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Chair

Mr. Bernard Patry

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• (1115)

[English]

The Chair (Mr. Bernard Patry (Pierrefonds—Dollard, Lib.)): Good morning, everyone.

For meeting 55, our orders of the day are, pursuant to Standing Order 108(2), a review of issues related to the subject matter of Bill C-357, the Taiwan Relations Act.

As witnesses this morning we have, from the Department of Foreign Affairs, Mr. Ted Lipman, director general, north Asia and Pacific bureau. I'd also like to acknowledge the presence of Mr. Jim Abbott, the sponsor of the bill; and helping us in the research service, we have Mr. Sebastien Spano from the law and government division.

Mr. Lipman, the floor is yours.

Mr. Ted Lipman (Director General, North Asia and Pacific Bureau, Department of Foreign Affairs): Thank you, sir.

I've been involved in developing Canada's relationship with Taiwan and China for over 30 years. I was a student in Taipei in the early 1970s when the only Canadian representation in Taiwan was the Toronto Dominion Bank. In 1990 I was the first Canadian foreign service officer assigned to the Canadian trade office in Taipei, and I've been back there on a couple of recent assignments. Most recently, I was the head of mission from 2001 to 2004.

Since the early days, our representation has expanded in parallel with our growing relationship with Taiwan. Today the Canadian trade office in Taipei is a full-service mission of 65 staff engaged in trade, immigration, consular activities, education, cultural relations, public affairs, and parliamentary diplomacy. In fact, our relations with Taiwan are more complex and cover a broader range of areas than those we have with many of our diplomatic partners.

Our cooperation in some of these areas is further enhanced by a variety of functional memoranda of understanding that Canadian government departments and agencies have with their Taiwanese counterparts. These arrangements provide a viable framework for bilateral cooperation in such areas as science and technology, agriculture, telecoms, and maritime security. The success of such arrangements is contingent on the commitment and goodwill of both sides to make things happen without politicizing the process. Such an increasingly high level of activity has also necessitated more frequent interaction between Canadian and Taiwanese officials.

Between 2001 and 2005, Canada received 23 visits by cabinet-level officials from Taiwan—more than from Japan, Singapore, Hong Kong, Australia, or Korea in the same timeframe.

Canada also recognizes Taiwan's important role in the world economy and has supported Taiwan's participation in a number of international bodies. In the case of Taiwan's membership in both APEC and the WTO, Taipei publicly recognizes that Canada's support was key. Moreover, we supported Taiwan's appropriate participation in organizations where it is not a full member, such as the OECD and the World Health Organization. We have also championed Taiwan's appropriate representation in international events hosted by Canada, such as the recent St. John's fisheries conference. Our policy has produced win-win outcomes thus far for both Canada and Taiwan.

Our policy towards China and Taiwan is a uniquely Canadian solution based on our attributes and historical experience as a middle power. Unlike the United States, for example, Canada has no colonial history and no military presence in east Asia. Canada reopened relations with China a decade earlier than the United States, and on Canada's own unique terms.

Back in 1970 when we switched recognitions from Taipei to Beijing, we did so in a way that provided us with the flexibility to substantively engage with China while at the same time leaving the door open to grow an important relationship with Taiwan. In short, we worked out a framework whereby we did not need to choose between one or the other. We chose to engage both.

Although some would conclude that these relationships are based principally on trade and investment, they are in fact much broader than that and include other aspects such as the promotion of cultural, academic, environmental, people-to-people ties, as well engagement on important issues such as the rule of law, democracy, and human rights.

Bill C-357 is largely modelled on the United States 1979 Taiwan Relations Act and therefore implies that there is something to gain from Americanizing Canadian foreign policy. A legal framework, the Taiwan Relations Act was a compromise between Congress and the executive that allowed for the establishment of diplomatic relations between the United States and China. It also allowed the United States to continue to sell arms to Taiwan, and that is key. At the time, the arrangement was tacitly accepted by China as a price for establishing diplomatic relations.

The Canada-Taiwan-China dynamic of 2005 is very different from that of the United States 30 years ago during the Cold War. Revisiting our policy in a manner suggested by this legislation would in fact be tantamount to unilaterally renegotiating the terms of our relations with China completely out of context with the realities of the situation today both in China and in Canada.

Regardless of whether or not we say that this bill provides for some sort of de jure recognition of Taiwan by Canada, it is not the main issue, in my view. The issue is perception. This bill will be perceived by Taiwan, China, and others in the international community as providing de facto recognition via a number of its provisions. The results will be the same as de jure recognition. In fact, one needs to read the Chinese-language media, as I do daily, to see that this is indeed the perception of both sides.

The stated purpose of this bill, as I understand it, is to provide an improved framework for our interaction with Taiwan, while not constraining the promotion of close ties with China. While this may seem reasonable from a less nuanced viewpoint, the reality that Canada faces is that both Taiwan and China very much view their relations with other countries as a zero-sum game. They will react within this context. We have no control over that.

To date we have skilfully avoided being collateral damage in the Taiwan-China cross-strait issue by being absolutely straightforward and predictable in our dealings with both sides. We don't do one thing and claim that it is something else. However, the practical effect of this legislation would be to generate a degree of ambiguity and a perception that we are modifying our policies and practices in a manner that runs contrary to the commitments Canada made to China when we established relations in 1970.

Canada's position on the cross-strait issue was made crystal clear last January when Prime Minister Martin said during his visit to Beijing that Canada "is opposed to any unilateral action by any party aimed at changing Taiwan's status and escalating tensions which would have an impact on the political stability and prosperity of East Asia".

In my view, this legislation could contribute to raising tensions and would therefore be totally contrary to the policy and objectives stated by the Prime Minister. Legislation that creates a perception that our policy and practices have changed and would, for example, require Canada to accept visits by Taiwanese officials, which are not in our interests, or promote Taiwan's membership in international organizations where the consensus among their memberships is clearly to the contrary, would diverge dramatically from our long-standing policy and reduce our ability to effectively promote and protect core Canadian interests abroad. In fact, it would empower Taipei to dictate an important part of Canada's foreign policy agenda.

In the end the debate comes down to one question: what actions should we take to reach our goals and objectives in a manner that serves the best interests of Canadians? Our objective, broadly speaking, is to have a degree of influence and success by maximizing a positive relationship with both Taiwan and mainland China, but not one at the expense of the other. This does not mean that we must choose starkly between our values and interests. These concepts are not mutually exclusive; we do not need to choose between recognizing Taiwan's democratic achievements, on the one

hand, and sacrificing our growing and broadening relationship with China, on the other. My experience in this regard convinces me that we can do both.

Thank you.

● (1120)

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

Now we'll go to five minutes of questions and answers, and we'll start with Mr. Day, please.

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): Thank you, sir, for your presentation. I realize that you aren't making the policy, but that it's your job to articulate it. We thank you for the overview here.

I agree that we should be doing all we can, first of all, to highlight the fact that Taiwan is a relatively new, but very robust, democracy in that part of the world, and that it can really be seen as an example to other countries. With great sacrifice on the part of some individuals, it has fairly recently in the nineties, and moving into the 21st century, achieved a tremendous democracy. We should be heralding that everywhere we go.

On some of the questions you raised, what do you determine...? First of all, you said that there have been 23 cabinet-level visits. Could you qualify that? We also know that there have been a number of situations where visits have been declined, and your comment was about "visits...which are not in our interests". So what would be a visit that is not in our interests? I remember that when the foreign affairs minister was denied a visit, the very next day Prime Minister Chrétien met with the defence minister from China. I support that meeting, as we should meet with communist representatives as well as those from democracies, but it's that type of juxtaposition that makes us wonder how much we are promoting the democratic aspect of Taiwan.

So could you clarify your comment on the visits.

Then you mentioned things like arms sales. We're certainly not promoting arm sales here, but how do you, or the government, as far as you know, reconcile a position that would not allow that type of thing with our allowing Canadian arms sales to Saudi Arabia, for instance, which is not a democracy? It's a very aggressively anti-democratic regime.

● (1125)

Mr. Ted Lipman: Let me comment on the first.

As I said, our policy is very clear and predictable, and the Taiwan side knows quite clearly—we have told them on a number of occasions—that there are certain visitors who, by their visit to Canada, would imply a certain recognition of Taiwan sovereignty that we could not accept and don't believe would be in our interests. That includes—

Mr. Stockwell Day: Has the government clarified those?

Mr. Ted Lipman: Yes, we have. With Taiwan we have done so a number of times.

You asked what a “cabinet-level minister” means. Some of their ministers do not carry the name “minister”; sometimes they’re called “commissioner”. For example, the commissioner for overseas Chinese affairs is a cabinet-level position. Without using the name “minister” they are ministerial in rank and have a ministerial portfolio.

When we consider a visit from any diplomatic partner, we always consider it in terms of the timing. We also consider it in terms of whether we are prepared to receive that person at that particular time. Similar criteria are used for all of our visiting ministers from all of our diplomatic partners.

That said, I have noticed over the years I've been involved with Taiwan that they are prone to proposed visits by individuals they know would not be welcome being timed with visits by senior Chinese leaders. At the same time, we do not see any problem with having visits by ministers from Taiwan timed close to visits by Chinese leaders.

Take, for example, the visit of President Hu Jintao last month. I believe the week immediately before that, in fact, there were two Taiwanese ministers visiting Canada at the same time, just a matter of days before that visit.

Mr. Stockwell Day: Thank you, Mr. Lipman. I appreciate that you've answered the question. We have a time constraint and my colleague has a question.

In terms of predictability, it's just difficult for us to try to ascertain how the Chinese minister who actually presided over Tiananmen Square presents no problem, but the foreign minister from Taiwan who presides over democracy is a big problem. It's a little hard for us to figure out and explain to our constituents.

My colleague has a question.

Mr. Ted Lipman: Could I answer the question on defence sales, though? I think it's relevant.

Mr. Stockwell Day: Oh, yes, I'm sorry.

Mr. Ted Lipman: Canada has very strict rules on the kinds of defence products we'll sell. By and large we won't sell to anybody who is likely to be in a situation of conflict. We don't sell to China, for example. We don't sell to a number of areas that might be prepared to use these products in a way we wouldn't find acceptable.

Our self-regulated regime on this, as well as our compliance with a number of international regimes, is extremely conservative. It's not something we see ourselves doing in the region or as being a key to our strategic interests in the region, unlike the United States.

Mr. Stockwell Day: But Saudi Arabia is okay, as far as selling arms to them is concerned.

Mr. Ted Lipman: I can't speak for Saudi Arabia. I really don't know a lot about it.

The Chair: Mr. Day, I want to get to another question from your colleague.

Ms. Guergis.

Ms. Helena Guergis (Simcoe—Grey, CPC): Thanks for being here.

I have two questions. First, if this bill were passed, would you feel it would perhaps tie the hands of the foreign affairs department, perhaps not allowing them the discretion to do their business?

The other question is, do you see there being a cost to Canada financially, and how?

Mr. Ted Lipman: Yes. I do see.... I've worked for 29 years in Foreign Affairs, and I've noticed that foreign ministers need to be able to be very agile in responding to international situations that are often changing constantly. I think the ability to respond quickly and in a way that, at that particular point in time, would promote Canadian interests could be constrained by a relationship that is bound by legislation. For example, our inability to refuse visits from a jurisdiction could, in fact, be against Canadian interests at any particular point in time. The agenda could be, in fact, dictated by Taipei, not by Ottawa, so I think that the constraints on a foreign minister could be quite significant—any foreign minister, for whatever party might be in power.

Your second question related to the costs. We're talking about economic cost here, I assume, but I think you have to look at the relationship with China far more broadly than that. Certainly the economic relationship is very key, but over a generation there has been a broad range of academic and cultural relationships that were great investments by not just the business community, but also academics, NGOs, and Canadian individuals, and I think that investment would be lost were we to go through with this legislation. That is to say, certainly in the economic sphere, as I understand it, the Chinese, the Asians, like to do business with their friends, and that relationship as a basis for doing business is very important. This would most certainly affect that relationship, and I'm sure our competitors would take advantage of it.

I don't think it's fair to say that China cannot live without Canada, that somehow they absolutely need us; I think they do need us, but I think there are options. I think those options would be pursued more vigorously, and we would have less ability to pursue our interests economically—and not just economically; all the other relationships we have with China would be affected. We'd see less tourism, for example. We're quite optimistic about tourism, and I think it would be affected. A number of areas would be impacted, I believe.

• (1130)

[*Translation*]

The Chair: *Merci.*

You have the floor, Mr. Clavet.

Mr. Roger Clavet (Louis-Hébert, BQ): Thank you very much, Mr. Chairman. Thank you as well to Mr. Lipman, an expert on Asian affairs. I enjoyed his presentation.

Under the circumstances, this is clearly a bill that is somewhat unsettling for Chinese and Taiwanese authorities because it raises some very delicate issues. You mentioned that some administrative agreements were currently in place between Canada and Taiwan.

Could some of these agreements be affected in some way by this bill? Which existing administrative agreements between the two countries could hypothetically be negated or affected? Is the Canadian government being pressured somehow at this time to amend some of these administrative agreements, in light of this bill's provisions?

[English]

Mr. Ted Lipman: No, we're not under any pressure to amend any of these agreements at this point in time. In fact, we see that framework of using agreements, or MOUs, arrangements between ministers in Canada and their counterparts in Taiwan, as something that should grow. It is a very successful way of addressing a number of practical issues before us.

You had asked for a list. We could provide a more complete list to the committee. Off the top of my head, I think that in my presentation I mentioned agriculture and telecoms, and we've had agreement in the past on environment. There are a number of functional areas in which we feel these types of agreements will allow us to do with Taiwan types of cooperation similar to those we do elsewhere in the region.

[Translation]

The Chair: Mr. Clavet.

Mr. Roger Clavet: Mr. Lipman, at this time, is it possible to gauge support for the sovereignist movement in Taiwan? It's difficult to measure, but I'm asking you, as an expert.

As you know, Quebeckers are deeply sympathetic to the aspirations of the Taiwanese. However, I'm not asking you, as an expert, to assess the prospects of Quebec separation, but rather the situation in Taiwan.

The government of President Chen Shui-ian has seen the emergence of an independence movement. Judging from your political take on the situation, how would you assess the independence movement in Taiwan?

[English]

Mr. Ted Lipman: I do recall a poll that was taken soon before I left Taiwan. We can't always believe the polls to be absolutely correct, but they suggested that there was a minority of people on Taiwan who wanted independence right now. There was a minority of people on Taiwan who wanted to be united with the mainland right now, a smaller minority. But the priorities of the vast majority of people were on maintaining peace and stability, and peace and stability is at the top of their list. That is the large majority in the middle who have that as their priority.

I think it would be fair to say that the same priority exists on the other side of the Taiwan Strait, that peace and stability is a priority. That is something that is necessary for the region to prosper. You may know, sir, that Taiwan has invested over \$100 billion U.S. into mainland China. China has become Taiwan's major trading partner. The United States now is second. They have developed, if you will, a fatal interdependence. I don't think anybody on either side wishes things to go awry. So if Taiwan independence is an issue that would affect that level of security—and I think it is, and I think people there would agree with me—it would be a matter of grave concern to people on Taiwan.

• (1135)

[Translation]

Mr. Roger Clavet: You illustrated the point that Taiwan and China often view their relationship with other nations from a win-loss position. I'm well aware of China's sensitivity.

How is it possible for people on either side, with a bill like this, not to lose face? What solutions do you see? The bill is by no means perfect, but there is certainly hope for diplomatic representation. In your view, is there some way to proceed so that no one — not Chinese officials, not Taiwanese authorities, not the Canadian government — loses face?

[English]

Mr. Ted Lipman: I think what we've been doing is the right thing. I mentioned that in fact in the last twenty years, fifteen years, we've gone from a very small office to a very major office in Taipei, which provides Taiwanese citizens with a very broad engagement with Canada. We have gone from having none of these MOUs that we've just discussed to having several in a number of areas of mutual interest.

I think that our ability to do that with Taiwan—you used the word "face". It certainly lets Taiwan know that we recognize them as an important partner and there are a variety of areas in which we work very closely with them.

The engagement with China at the same time has also been broadening. It's not just about trade anymore. We've just announced recently in a visit by President Hu Jintao a strategic partnership with China. Again, that entails a very long-term and very broad and close relationship.

So I think we've been doing the right thing to give face, as you put it, to both sides, and we've done it in a rather uniquely Canadian way. I'm rather proud of that and I think we've been quite successful. I think if you speak to some of your constituents who are perhaps doing business on both sides of the strait, you'll find that they're quite comfortable with the current state of relations where in fact they can pursue their interests on both sides because we've created an enabling climate for them to do so. I think if you speak to your constituents who may be of Chinese origin, who obviously have more passionate feelings about this issue, they will tell you that Canada's policy, as was stated by the Prime Minister, that wishes to avoid conflict and promote peace and security in the area is one that most people can agree with.

The Chair: Mr. McTeague.

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): Thank you, Chair.

Mr. Lipman, thank you for being here again before the committee. I think the last time we dealt with this was on the subject that was touched on by Mr. Day on the question of transit visas.

My question will have more to do with the position that I've certainly taken, the government has taken, the Prime Minister—I'm sure I hear music, and that's a sign—that said: "Canada reaffirms its adherence to its One China policy and is opposed to any unilateral action by any party aimed at changing Taiwan's status and escalating tensions which would have an impact on the political stability and prosperity of East Asia". I believe this was the joint declaration in January 2005.

I'm trying to figure out here what the overall implications would be for Canada, not just, as you've underlined, very clearly economic ones, but in terms of our ongoing relations with Taiwan and China. What in your view would be the likely outcomes, the repercussions, should this legislation pass? Cynically, and I suspect some would say, there are advantages and disadvantages, and if you could perhaps address that in that context.

Prior to doing so, I also would ask the indulgence of the chair. Several witnesses will be coming after you and we may need you, subject to the chair's intervention, to appear again before the committee with questions.

But if you could just answer that, it would be very helpful.

• (1140)

The Chair: Mr. Lipman.

Mr. Ted Lipman: Well, certainly our relationship with China is all about access. As I mentioned, it's taken a generation for us to build the type of access we have. We have access to the senior leadership through regular interaction. We have the ability to help them build capacity in a number of areas through our CIDA programs there. We have access to the business community, almost a preferred access, I might say, now that we have a strategic partnership with China and they see ours as a preferred relationship.

My concern is that access would be severely limited. We do influence China, because we have the opportunity to speak to them frankly and candidly about issues of concern to us, not just trade issues but issues relating to human rights and good governance. I would be very concerned that this access would be closed.

I also look at the programs that have been developed by universities and, for example, by the Museum of Civilization and by a variety of organizations in Canada that I think would find doors closed to them as a result of this legislation. As I mentioned earlier, the Chinese like to do business with their friends, and all things being equal, they do that. And I don't mean just commercial business but business in terms of engaging, and I do think our ability to engage with China would be severely limited.

The Chair: Mr. McTeague.

Hon. Dan McTeague: Mr. Lipman, I wanted to bring us to the issue that of course brought us to this day, the bill itself and its sponsor, Mr. Abbott.

I want to thank him, by the way, for working with this committee to find an accommodation to get this here. I think it's a testament to his willingness to see this issue dealt with thoroughly, and this committee is indeed indebted to him.

Mr. Lipman, I'm wondering; you've alluded to the fact that Bill C-357 was largely modelled after the 1979 U.S. Taiwan Relations

Act. It would appear the effect—and I'm sure the unintended effect—would nevertheless be the Americanization of policy, and it might change the context from a win-win situation to one of zero-sum. Could you comment on what, quite apart from damaging our international relations, this would do in terms of its effect on the international community? I'm more concerned of course about the perception that we might be taking unilateral action, somewhat modelled after the American act in 1979.

The Chair: Mr. Lipman.

Mr. Ted Lipman: Well, as I mentioned earlier, the American act was done in a very different context. It was in the Cold War, and in fact the United States and China were very eager to become allies, if you will, in their common struggle against the Soviet Union at the time, so it was a sort of marriage of convenience. In fact, if you look at the act, you'll see the whole thing is a compromise, and it's a compromise in a very different context.

Certainly, the ability to act unilaterally by Taiwan appears to me to be embedded in this legislation in that we would be obligated to accept visitors from Taiwan we may not feel are in our interest to accept, whereas for any other jurisdiction, of course, we have the flexibility to do that.

In international organizations, Canada's multilateral policy has always been one that supports consensus. Hypothetically here, if there was no consensus in an international organization of which we were a member, this legislation would require us to support Taiwan's membership in that organization. We would have to do that despite the fact that the organization might not have a consensus. It would make it rather difficult for Canada to maintain our long-standing policy of multilateralism in that context, and I think it would be rather problematic for us.

• (1145)

The Chair: Thank you.

We'll go to Ms. Phinney, please.

Ms. Beth Phinney (Hamilton Mountain, Lib.): Thank you, Mr. Chairman,.

Thank you for being with us today.

You may have alluded to some of these when you were answering Mr. McTeague's questions. I'd just like direct answers to them.

How would enacting this bill affect our capacity to engage China on human rights, governance, and legal reform? Secondly, would this bill lead to more business between Canada and Taiwan? Would it help correct the trade imbalance, which is three to one in Taiwan's favour?

Mr. Ted Lipman: To answer your first question, the simple answer is that it takes two to tango. If we have a dialogue with China on human rights, as we do, both sides have to agree to that. If we have the ability to influence senior leaders by meeting them, we'd have to have the opportunity to do that. I don't think China would want to engage with us in those ways if this legislation were to go through. There would be many opportunities that are opened to us that are not now.

As far as the trade imbalance is concerned, trade imbalances don't worry me that much. We're not looking for equal trade; we're looking for equal opportunity. In other words, if our exports to a market grow, the nature of two economies may always dictate that there's an imbalance of sorts. The most important thing is that there is opportunity for our exporters and that our exports grow to that market.

You mentioned that Taiwan has a three-to-one, and sometimes four-to-one, trade imbalance. Our exports to Taiwan have levelled off since the year 2000. There is some room for growth, but it is rather modest given the size of that market. There are 23 million people there. Our export growth to China, on the other hand, is very substantial. Last year, I believe, it was double digit; it was over 20%.

Again, I don't think this legislation would necessarily remedy our trade situation in Taiwan. I don't think so.

Ms. Beth Phinney: On the first question I asked you, I think your answer at the very end was muddled. On our capacity to engage the Chinese government on human rights, you're saying we would have less capacity.

Mr. Ted Lipman: We'd have less capacity, because it's always a dialogue. They would be less willing to meet with us on these issues, and we would have fewer opportunities to do so.

Ms. Beth Phinney: Thank you.

The Chair: Thank you.

Ms. McDonough.

Ms. Alexa McDonough (Halifax, NDP): Thank you, Mr. Chair.

Thank you very much, Mr. Lipman, for appearing before the committee today.

I have to say I find the position you put forward today deeply disturbing. When we deal with legislation, I don't think we should find ourselves arguing that it doesn't matter what the legislation says, we have to be concerned about perceptions. It seems to me there is a kind of patronizing view of Taiwan that is actually very hard to accept as a Canadian.

I mean, as far as I know, I don't think we get ourselves all tied up in knots about what other countries might think about the Canadian federal relationship with Quebec, or, for that matter, what our relationship is with the U.S. It's our business to deal with those things.

We've got ourselves so twisted up in knots around perceptions here, expressing concern about ambiguities, when we have the most ambiguous kind of muddled policy with respect to rolling out the red carpet for the architect of the Tiananmen massacre while we close the door, for vague reasons that Foreign Affairs won't even explain,

to a travelling Taiwanese official who's going on somewhere else, or who maybe wants to come for a community celebration. I have to say that I have kind of a head of steam around this.

So that doesn't help either. I think when we look at legislation, we should look at legislation.

What I really want to ask for, and maybe you can't answer this in the very short time available, is a brief written response from the department on what specific provisions in Bill C-357, in the view of this government, would damage the relationships with China, and in what ways. I also want to know what provisions of Bill C-357 might enhance the relationships with China, and in what ways.

In other words, let's deal with the legislation before us. When the argument is made, as you've done—and I guess I should welcome the fact that you've put it right out there in writing—that it doesn't matter what it says, it doesn't matter what the effect would be, the issue is perception.... I mean, I don't think we can develop our policies based on perception.

The second difficulty I have and that I would ask you to address is this. Yes, Canada in 1970 recognized the Republic of China, and yes, that counts for something very important. But you know, a lot of things that have happened of late are of great concern to us in terms of our Canadian values and our role in the world. Tiananmen Square was one, but we know there is tremendous repression in China of journalistic freedom. We have incredible numbers of incarcerations of people—for believing, for God's sake, or for being adherents of Falun Gong. We can't pretend that 1970 freezes our relationship in time.

Again, I guess I would just ask you to be much more concrete and specific. I'm not unmindful of why access to Chinese markets is important, but I'm even more mindful, and I think the Canadian government should be more concerned, about what kind of signals we're giving China and the rest of the world for us to say that we'll take no note of any of those things—while we grub for unfettered access to Chinese markets.

● (1150)

Mr. Ted Lipman: When we think about a Leninist dictatorship running what is essentially a market economy, we could be thinking about Taiwan in 1970, or we could be thinking about China today. What I mean by that, of course, is that these two societies are moving more or less in the same direction but at a somewhat different pace, due to a variety of different circumstances.

I think the purpose of legislation and the purpose of what we do in Foreign Affairs...the objectives are the same, that is, to provide advantages for Canadians to serve Canadian interests. I guess everything we do at Foreign Affairs is predicated on that very basic principle. That sort of trumps everything, in my view—service to Canadians—and I think our policy has served Canadians quite well.

I've tried to express—and excuse me if I perhaps haven't done as well as I might have—the fact that this is not only about trade or trading off trade interests for interests of our values. I've been involved in this for a long time and I've seen us do quite well on both issues. I don't think we have to trade it off. But when asked, as I've been asked by this committee, what I think is the effect of this legislation on Canadian interests, based on what I know and my experience at the region, I think it will affect our interests, because in Asia perception is a very important thing.

How this is being perceived—and as I mentioned earlier, I read the Chinese press in Chinese every day—by Taiwan and how this is perceived by mainland China is sort of at the extreme ends. One sees it as an attack on their sovereignty, and the other sees it as being on the verge of recognizing Taiwan as a sovereign state. I'm not so sure that's exactly where the legislation is intended to go, but certainly what I can see from the expression in the press of Taipei or Beijing, that's exactly where they think it's going. And I think that perception in this case is something that we do have to take into consideration.

Ms. Alexa McDonough: Three seconds to follow up, if I could.

The Chair: If you have a brief question, go ahead.

Ms. Alexa McDonough: Thank you.

If we're to define our foreign policy on the basis of perceptions, and trade access is the issue, maybe Canadians should be told by the government, “Well, we're going to start shipping enriched uranium or arms to Taiwan”, as the U.S. does, because the U.S. won't like the perception that we're doing something different from them. And gosh, if they don't like the perception they might punish us in terms of our trade relationship with the U.S. I mean, this is kind of scary stuff.

• (1155)

Mr. Ted Lipman: There are a lot of variables, and it's a very complex formula that is involved in developing a foreign policy. It's not a cookie-cutter approach, but I would say that the perception of Canadians, how the world sees us, is a very important part of Canadian foreign policy.

Ms. Alexa McDonough: For what we do, not for what we are accused of—

Mr. Ted Lipman: Yes, exactly.

Ms. Alexa McDonough: —or what it is suspected that we might do in some vague way.

Mr. Ted Lipman: Yes, and that is why I have tried to point out that what we are doing in Taiwan on the ground, where the rubber meets the road, growing our relationship there, expanding our presence there, providing services to Canadian business people, providing visas, providing information to Taiwanese, encouraging cultural relationship, encouraging academic relations—

Ms. Alexa McDonough: Why did we wait so long until a time when these officials might come to Canada?

The Chair: Ms. McDonough, please. Will you address the chair, please?

Ms. Alexa McDonough: Sorry.

The Chair: We'll go to Mr. Bevilacqua.

Mr. Maurizio Bevilacqua (Vaughan, Lib.): Thank you very much, Mr. Chairman.

Sometimes when witnesses appear in front of this committee they don't have enough time to elaborate on key issues. So I'm going to give you an opportunity to perhaps elaborate on the issue of our capacity to deal with China on human rights, governance, and legal reform—and also, the impact it would have on Canada's economy, this type of decision. I'd like to know if there are any other countries that have enacted similar legislation to what is being proposed now.

As well, in essence, what would occur if this bill were to in fact become law? It would legislate our relations with a foreign entity. What are your views on the effect this would have on Canada's ability to formulate foreign policy in response to external events?

The Chair: Mr. Lipman.

Mr. Ted Lipman: As far as other countries are concerned, other than the United States, which does have a Taiwan Relations Act, there is to my knowledge no OECD and no G-8 country that has similar legislation or is bound by similar obligations in its relationship with Taiwan and with China.

I think any foreign minister would be hamstrung if he could not respond to a situation in the way he or she felt that that particular point in time was in the best interests of Canada. In my view, this legislation would appear to reduce some of the options that might be available to a foreign minister.

As far as human rights are concerned, I've already commented a bit, but let me say that as an example, during the recent visit by President Hu Jintao to Canada the Prime Minister had an opportunity to raise with the top leader of China the concerns of Canadians. He spent a lot of time on it. That was the issue that was front and centre in his bilateral with President Hu. That opportunity is extremely valuable. The chance to meet and address these issues in this very frank and candid way, I think, would be lost if we were not able to meet on a regular basis at a very senior level.

You mentioned commercial relations. I think this would have an effect not only on commercial relations, and I think it would be unwise to focus only on the commercial relationship. I see things as a lot broader than that. The framework for our relationship with China was announced in January by the Prime Minister: a strategic working group, where we would work on a number of key areas of mutual interest, including multilateral cooperation and peace-keeping, for example.

The recent signature of the air agreement with China, which pushes our number of flights per week from 15 to 66, is a result of that strategic working group and the strategic partnership we have. The ability of Canadians to visit China, but even more importantly the ability of the Chinese to visit Canada and to be influenced by Canada in a positive way is something that's very important, and we would not want to lose it.

• (1200)

Hon. Maurizio Bevilacqua: Thank you.

The Chair: Thank you.

We'll go to Mrs. Guergis, and then to Monsieur André.

You have one question.

Ms. Helena Guergis: Thank you, Mr. Chair.

Mr. Lipman, you have described the relationship between Canada and Taiwan or Canada and China as a strategic partnership. I'm wondering what you think about the fact that Canada has given more than a billion dollars in foreign aid to China, approximately \$50 million this year. The UN World Food Programme has said they're pulling out of China, that China no longer needs them.

They have the second largest economy. If we were to stop giving foreign aid to China, do you think it would affect our trade?

Mr. Ted Lipman: I don't think it would affect our trade, but I do think, from what I've seen.... Keep in mind that I lived in China for a number of years, and I saw some of these CIDA projects in action. What I saw us being able to do was engage China in those areas we were interested in engaging China in, where we felt we could build their capacity. China is, by and large, a third world country. It's by and large a very poor country, but it also has some very serious problems with its ability to change. I've seen CIDA projects involving micro-credit or small agricultural cooperatives for women in rural areas. I've seen a number of projects that allow civil society to develop their own organizations in a manner that is very progressive within the Chinese context. I think it's been very successful in that regard. If we stop doing that, personally I think it would be unfortunate; however, I don't think it would affect our trade.

The Chair: Thank you.

Monsieur André.

[*Translation*]

Mr. Guy André (Berthier—Maskinongé, BQ): Mr. Lipman, I have two questions for you. In response to my colleague's question, you stated that the true desire of the Taiwanese people to gain greater independence can be expressed through peace and security. When China makes threats and aims its missiles at Taiwan, this surely influences the will of the Taiwanese to gain a certain measure of independence. You also talked about a minority, or majority, that favoured independence for Taiwan.

Do you have any statistics on this level of support?

[*English*]

Mr. Ted Lipman: To answer your first question, obviously those missiles are extremely disconcerting to the people of Taiwan, to people in Canada, and to this government. I think our concern about that was very clearly articulated not just in the Prime Minister's statement of January, but also in Minister Pettigrew's statement on March 15 with regard to the Chinese anti-secession law, and the statement by the Prime Minister again last month. I have a copy of those statements here and I will leave them with the clerk so you can see them in greater detail at your leisure.

As far as the numbers go, again, it's a bit of a mug's game in dealing with the numbers. As I recall—and you'll have to excuse me as this was two years ago—it was 20-20-60: 20% of the people favoured independence; 20% of the people favoured reunification; and a majority felt that these issues had to be resolved over the longer term, by putting it to the next generation perhaps, but seeing that the engagement by the two sides was key to resolving those

issues. You'll have to excuse me if my figures may not be to the letter, but that's how I recall them.

The Chair: A short one.

[*Translation*]

Mr. Guy André: Could Canada put any additional pressure on China to get this country to stop aiming its missiles at Taiwan?

[*English*]

Mr. Ted Lipman: I think Canada should keep constant pressure on China. This legislation would reduce our ability to do so.

The Chair: Merci.

He's not a permanent member of this committee, but as a sponsor of the bill I will ask Mr. Abbott if he has any final questions to ask our witness.

Mr. Jim Abbott (Kootenay—Columbia, CPC): Thank you very much, Mr. Chairman.

There are a couple of things I'd like to clear up. Perhaps you didn't intentionally do this. It seems to me that if we take a look at the preamble of the bill, in the very first paragraph it says: "WHEREAS on October 13, 1970, the Government of Canada formally recognized the People's Republic of China as the sole legitimate Government of China and took note of its claim that Taiwan is part of China". Of course, I can't imagine any clearer statement that this bill is framed within the context of the current one-China policy you've been referring to, which was reiterated again by the Prime Minister.

Secondly, without taking the time to read it, I draw your attention to paragraph 3(a), which again underscores in the body of the text that this is built around the concept that I believe virtually all Canadians believe in, and that is the one-China policy. Certainly I do. I know that the Conservative Party of Canada does, and the leader of the Conservative Party of Canada does. This in no way, shape or form is intended to bring any question to the issue of that status. I agree with Ms. McDonough that we have to be very careful when we're doing any legislation to take the words of the legislation.

I also take some exception. You were talking about the fact that this bill would.... The example I believe you used would be to tie the hands of Canada in international forums. I believe you were referring to the WHO and other things. In paragraph 9(a) of my bill it clearly and specifically says: The Government of Canada shall

(a) support the participation of Taiwan in multilateral international organizations

I don't think the word "support" is anything more than that. Certainly my intent was no more than for the Department of Foreign Affairs, the minister, and the Government of Canada to take some direction from the people of Canada, as expressed in the House of Commons vote and in the Senate vote of two years ago, in which they chose to turn their back on the direction that they had taken from the representatives of the people of Canada with respect to Taiwan being recognized as a health entity. Neither of the houses asked for recognition of Taiwan as a nation. Both houses were very clear and specific that Taiwan as a health entity should be included. When you have 23 million people in the community of the world with whom there is no direct relationship with the World Health Organization, particularly with the conventional wisdom that there is a pandemic coming, I think this is a very significant issue. I wouldn't want people to be left with the impression that in my bill we were tying the hands, but rather that we were simply saying to support.

I have a question.

• (1205)

The Chair: Good.

Mr. Jim Abbott: Thank you very much, Mr. Chair.

I just wanted to be clear about some of the impressions I'm sure our witness didn't intend to leave. I just wanted to clarify those things.

You speak of functional memoranda being the current relationship between us and Taiwan. Just dealing with only one—and there are many, but just as an example—I can say that within the relationship between Taiwan and the United States, because of the Taiwan Relations Act the United States has, they have negotiated a tax treaty. Canada has not.

Perhaps I could mention a second one. Two or three months ago they negotiated a security arrangement. Where we don't have any formal relations between Taiwan and CSIS, the RCMP, and Canadian military intelligence, they negotiated that between themselves and the United States.

I would suggest to you that these functional memoranda are currently significantly deficient, and those are only two of about twenty or thirty items I could mention.

The Chair: Mr. Lipman.

Mr. Ted Lipman: Thank you, sir.

I've appreciated the very friendly and constructive discussion we've had about your bill over the past few months. It's been in a very congenial atmosphere, and that's been appreciated.

If I may, I'll just restate one sentence from my opening remarks, and I think we do understand it: "The stated purpose of this bill...is to provide an improved framework for our interaction with Taiwan,

while not constraining the promotion of close ties with China". I think we do understand that as being your objective.

Certainly there's the area you pointed to, the expression of the Parliament for Canada to support Taiwan at the WHO. The last time I was before this committee I did mention and explain that in fact... and partly because of the encouragement and support we had from Parliament for this, which we did find very helpful. Minister Pettigrew did raise participation of Taiwan in an appropriate way in the WHO, and he had a meeting with the director general of the WHO, Mr. Lee, when he was here last fall. When Minister Dosanjh visited Beijing, he raised with the Chinese directly the matter of finding a way of getting Taiwan somehow inside the door. This is something we've paid attention to. We've done some work on this, and I think we are making some headway.

As far as the memoranda of understanding are concerned, we were in negotiation with Taiwan to have an avoidance of double taxation arrangement. In 1997 they withdrew from this negotiation. My understanding was that there were some individuals in Taiwan whose interests this would not serve, so the Government of Taiwan decided to withdraw. We have stated a number of times that this is something we would be able to discuss with Taiwan, and I think that one is doable. In fact, we were engaged in negotiation; it was the Taiwanese side that withdrew.

As I said earlier, none of these MOU would work without a sincere desire by both sides to make them work. I think we have a desire by both sides to have relations that work for us. We've done it in a number of areas, and I think we could do it in the area of taxation and other areas you referred to. If they serve Canadian interests, we're ready to sit down with Taiwan, using the successful model we've had, and continue this type of discussion.

• (1210)

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

Yes.

Ms. Alexa McDonough: I have a point of order. I had requested the witness earlier to respond to the specific clauses in a written follow-up document. Could we ask if that's something we can look forward to?

The Chair: No problem. He will provide it to the clerk and we'll distribute it to the members.

Thank you again, Mr. Lipman. We really appreciate it, and I think it was very informative for the members.

We're going to stop now for other business. It's going to take us about seven minutes, but we need to be in camera and we need time to make the changes. We'll recess for five to ten minutes.

[Proceedings continue in camera]

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