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Chair

Mr. Lee Richardson

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•(1545)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): We are going to commence.

Mr. Holder, in good health, returns.

Mr. Ed Holder (London West, CPC): I'm back to great health, Mr. Chair, thank you for asking. I appreciate it.

The Chair: Great.

Mr. Ed Holder: It's amazing what Scotch will do.

The Chair: Today we have somewhat of an upset day. We were expecting guests from Pakistan today. We have visiting members of the Government of Pakistan in Ottawa today and they had asked to meet with our committee, and we were very pleased to accommodate them. Unfortunately, it seems there's been some glitch in their schedule and they are now otherwise occupied. So we won't be visiting with our Pakistani friends today, but we have left the invitation open should their schedule make it possible at another point.

When we get to committee business, I want to just talk to you generally about that, because these things tend to come up, and my sense is we're happy to see them, visiting delegations. I mean, we've always been treated well when we travel abroad; I like to extend the olive branch to visiting parliamentary and government delegations. So when we can fit them in, I think we'll just do that.

Anyway, I'll take your comments on that when we get to it, because we do have, waiting patiently, witnesses for today on our last meeting on the act to amend the free trade agreement between Canada and the Hashemite Kingdom of Jordan.

So we'll proceed with that now and welcome, from the Canada-Arab Business Council, David Hutton, who is well known to many in the committee. He's director general of the Canada-Arab Business Council, and a former ambassador. And welcome Martha Harrison, from Heenan Blaikie, but also a board member of the Canada-Arab Business Council.

I think today we'll just proceed in the usual fashion, where I'll ask our witnesses to provide an opening statement. They are very familiar with the region and I think would be able to answer just about any questions you may have.

So I'll let them begin with an opening statement, and then turn it to questions.

Mr. Hutton, you're going to begin? Very well, thank you.

Mr. David Hutton (Director General, Canada-Arab Business Council): Thank you very much, Mr. Chair.

Mr. Chair and members of the Standing Committee on International Trade, ladies and gentlemen, thank you for this opportunity to meet with you this afternoon.

For my colleague, Martha Harrison, and me, it's a privilege and indeed an honour to be included in your deliberations on Bill C-8.

At the outset of my brief opening remarks, let me congratulate the government and this committee on the conclusion of the Canada-Jordan free trade agreement negotiations, together with agreements on the environment and labour cooperation. We look forward to its early passage through the Parliament in the next few weeks.

This is the first such agreement with an Arab state. That is grounds for celebration and it certainly enjoys our fullest support. Equally—and may I add, hopefully—it will mark a very significant step, if perhaps a relatively small step, in the building of the economic architecture in which Canada needs to remain competitive, which is the Middle East and North African region, a region known as the MENA.

Mr. Chair, I've been asked to address this committee in my capacity, as you noted, as the director general of the Canada-Arab Business Council, a position I've held for the last four years. Prior to that, I was a Canadian trade commissioner, with my last overseas assignment, posted to the United Arab Emirates, where I had the privilege of serving as Canada's ambassador between 2002 and 2006. It's my hope that my experience and insights will be of value to you and to your colleagues.

I believe most sincerely that the trade and economic architecture that is being created between Canada and Jordan, of which the free trade agreement will play a prominent role, should be the model and indeed the norm for Canada's relations throughout the MENA region.

The foreign investment promotion and protection agreement, or FIPA, the air transport agreement, and the nuclear cooperation agreement, which have already been concluded, underpin a strong and growing relationship with an important strategic Arab partner. Jordan unquestionably deserves our full support.

Moreover, with Canadian exports of \$66 million in 2009 to this market, it is not hard to imagine the impact that a network of similar agreements with other Middle East countries would have on the Canadian economy. Last year our total export trade to the Middle East was in the order of \$359 billion.

This region is also one of our fastest-growing markets. Please note that this figure of \$359 billion does not include the North African countries of the Maghreb, which would add many billions more to that number. We encourage this committee to play a leading role in the development of this overall trade and economic relationship.

In January 2009, the chairman of the Canada-Arab Business Council, Mr. Hugh O'Donnell, wrote to Prime Minister Harper and noted that "Canadian firms have been capitalizing on economic opportunities in the MENA region", and with increased support, much more is attainable. The free trade agreement with Jordan is a very concrete example of the kind of support we are seeking.

Mr. O'Donnell's letter went on to note that the BRICs—Brazil, Russia, India, and China—are impressive developing markets, but our exports to the gulf region alone are comparable to those of India and greater than those to Brazil or Russia. Our competitors realize this. One only has to look at the economic architecture of the United States or the European Union, with the free trade agreements they have established in this region, and the initiatives of countries such as Australia and New Zealand.

In concluding his letter to the Prime Minister, the CABC asked that the following specific proposals be considered, and with your permission I will repeat them, as they remain as relevant today as they did almost two years ago.

The first was to promote stronger Canada-MENA trade by increasing the trade and economic resources assigned to the MENA. The opening of an embassy in Qatar is a very good example, but many other trade promotion resources are needed, including more trade commissioners. Jordan is served by a trade commissioner based in Syria, and while it's extremely well served, it is an example of a limitation on resources available.

● (1550)

Indeed, the agreement itself I think is a reflection of our own Canadian ambassador, Margaret Huber, and the former ambassador to Canada for Jordan, Nabil Barto, in realizing the agreements we're reviewing here today.

A second point would be to prepare an accelerated timetable to negotiate the foreign investment protection agreements in the MENA region and to expedite commitments to negotiate foreign trade agreements with Morocco, Tunisia, Algeria, Egypt, and Lebanon, which already have agreements with the U.S.A. or the European Union. With the Canada-Jordan free trade agreement, a precedent has been established and a useful template created.

Thirdly, we propose the organizing—hopefully in cooperation with the Canada-Arab Business Council—of a series of government-led trade missions to the region, with the objective of visiting all MENA countries in the next four years with repeat visits to priority markets. We welcome the recent visit of Trade Minister Van Loan to the region and the participation of a number of CABC members in his delegation. Visits of this kind would also be an important role for this committee, particularly during periods of a minority government. You in fact could provide a very useful service to Canadian exporters by providing continuity and a frequency of contact as we build our economic relations to this strategic region.

Certainly, if you'll allow me to have overheard your remarks, Chair, the welcoming of foreign delegations is just one more example of the kind of role you can play.

The next point would be to facilitate economical and efficient air links for cargo and business, student, and tourist travel by expanding the network of air agreements and the frequency of existing ones. The objective is to have frequent daily flights to as many Middle East locations from Canada as possible. The air agreement with Jordan is a most welcome one, and we certainly look forward to its expansion and implementation.

Finally, we propose the development of a welcoming visa control program for business visitors that would be completely in line with those of the U.K., Australia, New Zealand, and the U.S. Again, we welcome the recent steps the government has taken in this regard.

This is perhaps a technical point, but we propose updating the list of qualifying employers under the income tax overseas employment tax credit—OETC—to include education, health, and other sectors of the Canadian service economy. As Canadian businesses compete in providing health care, education, and engineering services to the MENA market, Canada is losing market share to other countries that do not need to factor in these added costs in their bottom line. The Jordan free trade agreement does not cover services, but I suspect that a broader coverage under the OETC for Canadians working overseas, including in Jordan, could do as much for the Canadian service industries as any FTA provision would. This, in fact, is something that could be done by Revenue Canada immediately.

Finally, into this mix of trade and services is the enormous role of investment and supply chain management in the international economy. FTAs, tax agreements, and FIPAs are the basic element for thousands and thousands of calculations and decisions that now govern international trade in Canada and elsewhere around the world. I noted with interest that Canada's investment in Jordan is now over \$1.5 billion and focused in the potash sector. It's an interesting example of the complicated implications that various trade and policy investments play in the role of international trade these days.

Mr. Chairman, allow me to close my remarks at this point and pass the microphone to my colleague, Martha Harrison.

Before doing so, let me note on a personal basis that I believe the Standing Committee on International Trade plays a central, integrating role in the increasingly complex world of international trade and investment. Objective analyses of Canada's overarching interest in the international arena are more needed now than ever before.

I look forward to our conversation during the question period to follow.

Thank you.

● (1555)

The Chair: Thank you, Mr. Hutton.

Ms. Harrison.

Ms. Martha Harrison (Board Member, Canada-Arab Business Council): Good afternoon.

It's with great pleasure that I'm here today with Mr. Hutton for the Canada-Arab Business Council. My law firm, Heenan Blaikie, is pleased to be a very active member of the CABC and a board member as well.

My experience working with Jordanian business was certainly enriched when I accompanied the CABC on a trade mission to the MENA region that included Jordan as one of the stops. Since then I've had the great pleasure of working in conjunction with Canada's embassy in Jordan and with Canadian and Jordanian businesses looking to collaborate on significant projects.

I share and echo the CABC's views, as expressed by Mr. Hutton, regarding the importance of the Canada-Jordan free trade agreement. As the first of its kind for Canada and an Arab-speaking nation, it will in its implementation send a message that Canada will promote and support increased investment and trade between our countries and that Canada's relationship with Jordan as a political and social stabilizer in the region is strong. This is an important message and, in my experience, has been noted and appreciated by Jordan's political actors and its business community.

With the assistance of the phenomenal Canadian embassy staff in Amman, Jordan, I have been pleased to reach out to Canadian businesses interested in expanding service and goods offerings in Jordan and the region. I have discussed such opportunities with Jordan's investment authority, based in Amman, and the message I have from the investment authority is that Jordan is open for business. There is a keen and obvious desire to increase Canadian activity there, especially in major infrastructure projects such as the Abdali project in Amman, in agricultural training and facilitation, and in the nuclear sector.

We currently enjoy modest trade with Jordan, with two-way merchandise trade of approximately \$83 million in 2009. But with the elimination of tariffs on the vast majority of Canadian exports to Jordan, Canada stands to gain important export volume and value increases.

I look forward to continuing with the promotion of Canadian goods and services in Jordan, which will be even more compelling in the context of an implemented free trade agreement.

Mr. Chair and members of the standing committee, I thank you very much for this opportunity. We welcome your comments and your questions.

The Chair: Thank you.

We will begin our questions today with Mr. Cannis, who will be very familiar to our witnesses.

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

Let me take the opportunity to welcome Ms. Harrison and my good friend David Hutton. I appreciated very much their comments. I appreciated Ms. Harrison's comments, with her having visited the region and gotten a better feel of it and for how we can benefit here

as a country. And of course, Mr. Hutton has overall experience as a trade commissioner and former ambassador, especially in that region.

There's one thing I say about that region, colleagues: it's very long overdue in some ways. I thought we were making some positive steps in the past couple of years. We had appointed the first minister responsible for central Europe, eastern Europe, and the Middle East, and that was a quantum leap forward, I think, at that time. Unfortunately, there were no trade proposals formally put on the table. That's why, I must admit, Mr. Chairman, I was quite pleased when this Canada-Jordan free trade agreement was put before us.

I think it is a signal also, especially with the geopolitical issues that are unfolding daily, that this could be a kind of benchmark of some sort.

I'd like our witnesses to give us their perspective, because we are now faced with a sensitive situation involving Emirates Airline, and I think most of us understand how that region is intertwined—culture, language, etc.—on what kind of impact this might have. That's one question.

The other question I'd like to ask concerns the trade missions you said are needed. I was surprised when you talked about our needing more trade commissioners. Of course, establishing full embassies might be difficult, but would you see it as a possibility for a nation such as Canada to at least appoint a trade commissioner with some support staff in a country, whether we have a trade agreement or not? Or, especially with a country with which we are in the process of putting an FTA together, would a program such as PEMD, which used to be with us years ago supporting Canadian businesses wanting to do business abroad, be helpful as we move aggressively towards getting our share of the market internationally?

Thank you, Mr. Chair.

• (1600)

Mr. David Hutton: Thank you very much.

There were several points that certainly I would endorse in Mr. Cannis' remarks.

First and foremost, I think this varies depending on the regions and the cultures, but based on my experience in my four years of living in the Middle East, the role that government can play, the role that agreements play, the role that meetings and personal contacts play cannot be overestimated. Unfortunately, these can be time-consuming and cumbersome things to do. But anyone who's involved in developing our business relationship with this part of the world successfully has realized that this investment can pay enormous dividends.

What would benefit our Canadian export community enormously is to have as many resources as possible, including those from our political and ministerial personnel and committees such as yours, focused on building and sustaining these relationships. It can be done through a whole variety of contacts, including, hopefully, meetings of economic groups with your committee. In no way do I underestimate the time these things take, but the payback, as I say, is considerable.

With regard to air links and the situation that Canada faces with the U.A.E., I'd be happy to expand on this further, but my perspective is perhaps unique. I have long championed increased frequency of airline service between Canada and the United Arab Emirates—very strongly so—as I would with Jordan, with Morocco, with Egypt, with Saudi Arabia. I will stop there, but I'd be happy to expand, if this were of interest to the committee.

I will say as well, as somebody who had the honour and the very sad role to represent the government and our country in Camp Mirage on a number of instances, and speaking to those of you who saw the cartoon in *The Calgary Herald* and in *The Citizen*, it certainly struck a very poignant chord on my side. There are errors of judgment on all sides here, and certainly a step forward on both sides is what is needed to put what should be a very, very special relationship between Canada and the United Arab Emirates, as one example—but Jordan obviously is another—back onto the right track.

You mentioned the role of trade commissioners and so on. There's no problem at all in positioning trade commissioners into posts where the ambassador is not resident. I think this would be a very welcome initiative, quite frankly.

As regards the old programs, such as PEMD and others, quite honestly I find that those are missed. Representing a business council that tries to accomplish as much as we can and to play a positive and constructive a role, I'll say that we are absolutely cash-strapped; our capacity to do things is extremely limited, because there's literally no money available for geographically based business associations at this time.

Thank you.

Mr. John Cannis: Thank you.

Could you name what other countries Revenue Canada or we as a country should look to as models in relation to taxation, movement of people, etc.? Are there any specific countries we should look at?

You mentioned some countries, and I didn't write them down, but who should Canada look to as a model that is doing business, for example, in that region, so that we can maybe adapt or fine-tune their systems and procedures to suit our laws here?

•(1605)

Mr. David Hutton: I'll ask Martha to comment on this as well, if she will. I highlighted this overseas employment tax provision because it's something, quite frankly, that I wasn't aware of myself.

Increasingly, we are looking at figures of perhaps \$70 million in our trade to Jordan. But if you add the service component—in which I would include education, students studying in Canada, and so on—those numbers are probably double, at a minimum. It's certainly the case in most of the other countries in the region. But for Canadians who are involved in that side of the export equation, after a period of time—and I'm no expert in this—they have to decide whether or not they will sever their links with Canada from a tax point of view and become non-resident. That has enormous, not only personal considerations, but quite frankly, in my view, it has very considerable negative implications for Canadian exports.

In our tax regulations—and I'd be happy to send anyone who's interested a PowerPoint presentation that Ernst & Young put forward at one of our recent conferences—there are provisions for certain industries. Those, ironically, were set up when Bell Canada was establishing a telephone network in Saudi Arabia back in the 1970s and 1980s and thousands of Canadians were resident there. Those provisions allow for certain industries, including engineering companies, oil companies, and resource companies, to send their employees overseas and to receive a tax credit. I believe it's around \$100,000. So they get a benefit for being abroad. Most other countries—I think all other countries, certainly the U.K., the United States, and others—have that provision in it.

But for Canadian firms—and education is a very good example; there are 950 Canadian educators in Qatar at the College of the North Atlantic. There could be more now. All those people are paying Canadian income tax, and in order for that enterprise, which has enormous positive implications for our relationship and our long-term economic future...we have a burden that makes us non-competitive with Australians, New Zealanders, and so on.

In my view, this is very much in the realm of this committee because these rules and regulations drive international trade now. Thank you.

Martha.

Ms. Martha Harrison: I will rest on Mr. Hutton's comments with respect to taxation. But on a couple of the points that were spoken about earlier with respect to assistance on the ground at the embassy in Jordan, I know the trade commissioner there, who is excellent, services four regions—Syria, Iraq, Lebanon, and Jordan—and that's an extraordinarily onerous task. He has two commercial counsellors at the Canadian base in Amman who do an excellent job. I have personally had the pleasure of dealing with all three. They are promoting Canadian business at every opportunity and facilitating business for Canadian exporters.

In my professional view, having done business in Jordan and assisted clients in doing the same, it would be very useful to increase that staff. It's desperately needed, and if Canada is going to be implementing a free trade agreement with Jordan, which we certainly hope will follow, increased staff on the ground is an absolute necessity.

Mr. David Hutton: Excuse me, Mr. Chairman, I just have one quick point.

I recently had the privilege of meeting the Minister of Trade for the Province of Kurdistan in Iraq. He was telling me that 17 consulates have opened in Kurdistan with trade offices from other countries. Of course, we're servicing that out of Syria, as Martha says, with four other countries, including Jordan, as a responsibility. That's a heavy workload.

The Chair: Thank you.

[Translation]

Mr. Laforest, you have the floor.

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chair.

I would like to welcome our two witnesses.

Your respective presentations tell us, in a way, that you have a lot of experience. You both have had some personal experience over there. I believe that gives us a rather positive insight on how we have to proceed if we want to trade with Middle East countries, more particularly Jordan.

Mr. Hutton, you have been an ambassador for four years. Other witnesses told us that they fear a free-trade deal with Jordan would lead once again to the same problem, that is a number of businesses are hiring almost exclusively foreign workers, to the detriment of Jordan workers.

You were not necessarily in Jordan as such, but you have been in the Middle East. In your view, would a free-trade agreement between Canada and Jordan improve the situation of both foreign and Jordan workers?

Ms. Harrison, you could also answer that question.

• (1610)

[English]

Mr. David Hutton: Thank you very much for your question. I think it's a very important one.

I personally believe, as I tried to imply in my opening remarks, that in order to move forward, we have to be bound together. I have not studied closely the provisions related to labour in this particular agreement, but certainly my experience and my advocacy would be to strongly endorse moving forward on this, because the simple reality is that without the provisions that are there, we have virtually no influence. We now have, I would hope, fairly substantial influence and a basis for building even more.

I remember when I was serving in the United Arab Emirates—and I apologize for drawing on that as an example—there was a hospital set up using Canadian hospital administrators. They received an award from the Government of the Philippines for the quality of labour-management relations, with a very, very significant number of Filipino hospital staff who were working under their responsibility.

That has been my experience with Canadian companies, all of it promoted by strong trade relations. We are a collective ambassador. These are facilitating agreements. They're not going to be the agreements that determine the good and the bad, but they will create the environment that I hope will determine the good and the bad. I think that's a very, very strong reason to endorse this agreement, quite frankly.

Thank you.

Martha.

Ms. Martha Harrison: Yes. In the context of the free trade negotiations, of course, there is the side agreement, which is the agreement on labour cooperation. This, as Mr. Hutton mentioned, provides Canada with an excellent opportunity to address whatever migrant worker issues we may have in Jordan in the context of this agreement. In fact, on the face of the agreement, we see there are commitments from both Canada and Jordan to address labour issues, to abide by and stand by commitments under the International Labour Organization, in addition to the elimination of all forced

work, and migrant workers' rights are specifically contemplated in the agreement as well.

From my perspective, this offers Canada a nice opportunity to address these issues and to expect Jordan to make whatever changes are suitable to rectify the situation and to address our concerns.

[Translation]

Mr. Jean-Yves Laforest: Mr. Hutton, in the letter that you have sent to the Prime Minister, you talked about a visa control program for business people. Could you tell us about such a program? What need would it meet or what problem would it solve?

[English]

Mr. David Hutton: A study was commissioned and in fact presented by a number of business associations in January or February of this year that included the Canada China Business Council, the Canada Africa Business Council, the CABC, and others, of course.

The challenge we face is that our visa standards have been far more rigorous and I'd say administratively difficult than our competitors', and that includes the Middle East.

Now, the government, to its credit, has taken some significant steps to move from what was a one-year, I think one-time visa for countries such as Saudi Arabia to—for business visitors—up to a five-year visa.

I was at a conference in Montreal on Wednesday, and there were three presenters from Saudi Aramco, the world's largest oil company, who were going to meet with and present to that conference on the opportunities for Canadians in Saudi Aramco. Two of those presenters had not been able to receive their visas within a three-week period of time. Well, I can't emphasize what a critical opportunity this was for Canadians and Canadian companies.

Equally, on the education side—I don't have all of these figures in my head—certainly for a number of countries, including China I was told, education is our largest export. That's a staggering realization, and it actually feeds back into this tax credit issue.

But in the case, again, of a number of Middle East countries, they were being given.... A student would be accepted at a Canadian university, perhaps the Université de Montréal or the University of Ottawa or whatever for a four-year term. They would be given a one-year visa, non-renewable, and would have to leave the country. Well, that's the right hand and the left hand just going by each other.

Now there are steps to improve these things, but again, I think these issues fall within this trade committee. I honestly do, most sincerely, because if we don't get our act right, it's all going to go elsewhere—Australia, the United States—and we have a wonderful opportunity.

Thank you.

• (1615)

The Chair: *Merci.* Thank you.

We'll move to Mr. Julian.

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

The part of your presentation on resources is music to my ears, because that's certainly something we have been pushing for, for some time. We have a fundamentally dysfunctional trade strategy when we look at the underresourcing that's taking place.

I just want to cite some figures, because Ms. Harrison mentioned the \$83 million in trade with Jordan now. Unfortunately, in virtually every case, we sign these free trade deals and that's actually the high water mark.

I'll give you some examples. On Costa Rica, in the year we signed and implemented the trade agreement, we were exporting \$77 million worth of products to Costa Rica, and last year it was \$73 million. So over that period of time our exports went down.

Chile as well was \$434 million in 1997, and 10 years later we had gone from \$434 million to \$433 million.

If we look at Israel over a six-year period, we went from \$278 million to \$239 million.

With the United States, we went from \$237 billion in 1995 to \$235 billion.

In each case what we've seen is we've signed these trade agreements—and in EFTA and Peru, of course, my colleagues are aware that there has been a marked decrease even in the first year.

So there is obviously something fundamentally wrong when we sign these trade deals and our exports to those markets go down. You have referenced some of the issues. We don't have enough on-the-ground people. I've met trade commissioners who say that under this government they have to pay for a cup of coffee for a client out of their own pockets.

There seems to be a starving of resources on exports, which belies the image the government puts forward of somehow wanting to encourage an export strategy and a value-added strategy. It's simply not the case. The figures don't lie.

I'm wondering what you would propose in terms of investments to actually stimulate the export industry. Putting aside a free trade agreement and whether or not it deals with human rights and the environment, just for a moment talking about an export-driven strategy, what kinds of resources do you believe we would need to actually put in?

Is it similar to Australia, where they spend half a billion dollars on product promotion? Is it similar to the United States or the European Union, where they spend over \$100 million just in one sector alone? Is the overall investment of \$13 million for worldwide product promotion enough? I would suggest clearly it is not.

Mr. David Hutton: Thank you very much, Mr. Julian.

I couldn't agree with you more. I remember I was attending the Dubai air show—this would have been four or five years ago—and the President of Brazil came with a very large delegation to the Middle East. Of course, our trade to Jordan had a nice bump up when Bombardier sold some aircraft to Jordan, but Embraer very effectively sold a number of aircraft to Saudi Arabia. The budget for the President of Brazil and his trade delegation for two days at the Dubai air show was over a million dollars.

It's a rough game out there. I think there is a role—and I realize it's not a role, necessarily, that you as politicians can play—of educating the Canadian public about the cost of doing business. It costs you \$200, \$300 a night to go into a hotel. No one expects someone with workloads such as you have on quick flights not to fly business class, and that's going to cost a certain amount of money. These aren't perks; these are the absolute norms of international business.

Quite honestly, if we don't grow up and realize that this is the game that's being played by France, by Germany, by the U.K., by Australia, by the United States, where a one-day visit to Greece, when the President came there—and Mr. Cannis will remember this—cost something like \$5 million.... That's one day. It's overhead. But out of that, hopefully, you get the return on investment, and I'm 100% confident that you will.

Equally, there is a cost of doing business in embassies. Believe you me, I think my colleagues could not be harder working and more committed to public service, those in the trade and diplomatic service of Canada. It's not in any way an easy job these days, and the resources that are needed to facilitate interaction, to have hospitality events, are enormously significant.

If you'll permit me an aside, Mr. Chair, we were hoping that the Canada-Arab Business Council, together with the Council of Arab Ambassadors here in Ottawa, could host you and your other parliamentary colleagues at a reception on Parliament Hill, but of course—

• (1620)

Mr. Peter Julian: Sorry, but because I get only one set of questions, you can maybe raise that when the Conservatives ask you questions.

I just wanted to come back to two final questions, put them both out.

First, we've heard testimony about the situation for temporary foreign workers in Jordan—working seven days a week, being cheated out of their wages, stripped of their passports in contravention of all international conventions, working in primitive dormitories infested with bedbugs. This was after the signing of the U.S.-Jordan agreement, and there's been no monitoring or enforcement. And of course our trade agreement is much weaker than the U.S. one.

How do we ensure that the promises around complying with labour rights and environmental rights, like Mr. Laforest mentioned, are actually met?

My last question—and I'll throw both of these out to you—is about Camp Mirage and the U.A.E. What could the government have done differently to avoid the embarrassment of being kicked out of the camp?

Mr. David Hutton: Well, I'll ask Martha Harrison to help me with the labour question, which is certainly a legitimate one.

Again, I don't want to fall back on a platitude, but I firmly believe that something is better than nothing. It gives you an entree, it gives you an opportunity to ask the question, have the meetings, and review the actual on-the-ground situation in the context of your standards, because they are party to this joint agreement.

There's no doubt that there is an exploitation of labour in that and other parts of the world. Hopefully, by raising the level—and I know this doesn't always work—all will benefit from the incoming tide, and I firmly believe that a trade agreement like this is part of an incoming tide.

Maybe I'll answer your second question, but I'll allow Martha to respond on this.

Ms. Martha Harrison: I can only echo what Mr. Hutton said. In the context of the labour agreements, this provides Canada with the opportunity to address the very concerns you've just mentioned. Canada would be in a position to point to specific articles of the agreement and express whatever concerns we have with Jordan. I would have the expectation, and I'm sure Canada would as well, that Jordan would abide by its obligations in the agreement.

So as Mr. Hutton said—and I agree—an agreement in labour is better than no agreement at all, and this provides us with the platform we need to express those concerns.

• (1625)

The Chair: Thank you.

We're going to have to move on this round to Mr. Trost.

Mr. David Hutton: I apologize. I wanted to touch base on this U.A.E. Camp Mirage, but I'll do that in another context. I'm sorry.

The Chair: Mr. Trost.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair.

Just so you know, we probably won't be flying business class when we do our next trip. We're a very frugal committee here.

Before I get into my questions, I'll get a quick clarification here. Do we have a trade commissioner based in Jordan, or is it serviced out of Damascus for Jordan? I missed it; maybe it was my fault.

Mr. David Hutton: The trade commissioner and his colleagues are based in Damascus, and his territory is responsible for Syria, Jordan, Iraq, and Lebanon—four countries.

Mr. Brad Trost: That leads nicely to one of the things I'm trying to grasp here. One of the witnesses at another committee meeting told us that business in the Middle East is incredibly family oriented. In North American culture we can rotate people in and out of organizations, but in that part of the world—and I've been to Syria a couple of times, and Kuwait, and Yemen, and so forth—they take a little bit more time. I get that.

How important, then, is it to get into one country so that you can then begin to network slowly back and forth? Is this a long, evolutionary process to get a major foothold into the Arab world? Why would Jordan be the first place we'd start if we would do that?

Mr. David Hutton: Thank you.

I'll let Martha expand on my comments, but very briefly, I think one has to acknowledge that the business model is very much a different one. As you say, it's a family oriented one in the Arab world, as it is in much of the Middle East. That actually has very significant impacts, particularly when the government may be part of that family business. The conflict of interest rules and regulations are quite different in that part of the world. That has policy implications, as we've recently seen, quite frankly.

How do you manage that? I think, successfully, you start in one zone. You build up a relationship, and Jordan, because of its open culture, because of its role—and I'll perhaps steal a word from Martha here—as a Switzerland in the Middle East, in a way, is a very good place to start. I think that could serve Canadian exporters quite well. As well as a gateway into very difficult countries, such as Syria and Iraq, Jordan is probably a very good place to use as a business platform as well.

Martha.

Ms. Martha Harrison: Thank you.

One of the things that has struck me in doing business with Jordanian and Canadian companies is the fact that Jordanian businesses are willing to travel as well. In fact, I've been very pleased to host the vice-president of the Abdali project in Amman, which I mentioned, which is a \$5 billion infrastructure project that is designed to regenerate the entire urban area of the capital.

It's very nice for Canadian businesses that are looking to begin developing their goods and services offering in the region to start with Jordan, which, as Mr. Hutton said, is a stable region. It's relatively open in terms of cultural issues. Besides that, Canadian businesses can expect a return on investment from Jordanians as well, in the sense that Jordanian business people are quite willing to also get on a plane and come to meetings in Canada. That's very useful, and it has been very useful for several organizations that are starting to do business there.

Once a Canadian firm has a foothold in the Jordanian business world, it becomes that much easier to expand in the surrounding regions. Jordan is a relatively friendly place to start your business in the Middle East.

We heard Mr. Hutton's comments in terms of the value and the volume of trade we do in the entire MENA region. Jordan is a good place to start because the staff there will facilitate it, and it is economically and socially viable.

Mr. Brad Trost: Ms. Harrison, you've mentioned infrastructure a couple of times. It looks like that part of the world, from what I see on TV, has a good supply of concrete on its own. They seem to know what they're doing. I didn't see too many wooden houses when I've been there.

Since this agreement deals mostly with products, I suspect our infrastructure trade would be more service-oriented, engineering, things like that. How does this trade agreement affect the infrastructure services portion and other elements of infrastructure? I'm not making as tight a connection there as I am with, say, agriculture products.

•(1630)

Ms. Martha Harrison: Certainly.

Of course, agricultural products in Canada stand to gain significant exports in that area. In terms of infrastructure, you're quite right, Canadian firms have a lot to gain in Jordan on the service end. Of course, this is a free trade agreement for goods. That said, it stands to reason that increased trade flows and goods would necessarily increase the service offering as well. In particular, on some of these infrastructure projects I've been involved with in Jordan, they've been very interested in Canadian technologies for environmental building. Those Canadian technologies for environmental building will also provide goods and services and training. As Jordan expands into a modernized urban atmosphere, it will require increased goods on a technological level, which Canada has.

Mr. Brad Trost: It's not always direct. Some of it is just opening the door and the follow-up.

Ms. Martha Harrison: Absolutely.

Mr. Brad Trost: This then raises another question. We tend to talk in this committee about what Canada can export. But every export needs an import to balance it off, unless you're going to do like the U.S. and just borrow and wait for a day to pay off the bill.

What are the Jordanians targeting to export back to us? What are Canadian businessmen going down and saying is a widget they can bring back to Canada to sell so that Canadian consumers will be better off? What are they targeting to move in this direction?

Ms. Martha Harrison: I know that apparel is important for Canadian businesses, woven apparel in particular. That has, historically, been one of Jordan's most important exports to Canada. Also, the jewelry sector, believe it or not, is also....

Mr. Brad Trost: I'm not a big purchaser of that.

Ms. Martha Harrison: I understand that jewelry exports have increased, actually, over the last several years as well.

You're quite right. Jordan needs to develop its needs in terms of goods from Canada. Sorry, it is vice versa. We see that the trade in those particular areas, apparel in particular, is important.

Mr. Brad Trost: I take it that I've used my time, Mr. Chair.

The Chair: That would be your time.

Thank you, Mr. Trost.

We're going to begin round two. These are five-minute rounds. I think we'll be able to get through this round.

We'll begin with Ms. Hall Findlay.

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you very much, Mr. Chair. Thank you very much, both of you, for being here.

If we could do this relatively quickly, I'd love to share my time with my colleague, Mr. Silva.

By the way, Ms. Harrison, there aren't very many of us, but nice name.

Ms. Martha Harrison: That's right.

Ms. Martha Hall Findlay: This is an issue that has been touched on a little bit. My colleague, Mr. Julian, has talked about trade

numbers. One of the things that I think gets missed is all of the numbers associated with the invisibles. We're dealing with a whole lot more than just goods or the clear services where we can actually deal with trade numbers.

I know, Mr. Hutton, that you talked a little bit about education, and, Ms. Harrison, you spoke a little bit in answer to my colleagues' other questions. Can you just very quickly highlight some of the areas that you see will benefit both economies, in terms of the invisibles and the enhancement of those invisibles, through increased trade with Jordan?

Mr. David Hutton: I don't know a great deal about the details of our economic relationship with Jordan, I'll be honest. But in the reading I've done, I've been struck by the role SNC-Lavalin, for example, is playing in the development of the Jordanian nuclear industry. There's an example of an agreement automatically leading to a very considerable Canadian export.

Certainly, during the time I served in the United Arab Emirates, our trade in services was equal to our trade in products and manufactured goods, which, at that time, was in the order of \$450 million. It doubled on my watch. It's doubled again on my successor's watch, and it'll double again on her successor's watch. These are exponential increases. There's no doubt that this part of the Canadian economy is absolutely enormous, and it isn't being focused on.

Thank you.

Ms. Martha Hall Findlay: I'll just add that one of the concerns we have is that even though they're so-called invisible from an economic calculation perspective, they are hugely important from an economic prosperity perspective.

Thanks very much.

•(1635)

Mr. Mario Silva (Davenport, Lib.): Thank you very much for your excellent presentation, I must say.

It's really wonderful to have you here, Mr. Hutton, because you have both trade commission experience and also ambassadorial experience. You also know the terrain in the area we're dealing with. Given that experience—you've looked at this free trade agreement quite carefully, I'm sure—is there anything you feel maybe needs to be added? Do we have all the mechanisms in place to have an effective agreement? I think you laid out a very compelling argument as to why we should have this agreement, and you told us the importance of this agreement, also, for the entire region. I think those arguments have already been made. I just want to hear from you a final comment, given your background and your experience, on whether you think there's anything else that needs to be added to this agreement.

Mr. David Hutton: I think it's as comprehensive as is probably appropriate and needed at this particular time. It's open for amendment.

Quite frankly, what I found most attractive about it is that it was undertaken and negotiated quite expeditiously. I think it's better to have many of these rather than one perfect one. The European Union has been negotiating with the GCC for something like 17 years.

So I say go for it, and use this as a template to multiply and go forward.

Again, these things matter. Impressions matter. With absolutely no disrespect, I think it's enormously important that we watch every dollar we have, and to get on an airplane and fly economy class is laudable. That's what I have done most of my career. But to be at the other end of the airplane and wait with a minister of the government until the last passenger comes out—and it's a Canadian minister—I tell you that is a setback in our trade relations. I just make that observation, quite honestly, with enormous respect for the complicated issues we all face.

Mr. Mario Silva: Thank you very much.

There also seems to be a coalescing in the gulf region of an economic trade community, and I'm wondering whether Jordan will eventually play a role in that particular community.

Mr. David Hutton: Jordan is not a member of the gulf—

Mr. Mario Silva: I realize that. But whether it's planning to enter or whether it's playing a role, how would that evolve in the region, is what I want to know.

Mr. David Hutton: I will ask Martha Harrison to expand on this.

Quite frankly, I think there is huge, untapped potential in Syria for Canada, and particularly in Kurdistan.

Obviously the Americans have put an embargo on Syria, which restricts the freedom of their companies to operate. That's an opportunity for Canada. Kurdistan is wide open, and there we have set a platform, by our non-involvement, of literally an open door. This free trade agreement would allow us to use Jordan as a base to go into those difficult markets as well as to benefit from the Jordanian one.

Martha.

Ms. Martha Harrison: Yes. The nice thing about the location of Jordan is that it's bordering on some very important potential markets for Canada. I know from my experiences at the embassy there that Iraq will also be a very important market for Canadian businesses moving forward. So once Canadian businesses have their foot on the ground in Jordan, it becomes that much easier to expand to the neighbouring countries.

The Chair: Thank you. We're going to move back to this side of the table.

Mr. Allison, I think you have some questions.

Mr. Dean Allison (Niagara West—Glanbrook, CPC): Yes, thank you, Mr. Chair. I'm going to be sharing my time with Mr. Holder.

I just want to make a comment that certainly when I have travelled around the world, our foreign service people are the best. They do an awful lot. I've had nothing but great experiences with them.

My quick question is around the supply chain.

Mr. Hutton, you did mention that, and I think that's certainly an opportunity. Where do you see Canadian companies using the supply chain as an opportunity for business in places like Jordan? What are your thoughts on that?

Mr. David Hutton: Again, I don't know the details, but I know there is quite a developed military equipment industry in Jordan. They make special light vehicles that are comfortable travelling through the sand and through the desert. I know from my time in the region that there were a number of Canadian companies involved in supporting some of those activities. This is not heavy military equipment. It's basically just utility trucks and so on, specialized equipment of that kind. But that would be one example.

I have no doubt that in the other sectors, if one is supplying agricultural products, which would be an immediate beneficiary, it doesn't take long to get into the questions of dryland farming, irrigation, and all of the other challenges they face for their own agriculture. And I know from meeting with Syrian delegations that this has often been on their list of things.

So again, I have no doubt that an agreement like this would lead very quickly into participation in their supply chain activities.

•(1640)

Ms. Martha Harrison: I would add transportation to that list as well.

Mr. Dean Allison: Thank you.

I have a few more questions, but Ed....

Mr. Ed Holder: Thank you.

I'd like to thank our guests today for appearing before us. It means a lot that you're here. You have an expertise that I think is compelling. You are absolutely boots on the ground, and that's very meaningful.

I say that respectfully in relation to some of our folks who either have not been there or have provided us experience without witnesses. We've had Americans who've provided us their perspective as it relates to the United States deals with Jordan, and while interesting, I take some comfort in the testimony I've heard from you because of your sense of the need to proceed with this.

What I feel I'm hearing from you is that—and I would never put words in your mouth, so let me ask you this as a question. I'll start with you, Mr. Hutton, if I can. We have a strategy from the government side, supported by most members opposite—general support for our free trade strategy—and we have identified Jordan as a key centrepiece for the Middle East. Do you believe that's the right strategy for us? And what is your sense of how that has the ability to expand our opportunities within the other, I'll say, member countries within the Middle East region?

Mr. Hutton.

Mr. David Hutton: Thank you.

Certainly I think Jordan is as good a place as any to start, and it happened quickly, on which, again, I compliment the government and those involved in the negotiation. It seems to have been relatively non-controversial as well. If you look at some of the other countries in the region, you're going to touch some hotter buttons, whatever they could be, shipbuilding or whatever.

I think, yes, this is a very good place to start, and the template that has been put forward—I repeat myself—is a model that can be used to just expand very rapidly, and the recommendation from this committee in such a strategy, quite honestly, would be most welcome by all of the Canadian exporters that I represent.

Mr. Ed Holder: Perhaps I could direct this, then, to Ms. Harrison.

I'm sorry, Mr. Hutton, but you've said that this is relatively non-controversial, but there are those who might want to try to make it controversial. It seems that when we've had our American witnesses come through and they've talked in terms of the concerns they've had vis-à-vis the American deal with Jordan, their FTA, the issue of, for example, the exploitation of foreign workers seems to be a concern that they've put in place.

Ms. Harrison, with your experience, would that be an impediment for Canada to proceed with an FTA with full force and as expeditiously as possible? Would that be a concern to you?

Ms. Martha Harrison: Well, the rights of migrant workers and such, on a personal level, certainly are a concern to me. But I can say that this opportunity for Canada is one that we should seize. If the free trade agreement is implemented, it stands to reason that we then have the platform to speak with the Jordanian authorities and to address those very issues.

I have had the great pleasure of meeting a few times with the Ministry of Industry and Trade in Jordan. I can tell you that the minister is very keen on hearing both sides of the story on many issues and was able to very skilfully address concerns that Canadian businesses had during the Canada-Arab trade mission last year.

So I think we should take this platform. I don't see it as an impediment to moving forward in full force with this agreement.

•(1645)

Mr. Ed Holder: Can I then ask, Mr. Hutton, is there anything within this deal that you see should impede Canada from proceeding as expeditiously as possible to implement this free trade agreement?

Mr. David Hutton: No, absolutely nothing.

Mr. Ed Holder: I'd like to thank our guests for their comments today. That means a lot to us.

Thank you.

The Chair: Thank you, Mr. Holder.

I think we have time for a couple more.

Monsieur Guimond.

[*Translation*]

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

Good morning. As several of my colleagues have mentioned, it is very much a pleasure to welcome you and what you are saying is quite interesting. You have a very good knowledge of the issue.

We seem to be coming to the end of the examination of this bill, since we always have the same questions to ask. We might repeat some questions, but we will try as well to go a little bit further.

We talked earlier about workers' rights. On Monday, a witness told us about human rights. There seems to be some issues in this regard. Yet we are being told that the Jordanian government is making great strides.

Since you are familiar with this part of the world, this part of the continent, could you tell us a little bit more on the real willingness of the Jordanian government? What kind of partner are we negotiating with?

[*English*]

Ms. Martha Harrison: I can certainly speak to that for a few moments. Thank you.

I have been working very gladly with Queen Rania's organization, which is the Jordan River Foundation. It is an organization she established that works in conjunction with the federal government in Jordan. It looks particularly at assisting, analysing, and addressing any human rights concerns in the region. Their special focus is women in rural areas. The organization has been very active over the last several years in reaching out to women in rural areas and helping them develop micro-businesses. They are actually starting to trade now. They're shipping some of their goods across the ocean.

From my perspective, the Jordanian government looks at human rights issues head-on and does a very good job of dealing with them. The government itself, as well as the King and Queen, are very concerned that human rights be addressed and human rights obligations be acknowledged in the country. It has been a priority.

Mr. David Hutton: Certainly you as parliamentarians know that some countries are harder to govern than others, and there's no question that the countries in the Middle East have their challenges. But as Martha Harrison has said, you have in the leadership of Jordan exceptional people, and certainly in the role of Queen Rania as a spokesperson of that region and her country. One has to evaluate these things by the amount of good, as opposed to the amount of bad. An arrangement such as this is overwhelmingly on the positive side of the ledger.

Thank you.

[*Translation*]

Mr. Claude Guimond: We know that the United States have already signed an agreement with Jordan. Knowing full well that our economy is closely linked to that of the United States, what can we do to regain the time that has been lost? What distinguishes us from the Americans in terms of the Jordanian market and those of the Near East or the Middle East?

[*English*]

Mr. David Hutton: America is a complicated friend and partner. Certainly they have, in their own right, gone out of their way to build a very complex network of trade agreements in the region. Egypt, Morocco, and others, as I mentioned in my remarks, are already active in Jordan. With our own trade relations and economies bound together, my view on policy is that we should be lock-step with the Americans. Wherever they are, we are. That would certainly include Mexico.

I was serving in Greece when the Mexicans negotiated a free trade agreement with the European Union. Literally the next day the Mexican ambassador, who is a close friend of mine, was promoting the links between Europe and Mexico. Volkswagen went in and put a plant there very quickly after that.

We have bound our economies together, and we must bind them together internationally or it will be to our very significant disadvantage.

Ms. Martha Harrison: I can also add a couple of thoughts to that.

The Jordan investment authority based in Amman has expressed to me a number of times that Jordan businesses are quite interested in doing business with Canada in particular. They enjoy the political climate of Canada. They enjoy welcoming Canadians. So on a political level, Canadian businesses may well have an advantage over our U.S. friends in Jordan. They're welcoming our investment. They're welcoming trade with our nation. Canadians just have to spend a little time there to see that the doors are wide open and Jordan is open for business.

• (1650)

The Chair: *Merci, monsieur Guimond.*

We have time for two more quick ones.

A quick question just occurred to me when you were talking, and from some of the responses we've had back and forth—on committee business.

It was suggested to us by someone from one of the larger Canadian business organizations—I think it was John Manley—that when the trade committee visits countries abroad, they might include representatives of the business community, perhaps labour unions and that sort of thing, much as a ministerial visit would be.

You've been on both sides of that equation. I don't wish to get into a long discussion, but I wonder what your perception of that might be.

Mr. David Hutton: I think that's a very powerful suggestion, quite frankly. I'll give you an example, if you'll allow me, Mr. Chair.

Canada just signed a memorandum of understanding with Saudi Arabia in the health care sector. To implement that, the provinces of Ontario and Alberta, Export Development Corporation, and the Canada-Arab Business Council all thought we would organize trade missions to go forward. What is happening, I'm happy to say, is that under the CABC's umbrella, we will hold a trade mission that hopefully will include provincial ministers. We will host the actual events inside Saudi Arabia so that there will be a Canadian view.

Now the trade committee could play that role, quite honestly, very admirably because you represent the whole range of Canadian interests and parliamentarians. I think that's a very elegant solution. Quite frankly, it's one that I would encourage the committee to consider.

You would also bring, quite frankly, a potential continuity. I'm obviously very pleased to see Mr. Cannis again, with whom I had the privilege of speaking earlier before the committee meeting. That's a longevity that certainly in the Middle East has enormous significance

and importance. If they can speak to the same person three or four times, they have a relationship and a confidence in that relationship.

Thank you.

The Chair: Thank you. That's very helpful.

I'm sorry to take away from the committee here. We're just going to have the final two questions. We're going to go to Mr. Keddy for five and then wrap it up with Mr. Cannis.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman. Welcome to our guests, witnesses.

This has been a debate that's actually moved through this committee fairly quickly, without a lot of dissenting opinion, but with some dissenting opinion. Maybe before I get into my real questions I'll just say thank you for your service in the trade commission. I would put on the record that pound for pound, our trade commissioners and diplomatic staff abroad are as good as any in the world.

Mr. David Hutton: Thank you.

Mr. Gerald Keddy: They do a fantastic job in every country that I've ever had contact with them. They're certainly front and centre on all of the issues.

I do agree with your comment that there is a cost of doing business and there's a protocol for doing business. There's also the political reality of budgets and budgeting items, and sometimes all of us in the political world, quite frankly, are our own worst enemies. We're the first ones to hold up that this has been a wasteful expenditure when in reality it's been an expenditure that is the cost of doing business. I think that was important for me to get on the record.

You mentioned that if we considered services in this agreement with Jordan, we would probably double our \$66 million in trade. The fact that we do a total of \$359 billion worth of trade in the Middle East I think is an outstanding number that most people have not considered when they consider this agreement.

I appreciate your point—others have raised it, and we've raised it ourselves—that this is a stepping-stone agreement. We see this as a gateway into much greater things, some with more risk than others. I guess my question to you, and I don't think there's any opportunity that this would fail at this point.... If we don't move forward, how far back in the pack are we going to be? Just about everyone else is already there. We need to remain competitive certainly in the Arab countries and throughout North Africa, throughout Africa. I don't have that number, but I think we'd be a long way back in the pack.

• (1655)

Mr. David Hutton: Well, Mr. Keddy, I certainly would agree with that comment very strongly. This is symbolic as well as practical. To step back at this point in our relations with the Arab world I think would have, quite honestly, an enormous consequence.

I welcome the tone of this discussion certainly and encourage that this will enjoy a rapid approval by Parliament. It's being watched. I can say that from my personal contacts with the Arab ambassadors. It's also being watched because of my knowledge of the Arab press. This will be picked up as an extremely positive event, just as the visit of Minister Van Loan was in the press recently, and that counts. An enormous amount is on the coattails of these activities. That's why I think we need to educate, as I said before, our public that this is what we do, this is how we do it, and this is the return on our investment.

Mr. Gerald Keddy: Ms. Harrison, you made a statement that this FTA sends a clear signal that we're open for business. I'm not certain we have a signal out there that says we're not open for business. I know there are some controversies, and some will remain.

However, I think the point that we put this agreement in place, and we look at this as a gateway agreement—I'll use the word "gateway" again—that really opens up a tremendous potential for Canadian businesses. If Canadian businesses are doing well, that means Canadian workers are doing well.

Ms. Martha Harrison: I agree with your comment. As a personal example—using your "gateway" term as well—once this free trade agreement is implemented, I expect there will be more businesses from Canada travelling to Jordan to experiment with the area, to start to negotiate on business deals. I have personally witnessed a few occasions, having been in Amman, where I was accompanying some Canadian businesses and the embassy staff was able to introduce them to additional business offerings in the neighbouring countries.

Not only does this provide an opportunity for Canadian business to expand in Jordan, but instantly they have doors open to the surrounding regions.

The Chair: Thank you.

Before we conclude, Mr. Cannis, I did steal two minutes of Mr. Julian's time, so I'm going to give you back that time right now.

Mr. Julian, if you promise you're not going to talk about Camp Mirage, the floor is yours.

Mr. Peter Julian: Thank you, Mr. Chair.

I already agreed to that. I had two questions for clarification. The first is for Mr. Hutton. In your remarks, you mentioned \$359 billion. I think we all knew you meant "million", but the parliamentary secretary just repeated the figure. I want to be absolutely certain we're talking about \$359 million in exports, \$83 million of which goes to Jordan in the BMENA countries.

Mr. David Hutton: Yes. I did say—

Mr. Peter Julian: He did say "billion," but he meant "million". That would be twice what we export to the U.S.

Mr. David Hutton: I think you're right, but I have the figures here, so I'll clarify and confirm.

Mr. Peter Julian: The second question, which is around the Canada-Arab Business Council, is to Ms. Harrison. I understand you don't get any Canadian funding. I could be wrong on that, so I just wanted to get a sense of where your funding comes from. Do you receive funding from the federal government or a federal government agency?

• (1700)

Ms. Martha Harrison: I will have to pass the CABC funding question to Mr. Hutton. I know members pay to be on the CABC, but I am not privy to the financial statements. I sit as a member as opposed to a board member. I'm sure Mr. Hutton can provide that information.

Mr. David Hutton: Certainly. With enormous apologies, I read these statistics, which I printed off this morning, incorrectly. It's \$4.89 billion. That's the number.

Mr. Gerald Keddy: That's including the whole region—it's \$11.5 billion.

Mr. David Hutton: Exactly. Those are the figures, and that's what should be on the record. I'm very sorry for misleading you. I quite honestly glanced at the bottom figure in this presentation—

Mr. Peter Julian: Would you mind giving us a quick rundown of the other countries included there? BMENA includes Saudi Arabia, right?

Mr. David Hutton: Yes. These are from Statistics Canada. In 2009, at the end of the calendar year, these were the export only figures: for the United Arab Emirates, \$1.3 billion; Saudi Arabia, \$1.2 billion; Egypt, \$639 million; Iraq—interestingly enough—\$489 million; Libya, \$263 million. The two-way trade for Jordan is \$107 million. That's interesting.

Anyway, the one thing about statistics is that they get complicated very quickly. Again, my most sincere apologies for misleading this committee.

Mr. Peter Julian: Thank you. There's still the funding question.

Mr. David Hutton: I think the Canada-Arab Business Council is an interesting example. We are completely membership- and event-driven. We have about 100 members. It includes most of the major Canadian exporters to the region: SNC-Lavalin, Nexen, and others. We rely completely on their modest annual subscriptions and the revenue we make from holding certain events and trade missions. Quite honestly, it's a challenge.

I think one of the issues we have as a country is how we structure our business councils, because many councils in the Arab world look to us as their counterpart organization. If we travelled to Jordan or to Saudi Arabia, the Jordan-Canada Business Council would host a very nice event for any delegation we took there, but when they come, we're hard pressed to reciprocate unless we can find a corporate sponsor.

It's an awkwardness, and I think the whole template of Canadian export councils, business councils, is something that would benefit from an overall review, and government funding—both provincial and federal—would be part of that review.

The Chair: Good. Thank you.

[*Technical difficulty—Editor*]

Mr. John Cannis: Mr. Chair, I'll wrap it up.

I'll just begin with the closing comments from my good friend, David Hutton. That's the difficult part, and that's actually the embarrassing part. When we go abroad and they do their proper receptions and their networking...and then when we want to reciprocate, when we want to invite them over, our hands are literally tied. To your organization, I say this with great sadness, it's with governments. I'm not saying the current government, but all governments—even when we were in government, and you know that very well.

Mr. Chairman, maybe that's something, if we want to be part of this.... Mr. Hutton said earlier, and I quote, "If we don't grow up and realize", and I think he stopped there because of his great respect for this committee, this institution, and the country. Really, what he meant is if we don't grow up and start putting our money where our mouth is, we're just going to be missing the boat. I'm making a statement here, because one thing Mr. Hutton said earlier also is he talked about continuity, relationships long term, and I thank him for the reference to me.

Ms. Harrison said we have to spend a little time.

You're absolutely right, Ms. Harrison, but we have to spend a little money.

Ms. Martha Harrison: That's true.

Mr. John Cannis: You have to invest a dollar to make a dollar.

I recall very clearly, and I'll go back to that meeting when we had invited our ambassadors from that region some years ago.

David, you were ambassador at that time to the U.A.E. What they told us, basically, Mr. Chair and colleagues, was that Canadian representation is there, but through other countries: the United States, etc. We weren't sharp enough as Canadians to get out there and do our thing.

So companies like SNC-Lavalin might be there, but they're certainly not getting the kind of support that other companies from other countries—the United States, for example, or European companies—are getting from their respective governments. I think that's something we need to do, and we should emphasize it in this FTA, which is, hopefully, going to set a benchmark.

I'll close with this. In this relationship it takes, in my humble opinion, not just the proper investments but relationships, and more so, sensitivity and respect for the region. As we want them to respect us, our ways, we must look to do the same thing, too.

That was a statement, Mr. Chairman. If our guests wish to add something, by all means go ahead.

•(1705)

The Chair: Perhaps I'll ask Mr. Hutton or Ms. Harrison to summarize or wrap up, in response to Mr. Cannis.

[*Translation*]

Mr. Jean-Yves Laforest: Mr. Chair—

The Chair: Pardon me?

Mr. Jean-Yves Laforest: It is only that your microphone was not on. It is okay now.

[*English*]

The Chair: I'm sorry. I really wasn't saying very much, anyway, Monsieur Laforest.

I'm just going to ask Mr. Hutton or Ms. Harrison to wrap up on behalf of the Canada-Arab Business Council, in closing.

Mr. David Hutton: Mr. Chair, thank you for the generosity of your time. You've given us well over an hour, and I take that as a compliment and a reflection of your interest.

If I can speak personally, I also view international trade as almost a non-partisan issue in Canada. Therefore, again I repeat my comment that I think this committee has a particular role to play in supporting this government, the next government, and the previous government as we go forward and build this international economic relationship. I certainly compliment the government for its negotiation of this particular agreement, and quite frankly, the architecture it has put in place with our relationship in Jordan.

As Mr. Keddy said, if this is a gateway, I think it's a very sound one. So again, our appreciation and thanks.

The Chair: Thank you. I must say, I think the committee really appreciates your presence here today, both of you, with the experience you have....

[*Technical difficulty—Editor*]

An hon. member: Your microphone.

The Chair: Perhaps we'd welcome you back at another time as well.

Thank you again.

I'm going to take about a two-minute break here, just to allow members to bid our witnesses farewell. We'll go in camera in two minutes. Thank you.

[*Proceedings continue in camera*]

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