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Chair

Mr. Dean Allison

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•(1105)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Good morning, everyone. Welcome to our meeting today. We have the opportunity to talk with the Global Fund to Fight AIDS, Tuberculosis and Malaria, and we have a couple of guests before us.

We have Christoph Benn, who is with the fund, and we also have Svend Robinson, who is probably no stranger to most of us around the room. Welcome, gentlemen. We're glad you could both be here.

I just want to talk a bit about the Global Fund and the fact that it was established in 2002. It does great work with AIDS, TB, and malaria. A lot of us know that. One of the things that make it particularly interesting with regard to how it works is the fact that the Global Fund insists on country ownership, which I think is great, and partnerships. It is performance-based and works with all sectors of society.

I know you guys are going to touch on this, but it begs repeating over and over again that the work that is done through the Global Fund is very exemplary.

The other thing that I know is that there was a pledging conference in 2013 with over \$12 billion pledged, and since 2002 Canada has pledged and committed over \$2.1 billion, if I am correct. That bears repeating. Our most recent pledge was around \$650 million for the coming year, I believe.

There are a lot of organizations involved. Civil society is involved in how decisions are made, etc.

Why don't we just turn it over to you and you can give us an update on what's going on and some of the things that you're doing. Then we'll take some time to go around the room and ask questions and follow up on exactly what is happening with the Global Fund these days.

I'm going to turn it over to you guys.

Dr. Christoph Benn (Director, External Relations, Global Fund To Fight AIDS, Tuberculosis and Malaria): Thank you very much, honourable chairman, and all members of Parliament and of this committee.

It's always a special pleasure for me to be here with you. I've been able to talk to you several times and to update you on what's happening, not just in the Global Fund but also on global health in general. So I'm particularly pleased to be here with you this morning.

My first message is, indeed, one of great thanks to Canada, to its government, and also to you as parliamentarians for what you've been supporting over so many years now on global health.

Canada has shown extraordinary leadership in global health, both in maternal and child health. Canada has been well recognized for that over many years, through the G-7 summits and their commitment to mother and child health, and to the Global Fund and therefore to the fight against the major infectious diseases: AIDS, tuberculosis, and malaria.

Let me also point out again how closely these topics are related. Still today HIV, TB, and malaria are directly responsible for the deaths of 1.1 million women per year and 1.2 million children per year. There's a very close link between the international efforts to improve the health of women and children and the efforts we make in addressing the major infectious diseases.

In fact, you mentioned, Chair Allison, that we had this replenishment meeting in Washington, D.C., that delivered a little bit more than \$12 billion for the three-year period of 2014 to 2016. That allows us to disperse about \$4 billion per year. Roughly half of that goes directly into the health of women and children. This is just to emphasize this very close link.

I also want to thank you for the consistent support across all parties here in Canada for global health. I've always perceived this was very much a bipartisan issue supported by all of you, and I really want to thank you for that.

Therefore, let's look a little bit at what has been achieved with this extraordinary support from Canada over the last couple of years. This is the year the international community, represented by the United Nations, is reviewing the progress on the millennium development goals. We will have the big summit in September in New York. Therefore, it's important to take stock.

Child mortality has now gone down by 50% in just over the last decade. That is an extraordinary achievement that few of us working in the field would ever have thought possible. Similarly, maternal mortality has gone down also by about 50%. If we look at the three diseases—AIDS, tuberculosis, and malaria—we see decreases in infection rates and mortality also in the order of 40% to 50% across all these three diseases.

When the millennium development goals were established in 2000, it was perceived as a global emergency crisis. The numbers were going up and up. Six million people were dying from these diseases every year.

Now we're able to say that not only have we halted and reversed these trends, as was mandated by the MDG summit, but also we can really see that we have decreases of 50% and more. That means that we can also approach the phase where we can credibly talk about defeating these three diseases over the next 15 years or so once and for all as public health problems. This is an extraordinary achievement. I really hope that all of you who played an important role in this feel justifiably proud of what has been achieved with your support.

We should now build on that as we are already into a year that will be quite critical for international development. It's an extraordinary year, if we are looking at the big events coming up.

There is the financing for development conference in Addis Ababa in July that will set the scene for how the world will finance development over the next 15 years. Then there is the big summit with many heads of state, some say the biggest assembly of heads of state ever, in New York in September on sustainable development goals and how to chart out the course forward to defeat poverty over the next 15 years. Also, let's not forget that all of this is linked to climate change. We have the big conference in Paris in December on climate.

There is a very critical year ahead of us.

•(1110)

When I look at global health, I see particularly extraordinary opportunities beyond what I just said.

There has been a famous report in *The Lancet* that some of you might have seen. The big medical journal, *The Lancet*, commissioned a study that included really all the best brains in the world on public health and finance. They issued their *Lancet* report on global health by the year 2035, so they took a little longer-term perspective.

They called this report the "great convergence" because that's what it is about. We see now, after many decades when health indicators between the poorest countries and the richest countries were growing bigger and bigger...the gaps were getting bigger. Mortality was rising in the poorest countries where we had, in the wealthy countries, quite sophisticated health systems and life expectancy was going up. Now we see for the first time almost ever that this is approaching again, and that is fantastic news.

Last year the World Health Organization issued a report saying that life expectancy in the poorest countries, the low-income countries, has increased by nine years over the last 15 years. That's extraordinary, and there are many African countries where life expectancy was going down, particularly because of AIDS, and we were worried about the stability of these countries. Now the World Health Organization can report that in the poorest countries life expectancy has gone up by nine years. By the year 2030 we can credibly talk about approaching mortality rates for children and for adults where there will not be this big gap that we've seen so far.

That's not to say that the health systems will be at the same level. That's not possible, but you don't need these extraordinarily expensive and sophisticated health systems. What you need is very simple but affordable and highly effective interventions, which we now have, that will enable us to achieve this great convergence in health.

From the Global Fund's perspective, we are a financing institution and we make these resources available for countries in need so they can implement their programs on care, prevention, and treatment. But apart from the financial resources, we also look very much at efforts to make those programs more effective and to provide the kind of technical assistance and innovation that will drive these improvements.

Therefore, we've made innovation and the engagement of the private sector a key topic for the Global Fund for the next few years. That also matches quite well with the agenda of the Honourable Minister Paradis, who is also talking a lot about innovation and private sector engagement. In fact, I was with him on a panel at the World Economic Forum in Davos where we discussed that. There was a special edition of *Global Health and Diplomacy* that was issued, together with Canada, and we participated in that and published an article on how the Global Fund is including the private sector and innovation in that.

To that effect we've created what we call an innovation hub where we bring together many private sector companies from around the world, again, not to ask for their money but to ask for the particular innovation that they can provide, which if linked with the resources that we provide, will allow us so much more impact in the countries. We are looking at issues like improving the procurement and the supply chain management, the financial management, risk management, and the overall program quality. We already have a number of very good examples where leading international companies are working with the Global Fund to make these programs more effective and more accountable, by the way, so that we can really follow the investments and measure the results and the impact.

In that context we are also proposing what we call an e-marketplace. We want to, in a sense, innovate the whole way that countries procure essential drugs and health commodities to make it simpler, to make it more transparent, and to make it cheaper.

We have already, over the last two years, through innovations in procurement, saved about \$300 million by purchasing bed nets, by purchasing AIDS drugs and malaria drugs, because we have a new way of procuring. In the future we are proposing an e-marketplace where those countries and their ministries or their NGOs can directly access online what kinds of commodities they need, what kinds of drugs they need, and access them at the best possible price and at guaranteed quality.

That cuts out a lot of middle agencies that increase the price and the complexity. This is not proposed just for the Global Fund. This is for all kinds of agencies that want to participate in that, including bilateral agencies, multilateral agencies, and other partners of the Global Fund.

•(1115)

That's one of the innovations that we are proposing and that we have been discussing with the Canadian ministry because we feel there might be a particular affinity. We would be very proud if Canada would pioneer some of that with us and communicate that with us in this very important development year.

You mentioned that the Global Fund is a key partnership where governments, private sector, and civil society come together at all levels—the global level and the country level. We strongly believe only that would be able to achieve these extraordinary results that we've seen and to achieve even more in the future.

Thank you very much for inviting us. We definitely are very happy to engage in any questions you might have.

The Chair: All right, thank you very much.

Mr. Robinson, you weren't going to say anything. You are part of the questions and answers. Perfect.

Mr. Dewar, why don't we start over with you, sir? You have seven minutes.

Mr. Paul Dewar (Ottawa Centre, NDP): Thank you very much. I think in your overview, as Chair Allison said, the contributions that have been made, and the efficacy of the work that's been done in the Global Fund has been something that our country has been proud of. I think it's been a great example of where we worked together—all parties, multiparty—and previous governments worked together to support the Global Fund. That's mainly because of the approach and the way it was able to nail down some strategic goals and get funding, leverage funding and resources, in ways we haven't seen before with the understanding that no one government can do it and that not just government can do it, but working with civil society, the private sector, and others.

It is a good story to tell and I appreciate that fact that you've come here on an annual basis to brief us on what's happening. As Mr. Robinson will know, members of Parliament can get distracted on other issues. What's been a constant is bringing forward what the results have been for the Global Fund. We thank you for your overview of what's been happening, the good work that's been done, and the great results. We heard this from Mr. Bill Gates with regard to polio. Some positive things are happening.

I want to talk about TB. One of the Global Fund's supported programs is TB Reach. For those who don't know, it's the idea of being able to detect as well as treat—and that's clearly important, to be able to do both—in the most vulnerable areas, the hard-to-reach areas. The name says it all: TB Reach. In 2010 our government was a great partner in this. It made a five-year contribution of \$120 million to the initiative. We're hearing...and I'm saying hearing. There are no facts on this and I'm hoping we can clarify it, but there is some question about that being renewed. For us to understand, as members of Parliament and this committee, what would be the consequences if Canada—and I hope it doesn't happen—didn't renew its contributions to that fund?

• (1120)

Dr. Christoph Benn: Thank you very much. That's an excellent question and provides me with the opportunity to talk a little bit about TB, which in some ways is the most neglected of the three diseases. I think there is much more public discussion on AIDS and on malaria.

TB Reach has been extremely important not just for the Global Fund, but for the international efforts to overcome tuberculosis. Let me tell you why. For tuberculosis, in principle, we have a curative treatment, which is fantastic. That's what we don't have for AIDS,

but we have it for tuberculosis. There are challenges because there is increasing resistance to some of these standard treatments, but we know we have the drugs and we have the treatment. If it's followed it's a cure. The biggest problem with TB is to find who has active tuberculosis; the active case finding. That's the most important challenge. If we want to overcome tuberculosis it's that challenge. In vulnerable communities people often do not come forward to present themselves so they can be diagnosed and then treated. That's exactly what TB Reach does. It helps enormously with the identification of the patients so that they can then be followed up and treated.

Our great partners at the Stop TB Partnership call the biggest challenge the “missed” three million. We know every year there are three million people suffering from active tuberculosis who are not diagnosed. It's not that we could not pay for the treatment. They are simply not diagnosed. They are living somewhere in remote areas, in slum areas and in the big cities—Asia is a driver for this kind of tuberculosis—and TB Reach and the Stop TB Partnership are our key allies in addressing that particular aspect. We would be very grateful if the support for TB Reach could continue. It's very complementary. We pay for the diagnosis and treatment, and they help to reach the people. So full support for that and thank you for that important question.

Mr. Paul Dewar: I'm hoping that maybe our friends on the other side will let us know where we're at. We haven't heard whether the commitment is there, so we are obviously encouraging the government to follow up with a commitment to that important fund, as you said.

Right now, just give us an overview of what Canada's role is in the funding of this initiative. We are a principal player, are we not, in terms of TB Reach?

Dr. Christoph Benn: Yes, you definitely are.

I think Canada has a great history in its support of tuberculosis programs. I am quite aware that Canada has also played a leading role in the establishment of the Stop TB Partnership. I can't say what your share in TB Reach is, but I believe Canada has been a major donor and supporter of that, so your contribution would be absolutely critical.

Mr. Paul Dewar: Mr. Chair, finally, I note that after we've watched and witnessed Ebola and have been dealing with it, and this connects to TB, it's obviously about the medicines but we also have to have resilience in the health systems.

I want to finish my comments because the chair is going to pull the plug on me. We do understand that when we are funding these initiatives through the Global Fund, it's also about resilience in health systems, allowing people to get the diagnosis as well as the treatment.

Again, thank you to our witnesses.

• (1125)

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

We're going to move over to Ms. Brown for seven minutes, please.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you very much.

It's good to see you here again. I think it's been maybe a year or a year and a half since we saw you last. It's good to have you here again.

You're right. Canada is doing great things. There was the \$650 million that I announced in Washington a year and a half ago. We announced \$500 million for the Gavi project. When you start to talk about convergence, it's all of these initiatives that we are seeing work hand-in-hand that are really going to make a difference globally: the reduction in maternal mortality, the reduction in infant mortality, and the number of children, as I said before, who are seeing five candles on their birthday cakes. They may not have birthday cakes, but it's that picture of seeing that number of children who are successfully growing and thriving which should be an encouragement to all of us.

As you well know, the Prime Minister made the announcement of \$3.5 billion last May at the summit for reaching every woman and every child. That money is going to be disbursed from 2015 to 2020. All of the money that we have announced, the \$2.85 billion that we announced in 2010, will be distributed by the end of this fiscal year. Canada has been very generous in its contributions. I think we are now starting to see the convergence of all these initiatives coming together: immunization, nutrition, and the new focus we have on vital statistics. Every one of those initiatives is going to help tremendously as we move forward.

I was really glad to hear you, Dr. Benn, talk about a new marketplace because I represent the riding of Newmarket—Aurora, and I always think that it's wise to reiterate that.

I was in Botswana a number of years ago, and I saw the allocation in their health budget to the initiatives for HIV/AIDS. Botswana is one of the countries that have been severely impacted. I understand that the life expectancy was 57 for males and 54 for females. They knew that they needed to address this with some money put there very specifically.

I wonder if you can tell the committee a little bit about how health systems are working with you at the Global Fund to start growing their own substantial health systems to address the issue. How do you work with them on a financial basis to see that happen?

Dr. Christoph Benn: Thank you very much, indeed.

It's great you're mentioning Botswana as an example, so let me take that and answer your question through that.

Botswana is one of the countries where I worked and advised hospitals before the Global Fund was created. In the years 2000 and 2001, Botswana had the highest HIV prevalence in the world, you will recall. Close to 40% of young adults were infected with HIV. It was an absolutely devastating situation. I was in some of the hospitals where we introduced the first antiretroviral treatment schemes, which were so urgent. At that time it wasn't even clear whether, under the conditions, they could be implemented. That was a year or two before the Global Fund was created.

Now Botswana has, indeed, made tremendous progress on HIV. It was one of the countries where the life expectancy had gone down to

35 years on average. As you mentioned quite rightly, it has now gone up again to 54 years among females. That's a tremendous achievement.

With the investment over the years, they have really scaled up their health systems. The hospitals are in a much better place now, and Botswana is a relatively wealthy country. It's an upper middle-income country. They no longer depend on Global Fund funding. We are not financing their treatment anymore. We have over the years, but they are now at a point where their health system can support that itself. I think that's a great achievement.

We do want to see that, over time, countries can graduate out of this international support, if possible. We see significant economic growth in many African countries. Botswana is just the leading example, I would say.

We've always believed in investments in the health systems while we invest in these three diseases. It was never a situation where we just delivered the drugs and then told them to take care of it. That does not work. Unless you have a workforce that is trained, unless you have hospitals with laboratories and outpatient and in-patient services, you cannot do that.

Let's talk about the prevention of mother to child transmissions, something that is very dear to Canada because of the Muskoka initiative. That requires good antenatal services for women, which they can attend, where they get tested, and where they receive overall antenatal care. If they prove to be HIV positive, they also receive treatment so their babies will be born without HIV.

That was an investment in the health systems, particularly in maternal and child health. That has really been going on. Billions have gone into these health systems through Gavi, through Global Fund, and through other initiatives.

There has been so much talk about Ebola, of course, over the last year. It was a very dramatic situation, and there was a lot of criticism that the international response was late. I do take that criticism, but we should also not forget many countries like Mali, Senegal, Nigeria, and others were able to prevent any outbreak. They had early cases, and the health systems were strong enough to prevent any further spread.

Now, we are grateful that Liberia, Sierra Leone, and Guinea also seem to be turning the corner. That is because there has also been significant investment in the health systems of these countries. Otherwise they would not have been able to cope.

There are good studies now that also show that investment in AIDS, tuberculosis, and malaria helped those countries to also address the challenges presented by new diseases, or other particular health challenges.

• (1130)

The Chair: Thank you.

That's all the time we have for this round. We are going to finish up this round and go to Mr. Garneau for seven minutes, please.

Mr. Marc Garneau (Westmount—Ville-Marie, Lib.): Thank you, Mr. Chair.

Thank you for your testimony.

You drew a very positive portrait of the Global Fund, which I was delighted to hear. I think we all support the work that is being done and the value of it. At the same time, it almost made me feel that I have no questions to ask because everything is going perfectly. However, in the real world nothing is ever perfect. So I'm going to ask you to reach down into the back of your mind and tell me if there is one thing that bothers you, that keeps you awake at night more than any other, with respect to possible areas of improvement for the Global Fund.

Dr. Christoph Benn: I can reassure you there are many things that keep me awake at night.

Also, I want to be clear. What I described was a very positive development globally, of which the Global Fund is a part. I did not claim that this was all just because of the work of the Global Fund. It is the work of an extraordinary movement over the last 15 years or so, which has made that possible, and we've been privileged to be part of that.

The challenges for the organization, if you're asking now about the functioning of the Global Fund as an organization, are still mainly the particular challenge of wanting to have a light touch. We are still an organization that has no country presence. We have no country offices in all these countries, and still we want to make sure that our investment is reaching the people.

There is a very high standard of accountability and often we cannot really follow that through from our headquarters in Geneva to the last mile, as we call it. It's not so difficult to reach the people in the capitals and the big hospitals. It's very difficult to reach the people in the rural areas, and that's where, in Africa, still most of the people live. So it's not only to make sure that the most vulnerable populations get their services, but also our donors, like yourselves, are expecting some level of accountability so that we can tell you how the money is being spent in those circumstances. That is not easy, unless we build up a huge machinery where we have our people everywhere.

We think we've found a way through engaging with partners at the local level, through engaging with what we call local fund agents, which we hire at the country level to report to us. That helps, but there is always this kind of dilemma of a global organization that has the mandate to have a light touch and keep the administrative costs down and still be accountable for the billions of dollars that we spend in many countries with very weak systems—not just health systems but financial systems.

That's our challenge, and that's, by the way, exactly where we want to engage the private sector. We are working now with several of the most well-known international banks and insurance companies to help us provide systems that provide a better oversight for these countries. They provide the teaching and financial accounting and risk management that we can apply at the global level. But if you go to Ghana, Uganda, and Sierra Leone, that's where they can be very helpful because they have the staff on the ground and they have the expertise and the technology that can help with that.

• (1135)

Mr. Marc Garneau: Thank you.

On a more specific level, there are a couple of things I'm curious about.

Are the medications that are used today to combat malaria, AIDS, and TB still at the brand pharmaceutical level, or are they generic? I'm curious about that. Also, where do most of them come from?

Dr. Christoph Benn: We have to differentiate among the three diseases.

For AIDS, where the biggest budget is in terms of antiretroviral drugs, we purchase 90% of those as generics and the bulk of that comes from India. India has a very vibrant generic industry of high quality, because it's not only the price; it's also the assured quality. Almost 90% of that we purchase in India, some from South Africa and other countries, but largely they're generic drugs.

When you come to tuberculosis, the first-line treatment is drugs that have been used for decades, so they are all off patent and therefore relatively cheap. We buy a complete course of TB treatment for six months. It costs about \$50. That's generic drugs because there's no patent on these drugs. The challenge comes when we get to the more resistant forms. If we have to treat multidrug-resistant tuberculosis, then we have to go to new drugs that have been developed that are much more expensive and also more difficult to administer, and we have to buy them from research-based pharmaceutical companies.

For malaria, by the way, it's a mix. The artemisinin combination therapy is still under patent, but we get it at a largely reduced price. That's the tiered pricing that is coming in here.

It differs a little bit among the three diseases, but for the first-line treatment, we can buy them at very competitive prices, largely from generic producers.

Mr. Marc Garneau: You mentioned that if we keep the pressure on for the next 15 years, possibly we can bring these three diseases really down to a very low level. Recently I read about a new strain of malaria that is supposedly challenging. I was wondering if that has upset the equation, if that presents a new and big challenge.

Dr. Christoph Benn: It's a challenge, but not one that would revise our predictions there. Malaria, among the three diseases, is probably the first candidate for elimination because so many countries are in the process of eliminating malaria. There are fantastic examples like Sri Lanka that had a big malaria problem and is now reporting for two years in a row no malaria death at all. It's a fantastic achievement. I could tell you similarly Eritrea, Vietnam, and other countries are on just that same path.

There is increasing resistance, and that is a concern. The resistance emerges usually in Southeast Asia, so it's the Mekong Delta, Cambodia, Myanmar, and Thailand—that area. We are investing specifically there. We have a special program of \$100 million that is invested in the prevention of drug resistance because you need to strengthen the local authorities to detect and address that. We have a special program and we are working closely there with the Asian Development Bank and with the governments of those countries. It's a concern, but not so much that we would say, "This is becoming so overwhelming that we don't think we can make that progress". Now we probably can. I would be surprised if Bill Gates didn't talk about this topic

I mean, there is a malaria vaccine on the horizon. It's more than on the horizon. It's likely to come out on the market maybe next year. It's not 100% effective, but it will be a very important additional tool. With that new vaccine and with the treatment that we have, we are still very confident that we can control malaria. Bill Gates is obviously investing a lot there as well, and he's even more optimistic. He speaks about eradication. We speak about elimination, which is slightly different, but in principle we can make enormous progress with the tools that we have and a few new tools coming onto the market now.

•(1140)

The Chair: Thank you.

We're going to have time for a second round. We're going to start with Mr. Hawn for five minutes.

Hon. Laurie Hawn (Edmonton Centre, CPC): Thank you, Mr. Chair.

Thank you both for being here.

Just following up on Mr. Garneau with the accountability systems in some of these countries and the billions of dollars we're talking about, obviously that's a pretty attractive sum. How much of a problem is financial corruption? Can you put a number on it *grosso modo* about how much is at risk of going in the wrong direction?

Dr. Christoph Benn: It is a problem for any kind of global donor investing money in these countries. I think all agencies, bilateral or multilateral like the Global Fund, have built up systems that enable us as much as possible to not only help them build the systems but also detect when something goes wrong.

We have auditors in all these countries. They are what I call the local fund agents. We also have an office of the inspector general who regularly orders investigations in these countries and issues reports, and we make those reports public. There are constant kinds of reports from our inspector general on our website so people can see where problems are being identified. We do find of course that there is mismanagement if we look carefully enough. If you're asking me a number, you know, if you add up the numbers from these repeated reports of the inspector general, you come to a number of about a 0.5% loss.

Hon. Laurie Hawn: That's actually pretty small.

Dr. Christoph Benn: Yes, but it's significant money.

Hon. Laurie Hawn: Yes, it is.

Dr. Christoph Benn: It's significant money, but you should also know that if we find that, we follow that. In every single case we go after them and tell them that they have to repay it. That's what we call the recovery, so if you identify that loss, it doesn't mean that we just write it off. We ask them to repay.

Hon. Laurie Hawn: Good.

Dr. Christoph Benn: That does not happen always and immediately, but we can recover at least about 50% of what has been identified as loss. Sometimes it's politically sensitive. You're sometimes dealing with political leaders. There have been court cases in these countries, but we do follow up on that.

Hon. Laurie Hawn: Okay, that's good.

I want to talk a little bit about the cultural and religious challenges in some places. A little while ago I was fortunate enough to spend some time in Tanzania with a great organization called Results Canada, who in fact are sitting behind you in the room. One of the things that was interesting to me was that we were talking about diseases, and TB particularly, but also HIV/AIDS, and one of the things that we heard was that there is no connection between HIV/AIDS and homosexuality because homosexuality is illegal in Tanzania; therefore, it doesn't exist.

Using that as an example, how much challenge is there in some parts of the world with religious and cultural barriers to understanding the reality? How much of a challenge is that in some places?

Dr. Christoph Benn: It is quite a significant challenge. Homosexuality is strongly discriminated against in many countries, particularly in Africa, and it becomes particularly difficult if then some countries issue legislation, as you probably have followed, where they criminalize homosexuality. We had the examples of Uganda, Nigeria and others. Then, basically, you drive a certain part of the population simply underground and they will not even access prevention services and come forward for treatment, and you make the whole problem much worse. That is a significant problem.

The Global Fund has a role here. We always talk to those governments, but we do that in a diplomatic way because anything else would be interpreted as western dominance, and so on, and we have different cultural values. So you have to do that in a very sensitive way. We do engage those governments and point out this is not just a human rights issue, because there they say, "Oh, don't teach us about human rights," but it is also a public health issue at the same time. Often you can maybe make that point more clearly and say this does not make sense from the public health point of view if you discriminate against a significant part of your population.

We always try to make those points, but we do understand these are deep-seated cultural prejudices, if you like.

•(1145)

Mr. Svend Robinson (Senior Adviser, Parliamentary Relations, Global Fund To Fight AIDS, Tuberculosis and Malaria): Perhaps I could just add one quick point to that. There is an important role here as well for parliamentarians to play on this question because there are a number of international parliamentary organizations, whether it's the Inter-Parliamentary Union, the Commonwealth Parliamentary Association, the OSCE Parliamentary Assembly, in which you have an opportunity to engage with members of Parliament from some of these countries like Tanzania, Uganda and others.

I have found in my work with the Global Fund that it's trying to promote that engagement among parliamentarians. You can make a real difference just by raising some of these issues in a respectful but clear way with parliamentary colleagues at the international parliamentary level as well, and that's an area where certainly I know the former foreign minister, John Baird, really deserves credit. He really reached out not just to parliamentarians but to other government ministers and leaders as well, and Canada has really shown some leadership in that area, which you as parliamentarians, across party lines, can also promote in your work at the international level.

I just wanted to mention that as well.

The Chair: Thank you.

Thank you very much, Mr. Robinson.

We're going to move to Ms. Moore for five minutes

[Translation]

Ms. Christine Moore (Abitibi—Témiscamingue, NDP): Thank you, Mr. Chair.

My questions relate to drug resistance, particularly tuberculosis and malaria drugs.

There is a high resistance in Africa to chloroquine in the case of *Plasmodium falciparum*, which is the most fatal. There are some problems concerning the drugs. A lot of fake drugs are on the market. There is also the fact that people don't take them for the full course the treatment. And increasingly, foreign workers, including Canadians, go to work in Africa and don't take their preventive medicine because they don't want to experience the side-effects. These factors can contribute to this resistance.

There's another problem. The creation of new drugs to fight these diseases will not be profitable commercially because the target clientele would not be able to buy patented or more effective drugs. Having said that, there is very little research being done to develop new drugs.

Take tuberculosis, for instance. Treatment lasts six months. It is difficult to make sure that individuals will take the full course of drugs during that period and won't stop taking them to, say, give help to their sick child.

How does the global fund deal with resistance and the lack of research to create new drugs, particularly those for treating tuberculosis and malaria?

[English]

Dr. Christoph Benn: Yes, the whole question of resistance is a very important one. In your question you mentioned several challenges. One is that there is real criminal activity in some places where they produce fake drugs that are then brought onto the market. This is clearly criminal. This is, by the way, one reason we have this emerging resistance against malaria in Southeast Asia. The background is often that you have fake drugs brought onto the market there that lead to incomplete treatment and the development of resistance.

We actually have—that is, Global Fund together with the WHO and many other agencies, and also agencies such as Interpol—a

global steering committee on exactly this issue of fake drugs and the criminal activities around them. This is beyond what we, the Global Fund, can do ourselves. Here you need law enforcement agencies, at the country level and the international level, to address the situation. But this global steering committee does exist, and it is currently chaired by a representative of the Global Fund.

That is particularly, I would say, relevant for malaria, because there is a big black market for malaria drugs. For tuberculosis the situation is a little bit different, because as I said before, the standard tuberculosis drugs are all drugs that were discovered 40 years ago. They are off patent. There's not much gain, if you like, in the black market for these. The reason for drug resistance there is more that people in institutions are incompletely treated.

Eastern Europe and central Asia constitute a big area in which you have emerging TB resistance—even more, I would say, than in Africa, for example, where the experience with our TB programs is relatively good. We call it a good outcome if 75% to 80% of the people who are started on TB treatment finalize it. This means that they are really cured after six months.

That's the best way to prevent TB drug resistance: complete and effective treatment. The issue is often more social, if you like, and that's why you have it particularly in eastern Europe. Prisons, for example, are a big breeding ground for TB resistance.

Yes, we do need more research. TB has been completely neglected, I would say, in terms of the development of new drugs. Recently this situation has changed a bit. There are now two drugs that have come to the market. This is the first time in more than 30 years that we have had new drugs that we can now use for the most dangerous drug-resistant forms. We would never use them for standard treatment. You have to be very careful with new drugs that you use them only where appropriate, so that you don't get resistance to these new drugs. But they are now available; you're absolutely right.

Research into TB and other neglected diseases is very necessary. The Global Fund itself does not invest in research, we have to say. That's much more a role for the Gates Foundation and government entities. But we have, of course, what we would call a pull factor. I mean that we incentivize research, because the companies know that if they develop these new drugs, there is an organization that can then pay for them. So that has an effect.

I think there is a pretty good collaboration between the Gates Foundation, the Global Fund, and others. Now we see more research into this and also into the more resistant forms, for all three diseases. It is a very important aspect, and particularly, as you mentioned, in the case of the malaria drugs, and how we can address that issue, together with governmental and law enforcement institutions in those countries.

• (1150)

The Chair: Thank you.

We're going to finish off with Mr. Trottier, sir, for five minutes.

Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC): Thank you, Mr. Chair.

Thank you for being here today.

One of the core principles of the Global Fund is performance-based funding. I think it is a very strong, very powerful message to send. Billions of dollars are being spent. Ultimately, it's not countries contributing to the Global Fund; it's actually taxpayers. It's helpful for them to have it at a more tangible level.

Could you pick three countries to help people understand how this performance-based funding would work in practice? Maybe pick a star country that has shown incredible performance in some of these measurable things such as HIV infection rates or malarial infection rates, then maybe a typical country, and then maybe a country that has just not shown the performance.

What is the mechanism that kicks in, if they are not demonstrating the performance? How does the Global Fund deal with those cases? In the case of a country that has been a star performer, does the funding disappear, or does it focus on something else, maybe more on prevention rather than treatment?

Dr. Christoph Benn: Let me think of three examples, because then you will also see that the method of results-based funding will change, depending on the situation.

You're right that the Global Fund has always said we are a results-based funding organization. That applies across the whole portfolio, but then the capacity of the countries varies.

One of the very clear top star performers has been Rwanda, for many years. You can see this from the results. It is quite outstanding. There you have a coverage now of AIDS treatment, malaria treatment, and mosquito nets of 90% across the whole country—fantastic results.

But not only that. They have the systems, with accountability whereby you can have trust that they use resources well. This allowed us to change our whole funding model and to take results-based funding to the extreme. Rwanda now gets paid for results. That's rather new. You can't do it everywhere, but with Rwanda basically you have a contract; you say that these are the results you're going to achieve and we will pay you for verified results. That cuts out a lot of bureaucracy in between.

Rwanda can do this, and they are a pilot for us. We are now exploring that model with other countries, such as Ethiopia, that are also very high performers and where we can probably apply the same method.

Another country that has done very well and is now graduating is Thailand, for example. We've supported them for many years with good results and it has relatively good health systems now. They indicated that this is the last replenishment period for which they are expecting funding from the Global Fund, that from now on they can take care of it—their systems are strong enough—and they don't expect funding from the Global Fund. This, I think, is another very good example. Obviously, we're happy to see it when countries can graduate out.

Then you would have countries at the other end of the spectrum. One extreme, I would say, is South Sudan, a new country with extremely weak systems, where you could not practice what we do in Rwanda, in the sense that we really have to make sure we follow all the disbursements to the level. We cannot even disburse to the government. We usually use UN agencies, or international NGOs, sometimes the Red Cross. They are our partners on the ground. It's still results-based funding, if you like; I mean, we agree on certain targets and we hold them accountable for them. But there is much more hand holding. We cannot just say we will pay you for the end results. We have to follow every step on the way.

That would be the spectrum: the extremely high performers, such as Rwanda, Thailand, Ethiopia; then in the middle you would have the Zambias and Tanzanias and Kenyas; then you have the really very fragile states with very weak systems—Chad, Central African Republic, South Sudan. We have the challenge of adapting our system so that we still achieve results, but with different levels of oversight and accountability mechanisms.

• (1155)

Mr. Bernard Trottier: Could you describe in South Sudan what the trend has been with infection rates in, say, the last 15 years? You're saying that you're still getting results. I don't know whether you have the numbers at your fingertips, or some illustrative notion of what is happening with infection rates in a country such as South Sudan.

Dr. Christoph Benn: It's still achieving results. That is true particularly for malaria, I would suggest, because we have had some successful bed net distribution campaigns. That's not too difficult. You don't need an elaborate health system for providing communities and villages with bed nets. They have an effect then on malaria, and we've seen it. It's much more difficult when it comes to, let's say, TB treatment or AIDS treatment, for which you have to follow up over months and sometimes years and establish your systems.

Even that is happening. I'm not saying it's not happening at all, but it's much more difficult because, simply, of logistics. The roads are not there. You cannot reach many areas. You have rainy seasons during which parts of the country are blocked. We then try to work with partner agencies such as the Red Cross, UNDP, and others who might have access to these regions that they help, and sometimes with international NGOs as well. But this is a kind of logistical nightmare sometimes under those circumstances. Still, I would claim that some reasonable results are achieved also in those countries.

The Chair: Thank you.

To our gentlemen here from the Global Fund, thank you, Dr. Benn, for being here and Mr. Robinson for being here as well. You have lots of hard-working civil society organizations that are always talking to us as members about the importance of what you're doing, so you have good partners all around the world. Thank you very much.

With that I'm going to suspend the meeting so that we can get set up for our next panel.

Thank you.

• (1155)

(Pause)

• (1205)

The Chair: Welcome, everybody. Pursuant to Standing Order 108(2), our study is on the situation in Hong Kong.

I would like to welcome Martin Lee, who is with us today. I want to thank you for taking time to be here.

Gloria Fung is also with us. Gloria, you're with the Canada-Hong Kong Link, I believe. That's great.

Mr. Lee, maybe you'll tell us a bit more about yourself. I know you've been a lawyer, a legislator. You've started parties. You've been involved and very active on the human rights front.

For my colleagues, I'll mention very briefly that as far as being a champion of human rights, Mr. Lee has received numerous awards. He received the 1995 International Human Rights Award, by the American Bar Association; the Prize for Freedom, by Liberal International, in 1996; the Democracy Award, by the United States' National Endowment for Democracy, in 1997; the Robert Schuman Medal, in 2000, which Mr. Lee was the first non-European to receive from the European People's Party and European Democrats. Mr. Lee has been very involved as a champion of human rights.

We're looking forward to your giving us an update on what's going on in Hong Kong these days. After you've had a chance with your opening statements, we'll move around the room and have our members ask questions to find out more information.

Welcome, Mr. Lee. We're glad to have you here. I will turn the floor over to you for your opening statement.

Mr. Martin C.M. Lee (Senior Counsel, As an Individual): Thank you, honourable members, for having us.

Thank you, Mr. Chair, for the wonderful weather you have organized for us.

Hong Kong is at a crossroads. If Hong Kong can proceed from now, according to the blueprint laid down for Hong Kong by Deng Xiaoping in the early 1980s, Hong Kong will have a bright a future, and I dare say so will China. If Hong Kong were to go down the slippery slope now, it will soon become just another Chinese city.

This is a very important point in our history, 18 years after the handover of sovereignty on July 1, 1997.

I have prepared a short brief for you, Mr. Chair and honourable members, so I won't go into that. I think it is important to look at Hong Kong. We must do so in the context of China and in the context of Canada-China relations. I will start by saying that there is no inconsistency between a good policy for China and Hong Kong, and your foreign policy of democracy, freedom, and human rights. They are perfectly consistent.

Some people think that if you want to have trade with China then you better be quiet on human rights issues, and so on. Let me say that this a wrong approach. China has no respect for any country that

is in their pocket. China respects a government that believes in fairness. The two things are not inconsistent; China trade, and your concern for human rights and freedom and democracy for Hong Kong.

We have been promised by China that we would continue to enjoy all of the core values we had under British rule, for 50 years from July 1, 1997, without change. In order for that to happen both the Chinese and British governments agreed in their agreement, called the Sino-British Joint Declaration, that there would have to be a sea change in our political structure.

Under British rule the governor was appointed by the British government in the name of the Queen and sent to Hong Kong to govern us, without any prior consultation with the people of Hong Kong. Once he got to Hong Kong he would then appoint every single legislator in our legislature. Not only that, but he would preside in all the legislative council sittings. If any legislator were to appear to him to be troublesome then that guy would not be reappointed.

That system, that colonial structure, had to go according to the joint declaration, which prescribes that we would have an elected chief executive and an elected legislature. That is the only way, I will submit, that the people of Hong Kong could rule Hong Kong with a high degree of autonomy. These are the words used by Mr. Deng Xiaoping when he said "one country, two systems".

How could the people of Hong Kong rule Hong Kong with a high degree of autonomy when the people of Hong Kong don't even elect their leader and all members of the legislature? That is the problem.

The basic law, which is our mini-constitution, spells out these promises of elected government in the joint declaration, in much greater detail in the basic law, by providing that 10 years after the handover, by 2007, we could have an elected chief executive and all members of the legislature. We patiently waited.

Beijing said, "No". We waited for another five years hoping that by 2012 we could have it. Beijing said, "No," again.

We had to wait until 2017, so said Beijing, before we could elect our chief executive by universal suffrage. If that went through successfully we could then, in 2020, elect all members of our legislature.

• (1210)

Unfortunately, after 10 years of waiting, Beijing decided on August 31 of last year that although Beijing would certainly allow Hong Kong people "one person, one vote" in the election of our next chief executive in 2017, when it comes to the nomination process, Beijing will call the shots. In other words, Hong Kong people will only be able to choose from among two or three candidates, all of whom will be preselected by a Beijing-controlled nomination committee. In other words, Beijing will pick puppet A, puppet B, or if we are lucky, even puppet C for us to elect.

This type of election certainly doesn't meet international standards. Of course, in Hong Kong, the joint declaration already prescribes that the International Covenant on Civil and Political Rights applies to Hong Kong. The basic law, our constitution itself, prescribes in article 26 that all Hong Kong permanent residents not only have the right to elect but the right to stand for elections. What was decided by Beijing last year was clearly contrary to all these promises. In fact, it is also unconstitutional. But I will not go into that until, perhaps, you ask me questions. It would take me too long.

Where do we go from here? The democratic legislators, who amount to more than one-third, have vowed that they would vote against any bill proposed by the government that is within the confines of the decision in Beijing on August 31. If they restrict the Hong Kong people's right to nominate the candidates in 2017, these legislators will vote against it. This particular bill, under the basic law, requires a special majority of two-thirds of all the legislators before it could pass. We have more than one-third, so we could block it. Are we going to block it, and if we block it, what happens next?

Everything remains to be seen because it would depend on the paramount leader of China, Mr. Xi Jinping. He has been seen to be amassing power unto himself. He was described by *Time* magazine last year as "Emperor Xi". If he really wants power for the sake of power and to become an emperor, Hong Kong will soon become a Chinese city. But should he prove to be a reformer, having gotten power unto himself, then there is hope for China and hope for Hong Kong.

I hope the Canadian government and the Canadian Parliament will speak up for us at this difficult stage. You have every moral obligation to do so because Beijing, in fact, appealed for your support when the joint declaration was first announced. Beijing wanted the world to support the joint declaration between Britain and China because Beijing was afraid that there would be too much emigration from Hong Kong if Hong Kong people had no hope in the future. The Canadian government, having been lobbied successfully by China to support the joint declaration, certainly has a moral obligation to the Hong Kong people when things are going wrong. You cannot be accused of interfering in China's internal affairs because China had lobbied for international support.

I will leave some time for my colleague.

• (1215)

Ms. Gloria Fung (Director, Canada-Hong Kong Link): Mr. Chairperson, honourable members of the standing committee, thank you very much for giving us this chance to testify on the critical situation in Hong Kong, and also on the importance of protecting democracy, autonomy, and also the rules of law in Hong Kong, which has some very deep and close connections with Canada.

Supporting the people of Hong Kong in defence of their human rights and also democratic rights is vital in building strong and respectful foreign policy in Canada. Canada has a stake in the current crisis in Hong Kong for four reasons.

Number one, as one of the countries endorsing the joint declaration signed in 1984, Canada has the moral duty to urge China to respect and honour what they have promised to the Hong Kong people in respect of "one country, two systems"; that is, Hong Kong people ruling Hong Kong with a high degree of autonomy.

Number two, democracy, freedom, and rule of law are the backdrop principles of all our foreign policy. We are morally obligated to defend these basic civil rights of the Hong Kong people.

Number three, it serves our national best interests to defend the rights of our Canadian citizens living in Hong Kong. Hong Kong is Asia's most Canadian city, with 300,000 Canadians and with over 200 Canadian companies based there. Hong Kong is Asia's third-largest financial market. Without the rules of law, freedom, and civil liberties, there won't be any guarantee of a level playing field for Canadian-owned businesses or personal security for Canadians in Hong Kong.

Number four, there are very strong people-to-people ties between Hong Kong and Canada. Last year, numerous community organizations, student groups, and national organizations rallied to show their support to Hong Kong. The all-party motion of the House of Commons calling on China to respect international agreements was not only well received by Hong Kong people, but it will also have a positive impact on China in the long run. However, we all need to do more at this critical time for the people of Hong Kong threatened by the ongoing erosion of their basic human rights.

We therefore respectfully recommend, first, that the standing committee undertake a full study of the critical situation in Hong Kong and submit its report to Parliament to serve as reference in the formulation of government policies on this issue; and second, that the Government of Canada issue an official statement urging China to honour and respect commitments to the joint declaration, and the promise of universal suffrage to the Hong Kong people before the chief executive's election format is decided by the Legislative Council of Hong Kong in mid-2015.

Thank you very much.

• (1220)

The Chair: Thank you very much.

Now we're going to start our first round with Mr. Dewar from the NDP. You have seven minutes, please.

Mr. Paul Dewar: Thank you, Chair.

Thank you to both of our witnesses for their very clear, concise statements.

I want to start, Mr. Chair, by acknowledging the recent work of the U.K. Parliament, which tabled a report, and I just want to read what the report said. It's relevant to our discussion today. In that report on Hong Kong, they said:

The preservation of both the letter and the spirit of the Joint Declaration is crucial to Hong Kong's economic and business success....

Recent debates over electoral reform have exposed deep divisions in Hong Kong and a wide divergence of expectations for its political future....

In addition to debates on constitutional reform, we heard widespread concern that the autonomy, rights and freedoms guaranteed to Hong Kong in the Joint Declaration and Basic Law have been gradually eroded in recent years.... A free press and the right to demonstrate peacefully are essential to the functioning of a free society and are among the most crucial pillars upholding Hong Kong's high degree of autonomy.

I couldn't agree more. Based on what we've heard today, particularly about Canada's role in acknowledging, with our good friends in China, the 1984 process that led to the 1997 agreement, I want to state that we believe, certainly as the official opposition and I think many of my colleagues around the table do as well, that we have a critical role to play, as Mr. Lee stated. We need to see Canada being a responsible actor, having good relations with China. All we're simply affirming is what was agreed to both in 1984 and in 1997, and for the way forward.

I'm interested because Mr. Lee did acknowledge, which I think is important, the trajectory of this. It's a very similar history to Canada's history, you know, having a governor appointed and then having appointees to a legislative body. We went through that in our history. He also said something very important, and it leads to my question. It was that Deng Xiaoping had the vision of this as leader of China, and it is in keeping with his vision that this agreement be honoured.

My question to Mr. Lee is this. We know that he's had pressure from officials, and just recently this past Monday, for his participation in the democratic protests, but I wonder if he could tell us what is happening on the ground with people in Hong Kong. It's been quiet for the last number of weeks, months even, and I want to get from him exactly what is happening on the ground. What can he tell us about how people are feeling and what people are doing to advocate for China, Beijing, and the officials to adhere to the commitment of both 1984 and 1997?

Mr. Martin C.M. Lee: The pan-democrats in the Legislative Council have reaffirmed their refusal to vote in support of any bill that will be presented to the Legislative Council based on the August 31 decision of last year. They have just affirmed this two days ago.

Of course, as far as the university and secondary school students who participated in this beautiful umbrella movement are concerned, they are now all back to university or schools, studying hard, I hope. These young people, having been baptized into democracy, have got in their hearts, each of them, the fire of democracy burning, and no iron fist is going to quench that fire in the future. That gives me great hope, because instead of old people like me continuing the fight for democracy, we now have a totally new generation, and of course it is Hong Kong's future.

I remember in the early days of this umbrella movement, young Joshua Wong, who just turned 18 at that time, said that he is going to fight for democracy for himself and the next generation. A young guy of 18 fighting for democracy for the next generation. When I heard that, I thought to myself, "I could now retire." Instead of me fighting for him, he's now fighting for the next generation.

Yes, things have quieted down, but everybody is waiting for the government to produce a bill to the Legislative Council, which is

going to happen maybe within the next month or two. However, the decision is going to be made in Beijing. Now that is the all-important thing, because if the Beijing leader, the paramount leader Xi Jinping, has the wisdom, commitment, and vision, he could well overturn what has been done during these 18 years, which is the Chinese government departing from the blueprint of Deng Xiaoping. He can certainly and easily bring us back to that blueprint.

● (1225)

Mr. Paul Dewar: If I may, Mr. Chair, one of the things that I find interesting is that what was laid out by Deng Xiaoping before is an opportunity for the present government to be more progressive and enlightened than the predecessors. What we see is that this road map is allowing people to have a say, to vote, and to have the choice within—and it's really important to underline here—the two systems, one country.

It is a real opportunity if the leadership chooses to embrace this.

In the time I have, and maybe I'll leave this as a statement, I want to say how important what we heard from Ms. Fung and from Mr. Lee is. This committee, if we can, should do a follow-up to this and at least recommend to government what was recommended, that our government express its commitment to the 1984 agreement or the 1997 agreement, and that we are seized with that as a committee. Perhaps we can follow up with that after.

The Chair: Thank you very much.

Ms. Gloria Fung: I would also like to add some of my observations of the umbrella movement in Hong Kong.

This movement has been joined by people from all walks of life—men and women, young and old. The most amazing part is that a lot of young people have come forward to take ownership of the city. We always say afterwards that Hong Kong is never the same as before. Recently Canada-Hong Kong Link organized a sharing with the student leaders in Hong Kong. They told us that they want to spend their future time integrating with the grassroots and also educating the grassroots as to why it is so important for them to come forward to fight for genuine universal suffrage, instead of an electorate hand-picked by the Beijing government.

I think it's good if the committee can organize a full study of the Hong Kong situation in the future so as to enable more representatives from Hong Kong to share their views with all of you.

The Chair: Thank you very much.

We're going to move over to Mr. Hawn for seven minutes, please.

Hon. Laurie Hawn: Thank you, Mr. Chair. *Ni hao* and *xie xie* for being here.

I've had some contact in Edmonton with the Hong Kong-Canada Business Association. It's a very dynamic and profitable organization for both countries.

Mr. Lee, how much confidence do you have in Mr. Xi being the reformer that you hope he is? In the opposition legislatures in Hong Kong is there enough strength there to effectively vote against, or try to block, the legislation if he is not the reformer that you hope he is?

Mr. Martin C.M. Lee: Certainly, the pan-democrats could block it. There's no doubt they could block it. We have enough votes, and at the moment I don't see anyone going to the other side.

Now, as to Mr. Xi, of course nobody can be certain, because he has been "hitting these tigers," as they say in Chinese, these corrupt tigers; and these are real tigers. So even he is finding it not an easy job at all, but he is hitting at corruption harder than any of his other predecessors.

Also, the next thing he has done, which gives me some hope, is that he has just introduced a new state policy, which is to rule the country by law. Of course, it's not good enough for you and me, because we would have liked rule of law, not rule by law. But at least it's a start.

I hope he is a man of vision and he could actually lead us back to Deng Xiaoping's way. Because Mr. Chairman and members, I believe when Deng Xiaoping came up with this idea of "one country, two systems" he did not mean it only for Hong Kong, Taiwan, or Macau, but he also intended that policy to apply to the rest of China. That is why he said Hong Kong must keep what we have under British rule for 50 years, without change, but at the same time having democracy to bolster, to protect these core values. He wanted Hong Kong to remain high, and he obviously reckoned that China would take about 50 years to catch up with us, and that is why he said 50 years.

In fact, this was confirmed when the secret documents were released in Britain after 30 years. There was a document recording a meeting between Prime Minister Margaret Thatcher and Deng Xiaoping in Beijing on December 19, 1984, on exactly the same day when the joint declaration was actually signed in Beijing. That document recorded Deng Xiaoping's words, and he explained to Mrs. Margaret Thatcher that some Japanese friends had asked why 50 years. He said it was because they wanted China to be at par with the rest of the developed countries, and he reckoned it would take 50 years.

He wanted China to go up, and of course if you look at China today, there is no socialism or communism being practised there. It is capitalism, but in Mr. Deng Xiaoping's words, "socialism with Chinese characteristics". That means capitalism, so he obviously was looking at Hong Kong as a Chinese city with the rule of law, human rights, a level playing field, and corruption well under control, and he obviously wanted China to go down that route. That is why he set down in this policy, "one country, two systems". He meant it also for China to catch up with us.

That is why I am confident that if Mr. Xi, the present leader, has power himself, has gotten rid of the corrupt tigers, hopefully, he will go down the road of reform, and what better signal for him to give to the rest of the world that he means business and that he is a reformer, than when he actually allows the Hong Kong people to have democracy as it was already promised to us.

• (1230)

Hon. Laurie Hawn: I couldn't agree more, and one of the things about things changing, people advancing, and so on, is that change probably has to come from within, eventually, in mainland China.

We spent some time in Taiwan last year, and one of the topics of discussion was what it would take to change China into a freer market and freer society, and so on. One of the comments was that the more Chinese people from the PRC spend time in Taiwan, Hong Kong, and other places, the more they're going to demand the things they see the people of Taiwan, Hong Kong, and other parts of the world having.

You said 50 years. Maybe it's 50 or maybe it's 100. What's your assessment of the ultimate power of the people of China to change China from within, and of somebody like Mr. Xi seeing that coming and basically getting out in front of that parade?

Mr. Martin C.M. Lee: It's quite right. When people are educated overseas, they see the world. Many Chinese students are studying here, and they go back. The important thing is that any good leader of China—and I hope Mr. Xi is one of them; we will see. China is now the world's second-largest economy, but how do you sustain it without a corresponding political structure? After killing all the corrupt tigers, what do you do next? How do you keep the country free from corruption? You have to have a system. In fact Deng Xiaoping said many years ago:

With a good system, even evil men cannot do evil. But without a good system, even good men cannot do good, but may be forced to do evil.

That good system, I suggest, must be a democratic system.

A good leader will say, now that China has economic power, what's next? If he wants to sustain it, he must make sure that China will go down the democratic way, like all the other countries in the world. Hong Kong is the best place to begin with democracy in China, because they have already promised it to us.

• (1235)

The Chair: Thank you.

Mr. Garneau, you have seven minutes, please.

Mr. Marc Garneau: Thank you very much for being here today to offer your testimony and to answer our questions.

One question I have is this. In talking about the joint declaration as well as the basic law, there is the question of elections, and of course, the very big issue of the preselection of candidates. Is there anything in any of the writing of either the joint declaration or whatever documentation exists and the basic law that spells out specifically whether or not the selection is based on a preselection ordained by China, or was that detail left unsaid?

Mr. Martin C.M. Lee: First, the joint declaration itself only talked about raw principles, because it was an international agreement. But the joint declaration itself says quite specifically that China's basic policy on Hong Kong, which was already set out in the joint declaration, will be further set out in the basic law for Hong Kong in which more details would in fact be given.

In articles 45 and 68 of the basic law it is said that for both the election of the chief executive, in article 45, and the election of the entire legislature, in article 68, the ultimate goal is to have universal suffrage. But article 39 prescribes that the provisions of the International Covenant on Civil and Political Rights are to continue to apply to Hong Kong. That covenant, of course, sets out effectively that they will be elected democratically, and the basic law itself, as I said, in article 26 says that all Hong Kong permanent residents would have the right to elect and the right to stand for election.

Indeed, the United Nations Human Rights Committee has already ruled that the election has to be genuine and fair, so there must not be too much unnecessary restriction to the right to stand for election. But at the moment, what Beijing has said is that the candidates must love their country. That is a good thing, but how do you spell it out in a law? Who decides whether any one of the ladies or gentlemen here loves their country or loves it enough to be, in China, nominated to be chief executive. They will decide, "This guy is not a patriot." That restriction is totally wrong.

When you look at the basic law and at the joint declaration and at the international covenant together, it has to be a meaningful election. Hong Kong people must be given a real choice. The nomination procedure is prescribed in the basic law, in article 45, to say that there will be a nomination committee that is broadly representative. Of course, the best and the broadest way to be representative is to have all the members of the nomination committee elected by "one person, one vote", which is an indirect type of election, as in the election of a U.S. President. I don't mind that, but it cannot be right that Beijing could effectively control the constitution of such a nomination committee.

In its decision on August 31 last year, the Standing Committee of the NPC decided that the nomination committee would consist of 1,200 people, following the present election committee of the chief executive, and these 1,200 members would be elected in the same way as under the now-existing system for the election committee. That is, they would be elected not by "one person, one vote", but by functional constituency types of elections.

This is very old. I was told that Mussolini had it, and Indonesia had it about 20 years ago, but Hong Kong is probably the only country that still has it. It's "one lawyer, one vote" and "one engineer, one vote" for some of those. When it comes to the commercial side, it's "one company, one vote", so a rich man will have many votes because he has many companies.

This is totally unfair, and that is why I said in my opening remarks that if we go down this route, the nomination committee will be controlled by Beijing. At the moment, if you look at the present election committee of the chief executive, Beijing controls at least 950 out of 1,200. Beijing decided last year that anybody who wants to be a candidate in the election of the chief executive in 2017 must have the support of at least 50% of the 1,200 members of the nomination committee. They control 950, so how could we put up somebody with 600 votes?

• (1240)

So that is why; they want to control it.

Mr. Marc Garneau: Very quickly, I have two questions.

Of course, we've seen the umbrella movement. It has been covered quite a bit in the news. From appearances, there are a lot of young people who, as you've said, may have been born after 1997 or close to there. How does the Hong Kong population in general feel about this issue?

Second, apart from this issue, how would you describe relations between China and Hong Kong?

Mr. Martin C.M. Lee: This issue has turned out to be very divisive. I would say that it is because our chief executive, no doubt at the direction of Beijing, wants to divide the community. For many years, even after the handover, the Hong Kong community was a very harmonious one. I remember that people belonged to different parties, yes, like here, but they were very polite even if they didn't agree with you politically.

But this particular movement has resulted in the community being totally polarized, because whenever the pro-democracy people hold a demonstration, Beijing will make sure that there is a counter-demonstration. It's documented in many press reports that these people are paid to protest against our protestors, and then there's a scuffle. It's very divisive.

Public opinion polls show that although a lot of people were inconvenienced, including me.... When you go to work, it's a major inconvenience, because they were Occupy Central. That's where my chambers are, and Causeway Bay, and Mongkok. These are busy districts, right? A lot of people were inconvenienced, but surprisingly, very few people were really angered about these things.

As for the relationship between China and Hong Kong, in one word, it could be immediately improved if Mr. Xi Jinping were not only to give Hong Kong people the vote, but to give the Hong Kong people the right to stand for elections. It would be completely harmonized again.

The Chair: Thank you very much. That's all the time we have.

We'll start one more round for five minutes. We have three speakers.

Mr. Goldring, we're going to start with you, please, for five minutes.

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

Welcome.

Thank you for being here, Mr. Lee and Ms. Fung. I suppose that if we were to abide by the letter that was received from the Chinese ambassador, perhaps we wouldn't be meeting here today, but fortunately this is Canada.

I have a question along the line of these thoughts. Ms. Fung, I'd like to know what Britain is saying about this. Have they expressed any direct concerns? Are they involved in trying to bring about adherence to the original agreement? What have they been doing? Have they been communicating any concerns for this too?

•(1245)

Mr. Martin C.M. Lee: May I take this one?

Ms. Gloria Fung: Yes.

Mr. Martin C.M. Lee: Thank you.

Until recently, the British government has been very disappointing. It is a signatory and it has every legal right to say to the Chinese government, "Hey, look here", and to ask what's happening, but it has chosen not to. I have to say that their foreign policy on Hong Kong is simply, "Give us more China trade, please." I choose words carefully, but I'm afraid that is how they have behaved in the past.

Recently, though, Parliament did the right thing. The House of Commons select committee on foreign affairs has just come out with a long report on Hong Kong. In fact, it was referred to earlier. I would urge honourable members to take a look at it. It has actually criticized the British government in various places.

I hope the British government will do the honourable thing on Hong Kong and not just think of its China trade, because, to begin with, as I said in my opening statement, the two things are not inconsistent. They are not mutually exclusive. If Britain were to honour her obligations and duties under the joint declaration and defend the aspirations of the Hong Kong people for democracy, which was already promised to us in the basic law, there's no doubt in my mind that Beijing would respect them, instead of treating them as if they're already in their pocket.

Mr. Peter Goldring: How is the legislation that's being proposed in the United States being received there? Is there any indication of the level of support that it might receive? What are the specifics of it? What are they calling for?

Mr. Martin C.M. Lee: In fact, the legislation has yet to be produced, and this is why it is shocking. No doubt some of you might have read the Hong Kong government's position. The Chinese government's current position, at least up to now, is also "pocket it first", which is a Chinese expression. It is not good enough, but you had better take it first rather than not have anything. Half a loaf of bread is better than nothing. But how on earth can we pocket it first when we can't even see what it is?

Yet they are so ridiculous. They say, "Okay, now Beijing has already made this decision. In our bill, presented to you in the near future, we cannot go outside that decision. We haven't decided to say it yet, but please tell me that you're going to pocket it first." Once you say, pocket it first, the obvious logical question is, "what comes next?" and they won't tell us that either. So why would I pocket it first when I don't even know what is to come later?

This is absolutely absurd.

Mr. Peter Goldring: With the agreement that was signed, were there not any specifics on a timeframe? There may have been specifics on what would happen, but were there any specifics on when they would happen?

Mr. Martin C.M. Lee: There was no timeframe in the joint declaration except that "one country, two systems" would last for only 50 years.

At first, I thought it would take place immediately, because the joint declaration was signed in 1984 to take effect in 1997. I thought we could already set in place a democratically elected legislature during that time, or at least have everything ready. However, the basic law says that during the first 10 years after the handover, we may not yet have universal suffrage, but that after 10 years we may. I thought that meant we would only wait for 10 out of the 50 years, but already, it has been postponed until 2017. Even if it comes about, it's already 20 years later.

The Chair: That's all the time we have. Thank you.

We're going to move over to Mr. Dewar, for five minutes, please.

Mr. Paul Dewar: Thank you, Mr. Chair.

We've established very clearly what Canada's role could be based on what we've seen from other governments, the U.K., and clearly the historical relationship we have, both with China and Hong Kong. Of worthy note, here's a reminder for the record that Canadians in Hong Kong number over 300,000.

I want to ask Ms. Fung a question about what's happening with people here in Canada. How can people help support what is happening? As well, what are other instances around the world of people offering support?

What we are hearing today is very important, and I really want to underline the point of view that this is about having good relations with China, and being responsible actors at the same time. I'd just like to hear from you about some of the things that are happening within the Canadian context, the community, and how people are responding, as well as some other examples of how people are responding globally and supporting what I think is a very straightforward request, which is the commitment to adhere to the 1997 agreement.

•(1250)

Ms. Gloria Fung: Thank you for your question.

Actually, within Canada over the last one and a half years, ever since the start of the so-called Occupy Central movement, I see that even within Canada, a lot of Canadians, particularly those people who are originally from Hong Kong, are very concerned about what is happening in Hong Kong.

If you go back to before 1997, there was a wave of immigration from Hong Kong to Canada and other parts of the world. After 1997, because people saw that maybe there was not really that much change, they thought that maybe they could go back, but now and over the last year, we are seeing another wave of immigration.

According to one of the figures that I have just obtained from Hong Kong, 21,709 people applied in 2014 for a certificate of "no criminal record". Of course, this does not imply that all of them will emigrate elsewhere, but at least political uncertainty is being hatched in Hong Kong. A lot of people within Hong Kong are very frustrated with the bad governance of the present Hong Kong SAR government, which is mostly hand-picked by Beijing without any accountability to the citizens in Hong Kong.

Within Canada over the last one and a half years, a lot of young people, as well as first generation immigrants from Hong Kong, have joined forces with us to stage a lot of rallies and public forums, as well as petitions and letters, in order to show their support towards Hong Kong.

We are also joined by Canadians who are not from Hong Kong. For instance, we have joining us the Canadian Federation of Students from the universities, the Canadian Labour Congress, and Unifor. We also have professors and students from academic circles joining us. Very recently, we had three seminars in three universities: one at the University of Waterloo, one at U of T, and then another forum with non-Chinese Canadians. You can see that a lot of interest and a lot of concern have been built up among Canadians.

Globally, there is a network called "Global Solidarity with Hong Kong" that was set up last year. It consists of members from over 60 countries. Every day, people are on Facebook and on Twitter with messages of what could be done all over the world in order to synchronize what kind of support and action we can stage for Hong Kong. Now we have members—I think there are more than 60,000 people—from different countries who even now continue organizing in their own countries.

In Toronto, we have probably one of the most advanced organizations, because we are the only city in the world that joined the PopVote that was organized last June. I see this kind of aspiration among Canadians here, and we hope that the standing committee will also take this into consideration to see what we can do in order to allow our citizens to better understand what is going on in Hong Kong.

•(1255)

The Chair: Thank you very much.

We're going to wrap up with Mr. Schellenberger.

You have five minutes, sir.

Mr. Gary Schellenberger (Perth—Wellington, CPC): Thank you, Chair.

Thank you very much for your testimony today.

It seems to me that signed agreements do not seem to be respected. Not only do we see this in Hong Kong, but we see it in Ukraine, where deals are made or documents are signed to be implemented somewhere down the road or not implemented somewhere down the road. Do governments sign agreements only for photo ops and then hope that 10 or 20 years from now they'll be gone and somebody else can deal with the situation? Or are these things signed with the due respect that they really should receive? What's your feeling on that?

Mr. Martin C.M. Lee: When the joint declaration was being negotiated between the British and the Chinese governments back in the 1980s, if I can go back to Deng Xiaoping's words, he said to Margaret Thatcher that to have an agreement under which we would take back Hong Kong was not going to be difficult. We could simply tell the British to get out. But he said it wouldn't be right unless it was supported by the people of Hong Kong. He made it a condition precedent to the agreement.

He actually got it, but at the time some Hong Kong people were very reluctant. Others saw in it a possibility for a successful future for Hong Kong even though many people, I suppose in their hearts, would have preferred some other means of settlement.

I for one went along with that, but starting from day one of the joint declaration, I made it my business to hold China to every promise contained in it, because to my mind if you let one promise go, the whole thing may collapse, and actually everything is tied together. That is why for all these years I have done my best or at least tried my best to hold China to all these promises.

It could still work if Xi Jinping were to go back to Deng Xiaoping's ways, the actual blueprint. But one of the important premises is that the Chinese leaders must trust the Hong Kong people. How can you have one country and two systems when there is no mutual trust? Now the trouble is that every time there is an election in Hong Kong, although the democrats in the Legislative Council have more votes than the opposition parties do, they are simply ignored in the Legislative Council because their superiority in voter support outside the Legislative Council is not translated into an equal number of seats or at least a proportionate one, since our method of elections is very unfair due to the dysfunctional constituency type of elections that still account for half of the legislature.

The government keeps on ignoring the democrats within the council, and that is the problem, which has to be redressed.

I hope, Mr. Chairman and honourable members, that your support of Hong Kong will be non-partisan. That is the case in the U.S. Congress, and that has been the case in the U.K. Parliament. You are stronger when you are united.

Ms. Gloria Fung: I would like to add one point to your question here. Actually late last year when Britain tried to send a delegation to review the implementation of the joint declaration in Hong Kong, the Ministry of Foreign Affairs of China publicly announced that the joint declaration was no longer in effect as of July 1, 1997.

What that implies is that China does not honour and respect what they have promised before. If the international community including Canada remains silent about this, then how can we trust that whatever agreements and contracts we sign with China in the future will be honoured?

I think we need to pay attention to this kind of pattern, because it will also have an impact on Canada in the future.

•(1300)

The Chair: Thank you.

Mr. Martin C.M. Lee: I'd like to make a correction, although I hate to do this to my colleague.

The statement was made by the number two person in the Chinese Embassy in London, who said that the joint declaration was no longer effective, meaning that China had already gotten Hong Kong back. But that was not an official statement. I wanted that to be put on the record.

The Chair: Sure. Thank you very much.

On behalf of my colleagues, thank you, Ms. Fung and Mr. Lee, for the testimony today. You have given the committee some things to think about.

The meeting is adjourned.

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