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Chair

Mr. Michael Levitt

Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development

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• (1310)

[English]

The Chair (Mr. Michael Levitt (York Centre, Lib.)): Colleagues, before we begin today's session, we're just going to do a bit of housekeeping. No need to go in camera, but I would just like to ask for approval of the two budget documents that you have in front of you.

The first is for this study. The second is for the emergency briefing we did on the Rohingyas last week. You have all the details there.

Can I get approval, please, on the budget for the current study, human rights surrounding natural resource extraction in Latin America?

Some hon. members: Agreed.

The Chair: And also on the briefing on the human rights situation of the Rohingyas?

Some hon. members: Agreed.

The Chair: Thank you. Good.

We can now get down to the work at hand, our second session on the study of human rights surrounding natural resource extraction in Latin America.

I want to welcome our two witnesses today. We have Paul Haslam. Dr. Haslam is an associate professor of international development and global studies at the University of Ottawa. His current research focuses on corporate social responsibility; resource nationalism; state-firm relations in Latin America, particularly in Argentina and Chile; and the international regulation of foreign direct investment in Latin America.

We also have Jeffery R. Webber with us. Dr. Webber is a senior lecturer at the school of politics and international relations, Queen Mary University of London. His research focuses on Latin American politics and international development studies, including the impact of extracted industries as it relates to these topics.

I want to thank both you gentlemen, particularly Dr. Webber. I know you've travelled a fair distance to be here today. We're going to give you each about eight minutes or so to provide us some testimony and then we'll open it up to my colleagues on the committee for a couple of rounds of questions.

With that, Dr. Haslam, are you okay to begin?

Dr. Paul Haslam (Professor, School of International Development and Global Studies, University of Ottawa, As an Individual): Thank you very much.

I understand that I've been invited before the subcommittee because of my research in mining, social conflict, and CSR. I'm very happy to have this opportunity to present my work to the subcommittee.

At the outset, I'd like to clarify that my qualitative work and knowledge is focused on the countries of Argentina, Chile, and to a lesser extent, Peru, and then my quantitative work has looked at the determinants of social conflict in general, not with regard to specific cases. I don't focus on human rights issues per se, but I am interested in both the causes of conflict and the remedies to it.

To begin, I'd like to talk about the determinants of conflict and what we know for sure about the behaviour of Canadian mining firms as a group. My research partners and I have done the first large-scale quantitative analysis of the determinants of social conflict in the Latin American mining sector based on a dataset we constructed with 640 mining properties located in five major countries of the region—Argentina, Brazil, Chile, Peru, and Mexico—which has been published in the leading international journal of development studies.

Within this universe, 21% of mining properties had known social conflicts associated with them—that's 133 firms with, and 507 without—and Canadian firms, defined by the location of their headquarters, owned 36% of those mines. Our main findings here support much of the case study literature that conflicts are associated with both livelihood concerns—perceived incompatibility between mining and existing agriculture activities—and distributional concerns. That's to say, concerns of populations about who gets what benefit from a mining investment.

These concerns are related to local socio-economic and socio-environmental conditions. As economic opportunities for people become more scarce in the presence of a mining project—meaning that agriculture options are harder, poverty is generalized, and state services are absent—the likelihood of social mobilization increases. Other things being equal, a community with fewer agricultural opportunities, lower incomes, and worse state services is more prone to conflict.

We also find a number of firm-level factors that are statistically significant. For example, the type of mine is important. Open-pit mines are much more likely to have conflict associated with them. The size of the firm is important. Interestingly we do not find, contrary to the literature, that juniors are associated with conflict. Instead we find that mid-cap sized mining firms are more likely to be associated with conflict. We also find that the mineral is not that important. Gold, contrary to expectations, was also not significantly associated with conflict.

I think the take-away here is that social conflict around mining is multi-causal, and that's even when mining advances with full respect for the law and without considering possible bad behaviour by companies and their representatives.

The distributional concerns I raised, which basically means concerns about who gets what from the investment, merit some extra attention because they are so often related to allegations of human rights violations.

It's worth noting that mining firms create a pole of economic rents—that's to say, wealth or possible benefit—in extremely poor contexts in developing countries. This basic fact means that some local people benefit while others do not, creating passionate interests in favour and against the project. In this context, human rights abuses can occur especially when those who would benefit, including state representatives, organize to defend those benefits from protesters.

I think when you look at many human rights reports, you'll find that many of the human rights abuses around mining are conducted by, as it were, people who are seeking to defend the benefits of a mine for themselves and not necessarily that abuses are instigated directly by companies in most cases.

A recent extension of this statistical work I mentioned, using the same data, focused on separating Canadian firms from the rest of the sample—in other words, separating them from foreign but non-Canadian firms and locally owned firms—which allowed us to see if Canadian firms as a group were more or less prone to be involved in social conflicts than mining firms from other countries.

• (1315)

First, we found that foreign firms as a group are more likely to be involved in social conflict with local communities than locally owned firms. When we split the foreign-owned firms into those that had Canadian headquarters and those that were headquartered in other foreign countries, we get some interesting results. The quantitative analysis showed that Canadian mining firms as a group are less likely to be involved in social conflicts than foreign non-Canadian firms. These results are extremely statistically robust and withstand a wide range of statistical robustness tests.

The marginal effect analysis on our modified sample, which slightly overrepresents the likelihood of a social conflict, shows us the probability of a mine being associated with conflict. I think these percentages are useful when we're thinking about human rights abuses and social conflict around mines. Locally owned firms have a 5% to 7% probability of being involved in a social conflict. Canadian firms have a 21% probability; foreign non-Canadian firms have a 27% to 28% probability.

I need to underline that these results are about Canadian firms as a group and neither confirm nor repudiate any particular allegation of human rights abuses. I do not regard these results as a defence for complacency with regard to efforts to improve the human rights and social conflict performance of Canadian firms. Nonetheless, they do suggest that Canadian mining firms as a group are doing something better than their foreign peers. In this context of the study of this kind of committee it is worth asking what that is.

CSR has often been cited as a possible corrective to poor social performance in lieu of home or host government regulation. That has been the approach of the Canadian government over the last decade or so. A lot of my qualitative work in the mining sector has been about how CSR codes work on the ground in practice and has been based on stakeholder interviews at the local level.

From this experience, I volunteer a few observations.

First, companies increasingly have a material interest in doing CSR better, to gain and maintain social licence but to more broadly manage the social risk, which has proven itself to be extremely costly to mining firms. CSR has professionalized throughout the industry over the last decade that I have been studying it. Second, adherence to international CSR codes is usually necessary but never sufficient to assure effectiveness. Codes need to be specific, measurable, with reporting and third party verification to be effective as a self-governance mechanism. Ultimately, effectiveness depends on having good people on the ground with the authority to take decisions important to the community and that can affect key aspects of the project. In reality there is often a governance gap between what is decided at the head office and what is implemented on the ground.

Best practice in CSR has two additional requirements: one, institutional mechanisms that allow broad-based participation and dialogue with the community that give the community effective voice; two, a broad-based distribution of substantial benefits to the community in development projects, supplier contracts, training opportunities, community infrastructure, and services, etc. In other words, CSR requires a legitimate process for participation and wide distribution of material benefits, which can change community perceptions about a mining project.

My final point is that CSR is not a panacea to the problem of human rights abuses or social conflict. It is above all a management tool that can, when used well, generate some degree of social licence or community consent, or at least keep protest from spiralling out of control. It reduces the likelihood that people will protest but it does not necessarily eliminate grievances or the drivers of conflict mentioned previously.

Thank you for your time and the opportunity to present my work to the subcommittee.

• (1320)

The Chair: Thank you very much, Dr. Haslam.

We will move right on to your testimony, Dr. Webber.

Dr. Jeffery Webber (Senior Lecturer, School of Politics and International Relations, Queen Mary University of London, As an Individual): Thanks to the committee for the invitation to speak today.

My name is Jeffery Webber. I'm a senior lecturer in the School of Politics and International Relations at Queen Mary University of London in the United Kingdom. My academic training is in political science and political economy with a regional specialization in Latin America. Most recently, I co-authored, together with Todd Gordon of Laurier University in Brantford, a book called *Blood of Extraction* that was published in November 2016. Canadian mining investment and associated human rights violations in Latin America are at the centre of this book.

To begin today, I will very briefly summarize some of our key findings, but first a word on our sources.

Much of the research for the book was funded by a Social Sciences and Humanities Research Council grant, which allowed for extensive fieldwork throughout the region; dozens of interviews over the period from 2008 to 2013 in Guatemala, Honduras, Ecuador, and Venezuela; exhaustive collection and collation of access-to-information materials; a collection of statistical data from StatsCan and the United Nations Economic Commission for Latin America and the Caribbean; research in databases of the online industry journal *The Northern Miner*; and extensive collection and review of relevant local reports from Spanish-language newspapers, NGO documents, and the reports of relevant civil society organizations throughout Mexico, Central America, the Andes, and into the southern cone. Every detail of the book is forensically documented in 1,164 endnotes so that replication or verification of our data is possible. I am also tabling this book for the panel as part of my testimony.

In terms of our findings, first there are the issues of the extraordinary scale and rate of growth of Canadian investment in mining in Latin America and the fact that the primary driver of this investment is by far and away, above all other considerations, profitability. Canada's mining industry is the largest in the world. Approximately two-thirds of the world's mining companies are based in Canada, with its permissive tax and legal regime, long mining history that has nurtured an aggressive exploration and producing sector, and unflinching foreign policy support for companies with international ambitions.

Latin America and the Caribbean accounted in 2012 for over half of Canadian mining assets held abroad, that is, \$72.4 billion

Canadian. The 80 Canadian mines in operation in 2012 generated a combined revenue of \$19.3 billion Canadian in 2012 for Canadian companies, according to the Canadian international development platform, whose numbers are drawn from the industry database InfoMine.

According to *The Northern Miner*, an industry web publication database, in 2014, 62% of all producing mines in the region were owned by a company headquartered in Canada. The size and international leading role of the Canadian mining industry is no doubt the reason Toronto is the most important financial node of the global mining industry. In 2013, for example, \$6.9 billion Canadian was raised in equity financing on the city's two exchanges, the Toronto Stock Exchange and the Toronto Venture, representing 84% of the global total.

The dominance of Latin America's natural resource markets has showered the owners of Canadian companies with extraordinary profits. For example, we examined the publicly available company data from Barrick, Yamana, and Goldcorp using their annual financial reports and corporate social responsibility reports.

If you look only at the earnings for mines that were still operational in 2013, 15 gold mines in total, the three largest gold mining companies by revenue were Barrick, Yamana, and Goldcorp, and they earned a combined net profit of \$14.9 billion U.S. between 1998 and 2013. The rate of profit for these operating mines was an astounding 45%. With taxes and royalties factored in for Barrick, it was still an incredible 42.4%. The average rate of profit of the Canadian economy as a whole from 1998 to 2013 was 11.8%. I stress this issue of profitability because these are the high stakes that are behind Canadian firms presenting their activities as benevolent, even beneficial for Latin American communities.

The second point, following on from profit, is redistribution. Is this wealth being generated distributed? This is a central issue of human rights, although it is not always considered as such.

• (1325)

The typical justification for the big profits accrued is that it is not only Canadian companies that are getting rich. Rather, Canadian investment is improving the living standards of the communities where they are digging gold, silver, copper, and other natural resources from the ground.

In actuality, very little of company profits is invested in local communities. Barrick and Yamana's combined "community investment spending" part of their corporate social responsibility agendas was a mere 1.4% of net earnings in 2012, and 0.9% in 2011. Comparable figures for Goldcorp were not made publicly available by the company.

Beyond these community investments, after construction of the mines, there is very little new inflow of money from these companies into the countries in which they are operating mines. The construction costs of new mines are usually made back within a few years of the mines' operations. In other words, most of these profits leave the country after the construction period, and mining represents after that period a significant net outflow of value.

Still on this point, it is important to keep in mind as well how few jobs are created by industrial mining. For example, a recent report from the United Nations Economic Commission for Latin America and the Caribbean demonstrates that of the 12 major industries it surveys in terms of investment into Latin America, mining and oil investment created fewest jobs, with only 0.5 jobs created per \$1 million U.S. invested. In short, Canadian mining companies are investing in activities that are often associated with displacement of peasant and indigenous communities, irreparable ecological damage, and wide-scale human rights abuses, violence, assassinations, and killings. This investment is generating extraordinary profit, but very few jobs and very little community reinvestment.

Third, it is also important to stress the role of Canadian government support in this process of Canadian mining expansion in Latin America. Canadian mining companies have received the steadfast support of the Canadian state, from the Prime Minister's Office to Foreign Affairs and the Canadian International Development Agency. As of 2015, Foreign Affairs, CIDA, and International Trade are now part of Global Affairs Canada, National Defence, and Natural Resources Canada.

Canadian embassies in the relevant countries in Latin America with mining industries have devoted huge amounts of their resources and staff energies to promoting and facilitating the interests of Canadian mining investment in this area. This is one of the most striking and consistent findings of the regular embassy communiqués to Ottawa and other documents we retrieved through access to information requests.

Latin America was clearly on the radar of the Jean Chrétien and Paul Martin Liberal governments of the 1990s and early 2000s, which signed the initial free trade agreements in the region as well as a series of bilateral investment treaties, or foreign investment protection agreements as they are called in Canada. These included the North American, Chilean, and Costa Rican FTAs, but foreign policy engagement in Latin America was given an extra boost and received clearer articulation under the Harper Conservatives, who signed another four FTAs while attempting to publicly and privately sketch out an agenda for Canadian intervention. There is no indication of a break in these bipartisan trends under the present Trudeau government.

Fourth, our book documents decisively that Canadian mining activities in Latin America are associated with peasant and indigenous dispossession of land, and displacement, violence, assassinations, criminalization of protest, and socio-ecological degradation of livelihoods and community environments. Our evidence suggests that this is irreducible to a few bad apples, and that it is an ongoing, systematic problem, not something resolved in the recent past.

Since we published our book, similarly robust findings have been exhaustively documented in the November 2016 publication, *The "Canada Brand": Violence and Canadian Mining Companies in Latin America*, by the Justice & Corporate Accountability Project under the coordination of lawyer and legal scholar at Osgoode Hall Law School, Shin Imai. I am also submitting this report to the panel for their records as part of my testimony.

Using an intentionally conservative methodology of only reporting incidents corroborated by at least two independent sources, that report concludes that there were 44 deaths associated with Canadian mining activity between 2000 and 2015 in Latin America, and that 30 of these were targeted killings. There were also 403 injuries, 363 of which occurred during protests and confrontations with the local police, the military, or the private security of mining firms.

There were additionally 709 cases of criminalization, understood as legal complaints, arrests, detentions, and charges against individuals involved in opposition to Canadian mining activities.

• (1330)

In concluding, I think it is important to bring up the fact that the Mining Association of Canada has recently cited a draft scholarly article co-authored by Paul Haslam, the other witness appearing today, in order to present Canadian mining corporations in a better light than other foreign firms operating in Latin America.

I want to suggest that in its public statements, the Mining Association of Canada, hereafter referred to as MAC, has distorted the article's conclusions by very selectively drawing from its core arguments. MAC has latched on to the fact that in the article Haslam and co-authors note that "our statistical analysis suggests that Canadian firms perform slightly better, are less associated with conflict in comparison to non-Canadian firms." However—

The Chair: Dr. Webber, we're over 10 and a half minutes now and I want to have time for questioning. I think if we can now move to the questioning, I'm sure you'll be able to follow up on that in your questions.

Dr. Jeffery Webber: Okay.

The Chair: Thank you very much.

The first question is going to be from MP Anderson, please.

• (1335)

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Thank you, Mr. Chair. I want to thank our witnesses for being here today.

Mr. Webber, your numbers and facts are very different from some numbers we got the other day. I did ask a question about trying to square the circle between the reports that we hear and some of the testimony we have. You mentioned an Osgoode Hall Law School project study and our previous witnesses mentioned one as well.

I'll just quote the witness. "As we mentioned earlier, there are 930 Canadian projects in Latin America", so that's different from the number that Mr. Haslam used today. It said, "There was a well-publicized report by people from Osgoode Hall Law School last year that named nine projects with incidents from 2014", and then out of the nine he explains what those incidents were. He says "no specific case was a specific allegation made against a Canadian company, nor did the report state that the Canadian company caused the incidents in question".

That's in contrast to what you've said here today. Can you square that circle? If you can do that fairly quickly, that would be good. We have limited time here and I have some other questions as well.

Dr. Jeffery Webber: Sure. There are no allegations in the Osgoode Hall Law School report of direct allegations involving a Canadian mining company being specifically responsible for the violence. The argument is a proximity of Mining Association of Canada activity with the various aspects of that report: criminalization, peasant displacement, and so on.

Then they also argue about what is called possible complicity using a definition of "complicity" involving the International Commission of Jurists, which suggests that complicity involves not just an action that led to violence, but the failure to act when you could be contributing to a situation of increased violence.

If you read that report closely, I think you'd find that quotation you were giving was a selective reading of that report, and I would have a different reading of the report. But I'm submitting the report so you can have a look at the details yourself.

Mr. David Anderson: If we were to read through your writings, would we come across at any point that you would support natural resource development through private companies?

Dr. Jeffery Webber: Natural resource development....This is....

Mr. David Anderson: That's pretty simple, yes or no.

Dr. Jeffery Webber: Well, it's not a simple yes-or-no question. There would be all kinds of questions to be asked in terms of developmental strategies, alternative components of extractive development, and so on. What I would say is that the role of Canadian mining companies in this area I would not support, because of their detailed records of violations in the sense that I've given them.

Mr. David Anderson: Okay, so you don't support Canadian companies investing in natural resource development in Latin America is what you're saying?

Dr. Jeffery Webber: That's true under the current context.

Mr. David Anderson: Okay, that's fine.

These projects typically require outside investment in order for them to happen. Where would that investment come from if it's not going to come from private companies in Latin America?

Dr. Jeffery Webber: There is little reason to conduct much of this mining extraction at all. If you look at the jobs generated, as the statistics from the UN Economic Commission for Latin America and the Caribbean suggest, you see this generates very little employment and the use value of the mining minerals that would actually be used for productive ends would be a much lower rate than if it were driven by the profitability concerns of Canadian mining companies. There

would be much reduced extraction if you were interested in environmental sustainability and production of jobs for the internal market.

Mr. David Anderson: The reality in rural areas is if they want to have economic development, they do need investment from outside, and typically, whether that generates a lot of direct employment right off the bat, it changes the structure and it changes the economy, and usually for the better in those rural communities.

I'm just wondering, because using some of your own phrasing, is it any less imperialistic to deny rural areas' development than it is to promote it?

Dr. Jeffery Webber: As I have noted, the reality of investment in this area is that it is not producing jobs, and the job rate declines rather than improves with time. There is no justification for Canadian mining investment based on job production. It has a job creation rate of 0.5 per \$1 million U.S. of investment, which is the lowest rate in 12 industries surveyed in the Economic Commission for Latin America and the Caribbean, the most widely recognized mainstream accounting service in Latin America.

Mr. David Anderson: Mr. Haslam, I am wondering if you could help us out here. You used the words "known conflict", and I am just wondering what qualifies as a known conflict. What would be the level of behaviour at the bottom of the chain, and what would be the most egregious level? Could you just help us out with that?

• (1340)

Dr. Paul Haslam: One of the problems of doing empirical research on this sector is that there is no central clearing house of information on social conflicts between mining companies and local activist groups.

I use the term "known conflicts" very specifically to indicate conflicts that have been identified by activist groups and recorded. The data we use for our list of conflicts comes from various Latin American activist groups. We basically take their accusation of conflict having occurred as a.... It scores a "1" on our database, and it therefore enters the database as a conflict.

Mr. David Anderson: If a group, for example, decided they didn't want a project and they were protesting on the edge of a private property, or whatever, would you call that a "known conflict", if the company was pushing through to get to their property? Would that be considered as a "1" in your data?

Dr. Paul Haslam: Yes, anything that involves sustained mobilization of people is counted as a conflict.

I should note that this is a common practice under the political event analysis methodology that we use for the counting. My main defence of it is that there is so little data out there. We use what's available, and these accounts by activist groups are what's available.

Mr. David Anderson: Do you divide them by the level of aggression involved in the conflict? Do you break that down in your data analysis?

Dr. Paul Haslam: We did include an indicator for severity of conflict, but we haven't actually done any work with it. We weren't convinced it was as accurate as the one that just indicates that there is some kind of social mobilization, so we've just been working with that one.

The Chair: Thank you, Dr. Haslam.

MP Anderson, your time is up, unfortunately.

We will now move to MP Tabbara, please.

Mr. Marwan Tabbara (Kitchener South—Hespeler, Lib.): Thank you to the witnesses here today.

This is an important topic for us. In our last committee meeting, we heard of the mechanisms Canada has in place for companies that are found to be committing human rights violations. Can you tell us what remedies the victims of these companies receive?

Dr. Paul Haslam: I don't know what remedies the victims would receive.

Mr. Marwan Tabbara: No, I meant, can you tell us, for some of the violations that may be happening, what does Canada...? If Canada does see a violation, what are some of the steps it takes to remedy this, within the office of CSR?

Dr. Paul Haslam: My understanding of what's called the enhanced CSR strategy, which was announced in June 2014, is that the CSR counsellor now has the right to investigate a company for allegations of malfeasance, specifically for violating certain CSR codes listed in the policy, and that the only punishment, as it were, is to not provide enhanced consular support services to that company.

The process is not really about providing redress for alleged victims; it's about, essentially, removing governmental support to companies that are found by the CSR counsellor's office to have violated certain codes of behaviour.

Since that policy has been in place for three years, I think it would be interesting.... I don't know the answer to this, but I'd like to know—and perhaps the committee would like to know—if any companies have, indeed, been sanctioned by the CSR counsellor, because that might give a bit of a window into the utility of that mechanism.

Dr. Jeffery Webber: My own view is that the CSR mechanism is not up to standard in holding Canadian companies accountable for their activities abroad, precisely because the maximum penalty is a displacement of diplomatic support. It's a voluntary schema. There ought to be criminal accountability for your activities outside of the Canadian state.

• (1345)

Dr. Paul Haslam: In theory, any violation of the law or human rights should be prosecutable in the states where they occur. One concern of activists is that in weak states, or in states that are keen on promoting Canadian mining, they're not going to take that step.

Mr. Marwan Tabbara: That was going to be my next question. Within the states where there are Canadian companies, would you say that their legal systems, in stronger or weaker states, are capable of combatting the violations within these corporations? Maybe you can give an example of a stronger state versus a weaker state that you've seen in your studies.

Dr. Paul Haslam: Clearly, there are great variations in the ability of developing countries to uphold the rule of law. When we talk about Canadian companies in the developing world, remember that developing countries want them there. There may be conflicts with certain communities located near mines, but the governments want them there because the governments receive income and royalties. From an activist's perspective, the problem is that some governments may not be interested in upholding the law because they have a material interest in the presence of those companies.

Dr. Jeffery Webber: Guatemala, where there is significant investment, is one case. The ability of the Guatemalan state to carry out proper adjudication of these issues is highly questionable. In the literature, there's almost no contention over this issue. I would also bring to the committee's attention something relevant to the argument that Canadian firms are doing better than others in their performance. In Paul's testimony, the dataset is only based on five countries, which excludes, importantly, countries like Guatemala. According to *The "Canada Brand"* report, 27% of deaths associated with activities of Canadian mining companies occurred in Guatemala, so inclusion of that singular case would likely change the findings significantly.

Mr. Marwan Tabbara: In connection with my studies, I went on a parliamentary mission to Africa—to Zimbabwe and Botswana, countries that neighbour each other. They talked about some of the Canadian mining companies. You could see that in Zimbabwe a lot of the development did not go back to the people, whereas in Botswana it did. They had an acronym, DDI, Diamond Development Initiative. It really went back to institutions such as education and health care.

Do we see some of that in Latin America?

Dr. Paul Haslam: I think the problem with social conflict and human rights is a lot about the absence of the state. Where the state is not present to redirect benefits received from mining companies, locals typically see few if any of these benefits.

Incidentally, because my colleague mentioned my research, those five countries are the largest in the region. They constitute 85% of the mining cases. I don't think it would change the results, but I am sensitive to the notion that the Guatemalan case represents a particularly low level of governance, which is problematic for human rights.

The Chair: Thank you.

MP Hardcastle.

Ms. Cheryl Hardcastle (Windsor—Tecumseh, NDP): Thank you, Mr. Chair.

I wish we had a session for each of you. I think it's unfortunate that we have to split this because we really need to escalate the calibre of the discussion that we're having, especially the role we play here at the subcommittee. I'm very proud and very grateful that my colleagues on the subcommittee want to at least take a stab at tackling this.

Dr. Webber, I think one of the important things that we should be hearing about a little more here at our committee is, if you could elaborate on the types of support and contributions that you talked about that the Government of Canada has provided on behalf of Canadian mining companies, as you described as striking. Also Dr. Haslam described removing those supports as the only recourse that exists right now in any type of follow-through on human rights redresses.

• (1350)

Dr. Jeffery Webber: In our book we document in particular the role that you can find in embassy communiqués about what Canadian embassies spend most of their time doing in countries in Latin America with large mining industries. That is doing the groundwork and promotion and facilitation of Canadian mining investment, which as I've documented has led to extraordinary extraction of value, rather than input into the communities on the ground. Therefore, there would have to be a radical reorientation of the commitments of embassies, and obviously the commitment of Ottawa, in the promotion of Canadian mining corporations' profitability over and above the record of human rights, sociological degradation, and so on. I think that has to be the priority, and not the return of profitability. That's the key question for me.

Ms. Cheryl Hardcastle: Could you give us some examples of what you've learned has happened when there is some type of a conflict in a potential Canadian mining project and Canadian state-supported involvement?

Dr. Jeffery Webber: There were no expectations of conflict in areas such as Guatemala, Colombia, Honduras, and elsewhere prior to upticks in investment. Then the role of the Canadian government from the 1990s has been to promote the investment regardless of the expectation. The idea has been to contain opposition, to discredit opposition, to make them appear to be minoritarian elements driven by outside agitators, and so on, even when there have been community-organized popular referendums in several Guatemalan cases, which have rejected the presence of Canadian mining corporations. I think respecting the expression of popular will from the grassroots, not just Latin American governments, which aren't always representative of the Latin American populations, is a key that the Canadian government and its representatives abroad ought to keep squarely in mind.

Ms. Cheryl Hardcastle: Your time didn't allow you to complete your presentation. I wonder if you want to take this opportunity right now to finish up.

Dr. Jeffery Webber: Sure. Thank you for that opportunity.

Apart from disagreeing with the methodology of the Haslam et al. study on Canadian firms being better, nonetheless there is a crucial element of distortion in the Mining Association of Canada's representation of that study. It selectively uses that one piece of evidence, but discounts the crucial fact that the Haslam et al. study agrees that there are extraordinary levels of conflict involving Canadian mining companies. The debate is around proportionality, but not around the ethical and moral imperative to deal with them. I think it's a misrepresentation of a crucial component of that study with which I agree, even though I don't agree with part of the analysis. I think it's important to put that on the record and to bring

to light the use of that data in a misleading interpretation by the Mining Association of Canada.

• (1355)

The Chair: Thank you very much.

We will now go to MP Fragiskatos.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you very much, Chair.

I have one question, then I'll turn it over to Mr. Sweet so we can all participate here today.

In 2009, as you know, the office of the CSR counsellor was established. What motivated this on the part of the Conservative government of the day? Where did it stem from? Was it a genuine interest in dealing with some of the concerns that had been raised about mining companies? Was it a PR effort to basically say the government is acting and the government is interested but, in effect, not really interested? What do you make of this decision?

Dr. Paul Haslam: In 2006, there was a round table process that resulted in a multipartite agreement to have a tougher regime for Canadian companies that involved a kind of ombudsman with investigative power. That was originally agreed to by the mining industry. Having not been involved in any of that, what I understand from reading is that some players in the industry decided they no longer supported that arrangement, and the Harper government decided to go for a lighter version that was based around promoting CSR standards but without any disciplinary mechanism.

Mr. Peter Fragiskatos: Do you think that was an act of goodwill or...? I ask that because the criticism is that it lacks teeth. We always hear that phrase about this initiative.

Dr. Paul Haslam: It lacks teeth?

Mr. Peter Fragiskatos: It lacks teeth and therefore was not a sincere effort. Is that what you said?

Dr. Paul Haslam: Whether or not it was a sincere effort, I think the government was interested then in reducing both the incidence and perception of social conflict with Canadian firms.

The other part of the question is whether a regulatory response, as envisioned, would have had any effect either. I'm not in favour of discounting the self-regulatory option, only because I'm not really convinced the government—even if it had pursued a regulatory option—would have put the kinds of resources behind it to have any effect whatsoever.

Mr. Peter Fragiskatos: With all due respect though—and I think this question went to Mr. Webber on the part of Mr. Anderson—I'm going to guess that you two would also not see any... You're probably completely opposed to the mining sector being in Latin America.

Dr. Paul Haslam: I won't speak for my colleague, but that's not my position at all.

Mr. Peter Fragiskatos: Oh, okay.

Dr. Paul Haslam: My position, as you'll see from my work, has always been... I study the mining sector as a fact. I'm not interested in opinionating... I am unlikely to ever—

Mr. Peter Fragiskatos: Everyone has a bias. Do you think the mining sector should have a presence in the private sector?

Dr. Paul Haslam: The private mining sector in Latin America has without a doubt contributed to lowering poverty levels in regions—

Mr. Peter Fragiskatos: I don't mean to interrupt but there are timing issues.

Do you think there's a place for the private sector to engage in extraction activities?

Dr. Paul Haslam: Yes, yes, absolutely.

Mr. Peter Fragiskatos: Okay, thank you very much.

Mr. David Sweet (Flamborough—Glanbrook, CPC): Mr. Webber, how would you answer that question?

Dr. Jeffery Webber: It was the same question to which I've already provided an answer.

Mr. David Sweet: You said under the present context, no. Is there a context where it would be?

Dr. Jeffery Webber: That counterfactual relies on an extraordinary transformation of Latin American events in which you could not hold possibly the conditions equal to answer that. It would be simply without foundation.

Mr. David Sweet: Would a good start be 5% of net profits going into the communities that are directly affected?

Dr. Jeffery Webber: That would be an improvement on the present situation—

Mr. David Sweet: Would that begin to change—

Dr. Jeffery Webber: —but certainly not enough to justify what the—

Mr. David Sweet: That wouldn't begin to change your mind.

Dr. Jeffery Webber: That wouldn't begin to change my mind, no.

Mr. David Sweet: I think both of you are probably of the same opinion, so perhaps I could get a yes or no on this.

Your position is that the corporate social responsibility counsellor is so ineffectual.... Would you think that's why when he was testifying here that there has been no complaints for the last two years.... Are you saying the communities on the ground see it as ineffectual, so they don't complain?

•(1400)

Dr. Paul Haslam: Mr. Sweet, call-out for Ancaster-Dundas, my hometown.

First of all, I don't think we are in agreement on this at all actually. I don't find CSR to be ineffective; there are only certain conditions under which it is effective.

Mr. David Sweet: I'm talking about the counsellor.

Dr. Paul Haslam: I think the current CSR counsellor has done a very good job overall in engaging with corporations. That is his job, but the instruments the government has provided him are not disciplinary instruments, by and large, and so it hasn't gone that way.

Mr. David Sweet: He did make the point that he needs some more tools.

Mr. Webber.

Dr. Jeffery Webber: I would suggest that the measure of complaints going to the current CSR counsellor has to be treated as anecdotal evidence for intensity of conflict. There is a lag time between serious scholarly investigation into rates of social conflict and violence and so on. The latest data of the latest serious study, *The "Canada Brand"* report, which came out in November 2016, had data up to 2015, in which you did not see a decline in 2015. It is too early to say, I think, with the resources we have whether activity could be declining. If it is declining, which I think is an open question, not verifiable by anecdotal evidence of the current CSR counsellor, it could very well be because of a declining investment during the slowdown of the commodities boom as much as anything else.

Mr. David Sweet: Mr. Haslam, you mentioned two things. You said that you saw an increase of corporate social responsibility among Canadian companies. You said that what they need are institutional mechanisms to engage the community and making sure that there is a distribution of material benefits. Is there something that the Government of Canada could do to promote that within Canadian firms?

Dr. Paul Haslam: That's a really interesting question.

Certain codes require ongoing consultations. The government could require that. I think it's probably not in the interest of the government to tell companies how to use their profits. That being said, I think companies that spend more and distribute more broadly in their communities tend to do better in them. I think that's a self-interest issue for companies. I'm not sure it's appropriate or even possible to regulate extraterritorially by the Canadian government as a practical, legal matter.

The Chair: Thank you very much to both our witnesses today. Again, Dr. Webber, you travelled a long way. Dr. Haslam, not quite as far, but we appreciate your being here, too. Thank you.

The meeting is adjourned.

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