition section. So "receiving support" means specifically companies that receive help from EDC and the CPP investments—which is quite broad—and receive some kind of support from DFAIT? Is that it?

Hon. John McKay: Yes. It's contained in pages five, six, and seven of the consequences of a review and report.

Hon. Bob Rae: As I understand it, you're suggesting that the government would have the obligation to produce guidelines, and the guidelines would be discussed with the industry and everybody else. Then the ministers would issue guidelines within 12 months that would, as you put it, "articulate corporate accountability standards for mining, oil or gas activities."

By the way, can I ask why you're restricting it to mining, oil, or gas activities? Why wouldn't you include financial services, manufacturing, and other things that Canadian companies do overseas?

• (1550)

Hon. John McKay: Very simply, there have been little or no CSR concerns about financial services companies around the world.

Hon. Bob Rae: With great respect, there are issues around manufacturers that are raised all the time. There are issues around people who manufacture—if you look at the history of the issue—beyond Canada. You mentioned Nike, and there are lots of other companies that have been the subject of complaints and concerns raised by trade unions and others.

So you're not including any manufacturers.

Hon. John McKay: I could be open to expanding the definition if you wish to move an amendment, but the complaints about CSR have been directed primarily at the extractive sector.

Hon. Bob Rae: Just so I understand the way the bill would operate, the guidelines would be set out by the minister. Once the guidelines were done, people would receive complaints from individuals or organizations about the activities of company X. The minister would investigate those complaints and present a report with findings. If those findings were negative, the Export Development Corporation would have to withdraw its support for a company that the minister found had been in breach of the guidelines.

Hon. John McKay: That's the idea.

Hon. Bob Rae: The Government of Canada would no longer be able to support the activities of a company that was found to be in breach of the guidelines.

Hon. John McKay: The Government of Canada would not be able to engage in promotional activities on behalf of that company.

Hon. Bob Rae: That would include the CPP investment board.

Hon. John McKay: Yes.

Hon. Bob Rae: We're both lawyers. You look at this from a legal process and say, "What is the result of that finding?" Presumably that finding would be a decision of a minister that would be reviewable in a court.

Hon. John McKay: I assume that pretty well any decision is reviewable under a mandamus order, or something of that nature.

Hon. Bob Rae: So what evidence would it be based on?

Hon. John McKay: It would be based upon the evidence that was generated by the investigating counsellor or minister, as the case might be.

Hon. Bob Rae: I understand the objective of the bill and I'm very sympathetic to it, but I'm concerned about a few things. One is some of the definitional precision. You're dealing with investments that are extremely consequential in what they involve. This whole operation will be extremely litigious and will have serious consequences for the economic health of that corporation. You then say we would make these decisions on the basis of a government minister, advised by his officials, coming to a conclusion—on the basis of what process?

• (1555)

Hon. John McKay: The process presumably would be developed over one year, and it would ultimately need to have procedural fairness in it. You don't lay out the regulatory guidelines in a bill. The bill contemplates a period of time during which the minister would conduct hearings, presumably to agree on regulatory guidelines.

Hon. Bob Rae: Would this be a trial? The complaint would be perceived.... To give you a comparison, look at a human rights issue such as human rights tribunals. A complaint is issued, and the commission says there's a basis upon which to have a hearing. That hearing would have a process in which the complaint would be laid out very specifically, that on such and such a day, such and such an event took place.

On the other issue, what is the jurisdiction of a Canadian minister to make a finding of legal consequence on an activity that is taking place in another country, about which there may already have been extensive legal proceedings? For example, take the case you raised of a company in Honduras. That company was already found guilty in a Honduran court of law, so they will say they paid the price for that. So would the consequence for that company be, as a result of the conviction under the another jurisdiction, that they wouldn't be able to receive assistance or investments from the Canadian Pension Plan?

Hon. John McKay: This is the fallout from the government not responding in a comprehensive fashion to this report in 2007. We've fashioned a response within the limitations of a private member's bill. I don't think there's a person around the table who wouldn't prefer to be reviewing a government bill here. So the procedures and regulations clearly do not have the characteristics of a human rights tribunal. That's far beyond the scope of a private member's bill.

On the second issue of whether it has extraterritorial application, in theory it doesn't even have to influence the behaviour of the company. If the companies referenced here don't access government services or government financing, they can carry on their businesses as they see fit.

Hon. Bob Rae: There's hardly a public company around that doesn't receive investments from the Canada Pension Plan.

The Chair: We have to leave it at that comment. We're at ten minutes here.

Madam Deschamps.

[*Translation*]

Ms. Johanne Deschamps (Laurentides—Labelle, BQ): Thank you, Mr. Chairman.

Welcome Mr. McKay. This is a wonderful forum for you, and I would like to discuss aspects of your bill, Bill C-300, with you. I have a few questions.

In your presentation, you referred to broad consultations, to round tables held between 2006 and 2008. That was done under your government at the time, the Liberal government.

I would imagine you consulted with the participants from these round tables before drafting your bill, you must have interacted with them to draw up a framework for your bill.

I would also like you to discuss the government's response to the round table report. Could you shed light on what your bill has to offer in addition to the government's response to the round table report?

You now have an opportunity to focus on what it is that gives Bill C-300 more bite, given the expectations expressed in the report and recommendations from the round tables.

The Acting Chair (Hon. John McKay): I apologize, I will have to answer in English. My French is not up to par and I have a Scarborough accent. My anglophone colleagues understand my French, but my francophone colleagues do not.

[*English*]

First of all, this committee's report was in 2005, the Liberal government ended in 2006, and the round table report was in 2007 under the Conservative government.

As to consultations with others, there are pretty serious limitations on what a private member can do. I didn't conduct round tables of my own, or cross-country hearings; I basically relied on the findings that were made in 2007 and 2008. I can give you a list of people who have been in my office during the last couple of months, and I've become very popular for some reason or another. There have been a lot of representations, and I'm absolutely awestruck by the number of people who want this bill to pass. The Development and Peace organization has sent 500,000 postcards to members of Parliament and the Prime Minister, which tends to make people think something's not quite right here.

Bill C-300 is not so much a response to the round tables as an independent bill in and of itself, but it does give consequences to findings. Our problem in this country is that we talk a good game, but when it comes to putting even modest sanctions behind findings, we are somewhat more reluctant.

Mr. Rae rightly points out that there are sanctions in this bill and they're not merely reputational ones. It's not unreasonable to say to companies found to be in breach of CSR guidelines that they can carry on business as they see fit, but just don't ask for the taxpayers' credit cards while they're doing so—EDC, CPP, and promotional activities.

The core problem here is that companies act however companies act. But it's not only reputational damage to the companies; it's also reputational damage to our nation, and that's not always factored into the equation.

• (1600)

[Translation]

Ms. Johanne Deschamps: Thank you.

This week, we are discussing the Canada-Colombia Free Trade Agreement. It would seem that many civil society members, in Colombia and in Canada, oppose this agreement.

If Bill C-300 were enacted, would it reassure people?

[English]

Hon. John McKay: That's an interesting question. The beauty about being a Liberal is that you can skate on both sides of the ice. Sometimes you just get a puck in the head, but that's another issue.

The issue here is that there are legitimate issues arising out of the activities of both the government and the paramilitaries in Colombia. Now, if Bill C-300 were in place, you would have more than you currently have, in terms of there being an assurance that at least the Canadian companies operating in Colombia in the extractive industry adhere to CSR and environmental standards and would face consequences if they didn't. So there would at least be some help there for those who have serious or important concerns about human rights activities going on in Colombia.

The Chair: Thank you, Mr. McKay.

Thank you, Madame Deschamps.

We'll move to Mr. Abbott, and Ms. Brown on the split.

Hon. Jim Abbott (Kootenay—Columbia, CPC): Thank you.

I have a fair number of questions here, so if we could do these fairly quickly, it would be helpful.

My first question would be, aside from the anti-mining groups and the collection of NGOs, with whom did you consult when you were designing your bill?

Hon. John McKay: With whom did I consult?

Hon. Jim Abbott: Yes.

Hon. John McKay: Do you want me to get a list?

Hon. Jim Abbott: I'm just curious. For example, which companies did you consult before drafting the bill?

Hon. John McKay: I did not consult with any companies.

Hon. Jim Abbott: Well, why? I don't understand that.

Hon. John McKay: It's because the round table is already a complete answer to that question. They were all consulted, or are contained, in there.

Let me just get the report out for you.

• (1605)

Hon. Jim Abbott: While you're doing that, maybe you could also inform us which companies have expressed support for your bill.

Hon. John McKay: Not a lot that I can see.

Hon. Jim Abbott: No, I wouldn't think so. I thought your presentation was rather edgy.

Hon. John McKay: Thank you.

Hon. Jim Abbott: I guess my question is that considering that Canadian mining companies make up 60% of the world's mineral exploration and mining companies and are a major player in the world by definition, and if there is a sufficient problem and it's as bad as it appears to be, according to you, why wouldn't those companies simply move jurisdiction if this bill were to go through?

Hon. John McKay: I don't think it's according to me; I think it's actually according to your government. If you didn't have a CSR problem, you wouldn't have had your March 26 press release, you wouldn't have set out an order in council, you wouldn't have set out its mandate, and you wouldn't have set out a fairly elaborate scheme to address the issue.

So I think the debate is no longer a live debate. Your government has already concluded that.

Hon. Jim Abbott: And you've also arrived at a conclusion that the Prime Minister could be whimsical—I believe that was the word you used—or could apply whimsy to how these rules were going to be applied. Are we to presume that only Conservative Prime Ministers may get into a state of whimsy, or could all Prime Ministers get into a state of whimsy?

Hon. John McKay: No, I agree with you. It could be a whimsical Liberal Prime Minister just as well.

Hon. Jim Abbott: I guess the major concern I have is the lack of consultation. For example, there is an involvement with the EDC and the CPP in your bill. Did you consult with them?

Hon. John McKay: I've talked to them.

Mr. Jim Abbott: Could you give us a quick summary of where they were coming from?

Hon. John McKay: The summary of the CPP intervention was that they already have fairly significant corporate social responsibility standards, and so, in their view, this was not necessary. They also had a constitutional issue as to whether this bill amends the Canada Pension Plan legislation. And if it amends the Canada Pension Plan legislation, do you require two-thirds of provincial consent?

That was the thrust of their concern.

Hon. Jim Abbott: Did you consult any developing country governments or their ambassadors?

Hon. John McKay: No, come on. This is a private member's bill.

Hon. Jim Abbott: Well, this is a pretty serious issue, where we're talking about—

Hon. John McKay: It's a very serious issue, so your government should have actually done something.

Hon. Jim Abbott: Indeed, that's the whole point: the government has done something, and the reflection of the comments that you just gave us right now with respect to the comments back to you by EDC reflect that.

EDC and CPP already have responsibilities. They have corporate responsibilities, in your words that you just gave to us. The government has taken the action that it has taken, and then you decide that you're just going to say, well, the action that the government has undertaken could be overtaken by a whimsical Prime Minister. I think maybe we need a little bit more depth than that.

Hon. John McKay: With greatest respect, Mr. Abbott, if you listen to my deconstruction of the government's response, which I outlined, not only is it a prerogative that the Prime Minister appoint and not appoint, as the case may be, to do a pre-consultation of an entity that the round table said was an inappropriate entity to consult, to issue recommendations that have no force and effect, and to get the consent of the corporation prior to conducting an investigation; you start to say to yourself, well, really, what kind of response was this?

Hon. Jim Abbott: If the companies were to respond in an inappropriate way to exactly that direction, wouldn't they be the same companies that then would simply pull up stakes and move jurisdiction and carry on their business outside of Canada?

Hon. John McKay: That is always a possibility.

Hon. Jim Abbott: I would suggest it's a probability.

Hon. John McKay: I don't know that it's a probability, but it is a possibility. Then you have to say to yourself, well, it would be a regrettable loss of the company, but on the other hand, there are certain things that you cannot do.

If in fact an allegation is made and the company does not consent, are you prepared, as a Canadian, to live with that?

Hon. Jim Abbott: You see, I don't happen to subscribe to your very dismal view of the Canadian companies. I really don't.

Hon. John McKay: I'm not debating that. I think most are fine.

Hon. Jim Abbott: Okay, then what is the problem here? Please define the problem.

• (1610)

Hon. John McKay: Well, there is a huge number of NGOs in particular, but others as well, who are saying that Canada has a corporate social responsibility problem, including your government.

Hon. Jim Abbott: Therefore, we have responded.

Hon. John McKay: No. The point I'm making with your response is that it's wholly inadequate. In fact, it's possibly even misleading.

The Chair: Thank you, Mr. McKay.

Ms. Brown, very quickly.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, Mr. Chair.

Mr. McKay, thank you for being here.

I am not one who subscribes to the fact that sarcasm is a method of conveying one's goodwill, and I'm afraid that the vinegar here is not helpful.

I would like to follow up on something that Mr. Rae was actually asking, about how this is going to fit with investments that are coming from the Canadian government. I've already received correspondence from CPP that says: "Our mandate is to maximize investment returns without undue risk to help sustain the CPP for the benefit of \$17 million Canadian contributors and beneficiaries."

They've also outlined in their communications the kinds of companies that they do invest in: Dover Corporation, Exxon Mobil, Massey Energy Corp, Ultra Petroleum Corp, Barrick Gold, Chevron.... There are any number of them listed in this. So they are doing their due diligence already.

I just want to read my favourite magazine, *The Economist*: "Foreign investment helps countries not only by applying new technology but also by reorganising the way people work and by keeping an eye on costs."

So we're seeing investments in countries where they're providing jobs, providing opportunities, and providing for governments to come forward as well. When we see this combination of concern from the CPP Investment Board, which is asking wholeheartedly to be removed from this bill, how do you respond, then, to Canadians who are looking for return on this investment to secure their CPP for the future?

Hon. John McKay: I think if you ask Canadians whether their return on CPP was dependent upon a corporation or corporations that have serious CSR issues, they might express a concern. I don't think that's a sarcastic response.

Ms. Lois Brown: And yet CPP has already outlined in their *Report on Responsible Investing* that—

Hon. John McKay: I've read the same report as you have.

Ms. Lois Brown:—serious considerations go into making these investments. They are not making frivolous investments; they are ensuring—

The Chair: Thank you, Ms. Brown. We'll leave it at that.

We'll go to Mr. Dewar.

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

And thank you, Mr. McKay, for being here today and for your initiative.

You are aware of what SEMA is, the Special Economic Measures Act. It's interesting to note that when others say we normally don't intervene with companies vis-à-vis their economic investments overseas, this government invokes SEMA. In fact, this government brought forward SEMA, and in fact what it does is restrict investment. And that, of course, is out of cabinet.

So I want to put on the record that the whole notion that governments act for the benefit of people overseas when it comes to Canadian investment is not only something that is done, but also that it was this government that has done it. And I was one of the ones who pushed to do that in Burma, along with colleagues.

I don't know, but is this government saying that if a company says everything is fine in Burma, then we just look the other way? The last time I checked, things weren't fine in Burma—and they're not fine in the Congo.

And I want to touch on what's happening in the United States, because right now there's a piece of legislation there that, it could be argued, is a lot stronger than your modest private member's bill—which I fully support, and I thank you for bringing forward. It actually is going to trace where minerals are coming from. And they're in fact looking at something analogous to what we Canadians put together with the Kimberley process on blood diamonds. They'll be looking at blood coltan and other things.

So I have to say that I'm really surprised at the reaction you're getting. It is a modest bill. As you mentioned, the round table report represents a consensus of business opinion, and Mr. Abbott should know that. He should read it. It's worthy reading. Read who was there. Business was there. Civil society was there. It took this government two years to make recommendations, and you are absolutely right in saying they go nowhere in terms of being as strong.

Mr. McKay, if Mr. Abbott, for instance, thinks everything is fine, then he shouldn't have a problem with your process. If there's no problem, then this is something that companies should welcome.

I just want to get an opinion from you, Mr. McKay. If you see the opposition to your modest bill going forward, do you think it's a matter of us policy-makers just not getting it, that we just don't know what's going on around the world? I ask because I could, for instance, spend far too much time telling you about what I heard in the Congo. And what I heard in the Congo, Mr. McKay, was that we need to do this. What they asked me in the Congo was, why are your companies coming in here and making money and handing over money to militias who are taking lives? Some of the worst incidents of violence against females right now are connected to our mining operations—and you can't wash that away.

So I would ask you, Mr. McKay, if you think the opposition to this is a matter of ignorance, or is this a matter of people just thinking governments shouldn't be involved in this? And if they think that, then I'd ask them to look up SEMA and ask why we are invoking SEMA in places like Burma.

•(1615)

Hon. John McKay: I prefer to attribute good motives than bad. And I'd prefer that Canadian companies be operating on the up and up, and that we'd all be proud of those Canadian companies, etc. You have more experience than I do in terms of actually seeing some of these things, and we will have other witnesses come in and give testimony about these things.

But there is a problem here, and this is a fairly modest response to a problem. And a lot of people are pretty upset with this very modest response to the problem.

To go back to both Mr. Abbott's observations and yours, I'm looking at an annex to the National Roundtables' advisory group report, which included the Prospectors and Developers Association of Canada, Global Sustainability Services, Placer Dome, the VP of exploration for IAMGOLD, Talisman Energy, and the Mining Association of Canada—

Mr. Paul Dewar: It sounds like a left-wing conspiracy to me.

Hon. John McKay: No, no, that's the next page.

I have four or five pages of witnesses here. In fact, it's more than five pages; it's seven pages of witnesses. So it seems that for me to conduct another round table, a round table by John McKay, would be somewhat redundant.

Mr. Paul Dewar: In light of the fact that it seems there are some people who think the sky is going to fall, you've put this forward in good faith. I've talked to you about the bill and my support for it. You know that there was a hope to have actually a stronger proposal put forward, and you quite rightly underline the fact that an ombudsman is not possible because of the constraints of having a private member's bill dependent upon a royal recommendation.

But I sense from your presentation that you would hope that the counsellor position that now exists could play that role and would fit nicely into your proposal.

Hon. John McKay: I'd like to fold the two in, and then you wouldn't have a counsellor who is subject to an order in council, which, as Mr. Abbott rightly describes it, is a whimsical appointment by either a Liberal Prime Minister or a Conservative Prime Minister. There would therefore be consequences.

The framework that I criticized, I think, has legitimate criticisms. I'd renovate that so that reports are meaningful and timely.

Mr. Paul Dewar: Have you received communication and support from faith communities for your bill?

Hon. John McKay: The Development and Peace group has been a huge supporter, as well as the Mennonite Central Committee, World Vision, KAIROS, and so on. I have a list.

•(1620)

Mr. Paul Dewar: Why do you think they're supportive of the initiative?

Hon. John McKay: All of them—or I won't say all of them, but many of them—are on the ground: the Evangelical Fellowship of Canada, the Fredericton Peace Coalition, World Vision, AfricaFiles, the Mennonite Central Committee, KAIROS, MiningWatch, Amnesty International, the United Church of Canada, the Harvard human rights program. A lot of them have made observations, like you, on the ground of things that are going on in the corporate social responsibility area, and they think something needs to be done. So here we are.

Mr. Paul Dewar: Thank you.

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

Mr. Van Kesteren, please.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Mr. Chair; and thank you, Mr. McKay.

I'm a visitor here, as you were a visitor last week at an industry, science and technology session that I was chairing. You mentioned the Prospectors & Developers Association of Canada. If my recollection is correct, they didn't know you were the author of this bill, but one of the first things they said was, "Kill that bill." You seem to say that you have their—

Hon. John McKay: [*Inaudible—Editor*]...over the course of the hearing. He seemed to be more supportive at the end than he was at the beginning.

Mr. Dave Van Kesteren: I beg to differ. We could go over those minutes. I think there was a little bit of a miscommunication.

You talked about the problems. You touched on those. Can you go a little bit further than touching on the problem? You talked about the tip of the iceberg, and I think you mentioned Goldcorp, Barrick, and another one. Tell us what the problems are. If this is such a serious issue that we need to move legislation that you're suggesting, what are the problems?

Hon. John McKay: I'm in a bit of a dilemma, to be candid about it, because the observations of the problems are not direct evidence on my part. I can't give direct evidence of the problems because I haven't been to Chile, I haven't been to Argentina, I haven't been to the Congo, I haven't been to the Philippines, and I haven't been to Papua New Guinea. You will hear testimony over the next little while about people who actually have, and they made their observations. I think the testimony coming from people who make direct observation is far more effective than mine.

That said, I do put a great deal of faith in the observations of respectable NGOs and, indeed, report after report after report of various activities of the extractive sector around the world. So I don't think it's appropriate for me to give testimony about what is or is not happening at these sites.

Mr. Dave Van Kesteren: With due respect—and I mean that—I think your intentions are good, but for a bill that will have the ramifications that this one has....

Let's not forget that this is the flagship industry in this nation. I'm trying to recall some of the figures. I think it's something like \$8 billion to \$10 billion that this industry generates—\$2.5 billion in expenditures alone.

I want to go back to what Mr. Abbott was saying. This is a noble gesture. You're telling us, first of all, that you've crafted this bill and you haven't really investigated the allegations. On the other hand, answer that question. I really need an answer to that question as to what's going to happen with these mining companies, because we're going to be the only jurisdiction that's going to enforce these rules. I'm not saying that if there's a problem we shouldn't address it, but if we choose to be the only organization that's going to address these things, what is going to happen to our Canadian mining industry? I'd like to hear again, are you prepared to see those companies just migrate to another jurisdiction?

Hon. John McKay: I'd call your attention to *Corporate Social Responsibility: A Legal Analysis*, by Michael Kerr, Richard Janda, and Chip Pitts, published by LexisNexis. They make the argument that if Canada passes legislation such as this, everybody will come up to Canadian standards. The reason is that the mining industry is so integrated; when an Australian company buys a Canadian

company—which has happened—and has operations around the world, the argument is that they will operate at the highest standards because everything else is just too much grief. It actually brings up everybody.

Mr. Dave Van Kesteren: You don't think we may possibly have been a little better off to work at this through the United Nations so that we have collaboration right across the globe, rather than trying to set the stage and sacrifice our mining—

• (1625)

Hon. John McKay: If you can deliver that, I'll withdraw the bill in a heartbeat.

The Chair: When Talisman left Sudan and China came in, did China come to a much higher standard when they started in oil and gas?

Hon. John McKay: No. I think you're right, and I think Mr. Pearson can probably speak to that better than anyone in this room. There is no question that you do create some interesting ethical dilemmas.

The other interesting point about that is that the Swedish government and the Chinese government are apparently talking as we speak about corporate social responsibility standards. There's nothing we can do to force the Chinese to adhere to better standards. I know, Chair, that you have traveled in Africa extensively, and I know you've heard the same things as I've heard about Chinese corporations acting in Africa in fashions that would make it difficult for us all. I don't think we should be doing the same thing.

The Chair: Thank you, Mr. McKay.

Go ahead, Mr. Patry.

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): *Merci beaucoup.* Thank you, Mr. McKay.

As you know, in March 2007 the advisory group to the round table, made up of many public officials, academics, NGOs, and businesses, presented their report. What are the differences between Bill C-300 and the recommendations and conclusions of the round table? Is there anything you didn't really like in the round table report?

Hon. John McKay: I think the round table report is a comprehensive report, far more so than Bill C-300 could ever be. I think I just quoted the third and fourth recommendations. I've got all six here. I have no objection to any one of them. If there is an objection, I don't know what it is.

Mr. Bernard Patry: Are there any differences between yours and theirs? Is there anything more specific in your bill than in the round table itself?

Hon. John McKay: The round table doesn't move to the issue of any kind of sanction. Bill C-300 does. It does move a millimetre along those lines. In that respect, Bill C-300 is a rather modest attempt to actually have consequences to findings.

Mr. Bernard Patry: If I understand properly, it means that Bill C-300 is going a little bit further, as with CPP, the pension plan, investing in pension plans. We don't have any round table.

Hon. John McKay: It would move the goalposts.

The Chair: Thank you very much.

I want to thank you, Mr. McKay, for coming today and for introducing us to your bill. We've already been introduced to it in the House. I think you can be assured that we will give this very close scrutiny as we study this bill over the next few weeks.

Hon. John McKay: Thank you, Chair.

The Chair: We're going to suspend for a few moments and wait for the minister to come. The Minister of Foreign Affairs will be here to discuss the estimates.

• _____ (Pause) _____

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• (1630)

The Chair: *Bonjour*, colleagues.

In our second hour, we're very pleased to have the Honourable Lawrence Cannon, Minister of Foreign Affairs, and officials from his department, including Greta Bossenmaier, who is the associate deputy minister of foreign affairs, and Bruce Hirst, who is the assistant deputy minister and chief financial officer. We thank the Minister of Foreign Affairs for working with our committee in the past and also for working with our clerk in making this appearance possible.

As the chair of this committee, I note that the cabinet has always treated us with the utmost respect and has consistently and readily responded to our calls to appear before this committee, and we appreciate it very much.

You're here today for the main estimates. We look forward to your comments, Minister. You know the ritual, and then we will go into that first round of questioning.

We have been requested to stop at 5:15 for committee business. I'm not certain if that's something the committee wants to think about. At 5:15, I may ask the committee again if it wants to do that.

Mr. Minister, we look forward to your comments.

• (1635)

Hon. Lawrence Cannon (Minister of Foreign Affairs): Thank you very much, Chairman and colleagues.

When I last appeared before the committee in February, I noted that my department was embarking on its second century of existence at a time when the world around us is also undergoing profound and rapid change. The global economy remains in turmoil. The political environment is marked by unpredictability and danger. Solutions to many of the issues we face, from peace and security to the struggle for democracy to cross-border challenges such as pandemics and climate change, are beyond the reach of any single country acting in isolation.

[*Translation*]

That is why we are continuing to advance Canada's role in the world and why our government is committed to providing the strong leadership that Canadians expect and deserve.

The primary goal of our government's foreign policy is to advance and protect the prosperity and security of Canadians while promoting Canadian values such as freedom, democracy, human rights and the rule of law.

To meet today's international challenges, our government has focused Canada's foreign policy on specific priorities: creating economic opportunities for Canadians by pursuing emerging markets, with a specific focus on our valued Asian partners; a renewed relationship with the United States and strengthened engagement with the Americas; peace and security in Afghanistan, including in the context of neighbouring countries; and exercising and strengthening our Arctic sovereignty.

[*English*]

With respect to our first priority, creating economic opportunity with a focus on emerging markets, it is not surprising that our recent foreign policy has been heavily focused on the economic problems we face as a member of a global economy. Our government, together with our global partners, is working to address the immediate global economic downturn while turning our attention to the rules and institutions that underpin the global financial system.

We are already deeply engaged in preparing to host the 2010 G8 summit in Ontario, and we have played an active role in the G20 meetings that have been held. Canada's exceptionally resilient system has been widely recognized as an international model, including by the World Economic Forum. Both the G8 and the G20 have provided Canada with key opportunities to shape the international response to the economic crisis. In addition, our government has advocated strongly against protectionism, a short-term temptation that we know from past experience leads to long-term damage.

[*Translation*]

Continued trade liberalization and increased access to new and traditional markets will be fundamental to advancing and protecting Canada's prosperity. That is the driving principle behind the government's global commerce strategy. That is why we have worked to strengthen our economic relations with countries like Japan, China and India.

Over the past year we have announced six new trade offices in China and three in India. Since 2006, our government has undertaken 16 ministerial level visits to China with my visit this month being the most recent.

[*English*]

We continue to actively engage with our largest trading partner and one of our closest allies, the United States. We have begun an intensive dialogue, led by the Prime Minister and supported by the active engagement of some 20 ministers, including me, with the Obama administration to engage the U.S. on a wide variety of issues. From immediate concerns, such as the economy and Afghanistan, to long-term issues, such as climate changes, energy security, and the Arctic, I regularly engage the U.S. Secretary of State, Hillary Clinton, on these issues of importance to Canadians.

Our government has also re-engaged in the rest of the Americas with a strategy that has sought to promote economic prosperity, along with security and democratic governance, through bilateral and multilateral engagement.

The fifth Summit of the Americas provided an excellent opportunity to make progress on all of these fronts. During that summit, we were able to announce a temporary \$4 billion U.S. increase in our callable capital to the Inter-American Development Bank an innovative approach that will enable us to double the IDB's lending capacity without any direct cost to Canadian taxpayers.

A new emerging leaders scholarship program in the Americas will allow up to 1,600 students from the region to study in Canada every year.

A trade-related technical assistance program will allow countries signing free trade agreements with Canada to maximize the opportunities and benefits of increased trade and investment.

A \$5 million contribution to the Organization of American States' hemispheric electoral assistance initiative will help countries in the region improve the transparency and effectiveness of their electoral process.

And we have continued to pursue our goals on a bilateral basis, a campaign that has included some 25 visits to the region by ministers and senior officials.

• (1640)

[Translation]

Canada has also maintained its commitment to security and development in Haiti where we remain the country's second largest donor of bilateral aid, and are contributing 100 police officers to the development of a professional Haitian police force. We will maintain our focus in Haiti on high-level political engagement as well as specific activities to promote stabilization, reconstruction and long-term development.

I'm pleased to tell the committee that as part of our high-level political engagement with Haiti and our commitment to the Haitian people in their efforts to strengthen freedom, democracy, human rights and the rule of law I will be traveling to Haiti soon. As a matter of fact, I was supposed to go tomorrow, but since none of the opposition parties agreed to accompany me, I had to cancel the trip.

[English]

Let me turn now to Afghanistan, where we have pressed on with a whole-of-government approach to support security, stability, and democratic governance.

We have established six clear priorities and three signature projects to ensure a measurable improvement in the lives of Afghans between now and 2011. Specifically, we have worked to enable the Afghan National Army and police in Kandahar province to sustain a more secure environment and to promote law and order; strengthen Afghan governance institutions and local democratic structures in order to deliver core services and promote economic growth; provide humanitarian assistance for vulnerable populations; enhance border security by facilitating a bilateral dialogue between Afghan and Pakistani authorities; help advance Afghanistan's capacity for democratic governance by contributing to effective, accountable public institutions and electoral processes; and support Afghan-led efforts towards political reconciliation.

The ultimate goal, colleagues, remains the same: to leave Afghanistan to Afghans in a country that is better governed, more peaceful, and more secure.

[Translation]

Turning to the Arctic, our government continues to demonstrate our sovereignty over the lands and waters of the Canadian Arctic. The Arctic is not only an integral part of Canada as a territorial fact, it is also central to our identity as a northern country. We have embarked on a variety of measures that make up a comprehensive strategy to affirm Canadian sovereignty in the Arctic through our government's Northern Strategy.

These measures included: conducting a comprehensive mapping survey of Canada's continental shelf; investing in key Arctic science and technology facilities; enhancing our military presence; concluding the Ilulissat Declaration on the Arctic Ocean; and extending the Arctic Waters Pollution Prevention Act to 200 nautical miles.

We continue to play a vigorous role in the Arctic Council—including at the recent ministerial meeting which I attended. We are also pursuing our Arctic policy agenda on a bilateral basis. I've had the opportunity to have bilateral meetings with the United States, Russia, Denmark and Norway.

• (1645)

[English]

In addition to our government's key priority areas, we have been active in a number of other fronts. In Africa, for instance, we have worked with partners in the region and beyond to address key security and governance issues, for example, in Congo, Zimbabwe, and Sudan.

Canada's foreign policy priorities are also about people and values. The values that Canadians share have taken us to the far corners of the earth, where we continue to be engaged in addressing ongoing security threats, including terrorism, international crime, nuclear proliferation, and fragile states.

We've been active in promoting democracy, and our efforts have included sponsoring the United Nations resolution on human rights abuses in Iran and improving the effectiveness of the UN Human Rights Council.

We have made an effective contribution to the international response to natural disasters in Haiti, China, and Burma.

Finally, we have launched a vigorous effort to gather international support for a Canadian seat on the United Nations Security Council for 2011-12.

[Translation]

The past year has been a busy period in Canadian diplomacy—requiring us to address challenging political, security and economic issues in North America, the hemisphere and further afield. Nevertheless, I'm confident that we will be able to meet those challenges going forward.

With that, Mr. Chairman, I would be happy to respond to the committee's questions.

[English]

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

We'll move to Monsieur Patry.

[Translation]

Mr. Bernard Patry: Thank you very much, Mr. Chairman. I will be sharing my time with my colleagues.

Minister, thank you for being there with us today. I would like to talk about the 2009-2010 report on plans and priorities of your department. In fact there are two reports, and in one of them, human capital is designated as one of the main risks. I'd like to know what your department is doing to mitigate that risk.

It says here that governments and management are also part of the main risks. Your department points out that deficiencies in government and management could lead to "an erosion of relationships with federal, provincial and international partners."

I'd like to know what your department is doing about those two risks, but especially with regard to human capital.

Hon. Lawrence Cannon: Thank you, Mr. Patry.

With regard to risks, I must remind the committee of investments made by the department to improve the working conditions of our colleagues. In some places on this planet, the conditions are part and parcel of the *raison d'être* of our mission. That is notably the case of Department of Foreign Affairs officers who are working in Afghanistan. Circumstances are not always easy for these people.

Concerning the risk incurred, I would however say that generally speaking, managers ensure that our people do not have to face situations or places that are high-risk. Nevertheless, if that were the case, we would ensure that these people be well protected.

Mr. Bernard Patry: What are the most recent statistics you have on recruitment and attrition in the department? From our end, we get the impression that many people are leaving the department right now without necessarily being replaced, for budget reasons.

• (1650)

Hon. Lawrence Cannon: On the contrary, this is a normal turnover rate. I will let the witnesses and Bruce Hirst, our expert on the matter, explain the exact figures. I don't have them at hand, but Bruce does. He can complete my answer.

[English]

Mr. Bruce Hirst (Assistant Deputy Minister and Chief Financial Officer, Department of Foreign Affairs and International Trade): Since 2008 we've had 9,783 applications to get into the department. I think that's quite telling about how applicants see us and want to get into the department. In 2007 we hired 240 new

foreign service officers to help eliminate some of the vacancies we had. Of the 160 we hired, 89 were visible minorities, which has helped add to the diversity of our workforce.

The Chair: Thank you, Mr. Hirst.

We'll move to Mr. Rae, the critic for foreign affairs, and not the Prime Minister or the minister.

Hon. Bob Rae: Thank you, Mr. Chairman, for bringing me down to earth there. I was getting quite excited.

Minister, I know you met with President Abbas today. We will be meeting with him tomorrow in various caucuses. I just want to clarify the position of the Government of Canada with respect to the situation in the Middle East. Is the position of the Canadian government still to support a two-state policy?

Mr. Bruce Hirst: That is correct, sir.

Hon. Bob Rae: What is the position of the Government of Canada with respect to the settlements that exist beyond the so-called green line, which was the boundary that existed prior to 1967?

On the website, the position of the Government of Canada seems quite clear: it is that as a government, we don't recognize the legality of those settlements. There was some report today of comments that you either may or may not have made; I don't know, but I'm giving you a chance to clarify the position of Canada with respect to those settlements and the position we are taking in encouraging direct talks between President Abbas and Prime Minister Netanyahu.

Hon. Lawrence Cannon: Thank you for that question, colleague.

The position on the website is exactly that. We've always deemed that any future expansion of settlements is illegal and is contrary to aiding the peace process. Therefore, we do not support it. If you come back to what you stated before, we are strongly supportive of a two-state solution. You mentioned that. It is the Government of Canada's position. The Government of Canada is also very supportive of the peace process, whether it be the Annapolis process that started up a couple of years ago or the road map.

In my discussions with Mahmoud Abbas regarding his view of the situation—and you'll probably have the same kind of discussion tomorrow—we certainly feel encouraged and buoyed by his determination to reach a peace settlement in the Middle East, and we encourage him to do so. Likewise, this position that I've expressed here I have equally expressed to Mr. Netanyahu when he was premier-elect.

Hon. Bob Rae: Glen, do you want to take a question?

The Chair: Go ahead, Mr. Pearson.

Mr. Glen Pearson (London North Centre, Lib.): Thank you.

Minister, thank you for coming.

In the priorities and planning you have put out in your estimates in the budget, it says that overseas spending will drop by \$86 million by 2011-12, with the greatest cut, \$75 million, being planned for this year. I'm wondering if you could tell me the rationale.

Mr. Bruce Hirst: This is part of the strategic review that has been taking place across the government in all departments.

Ours was done about two years ago. We have identified, in fact, \$87.3 million in funding that has been taken out of the department for 2009-10. These are for such things as reorganizing ourselves within Ottawa in order to focus more on our overseas operations. We're consolidating some overseas operations and streamlining administrative and IT support to our missions abroad in order to reuse this funding for other purposes, including opening some missions abroad and putting more people overseas. In the next two years we're going to be putting an additional 180 people overseas to strengthen our missions.

This is why that amount is being taken out, but we're getting about \$60 million this year in further funding to strengthen our missions overseas.

•(1655)

The Chair: You have some more time, Mr. Patry or Mr. Rae.

Hon. Bob Rae: I'll come back on this question of the relative proportions that we have serving in Canada versus how many we have serving overseas. I don't mean this as a trick question; you may want some time. You may want to just give me a written answer later on.

I'd like to know how our relative proportion compares with the British, the Americans, the French, the Germans—that is, with missions of countries that are members of the G8. How do we compare in terms of the number of people we have serving at home compared to the number we have serving abroad? Can you give me an answer to that, Mr. Hirst?

Hon. Lawrence Cannon: We'll give you a written response, since you're asking us to compare ourselves to other allies.

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

We'll move to Madame Deschamps.

[*Translation*]

Ms. Johanne Deschamps: With your permission, Mr. Chairman, I will be sharing my time with my colleague.

I want to take this opportunity to put a question to my honourable Minister of Foreign Affairs that I already put to him in the House a few weeks ago.

The answer you gave me on that occasion frustrated me somewhat. You told me that I needed by notes to address you. I don't have any notes here today and I'm going to put the question to you again.

I'd like to know how you set priorities for international aid. The minister removed a few countries from her list, including certain African countries which in my opinion still need a great deal of assistance from Canada. And yet, you targeted Colombia and Peru, among others.

Is there a link between your trade agreements and the economic values of your government?

Hon. Lawrence Cannon: First I'd like to say that if my statements offended you, I apologize.

These decisions are made jointly with my colleague, the Minister responsible for International Development, according to certain values we share. After that, a determination is made. Of course, this

is always done according to our means. With regard to the Americas, countries like Bolivia, Colombia, Haiti, Honduras and Peru are targeted. In Asia, there's Afghanistan, as we know very well, Bangladesh, Indonesia, Pakistan and Vietnam. In eastern Europe, we're talking about Ukraine, and then sub-Saharan Africa with Ethiopia, Ghana, Mali and so forth. These lists are updated regularly and constantly by my colleague responsible for the Canadian International Development Agency.

[*English*]

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

Madame Lalonde.

[*Translation*]

Ms. Francine Lalonde (La Pointe-de-l'Île, BQ): Good afternoon and welcome, Minister. I'm welcoming you whereas I'm the one who's just come back.

As has been pointed out, the Canadian International Development Agency and Minister Oda changed their priorities and concentrated bilateral subsidies in new countries. She certainly didn't act alone. How can you explain the change in priorities as concerns francophone African countries? This question is extremely important because in Quebec, NGOs have performed very well in that area and work in francophone countries. But now, they're cut off from these countries and their expertise is no longer useful. Does this mean that the international francophonie is being abandoned?

My second question is with regard to Mr. Abdelrazik and Mr. Khadr as well as Ms. Nathalie Morin, who is not suspected of anything and who wants to return to Canada. She's in Saudi Arabia, sequestered with her three children by Saeed al-Bachir. I've been working with her for a year now and I find that the embassy has not helped her at all. At one point, the embassy even said that it was unable to welcome Ms. Morin and her children even though the husband was prepared to drive them to the embassy and let them go. Our embassies cost us quite a lot of money, but I'm wondering how Canadian citizens facing problems abroad can be sure that their country, through these embassies, will help them.

•(1700)

[*English*]

The Chair: Thank you, Ms. Lalonde.

Mr. Cannon.

[*Translation*]

Hon. Lawrence Cannon: Thank you for those two questions, Ms. Lalonde.

First of all, let me reassure you by stating that there is no plot, no particular strategy to isolate francophone countries. On the contrary the programs that are generally available are also available in the case of francophone African countries. A realignment of priorities does indeed affect certain countries, but there is no withdrawal being planned such as the one you've described. That is not the case. The Government of Canada continues to support organizations that provide excellent services in these places. I would point out, however, that this question really should be put to my colleague.

You mentioned cases related to consulates, and I can tell you that the Government of Canada regularly helps men and women who are experiencing difficulties in faraway countries. We give them advice and we make sure they are being well treated.

With regard to Ms. Morin, she's involved in a complicated family conflict. Consular officers advised her that she and the father of her children could settle the question of child custody using the legal means available in Saudi Arabia in order for it to be possible to return the children to Canada. The department has provided considerable consular assistance to Ms. Morin since 2003. Among other things, it made arrangements for her return to Canada in September 2003 and in October 2006. Consular officers continue to provide her with help. Since her voluntary return to Saudi Arabia in 2006, officers have continued to help her. However the assistance they can provide is limited by the laws of Saudi Arabia. With the help of Saudi representatives, we are attempting to help Ms. Morin and her husband come to an agreement. Our department's travel advisories do list some advice on exit requirements in Saudi Arabia. We recommend that people follow that procedure.

• (1705)

The Chair: Ms. Lalonde, you have two minutes left.

Ms. Francine Lalonde: I've heard this answer from various sources, but it doesn't take into account the fact that Nathalie has rights. Moreover, she and her partner are not married, but that's another story. Nathalie wants to come back with her children. She's not refusing to let Saeed have custody, but she wants to come back. She needs help.

Minister I was hoping that you could do something so that she can come back. What you said does not take into account the fact that she's being mistreated as are the children. The charter allows her to return. We've also said this—and I believe it—in the cases of Mr. Abdelrazik and Mr. Kadhr, who are under suspicion. In their cases as well, there may be many things that could be done to eliminate this suspicion. I've also been told that you, Minister, have evidence, that is a photograph showing Mr. Kadhr buried when he was made prisoner, which would exonerate him.

Whatever the case may be, what I want to tell you is that Nathalie is not under any suspicion.

The Chair: Thank you, Ms. Lalonde.

Hon. Lawrence Cannon: Ms. Lalonde, if there are formal accusations regarding the photos or anything else of this nature, I would invite you to... You say there are suspicions or that there may be some appearance of... I can tell you that I've never seen any. If you have information, I urge you to table it here, before the members of the committee, or to put it forward.

This file is worrisome and I even urged you to come to my department to meet the officials so that you could see all the work that they've done. You're telling me there have been accusations of mistreatment. It's strange, but every time we've confronted Ms. Morin, have sent her resources, both from the department and from third parties in order to find out whether or not she's been mistreated, there's been no evidence to that effect. We do not have any such evidence.

Let me finish, Ms. Lalonde. Our door is always open for constructive dialogue. If there is any information, if there's anything that could help us achieve progress on this file, I'm prepared to help you. But every time something's put forward, it seems as if we take one step forward and two steps back, because this information is not corroborated, it is not confirmed. So that bothers me a bit. I would dearly love to be able to do something, but if every time we make a move, the information is not clear, it is unfounded, we run into problems.

[English]

The Chair: Thank you, Mr. Minister.

I will move to Mr. Obhrai.

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

Thank you, Minister, for coming.

There are two questions I will ask you before, I am sure, my other colleagues ask.

One question, of course, was the question I debated yesterday with Paul and the Liberal critic, Bob Rae, on CTV about the situation in Pakistan. You rightly answered the question in the House. Pakistan is a very important player. Stability in Pakistan will, of course, bring stability into Afghanistan, which is our foreign affairs priority.

So I would like you to elaborate on the situation with reference to Pakistan, specifically whether we are going to be lifting the arms embargo on Pakistan or not. Would you like to clarify that position, Minister?

• (1710)

Hon. Lawrence Cannon: Yes, thank you.

I just want to be able to point out, in addition to what I mentioned in the House this afternoon, particularly with reference to admitting Pakistan as a member of the military training assistance program, which will allow Pakistani officers to access Canadian military training courses and techniques, there is that question that's haunting.... We'll make it very clear that Canada's policy regarding military exports to Pakistan, announced in 1998, remains unchanged. I think that has to be clearly identified as a position of this government.

Mr. Deepak Obhrai: Minister, thank you very much for making that very clear.

Now I'll go to my second point. I was actually quite surprised and shocked to hear the opposition had refused to pair with you and go to Haiti.

An hon. member: On a point of order—

Mr. Deepak Obhrai: Haiti is one of our—

Hon. Bob Rae: On a matter of—

Mr. Deepak Obhrai: Why? It is my turn to speak now, so let me finish.

Hon. Bob Rae: No, no, no.

Mr. Deepak Obhrai: No, no, no, afterwards. You had your turn.

The Chair: There's a point of order.

We'll see very quickly if it's a point of order.

Hon. Bob Rae: Mr. Chair, this is a matter of privilege for me.

I was contacted on Friday by the minister's office. I could not change my schedule for this week. There is no reluctance to pair with him. I'm surprised the minister referred to it in his statement. I chose not to use up my time discussing it publicly. I'm happy to have a private conversation with the minister on it.

There's no reluctance on our part to pair with the minister in going to Haiti or anywhere else. It's a matter of whether one person can do it or another. As far as I'm concerned, this is not an appropriate issue to be dealt with in committee.

The Chair: Thank you, Mr. Rae.

Continue, Mr. Obhrai.

Hon. Lawrence Cannon: I'll take up my colleague's offer to discuss it off record.

Mr. Deepak Obhrai: Mr. Rae, for your information, when I went to South Africa, one of you guys couldn't come. Your whip paired somebody else. So you could have actually done that.

However, as you've agreed to discuss this with the minister, let me move forward and ask the minister to describe our engagement in Haiti and why what we've done for Haiti is important for us.

I'm glad the Liberals have clarified they will join you. Hopefully, you can go to Haiti.

The Chair: Thank you, Mr. Obhrai.

Hon. Lawrence Cannon: I think Haiti remains a long-term commitment for Canada. It's at the heart of Canada's vocation for the Americas. We're directing an unprecedented amount of financial assistance and political resources towards ensuring the success of our efforts. I'll remind colleagues that between 2006 and 2011, \$555 million is being devoted to this country, which is the poorest one in the Americas. It's our single largest investment, and the second one worldwide.

Our involvement is based on a strong national interest in terms of security and values, and we believe it reflects the close cultural and demographic links between our countries. As you know, we're participating as well in the UN stabilization mission in Haiti with a contribution of some Canadian Forces personnel. We also have civilian police officers and correctional officers to help and assist in bringing political stability to this country.

The Chair: Go ahead, Ms. Brown.

Ms. Lois Brown: I'd just like to change the channel, if I may, Mr. Minister.

Could you give us an assessment of the relationship between Turkey and Canada right now, and of the relationship between Armenia and Turkey, in your estimation?

Hon. Lawrence Cannon: Yes, I'll be pleased to.

Turkey is a cherished ally of Canada in NATO. As you know, we've worked with the Turkish government over the course of the last number of years. There are and have been differences between us over the term Canada uses to describe the suffering that the Ottomans inflicted upon the Armenians in 1915. The basis of the

government's policy on the issue is to support the Armenian genocide recognition resolution that the House adopted, you'll recall, in 2004, but we don't attribute the acts carried out in 1915 to the modern Republic of Turkey, which, as I mentioned, Canada admires greatly.

Turkey plays a moderating role and makes extremely valuable contributions to regional stability in a complex neighbourhood. As a friend of Israel, Turkey has made a special effort to contribute to the resolution of disputes in the Middle East. Canada also welcomes the news that Armenia and Turkey, with the help of Swiss mediation, have agreed on a framework to normalize their bilateral relations. Canada strongly supports Turkish-Armenian reconciliation and praises the efforts of the governments and individuals who have pursued this goal. Their task certainly won't be easy, given the challenging historical legacy that divides them, but we encourage them to continue to do so.

• (1715)

The Chair: Go ahead, Mr. Lunney, please.

Mr. James Lunney (Nanaimo—Alberni, CPC): Thank you, Mr. Chair.

Mr. Minister, welcome to our committee.

I also want to change the dial. I appreciate those remarks on Turkey, but I wanted to take us over to China.

You mentioned China, and our relationship with China is certainly a very important one. You've recently been to China yourself, and I understand that many of our ministers have been there also. In fact, I think there have been as many 16 ministerial visits in the last short while. I think we've opened about six new offices in China, and even three in India, as you mentioned in your remarks.

Would you comment on the objectives and the results of your recent Canadian high-level visit to China, and the importance of that to the Canada-China relationship?

Hon. Lawrence Cannon: Let me say that the Government of Canada is promoting a frank, friendly, and forward-looking relationship with China. We are extremely pleased with the results of the high-level visits made to China by both my colleague Stockwell Day, Minister of International Trade, and me.

On the occasion of these visits, we had broad and constructive discussions with China's leadership on a whole range of global and bilateral interests. We agreed to make tangible progress on a number of important issues. We also committed to working together to address global and pressing issues, such as the financial crisis, the economic downturn, climate change, counter-terrorism, and emerging infectious diseases. Both sides are committed to redoubling their efforts to be able to move forward.

I did have, at the same time, along with my colleague the member for Toronto Centre, the opportunity to visit Canada's 2010 Expo site, which is now under construction. We also had the opportunity to meet with and announce the new commissioner general, Mark Rowswell, an individual who has been with the Canadian foreign service for some time. He will be acting as our commissioner general. He is better known in China. I think he's probably Canada's best export to China, as a matter of fact. He's better known to a lot of Chinese for his role as Dashan, which literally means "big mountain". He is extremely popular, as both I and Mr. Rae can attest—as well as Olivia Chow, who was there with us.

Mr. Dave Van Kesteren: Do we have time for—

The Chair: Yes, one more quickly.

Mr. Abbott.

Hon. Jim Abbott: I don't have any questions.

The Chair: Mr. Van Kesteren.

Mr. Dave Van Kesteren: Well, I'd like to ask a question, if I could, Minister. Thank you for appearing, as well.

I want to talk about the Arctic. You had mentioned that this government's foreign policy was exercising or strengthening our Arctic sovereignty. Could you summarize, Minister, the actions the government has taken to promote Canada's international leadership in the Arctic region?

Hon. Lawrence Cannon: Thank you for that question.

I mentioned in my statement before that Canada is pursuing an Arctic policy that is based on our northern strategy. As you know, our northern strategy promotes governance and democracy. It promotes economic development, the protection of the environment, and of course, sovereignty.

I had the opportunity to meet with a lot of my counterparts, ministers responsible for the Arctic Council, when I was in Tromsø, Norway, not long ago, where we had the opportunity to hold our meeting. A number of issues were discussed there, some extremely important, as you know, particularly in terms of doing the geographic mapping of the Arctic and the continental plateau. That is under way as we speak.

Canada is doing a great job in cooperation with the Americans sometimes, and with the Danes. We're out there making sure that by the year 2013 we will have done all of the surveying and will have finished the mapping of that area, so that the decisions made at Ilulissat two years ago will indeed have a basis in terms of respecting the United Nations Convention on the Law of the Sea, and so that we will have the necessary data in place to be able to make that determination.

So briefly, as you know, Canada has its border; then beyond that, we have our 200-mile economic zone; and beyond that, we are now doing the mapping of the continental plateau. I've had the opportunity to speak with people from our department, as well as people from NRCan, as to how that is progressing. It's going very well. We do have, on the part of all of the coastal members as well as the members of the Arctic Council, not only a willingness but also a commitment to respect the decisions that will come forward from that process.

On another front, of course, I might want to point out how the EU had made a request to become a permanent observer at the Arctic Council. Canada refused that request. We refused it because we feel the sensitivities needed by some of the states or some of the countries in the EU, particularly regarding the well-being of the Inuit and the first nations who live there in terms of their seal hunting and their procuring of their basic needs, have not yet been well recognized by the EU. Therefore, over the coming year, given certain criteria that are going to be put forward, we will be able to evaluate observer status for different countries, as well as for the European Union.

• (1720)

The Chair: Thank you very much, Mr. Minister. I think we'll just leave it at that for today.

Mr. Paul Dewar: Mr. Chair, I would like to ask questions.

The Chair: Do you not want to go to committee business?

Mr. Paul Dewar: I don't want to play games. I want to have committee business, and I think it's up to the committee if we want to decide to do our business. We've already adopted part of the steering report.

The Chair: If you want to keep going, we'll do that. If that's the case, Mr. Dewar, at 5:30 I will just lower the hammer.

Mr. Paul Dewar: I just want my rights as a member of this committee to ask the minister questions.

Is that okay?

The Chair: Okay, we'll go back through—

Mr. Paul Dewar: Now, because one member wants to leave early

The Chair: No one wants to leave early.

Mr. Dewar, let me just say this. We decided that we would offer to have committee business at 5:15. The deal isn't that we are going to 5:30 and then to committee business.

Mr. Paul Dewar: Well, we could. It's up to the committee, I believe, Mr. Chair, is it not?

The Chair: No, the committee begins at 3:30 and ends at 5:30.

Mr. Dewar, if you're really that concerned about 10 minutes, then be here on time next week.

Mr. Paul Dewar: I was.

Am I allowed to have my questions?

The Chair: I'm sorry. Go ahead, Mr. Dewar.

Mr. Paul Dewar: Mr. Chair, I don't know what game we're playing today, but it's good to see you, Minister. I'm glad we're able to have you here and I'm glad that I'm able to ask questions. I'll get right to them.

I'm going to ask about a Canadian in Sudan—no surprise. The fact is, Minister, that this committee has invited Abousfian Abdelrazik to come to committee. This is a very quick question and very straightforward: will you allow him to come to committee? We've asked him to come to committee in person. So I'm just going to ask you very directly, Minister, will you issue a special travel document so he can come before the foreign affairs committee?

Hon. Lawrence Cannon: It's nice to see you as well.

• (1725)

Mr. Paul Dewar: It's good to see you. I'm sorry it took so long.

Hon. Lawrence Cannon: As members are aware, Mr. Dewar, the appearance of all witnesses before the committee is up to the clerk, who executes the committee's requests. In this case, I've been told the clerk has been in touch with our mission in Khartoum—and I think the clerk does an excellent job in arranging the appearance of witnesses.

Now, as my colleague is aware, Mr. Abdelrazik is on the United Nations 1267 list as an individual associated with al-Qaeda and is therefore subject to a travel ban and assets freeze. This government strongly supports the fight against terrorism and takes seriously its international legal obligations to the United Nations. So this includes our responsibilities when it comes to United Nations Security Council Resolution 1267.

Mr. Paul Dewar: Is that a no?

Hon. Lawrence Cannon: I've already indicated to you that's my response.

Mr. Paul Dewar: Well, then that's a no. I just want that to be clear, because you gave me—

Hon. Lawrence Cannon: I'll be very clear: it's a no.

Mr. Paul Dewar: I have to ask you this, Minister, because you know, or I hope you know, that resolution 1267 allows a foreign national, a Canadian in this case, to return to their country of origin. Are you aware of that?

Hon. Lawrence Cannon: Let me respond by giving you some information as to that.

Mr. Paul Dewar: Well, I—

Hon. Lawrence Cannon: Mr. Dewar, if you keep cutting me off, we're not going to have a constructive discussion.

Mr. Paul Dewar: It's a very straightforward question, Minister.

Hon. Lawrence Cannon: I'm aware of Canada's obligations. I'm aware of the 1267 list.

Mr. Paul Dewar: Right.

Hon. Lawrence Cannon: I'm also aware of what you indicated to me. But that is, of course, not up to me; it's up to the 1267 committee.

Mr. Paul Dewar: That's not true. With respect, Minister, can I just let you know that we've received information saying that you can allow him to come here, but it's up to you, though. We've heard that from the person who chairs the 1267 committee. In fact, Minister, you know, or should know, that the way resolution 1267 was designed, other countries have had their foreign nationals come home.

Let me put it this way, Mr. Chair. We've had the RCMP, we've had CSIS, and we've had the Government of Sudan all clear Mr. Abdelrazik of any security risk. In fact, the only person who's standing in his way, with respect, Minister, is you, because when a travel document was applied for—

Mr. Deepak Obhrai: I have a point of order.

The Chair: Mr. Dewar, we have a point of order.

Mr. Obhrai.

Mr. Deepak Obhrai: Mr. Dewar, this committee and the steering committee told the clerk and everybody else to get a legal opinion of resolution 1267, and you refused to go through that process.

Mr. Paul Dewar: No, I didn't.

Mr. Deepak Obhrai: Let me finish. You fought through that motion—

The Chair: This is more debate.

The minister has indicated that he would respond to Mr. Dewar.

Mr. Paul Dewar: I didn't finish, though, because I was interrupted, Chair. I hope that hasn't eaten into my time.

The point, Minister, is that you have the capability of allowing him to have a travel document. What I was trying to ask you was whether you have information the RCMP doesn't seem to have—because they have cleared him. When a travel document was requested, it was you who turned him down, and you know that. It's correct. You turned him down for a travel document.

Hon. Lawrence Cannon: I refused an emergency pass.

Mr. Paul Dewar: Right. Based on what?

Hon. Lawrence Cannon: And I gave the explanation or reason that I refused the emergency passport.

Mr. Paul Dewar: But you also understand that you could have granted him the pass, and that that—

Hon. Lawrence Cannon: Yes, I understand, but my position on this is quite clear. I will respect the 1267 determination. I will respect the decision that was taken by the 1267 committee.

We have in the past, as a government, transmitted a request to the 1267 committee, and led by Mr. Abdelrazik's lawyer—

Mr. Paul Dewar: No, I understand.

Hon. Lawrence Cannon: —to be able to delist him. He wasn't delisted. And we, of course, continue to support the decision that was made by the 1267 committee—and in successor resolutions.

Mr. Paul Dewar: Mr. Cannon, I have—

Hon. Lawrence Cannon: Let me finish. Mr. Dewar, if we're going to—

Mr. Paul Dewar: There are so many things we already know and that you've already said—

Hon. Lawrence Cannon: Well, if you're asking me questions that you already know the answers to, why are you asking me the questions?

Mr. Paul Dewar: You've already answered the question and you're moving into other territory.

I want to ask you this question. It's very important. Have you ever applied for an exemption for 1267 when it comes to Mr. Abdelrazik?

Hon. Lawrence Cannon: Have I applied for an exemption?

Mr. Paul Dewar: The Government of Canada. Have you, as a minister?

Hon. Lawrence Cannon: Not me.

•(1730)

Mr. Paul Dewar: Well, I'll let you know that you have. You had to. As a minister of the crown, you have had to apply for an exemption for Mr. Abdelrazik.

A voice: Why?

Mr. Paul Dewar: I'll tell you why, because this is information available to anyone. I would hope that the minister would know.

Mr. Abdelrazik has been receiving \$100 a month, and you had to apply for an exemption so he could receive that.

Hon. Lawrence Cannon: Oh, okay. Well, there you go. You're mixing things up here.

Of course, yes, we asked the 1267 committee. We've informed the 1267 committee that the individual has safe haven in our embassy and that we are indeed giving him.... What's the amount of money?

A voice: One hundred bucks a month.

Hon. Lawrence Cannon: That's right, yes.

Mr. Paul Dewar: I'm glad you know that now.

Hon. Lawrence Cannon: Well, thank you, Mr. Dewar.

The Chair: Well, apparently you didn't.

Hon. Lawrence Cannon: No, Mr. Dewar, don't play games with me.

Mr. Paul Dewar: I'm not playing the game, Mr. Minister.

Hon. Lawrence Cannon: If you're going to start playing games with me, Mr. Dewar, and trying to belittle me and calling me a racist, like you did, that is not going to go anywhere.

Mr. Paul Dewar: I never called you a racist. I did not.

Hon. Lawrence Cannon: Yes, you did, sir, and you should apologize for that.

The Chair: Order. Order.

Mr. Paul Dewar: Make all the accusations you want—

The Chair: Mr. Dewar, order, please.

Mr. Paul Dewar: Absolutely. I didn't flame out here.

The Chair: Mr. Minister, on the previous question, when you were interrupted you wanted time to finish that. Maybe you are finished now.

Hon. Lawrence Cannon: No, I'm finished. But this has to be a dialogue, Chair, and if I'm going to be interrupted at every instance, I cannot supply and give a proper answer. Now, whether or not he disputes the length of my answer, or whether or not he is in agreement with my answer, that's up to my colleague, but I am giving our position.

I have said that we have not accepted an emergency passport. That is well documented. I explained to him why we did not accept that. He asked me whether or not I am aware that we are giving Mr. Abdelrazik the per diem, whether or not I'm aware the he's in our embassy in Khartoum. Of course I am aware of that. He is not going to get anywhere by belittling me and by calling me a racist like he did a couple of weeks ago.

The Chair: Thank you very much.

That concludes—

Mr. Paul Dewar: Mr. Chair, I implore the Minister to at least to give us—

The Chair: That's all, Mr. Dewar.

The meeting is adjourned.

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