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# Standing Committee on Foreign Affairs and International Trade

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**Thursday, October 20, 2005**

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**Chair**

**Mr. Bernard Patry**

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## Standing Committee on Foreign Affairs and International Trade

Thursday, October 20, 2005

• (1110)

[*Translation*]

**The Clerk of the Committee:** Ladies and gentlemen, I see we have a quorum.

[*English*]

We now must proceed to the election of a chair, pursuant to Standing Order 106(2).

Are there any nominations?

Mr. Bevilacqua.

[*Translation*]

**Hon. Maurizio Bevilacqua (Vaughan, Lib.):** I nominate Mr. Patry.

[*English*]

**The Clerk:** So we have a motion that Mr. Patry take the chair. Are there any other motions?

**Mr. Kevin Sorenson (Crowfoot, CPC):** I move that nominations cease.

**The Clerk:** Mr. Bevilacqua has moved that Mr. Patry take the chair. The committee has heard the terms of the motion.

(Motion agreed to)

**Hon. Maurizio Bevilacqua:** First of all, I want to congratulate you, Mr. Patry, for taking on the chair. I'm sure that throughout the proceedings you will remember who nominated you.

**The Clerk:** Ladies and gentlemen, there are still the vice-chair positions to deal with. The first that should be dealt with is the vice-chair from the party of the official opposition.

Mr. Bevilacqua.

**Hon. Maurizio Bevilacqua:** I move that Kevin Sorenson be the vice-chair of the committee from the official opposition.

**The Clerk:** Are there any other nominations?

Mr. Bevilacqua has moved that Mr. Sorenson take the position as vice-chair from the official opposition. The committee has heard the terms of the motion.

(Motion agreed to)

**The Clerk:** Finally, we need a nomination for vice-chair from a party in opposition other than the official opposition.

Monsieur Paquette.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** I nominate Ms. Francine Lalonde.

**The Clerk:** Mr. Paquette nominates Ms. Lalonde to the position of vice-chair.

**Mr. Pierre Paquette:** I hope Ms. Lalonde remembers that I am the one who nominated her.

**The Chair (Mr. Bernard Patry (Pierrefonds—Dollard, Lib.)):** Thank you very much, colleagues.

[*English*]

Thank you very much. I notice that we're always working on consensus, and that's great for the committee.

Now, with your permission, I need to get unanimous consent. As technically I was not the chair, I was unable to call a meeting this morning concerning the Taiwan bill. I would like to get unanimous consent from the committee that we can proceed with the witnesses this morning for the Taiwan bill. Is it agreed?

**Some hon. members:** Agreed.

**The Chair:** Now, we'll ask the witnesses to please take their places.

[*Translation*]

Pursuant to Standing Order 108(2), we will begin our study of issues related to Bill C-357, Taiwan Relations Act.

This morning, we will hear from

[*English*]

from the Canadian Chamber of Commerce, Mr. Michael Murphy, senior vice-president, policy, and Mr. Darrel Houlahan, policy analyst.

From Carleton University, we have Mr. Andrew Cohen, professor, Norman Paterson School of International Affairs and School of Journalism.

[*Translation*]

Lastly, we will hear from Mr. André Laliberté, from the Université du Québec à Montréal.

Welcome to all. We will now begin with the spokesperson for the Canadian Chamber of Commerce.

[*English*]

The floor is yours, Mr. Murphy.

•(1115)

**Mr. Michael Murphy (Senior Vice-President, Policy, Canadian Chamber of Commerce):** Thank you, Mr. Chair. It's our pleasure to be here this morning.

Let me begin by thanking you for the invitation to be here at this discussion. We're certainly grateful to have the opportunity to speak on behalf of our 170,000 members across the country.

In terms of the reflection of the business community in Canada, we are a diverse network of chambers of commerce, boards of trade, business associations, and business of all sizes and from all sectors and regions of Canada. That's a quick summary of the Canadian Chamber.

Let me be clear in stating at the outset that the business community has been actively engaged in commerce with Taiwan for many years and values the business relationship forged between its respective traders and investors. The Canadian Chamber and its members look forward to continuing to do business with this valuable partner.

I would also note that the chamber has had a long-standing interest in Taiwan, because the original Canadian trade office in Taipei was opened under our auspices on behalf of the Government of Canada. This arrangement governing the Canadian trade office in Taipei ended in the late 1990s, when it became clear that Canada's relationship with Taiwan had matured. For many years, the chamber was also the sponsor of an organization called the Canada-Taiwan Business Association, and we worked hard to build it with the right business linkages. The growth in Canada-Taiwan trade benefited from both of these associations we had with Taiwan, and we have strong supporters of Taiwan's economic progress.

The purpose of our comments here today is not to undermine this valued relationship, but rather to voice a concern, on behalf of business in Canada, with what we believe is an attempt to tinker dangerously with the already excellent relationship Canada currently enjoys with both Taiwan and China.

As you know, the bill is a proposed act to provide for an improved framework for economic trade, cultural, and other initiatives between the people of Canada and the people of Taiwan. After many discussions with our members, it is our view that Canada does not stand to gain from this proposed legislation. More precisely, there is no identifiable benefit, economic or otherwise, in moving away from Canada's current one-China policy. Federal government officials have told you that the adoption of this bill would require the government to provide a degree of recognition of Taiwan, which would do very little to improve our already good relations with the country. But it would certainly have significant negative implications for Canada's relationship with China. We agree with this interpretation.

More importantly, it is widely expected that such a bill would be viewed as a clear violation of the basis upon which our relationships with China and Taiwan were forged and have since grown successfully. Any change would risk serious repercussions from the Chinese government. China's ambassador to Canada recently stated that, and I'll quote: "The one-China policy is the political basis

of our relationship and if the one-China policy is changed or is to be changed, that will produce very serious consequences."

To assume there would be no response from China on the passing of this bill would not be responsible. Chinese officials of all ranks have made it clear that is untrue. Such repercussions are of concern to the many Canadian businesses operating in or trading with China, or assessing opportunities for the future. China is currently Canada's fastest growing bilateral trading partner and is a key plank in the government's emerging markets strategy.

In 2004, Canadian exports to China, the world's fastest growing major economy, were over \$6 billion and made up of such important sectors in our membership as pulp and paper, chemicals, wheat, metals, seafood products, and many others. Export levels have risen 80% in just five years, with similar or better growth expected in the future. In the first six months of this particular year, Canadian exports to China grew by over 7%. The growing importance of China to Canada is clear, and putting this at risk would be extremely irresponsible in our view.

The proposed legislation could also jeopardize ongoing negotiations of a tourism agreement, which is expected to lead to significant increases in Chinese tourists, with many benefits to businesses in all parts of our country. Furthermore, the Canadian Chamber believes that passage of the bill could seriously damage our ability to pursue a foreign investment protection agreement with China, which is something we're currently trying to do. As more and more Canadian companies invest there, establishing a framework that provides greater certainty for their operating conditions in China is essential.

Also, Canada has a number of other recently negotiated agreements, including an air transport treaty, which is vitally important to Canadian business. These recent initiatives mark significant progress in Canada's efforts to be more engaged with China.

Supporters of the bill argue it will help solidify the importance of democracy and human rights in the region. Senior public officials told you that the passage of the act will do little to address these issues. To the contrary, souring relations with China could seriously marginalize our influence in respect to these issues.

• (1120)

When asked by this committee in June 2005 about a possible deviation from our one-China policy, David Mulroney, the ADM for bilateral relations in Foreign Affairs, stated, "I think that what would happen is we would effectively be out of China for a generation in terms of our influence, in terms of our ability to engage the Chinese leadership." We agree with that assessment. Constructive engagement and demonstrating best practices by example is the best way to ensure progress.

Supporters of the bill also point to the U.S. having a similar act regarding Taiwan, but it has also been outlined to you by Canadian officials that this U.S. act was written for very different reasons and within a very different context; it came in 1979, at a time when the U.S. administration officially established relations with China.

Today Canada has enjoyed over 30 years of very good relations with both Taiwan and China, and there is no need to modify our current policy approach. Furthermore, Canada's geopolitical influence in the region is also dramatically different from that of our colleagues in the United States. No other country, I think you're well aware, has a similar legislative framework governing its engagement with Taiwan. A cost-benefit analysis would indicate that Canada has much to lose, and little to gain, with this act. Risking future Canadian prosperity in exchange for an exercise that fails to demonstrate forward progress in already excellent relations with Taiwan and China is not good public policy, in our view.

Thank you again, Mr. Chairman.

**The Chair:** Thank you, Mr. Murphy.

Now, we'll pass to Mr. Cohen, please. Professor.

**Professor Andrew Cohen (School of Journalism and Communication, Carleton University):** Mr. Chairman and honourable members, it's a great pleasure to appear before this committee again. I want to thank the members for the kind invitation to say a few words, and I commend you for finding the time to explore a relationship that is so important to Canada. This, to me, is what a parliamentary committee should be doing, illuminating and debating questions of our international relations, which go largely unnoticed. So let me say at the outset that regardless of the fate of this bill, you've raised awareness of our obligations and our interests in this corner of the world, and that's commendable.

I speak to you today not as a sinologist who can read the tea leaves in the lacquered drawing rooms of Beijing or Taipei, and not as a lawyer who can interpret the fine print of treaties or legislation, or an economist who can chart the flow of trade, or a diplomatic who can tell you what this means precisely for our relationships in North Asia. No doubt you will have heard all of them, and in some cases I think you already have.

Rather, I speak to you as an observer of Canada and the world, as a teacher of international affairs, and as a student of our past and present. I'm not an expert on Taiwan per se, though I have visited it, written about it, and followed its passage to democracy and prosperity. I must declare my bias: I respect Taiwan, what it is and what it represents, and I think Canada should too, with a new clarity and a new formality.

The bill before you, it seems to me, does that. It's an expression of Canada's desire to clarify and codify our relations with Taiwan. As you can see, it identifies economic, cultural, scientific, legal, and other areas, and gives them a framework.

To me, it's a sensible, measured, and prudent approach, a recognition of the reality of Taiwan, a nation of 23 million people, most of whom, the overwhelming number of whom, were born on that island, living in a clearly defined territory, governed by freely elected representatives, obeying the rule of law, respecting the free market—a sovereign state maintaining relations with other states.

This is no small achievement. In less than a generation, Taiwan has transformed itself from an authoritarian, impoverished, agrarian backwater into a free, wealthy, post-industrial supernova, the world's 17th largest economy and 15th largest trading nation. It has foreign exchange reserves of some \$240 billion, the third greatest in the world. It produces more electronic computers and liquid crystal monitors than any other country. No wonder it's hailed as one of the fabled Asian tigers, and no wonder *Business Week* recently declared "Taiwan matters because the global economy cannot function without it!"

Taiwan has had its own quiet revolution. Its economic progress is breathtaking, yes, but even more inspiring is its embrace of freedom and how, through will and determination, it has become one of Asia's leading democracies. Indeed, when the government changed in 2000, it marked the first bloodless transition of power in a democratic election in 5,000 years of Chinese history. If there is one thing we should remember about Taiwan, it is its hard, unrelenting struggle for human rights.

You should know, incidentally, that Dr. Thomas Chen, who is the representative of Taiwan in Canada, was a leading figure in that struggle. He came to Canada in 1967, not because he didn't love his own country, but because he couldn't live there under an oppressive regime. He studied, practised, and taught law, and became a Canadian. When things changed, he went home. Today, you might know, he is one of his country's most distinguished sons.

This is an achievement for him and for his country, and we should acknowledge it and celebrate it. That, in a sense, is what this bill is about. At its core, it is our modest recognition of the progress of this remarkable people, who want the respect and the security that many people want in the world.

Yet Canada, while certainly a friend of Taiwan, is unwilling to extend fully that fundamental respect to Taiwan. We're reluctant to make Taiwan an observer at the World Health Organization, despite resolutions of the House of Commons. This matters at a time avian flu threatens to engulf us all.

We continue to deny travel visas to leading Taiwanese officials—the president, the vice-president, the prime minister, deputy prime minister, minister of defence, and minister of foreign affairs. In 2004, the president was denied permission to stay overnight in Canada on his way to Central America.

We refuse to negotiate a judicial cooperation agreement with Taiwan, even as Canada welcomes 150,000 visitors from Taiwan every year and is home to about 150,000 immigrants from Taiwan. We still insist on calling the Taiwanese legation here the “Taipei” Economic and Cultural Office, as if it were representing only the capital. We don't permit the name “Taiwan”.

This is how Canada deals with Taiwan today. Some say this is careful and balanced, given our relations with China. I think it's humiliating, and I think Taiwan deserves better.

• (1125)

No one is suggesting we establish diplomatic relations with Taiwan. As you know, this bill doesn't do that. Rather, it talks about the orderly development of relations between the people of Canada and the people of Taiwan. However modest this may seem, it has drawn intense opposition.

On October 5, this committee heard from Ted Lipman, the director general of the North Asia and Pacific bureau of the Department of Foreign Affairs and International Trade. Fundamentally, he said this bill is misguided, unnecessary, and provocative. He said, quite astonishingly, that this bill would “Americanize” Canadian foreign policy. He said revisiting our policy on Taiwan would be tantamount to unilaterally renegotiating the terms of our relations with Taiwan completely out of context with contemporary realities.

More striking, he said the danger here is perception, that we would be seen in China to be extending *de facto* recognition, which would provide the same result as *de jure* recognition. For that reason, he warned, it would increase tensions and limit our ability to protect core interests abroad. In fact, he said, it would “empower Taipei to dictate an important part of Canada's foreign policy agenda”. Those were his words.

It was a curious presentation, playing on the anxiety and fear of retaliation by the Chinese. It seems to accept that no matter how subtle our motives, clear our intentions, and thorough our denials, this would be read on both sides of the Straits of Taiwan as diplomatic recognition. To Mr. Lipman, the proposed Taiwan Relations Act passed by the Parliament of Canada would be a made-in-Taiwan foreign policy, or maybe a made-in-America foreign policy. It would feed rising tensions in the region. It would upset the delicate balance.

Curiously, in his statement there was little mention of democracy in Taiwan, which we should be heralding, as Stockwell Day has said, and there is no mention of the dark side of China, which has one of the worst human rights records in the world, as Alexis McDonough says. There was no mention of Tiananmen Square or the oppression of the Falun Gong or the arrest and imprisonment of writers and intellectuals in China, which continue apace despite the dramatic and welcome economic liberalization there. That doesn't seem to matter to Canada any longer, and hasn't, I think, since the early 1990s, when former Prime Minister Jean Chrétien famously said, “I'm not allowed

to tell the premier of Saskatchewan or Quebec what to do. Am I supposed to tell the premier of China what to do?”

At the end of the day, Canada has a decision to make here. It is not necessarily between our interests and our values, as some argue, because they are not necessarily mutually exclusive here. It is more broadly about what we want to be in the world, what we stand for, and what kind of a people we are. If we really do believe in the advancement of human rights, we should say so here.

We certainly like to talk about human rights. Why, only yesterday the Minister of Foreign Affairs announced \$3 million in support of the Office of the UN High Commissioner for Human Rights, yet here in Taiwan we don't have to spend \$3 million, we have only to lend our moral support, carefully and judiciously, to a decent people who want a modicum of respect.

This bill, I think, lays down markers. It recognizes that some 45 years since the nationalist Chinese fled to Formosa Taiwan is a reality, that it won't go away, and that China should know that when it rattles sabres and issues threats, which it does. This bill says that it is in our foremost interest that China respect our foremost values. It says that we take Taiwan's evolution seriously. Whatever happens between China and Taiwan in the future must happen peacefully. The message is that Taiwan is important to us, and that like the United States and Europe, we stand by it.

Indeed, I think there's an opportunity here for Canada to act boldly and independently, as we did in establishing relations with China some 30 or more years ago, and to be an example to other nations that are as well considering reorganizing their relations with Taiwan.

But if this bill is about clarity, it is also about dignity—of the Taiwanese, yes, but of ourselves, too. It is not about Americanizing our foreign policy, but in a sense legitimizing and strengthening it. It is about understanding that there are times we must act morally, and that sometimes in the world, conscience must be greater than commerce.

Thank you.

• (1130)

**The Chair:** Thank you very much, Mr. Cohen.

*Maintenant, monsieur Laliberté, s'il vous plaît.*

[Translation]

**Prof. André Laliberté (Professor, Université du Québec à Montréal, As an Individual):** Thank you, Mr. Chairman. I would like to thank the members of the Standing Committee on Foreign Affairs and International Trade to give me the opportunity to speak on this very important subject.

I would also like to congratulate Mr. Abbott for sponsoring this bill and for his timing, since the bill came fairly quickly after the adoption of the anticessation legislation passed by China's Popular National Assembly. Back in March, I remember that in Chinese circles, people felt that there was a need to react. This emerging expression of feelings of Parliament and of Canadians with regard to this bill must be recognized.

That being said, I also have interests to defend; that is something I will not deny. I am a sinologist and I am paid to inform my fellow citizens and my students of the situation in China and in Taiwan, and on the relationship between these two entities which lie on either side of the strait. This affects me personally, since I have a foot on each shore of the Taiwan Strait. It is in my interest to carry on with my work. I am therefore extremely concerned when I hear about a possible deterioration of the situation between China and Taiwan, and the factors which may make their relationship more difficult.

I was not given any specific instructions as to my opening statement, but I presume that I was asked to provide you an overview and speak in more detail not only about what the implications of this bill are, and how it can be advantageous to us, but also about the context which may be affected if this bill is eventually adopted.

The first thing I would like to point out is that the context has already changed—it is changing very quickly—as far as the relationship between China and Taiwan is concerned. Since the bill was introduced, relations between Beijing and Taipei were marked by two extremely important events.

The first was the completely unexpected and surprising visit of two Taiwanese politicians to the Peoples Republic of China, namely Lian Zhan and Song Chuyu, who were invited by President Hu Jintao. In the Peoples Republic of China, this visit was marked as a historic moment which had certain consequences which I will talk about later on.

The second important event was the election to the presidency of the Nationalist Party, the Guomindang, of the current mayor of Taipei, Ma Ying-jeou, who today is the most viable presidential candidate for the 2008 election. It is important to know about this candidate because he opposes Taiwanese independence, yet simultaneously holds a relatively firm position with regard to any pressure the Peoples Republic of China may want to exert.

A second element involved in the context is the situation of the Chinese Republic itself. China desperately wants the 2008 Olympic Games, which will be held in Beijing, to be successful. That's nothing new. The Chinese government especially wants to make sure that the country will not undergo any major political or social upheaval. So it is in that context that we must understand that it is extremely important for the Peoples Republic of China to resolve the Taiwan issue.

The Chinese government has to deal with many issues. When I listen to the other speakers, including those who appeared before the committee—I also read transcripts of previous meetings—when I hear them talk about our concern regarding Canada's relationship with China, what strikes me is that people always presume that Canada's relationship with China will always remain stable because it is possible to predict the political future of China over the next four

years. But that cannot be taken for granted. Really, we cannot presume that the Chinese government will continue to adopt the same policies and that it will continue to operate under the same parameters.

Today, the Chinese government must deal with many internal problems, including riots in the countryside, problems involving conflicts in urban areas, and extremely serious macroeconomic problems which may have potential dramatic consequences on the country's social stability. Lastly, don't forget that in 2007 the 17th Congress of the Communist Party will take place. So the Communist Party and the Chinese government already have a very heavy agenda.

• (1135)

It is clear that the Chinese government definitely does not want to see the situation in the Taiwan Strait worsen. That is the current interpretation of the passage of the Anticessation Law. The Government of China wanted to draw a line and now that that has been done, it is relatively satisfied that there is some clarity regarding relations between China and Taiwan. This clarity has to do with the lines that the Taiwanese must not cross. It is quite unlikely that between now and 2008 the Chinese government would be tempted to enforce radical measures to force reunification with Taiwan.

It is also very important that we take into account the situation within Taiwan. Politically, this situation may be viewed as a type of status quo, and, in parliamentary terms, as an impasse. In other words, at the moment, Parliament cannot suddenly declare the independence of Taiwan. In this regard, any concerns that Bill C-357 might encourage pro-separatist or pro-independence factions have no basis in reality. In fact, the Taiwanese are not ready to declare independence. It is not in their interests that this happens, and the polls have shown this quite conclusively since 1992.

In Taiwan, a very small minority supports the independence option. An even smaller minority, about 10 per cent of the population, favours reunification with China. The vast majority of the people of Taiwan are therefore in favour of the status quo. In my view, Bill C-357 merely affirms Canada's support for the existing status quo. It in no way supports independence, and takes no stand on the long-term merits of reunification. Consequently, I'm not convinced that Bill C-357 could be a problem.

In order to measure the significance of this bill, we must ask three questions. Would the passage of this bill be in our interest? Would it be in the interest of Taiwan, and finally, would it promote peace in Eastern Asia?

I will try to summarize my comments. I have trouble with the argument that passing this bill could have serious consequences on the Canadian economy. I'm very conscious of the fact that many business people want to develop trade between Canada and China, but I do think that we should not overstate the importance of this bilateral trade.

Of course, China is our second largest trading partner, but our trade with this country is only a tiny fraction—about 10 per cent, of our trade with the United States. Moreover, most of this trade is imbalance, because it involves mainly natural resources and results in job dislocation. Given that the positive impact of our trade with China remains to be demonstrated, I'm not entirely convinced that passing this bill would have a negative effect on the economy.

Once again, the issue of relations between Canada and China is based on the premise that we are dealing with a stable government, which is in control of the situation. The fact is that that is not yet guaranteed. In other words, the argument that passing this bill would have a negative impact on our relations with China is not convincing.

In addition, the impact that passing this bill would have on the future of Taiwan is another matter. I am not convinced that this bill would help the people of Taiwan maintain their status and preserve the stability of its relationship with China. In political terms, there is an impasse in Taiwan at the moment. Taiwanese society is completely polarized.

• (1140)

So, although we agree with China about promoting the status quo, in political terms, there is an extreme polarization between the blue camp, that is the parties which favour long-term reunification, and the green camp, which favours greater affirmation of Taiwanese autonomy. I'm therefore not convinced that this bill, which would express Canadians' support for a greater affirmation of Taiwanese autonomy, would be well received by the people of Taiwan generally. In other words, I am not sure that this would be a way to support the interests of most people who, I repeat, favour the status quo.

It is important that the bill state clearly that we support the status quo and that we do not want to give the impression that we favour one option over the other, because the Taiwanese themselves seem determined to proceed in this direction.

With respect to the third question, whether passage of the bill would make the situation in eastern Asia more unstable, it is important to stress—and we cannot overemphasize this—that the problem does not lie with Taiwan. The fact is that this state meets all the requirements of sovereignty. The people of Taiwan have expressed their views clearly. In addition, they have never maintained a hostile attitude toward China. The problem, quite clearly, is the behaviour of the People's Republic of China which has been rigid in systematically refusing to give the Republic of China, Taiwan, the slightest role internationally.

This is a problem that has worldwide consequences. I will not repeat what has already been said a number of times about the SARS crisis and the likelihood of another crisis, namely avian flu. I hope this bill can be redrafted to make this point clearer. I think it is necessary to make the Chinese government understand that in order to preserve peace in eastern Asia and international security, it should accept an approach that was put forward by one of President Clinton's advisors, Kenneth Lieberthal—namely one nation, two states.

I will conclude here. I would be pleased to answer any questions you may have.

• (1145)

**The Chair:** Thank you very much, Mr. Laliberté.

[English]

Now we're going to start with the questions and answers. We will start with Mr. Day. We'll go for 10 minutes, and you may share your time.

Mr. Day, please.

**Mr. Stockwell Day (Okanagan—Coquihalla, CPC):** Thank you, Chair.

Thanks to each of you for the reports. It was very helpful in helping us wade through some of the concerns that we're hearing are related to the bill.

Last night I attended a reception. The Prime Minister was there and a number of other key individuals. It was the recognition of the 35th anniversary of our relationship with China—a very positive event.

When president Hu Jintao was here, I had the opportunity to meet with him, and we had what I thought was a very good discussion about trade. I also extensively raised human rights and democratic issues with him. He wasn't offended by that. I think we probably had some disagreements, but we had a very good discussion and parted on good terms.

I endorse what I hear about the perception of the bill. I know there's going to be debate on this.

First I want to say that what Andrew Cohen had to say about being an admirer of the democracy and how it's evolved in Taiwan is a remarkable story. Canadian students should read about it and know what people did to pay the price to see democracy advance in Taiwan. It's a very robust democracy today. Dr. Chen played no small part in that.

I agree that there's nothing that challenges the one-China policy. As a matter of fact, the bill takes some pains to acknowledge the one-China policy and the status quo. So that's something that will have to be dealt with at one point.

Mr. Murphy, from the point of view of the business community, we are concerned, obviously, about the ability of Canadians to do business everywhere possible and as competitively as possible in the world. In your relations with the Canadian-Taiwan business community—I'm just going to ask some quick questions here and then you can respond—what has been their response, if any? You told us about the chamber, but what about the Taiwan business community? Have you had feedback from that? What evidence do you have, historical or current, that there would be some kind of commercial retaliation from China? And somewhat of a tangent to that, what was the Canadian Chamber's position related to the proposed acquisition by Minmetals? As you know, that was an issue several months ago.

Those would be my questions for Mr. Murphy.

Also to any of you, the WHO situation was mentioned. You may be aware there's a conference now being announced by Canada for world health ministers—not just ministers, but also experts and others in the field—specifically looking at avian flu and the possibility of a flu pandemic. To date, Taiwan officials, including the minister of health, have not been invited, which I find astounding.

Are there any comments you want to make on that, either of the others? And if Mr. Murphy could address those questions related to the business community, that would be helpful.

• (1150)

**The Chair:** Please, Mr. Murphy.

**Mr. Michael Murphy:** Thank you, Mr. Chairman.

Let me start with the first one, the relationship the Canadian Chamber had with the Canadian business association, or the Taiwan business association. It's something we did for a very long time. That process ended in about the late 1990s. There's no formal structure today to gauge that kind of reaction under the auspices of an organization like it, because that fundamentally doesn't exist.

There's a reason, I think, for this in the maturation of the relationship. One great thing about the marketplace, in terms of people joining—for the Canadian Chamber or any other organization that's member-driven and dues-driven—is that the marketplace always tells you whether the value-added you're providing is useful; that's by sending in the cheque every year.

In this case I think there was a clear decision as a result of the maturation of the relationship that maybe we didn't need that kind of specific council. We also had some discussions inside the chamber about our own strategic planning, in terms of what we wanted to focus on. At any rate, an organization that had been around for a long time and that was really there to help Canadians do business in Taiwan did its job very well. But I can't really give you a reaction coming out of that particular structure.

The reaction I spoke of in my remarks is very much focused on that of Canadian businesses I represent across the country. We've had a very significant reaction from our members—not only to us, but I think it's been expressed to many of you as members of Parliament over the last several months.

As to what could happen, which I think was the second of your three elements, this really is the main area of concern for us. I look at the expressions of concern we've already had, not only from the Canadian government, in this area—and you've had them expressed here at this committee as recently as a couple of weeks ago and earlier this year, and we've also had them expressed by other government representatives—we've also had grave concern expressed to us directly from the Chinese government about what might happen.

I look at some of the potential areas of worry I would have—I mentioned a few of them—in terms of the escalation of our trading opportunity with China and what may happen there. I look at some of the specific things that have been going on. I mentioned the foreign investment protection agreement, something our members would value extremely highly; we have them with other economies. Why those are valuable in and of themselves is that you're trying to ensure there's some level of transparency and certainty for business

people doing business in another economy, a very fundamental aspect of the trade relationship.

As we do this, to the extent that we don't have one of these with China today and this is a difficult negotiation, what ability would we have to continue to do it? I would seriously wonder whether we're going to have the opportunity, and that would be a negative for us.

As to some of the specifics, I wouldn't go industry sector by sector, but I look at the tourism industry, which is talking extensively these days within the Canadian economic environment. We're hearing lots from it in terms of initiatives we've seen from south of the border, for example, respecting the passport initiative. This is an industry that's been under significant stress for several years. There would be another potential opportunity for growth, on the Canadian side of it, through having far more tourists visit Canada. The numbers, I think, look potentially extremely interesting there, and that's a potential benefit.

**Mr. Stockwell Day:** Thank you for these observations, Mr. Murphy; they were very good. They're somewhat repetitive of your initial remarks.

I'm asking for evidence-based experience that would suggest there would be retaliation. Are you suggesting China would actually say to their people that they couldn't go to Canada anymore? I'm asking you honestly, do you think it would be that extreme?

**Mr. Michael Murphy:** We're trying to get to a point where we can have the potential for an agreement with China that says, let's increase this opportunity, as we have with other countries. We know the value of this in that particular industry sector, and that's why I was trying to drill down a little in there. I just mention the word in my remarks, and I'm trying to get a bit of a sense of where—

**The Chair:** We'll have to take just one point. I'm afraid we have to go on to other witnesses.

**Mr. Michael Murphy:** Yes, I appreciate that. I got three questions, and I'm happy not to answer some if you want, but I was trying to do justice to three specific questions.

So I'll stop there for the moment.

In the case of the Minmetals proposal—your third comment—the key issue there is foreign direct investment in this country. That's something our organization is a major supporter of. From the standpoint of what changes we may have seen driven to the Investment Canada Act as a result of it, we've now seen the proposals for the amendment to the Investment Canada Act. I guess we'll have an opportunity to talk about it, but we in principle would not have had any objection to increased foreign investment in Canada. It's something we believe in strongly and encourage.

I'll stop there.

• (1155)

[*Translation*]

**The Chair:** Mr. Laliberté.

[English]

**Prof. André Laliberté:** Thank you for raising the issue of avian flu. I think it offers the Chinese government a bit of a way of thinking out of the box. The issue of Taiwan's recognition is not only a question of justice, but it's clearly and simply also a question of security. I don't want to sound alarmist, but the potential threat of avian flu is considerable, and Taiwan is really in the middle of one of the main areas where that kind of pandemic can occur.

The Chinese government is actually faced right now with a wonderful opportunity to show some leadership and to improve considerably its standing in world affairs by making a form of recognition—at least a partial recognition—and accepting the presence of Taiwan, in the same model that was afforded to it in the WTO. I think it's an opportunity, and I wish that in our interactions with the Chinese government we could convey to them that they have this possibility.

[Translation]

**The Chair:** Thank you, Mr. Laliberté.

You have the floor, Mr. Cohen.

[English]

**Prof. Andrew Cohen:** I'm not sure I remember what the question was, it was so long ago, but I think it was on.... As far as I know, Mr. Day, you said that a representative of Taiwan had not been invited to that meeting. With the outbreak of SARS, it was only belatedly that Taiwan received some help from the WHO. I think that given the severity of this problem, this is laying bare the consequences of our policy.

If I just might add one thing, though I don't know if you asked specifically about this, the representative from the Chamber of Commerce talked about our being “out of China”—I think he said “for a generation”. This is a very strong statement, which I disagree with. I don't know what the representative of the Chamber of Commerce meant by that, but if I take it at face value, it is the kind of scaremongering that we see a lot of from the pro-China lobby. I think we have to take it very carefully and consider it very judiciously.

**The Chair:** Thank you very much, Mr. Cohen.

We'll go to Madame Lalonde.

**Mr. Stockwell Day:** Mr. Chair, could I just comment on that briefly?

**The Chair:** Yes, I could comment also. It was not something said by you, but had been said by somebody from the department.

**Mr. Stockwell Day:** Thank you very much.

**The Chair:** He had said that it would take one generation to rebuild relations to what they are right now. That was from the department.

*Madame Lalonde, s'il vous plaît.*

[Translation]

**Ms. Francine Lalonde (La Pointe-de-l'Île, BQ):** I would like to thank the three of you. Your briefs were very interesting, but we are not necessarily any further ahead.

I would like to come back to the bill itself and ask two questions. In your opinion, what in the bill would change the current nature of relations between Canada and Taiwan. One might also ask what would change the current nature of relations between Canada and China.

My next question is to Mr. Laliberté. In your comments, you said that you were not convinced that this bill would help Taiwan, whose population is very divided. I had not heard that argument before. What aspect of the bill would be harmful to Taiwan? What amendments could be brought forward?

**Prof. André Laliberté:** To what extent could the wording of the bill be interpreted as a recognition of Taiwan? The issue of perception is nevertheless legitimate. Of course, it would be problematic if China was convinced, for instance, that the reference contained in the definitions of the federal legislation could represent a first step towards recognizing Taiwan.

Consequently, I think it is particularly important for the wording of the bill to clearly indicate that there is no recognition of the state of Taiwan. It would be important to underscore that point. That might, to a degree, preempt those who would claim that the bill encourages Taiwanese independence. As for Canada, it would then not have to defend itself against false accusations.

As for the polarization of Taiwanese society, this is a phenomenon which has grown in the last few years. The bill itself cannot directly influence the political situation in Taiwan. However, it's clear that it is always in the interest of a political party to exploit things which are said abroad. For example, when former Secretary of State Colin Powell expressed reservations with regard to Taiwanese independence—he said this as a complete aside to the subject which was being discussed—the parties opposed to independence jumped on the statement and exaggerated its importance.

There is always the risk that one camp or the other would chose to interpret the bill so as to bolster its own interests. It is therefore very important that this bill be as specific as possible as far as its objectives, its scope and its limits are concerned.

● (1200)

[English]

**The Chair:** Are there any other comments?

Mr. Houlahan.

**Mr. Darrel Houlahan (Policy Analyst, Policy, Canadian Chamber of Commerce):** I'd like to briefly comment on that. Clause 4 of the bill states that:

Whenever the laws of Canada refer to or relate in general terms to foreign countries, nations, states and their governments or governmental entities, such laws are deemed to refer or relate also to Taiwan and its government and governmental entities.

Mr. Lipman from Foreign Affairs, who was here on October 6, made it very clear that it's being perceived both in Taiwan and in China that this represents a certain level of recognition that differs from our current one-China policy.

[Translation]

**The Chair:** Thank you.

Ms. Lalonde, you have the floor.

**Ms. Francine Lalonde:** Mr. Cohen, would you like to add anything on that subject? Is there anything in the bill which could be interpreted as changing the current relationship between Canada and China or between Canada and Taiwan? In other words, do you believe that if certain provisions were amended, China would be less opposed to the bill?

[English]

**Prof. Andrew Cohen:** No, I don't think China will back down from its opposition. I noted that the representative of the Department of Foreign Affairs did make the argument about perception. I think perception is something that we will have to deal with.

My sense is that we should do our best to declare as clearly and as emphatically as we can that this is to establish a legal framework and enhance our relationship with Taiwan, that we're doing this because we believe this is an expression of respect, without threatening China, without attempting to compromise our relationship with China.

But I do believe there will be a level of perception on both sides and the best we can do is to declare over and over again what we are trying to do here. Whether we can write the bill more clearly I leave to people who draft the language, but my sense is that the sentiment is clear and this is not recognition of Taiwan. We can say that over and over again; the Taiwanese are not even asking for that, and it's not what this is. It's more an expression of clarification, a formalization of the nature of our relationship.

**The Chair:** Madame Lalonde.

[Translation]

**Ms. Francine Lalonde:** Mr. Murphy, do you also have an opinion on this? If the bill were amended so as to eliminate any possible interpretation pointing to the recognition of Taiwan, do you believe that it would be more acceptable to China?

[English]

**Mr. Michael Murphy:** Mr. Chairman, I would say not. I think I would agree with that comment you just heard expressed. I would say not, simply because it's more than tinkering with language. And I'm not suggesting you were saying some small changes; it could be small, it could be other. I think it's the framework within which it's produced and the sentiment that's expressed here—and then the impressions, perceptions, and interpretations given to what's driving the agenda here—that really lead to the position I think the Chinese have taken, and in fact our own government has expressed in front of this committee.

• (1205)

[Translation]

**The Chair:** Mr. Laliberté, would you like to add anything?

**Prof. André Laliberté:** Yes. During our proceedings, I often hear that the Canadian government wields some influence on the Chinese government. It would seem that we have a special relationship. I wonder why. When we refer to perceptions, does that mean the influence we exercise amounts to very little?

**The Chair:** Ms. Lalonde, do you have another question?

**Ms. Francine Lalonde:** We are told this bill would change Canada's relationship with Taiwan and, consequently, Canada's relationship with China. Could it not be said that the Chinese-

Canadian relationship has changed a great deal over the last few years in terms of the recognition of China and Canadian aid to China, and that, consequently, was the results of a change in the relationship between Canada and Taiwan? Indeed, Canada supported Taiwan, which was the face of democratic change in comparison with China. Choose whichever frame of reference you like.

**The Chair:** Mr. Laliberté.

**Prof. André Laliberté:** If your frame of reference covers the period since China was given diplomatic recognition, then yes, there has been dramatic change.

When the Peoples Republic of China was recognized as China's legitimate government, I think an injustice was redressed. No one here will deny that. It was doubly redressed. Obviously, the Beijing government is the Chinese government. No one is calling that into question.

Another injustice is the fact that Taiwan was governed by a dictatorship which oppressed its people. Since 1992, things have changed. Taiwan is now a democratic country. That is a fundamental shift, and the argument according to which there has been no change since 1970 does not hold water.

[English]

**The Chair:** Merci beaucoup.

Mr. Bevilacqua.

**Hon. Maurizio Bevilacqua:** Thank you very much, Mr. Chairman.

Once again, I want to express to you my warmest and sincerest congratulations on being elected chair. It just happened today.

That means I get 15 minutes.

I did enjoy the presentations made. I think we benefit a great deal when opposing views are presented to the committee, because it gives us a balanced sense of the issue we're dealing with.

I know perhaps you're not experts in the field of procedure here in the House of Commons, but I was wondering whether you think the best route to establish foreign policy in a country is through private members' bills? And in fact do you see this as a positive evolution in the issue of foreign policy?

**The Chair:** I didn't expect that question.

Mr. Cohen, you're the professor.

**Hon. Maurizio Bevilacqua:** The background is quite simple. When we engage in foreign policy statements and taking stands as a government and as a nation, should we be encouraging the proposal of private members to respond to emerging issues related to Canada's foreign policy?

**Prof. Andrew Cohen:** The Prime Minister came to office talking about the democratic deficit and about empowering the rights of members of Parliament. This is an example. Mr. Abbott I think has done a national service in presenting this bill, and I commend the committee—and I mean that sincerely—for taking this seriously and for airing a debate. No matter what the conclusion is and the fate of this bill, you have illuminated an area of Canada's international relations that is important. We need to have a discussion about where we are with China.

You may know that there are seminars galore. My in-box fills with invitations to attend seminars on China—celebrating China, as we should. We do a lot of fine work there, and China is a reality in our lives. Our newspapers are full of what China means to us. I think it's time for the Parliament of Canada to catch up and look at this. Whatever may be the result of it, I think the consideration of this bill and its content is a good thing, at the very least for generating a discussion—I hope a national discussion—about an important issue.

The United States—we've talked about the Taiwan Relations Act—had this discussion 25 or more years ago, in 1979. We haven't had it in the same way. I think it's a good thing, regardless of what Parliament may decide to do with this bill.

• (1210)

**The Chair:** Mr. Murphy.

**Mr. Michael Murphy:** At the risk of going back to my political studies days, and that was a few years ago, to say the least, our general view from a business community standpoint and our preference would be—and in terms of this specific proposal it would be true, too—that when the government has a proposal to make.... We have seen it happen in other areas of legislation, when there's something the government is thinking about, that it uses private members' bills as a way to try to get something done; that's happened before. We're very opposed to that kind of thing. If the government believes in something and wants to put a proposal into Parliament, it should do so, and the bill should be a government bill. Generally speaking, when you're talking about the right way to do public policy, that would be it.

The fact of the matter is, the role of dealing with private members' bills—and there are a great many of them now—is a perfectly reasonable kind of activity for parliamentarians to engage in. This is Parliament. The issue is, if it's something that's coming from government—and I have some specific examples in mind—but it's being done through the private members' process, I don't think that's the right way to go at all, whereas if it's something that's clearly not in the government's proposal, and that would be this case, then you're looking at an opportunity for any member to be able to bring it in.

Of course, we're dealing today with so many private members' bills; that's been one of the biggest changes in Parliament. Speaking as an outsider looking into Parliament over the last few years, I think it's one of the biggest changes that have occurred. That's just part of our reality. I would not have it at the top of the list in dealing with government proposals, which is a particular problem I'm raising here that we've experienced in the past. But obviously, it isn't the case necessarily with this bill.

**Hon. Maurizio Bevilacqua:** As I said earlier, as a committee we really benefit from different points of view presented not just on this issue but on many other issues we deal with.

Mr. Cohen, according to you, are commerce and conscience mutually exclusive? Can you be a conscientious business person?

**Prof. Andrew Cohen:** The reason I use that term is that I'm beginning to think this debate is turning on conscience or commerce. I do believe there's a moral question here. There is in Taiwan a functioning, admirable democracy that didn't arrive as a *deus ex machina*, but has been the product of a generation or more of struggle there. I think we, as a functioning, storied democracy, should be doing what we can within the limits of *realpolitik* to support it.

My sense is that those who oppose this bill are telling us that the consequences of it will be a diminished trade with China. The Chinese ambassador here said not long ago there will be “serious consequences”; I think those were the words he used in an appearance he made about two weeks ago. I think the lines of the debate are being drawn, and it seems to be that to support this bill is to risk a deterioration of our burgeoning relationship with China, which, as I think Mr. Laliberté has said, still remains, as a part of our total trade, a very small amount.

I think this is the way the debate has been framed now. I worry about it, but it seems to me that to support this bill is to risk the anger, disappointment, and possibly the retaliation of the Chinese. That is how I see commerce. The other is how I see conscience and what Canada ought to do in the world to lend, in a very modest way, its good offices and support to this cause.

• (1215)

**Prof. André Laliberté:** I would like to add to that. Canada has invested so much capital in its international policy that it would be foolish to deny that there's this dimension of conscience. Canada is advertising the importance of good governance, of transparency, all qualities that Taiwan displays in spades. So to deny some halfway house recognition to Taiwan I think would be a problem. We would show that we lack consistency in our foreign policy.

**Hon. Maurizio Bevilacqua:** I'd ask Mr. Houlahan to comment, Mr. Chair.

**Mr. Darrel Houlahan:** I think we share the government's view, which is, if the result of this bill is a souring of relations with China, it seems to us it really would marginalize any influence we have in shaping issues of human rights and democracy in China.

It's best to have a seat at the table and help shape that agenda rather than being marginalized and on the sidelines. We reflect the government's view on that.

**The Chair:** Mr. Bevilacqua.

**Hon. Maurizio Bevilacqua:** Mr. Cohen, you just heard what Mr. Houlahan said, and you brought it outside the commerce issue and introduced the issue of human rights. Therefore, by doing that, he has expanded the issue as it relates to a relationship between China and Canada and said that in fact it's not just a commercial issue, it involves other elements you cited, human rights and other things. I gather that's what you were saying. How do you feel about that?

**Prof. Andrew Cohen:** Do you mean human rights in China and our leverage, our influence there?

**Hon. Maurizio Bevilacqua:** Yes.

**Prof. Andrew Cohen:** I laud what we do, in the way we can, to promote human rights in China. I don't know at the end of the day what its success is, frankly.

The *New York Times* reported two weeks ago that once again, despite the economic liberalization in China, it is an increasingly difficult climate in which to be a journalist or to be a writer, an intellectual, or a critic of the Government of China, and that worries me.

I know that in many different ways our Department of Foreign Affairs does excellent work in raising cases. I understand the Prime Minister did raise the issue when the President was here, and I think that's laudable. I think the feeling among those who oppose this bill is that if we move to clarify our relationship with Taiwan we will lose all access and all influence in China and therefore we would hurt the cause of human rights in China. I'm not convinced of that.

**The Chair:** That's it.

**Hon. Maurizio Bevilacqua:** Thank you, Mr. Chair.

These are people who deal with relations all the time—

[*Translation*]

**Ms. Francine Lalonde:** That is not what he meant to say when he asked for...

**The Chair:** Thank you, Ms. Lalonde, for your comments.

[*English*]

We're now going to five minutes with colleagues.

One of the remarks by Mr. Cohen was on the fact—and I'll take credit for all the members of this committee—that the committee has accepted to study this bill before second reading and the vote in the House of Commons, a first time any committee has done this in this Parliament.

I point out also that the U.S. Congress always passes all the bills in the United States, the government doesn't pass any bills in the United States, and it was after Mr. Nixon and Mr. Carter decided to change relations—I mean officially—with China that the Congress passed that type of a bill to as a counterpart to the decision of an American government.

Now we'll go with just five minutes. Mr. Sorenson is first.

**Mr. Kevin Sorenson:** First of all, I want to underscore what another colleagues here has said with regard to having both opposing sides at the same time. It does make it very interesting, when listening in, and I think we've been able to learn a lot from it.

In response to one of the questions that Mr. Bevilacqua asked on whether or not private member's business should be able to wade into the areas of foreign affairs or public policy, I think it's a frightening thing to even question whether or not there are certain areas that parliamentarians shouldn't become involved in. If you begin by saying that we shouldn't go into public policy or foreign affairs, it won't be very long before we're talking about the criminal justice system or other areas.

I think it's a very worthy bill that has come forward, and I applaud Mr. Abbott for bringing this forward. I'm not certain yet whether or not I would support it in its entirety, but I certainly appreciate the fact that he came to this.

We talked about the big changes in Taiwan since 1992. They went from being an authoritarian type of regime or government to a much freer democracy.

One of the questions I would ask is to the government department. What are the significant measures that Canada has done to recognize or to respond to the changes since 1992? Has we done a series of very significant policy measures that have applauded the evolution of what has really happened in Taiwan?

The other question that I would like to ask is perhaps to Mr. Cohen. I read his book. Part of what he said in his book certainly brought out—I don't know if it's frustration—some of the concerns he had. He talked about the many accolades poured on Taiwan. They've gone from being authoritarian. They have the seventh largest economy and are the fifteenth largest trading nation. He mentioned all this.

On the one hand, we have the argument of dollars and cents. On the other hand, we have the argument from the heart. Here we are in Canada. How do you recognize freedom? How do you recognize democracy? Canada has slipped from what we believe to what we actually practise on the world stage.

In five quick little sentences or five paragraphs even, how do you see this bill, other than the whole concept of feeling a lot better if we pass this bill? How do you really see this as being in Canada's best interests?

• (1220)

**Prof. Andrew Cohen:** We're a sovereign nation. Despite the comment from our Department of Foreign Affairs that this is a made-in-America policy or a made-in-Taipei policy, and despite the comments that have flowed from other people here today that it would be a made-in-Beijing policy, I would hope this is a reflection of Canada's deepest values and interests. In fact, this is where we are an exemplar. We are taking the lead here.

Our clarification and formalization of a very modest relationship or very modest measures would be an example to other countries looking to do the same. It would be telling Taiwan, as I've said earlier, that this is a reflection of our respect for them. It would also be telling China that we're accepting the reality of Taiwan. Whatever may happen in the future, they should realize that this is where we are on Taiwan, in the same way as the United States said something similar in 1979.

**Mr. Kevin Sorenson:** But are those our Canadian values or our concerns with peace, freedom, and democracy? Have we maybe shifted to where we're more concerned about one of the three?

**Prof. Andrew Cohen:** Well, if you read the minister's speeches, there are some times I think he's the minister of values. If you look at some of his speeches—and I say this with praise—you will see a great deal of discussion about, as Professor Laliberté just said, good governance and human rights. We talk about this a lot, and we do practise it. I don't think we're being hypocritical. We are a functioning, admirable democracy.

Here we see one in Taiwan, and we've seen its very tortuous and difficult passage from dictatorship to democracy. What we're doing is extending a recognition of that reality, not a legal status but of that reality, and we're saying to China, "We hope you will go that way too".

In the background of all this, I think we realize that China is not evolving at the pace that Taiwan is, and the great fear among sinologists and others is what kind of China will emerge. Will it be the democratic, pluralistic, liberal China we hope, or the authoritarian, repressive China we fear? That has to be in our conversation here somewhere.

Here we're laying down a marker and saying we agree, we support, we respect, and we admire what Taiwan is doing and we hope China will do the same thing. We encourage them both to move on a path to keep talking to each other, and we hope that China will not—very subtly saying this—continue to issue the kinds of threats about serious consequences and lobbing missiles, which they did 10 years ago. This is out there in the conversation. As a country with a good relationship with both countries, we can help this dialogue.

• (1225)

[*Translation*]

**The Chair:** There will be a final comment from Mr. Laliberté.

[*English*]

No, there are no other questions. You've already had six minutes. I just want to get a comment from Mr. Laliberté.

**Prof. André Laliberté:** I just would like to answer your first question, because you asked if Canada has done something since Taiwan embarked on the path to democratization. It did. Canada has substantially upgraded the nature of its relations with Taiwan. Stopping short of granting diplomatic recognition, we do have a Canadian trade office in Taipei that has quite a significant number of personnel, which is a way of recognizing in very concrete terms that we value this relationship.

Getting back again to the bill that is under discussion today, I think that's another element that could be added and have substantial credibility, to emphasize the solution of continuity between this trend

over the last 10 years and what this bill would represent, suggesting that this is not a break from the past, but just continuity with what has been established during the last 10 years.

[*Translation*]

**The Chair:** Thank you, Mr. Laliberté.

[*English*]

Now we'll go to Ms. Phinney, please.

**Ms. Beth Phinney (Hamilton Mountain, Lib.):** Thank you very much, Mr. Chairman, and congratulations.

Thank you to the witnesses for coming today.

Mr. Cohen, in your testimony in the springtime—I think it was April, but I'm not sure when it was—you stated that our policy towards Taiwan and China needs to be more balanced and there are more modest steps that we should take regarding Taiwan.

Do you think this bill is the balanced approach that we should follow? Is it a modest step, and do you agree with it? That's the first question.

Secondly, we've heard testimony stating that the passage of this bill will limit our capacity to access China on a wide range of issues, including democratic development, human rights, and judicial reform, and this would appear what the reality will be.

I look at an issue and say, well, if we do this, who wins and who loses? If we're lucky, we get the balance that you were talking about.

What would Canada gain from losing our access to dialogue with China on human rights and other issues?

**Prof. Andrew Cohen:** To answer the first question, yes, I was before the committee, and somehow Taiwan was in the air that day, although that's not why I was invited to speak to the committee at that time. But I remember that Mr. McTeague had raised it and we got into a little discussion then about Taiwan.

I think this is a balanced approach, Ms. Phinney. I think this is moderate, modest, very much in keeping with the Canadian character itself, which is judicious and prudent. I think that's what this is.

Will we lose our access to China? I don't think so. I don't think our markets will dry up. One of our ministers was in China this week talking about selling oil to China. I think, frankly, China needs us. I don't overstate that, but I think it does need us. I think there will be perhaps an initial period of disappointment, perhaps anger, but we have seen this from China before. When the Prime Minister was going to meet the Dalai Lama, there were dark mutterings—and I don't equate the two, this bill and meeting the Dalai Lama—but there were dark mutterings from China about consequences.

Well, as far as I know, there weren't consequences from that meeting. The Prime Minister did the right thing in meeting the Dalai Lama, and that was an expression of our support for what he believes in.

My sense is that there will be the problem of perception, but at the end of the day, we won't be shut out of China. There might be a period of *froidueur*, but my sense is, at the end of day, we have a burgeoning trading relationship and the Chinese will want to maintain that. All those mines and mills in Canada that are being reopened now to serve the Chinese market will continue to serve the Chinese market.

**Ms. Beth Phinney:** Money counts for everything in situations. I agree with you that we won't lose any markets, but it's those other more subtle things I'm talking about. I'm talking about the conversations we've had with them. I can recall that when I went with the Speaker of the Senate over to China and I was the one delegated to bring up the human rights issue at our first meeting, I was greatly shocked at the reaction. They were so mad at me for having brought it up; they told me how rude I was visiting their country and bringing up this issue—referring to the whole Canadian delegation. They were very upset.

Now, I have talked to all kinds of groups that have gone over since then, and every time we've gone, it's gotten a little easier. They understand a little better; they understand where we're coming from. Now they're not upset when we talk about human rights issues. I'm not saying they're changing their whole way, but at least they're listening. It's the same with the other issues, like being able to help them with judicial reform, and so on. Those are the things that I think might be affected if something like this were to go through.

• (1230)

**Prof. André Laliberté:** I would like to respond to that argument. Sorry for being so blunt, but I think we should not overestimate the leverage we have in China about issues such as human rights. First of all, it's an issue for the Chinese themselves. It's an issue for which the Chinese themselves care very much, and Canada does not have that much leverage. So I don't think we would have a problem in that respect, because we don't have much leverage to start with.

[Translation]

**The Chair:** Thank you. Are there any comments?

Mr. Paquette, you have the floor.

**Mr. Pierre Paquette:** First off, I'd like to thank you for your presentations. I'd like to get back to Mr. Sorenson's question.

We are considering this bill. A number of years ago, Americans adopted similar legislation in a slightly different context.

I put this to our experts. When Pierre Elliott Trudeau decided to give diplomatic recognition to the People's Republic of China, therefore, to no longer recognize the Republic of China, was it a matter of breaking away from Taiwan, or rather, was it a matter of being more consistent on the international policy front? I'd like it if you could elaborate a little on the Government of Canada's goals at the time when the People's Republic of China was given diplomatic recognition and the effect that had on our relationship with Taiwan.

You mentioned that over the years, our relationship has once again intensified. Was the goal to sideline Taiwan by recognizing China, or was it simply to be consistent with our current vision, in other words, one single China?

I'd like you to give us a little bit of history. I'm not a great expert on Chinese affairs, but I hope to become one over the next few weeks.

**Prof. André Laliberté:** The context in Canada at the time when Canada gave China diplomatic recognition was different from that in the United States when the US recognized China. Canada did not feel any obligation to come up with an equivalent to the Taiwan Relations Act.

The Canadian decision wasn't related to the Cold War, it was based on other considerations. It was based on considerations related to justice, as I mentioned earlier, China as a country was far more important than the Government of the Republic of China on Taiwan. It was a logical and pragmatic decision which is in line with the Liberal Party's views at the time and which is still to this day in line with the current government's approach to China.

Let's now address the issue of recognizing the Republic of China. That was out of the question. Taiwan was considered a dictatorial regime there was very little sympathy for. So it wasn't a problem. Things started to change when Taiwan became a democratic society. As I stated earlier, the Canadian government considered that it was perfectly logical and in keeping with our values to recognize Taiwan. It has proven its sovereignty by holding regular elections.

Even if it has been mentioned that there is a similarity between this bill and the Taiwan Relations Act, I would like to stress that they are completely different. There is no relationship between the two. The Taiwan Relations Act included a security component. It was for the defence of Taiwan. This bill has nothing to do with those considerations. We shouldn't confuse the two.

**Mr. Pierre Paquette:** At this point I don't know much about the situation in China and in Taiwan.

I believe the Guomindang does not hold office in Taiwan. What is this party's position? A bit earlier, you mentioned that the mayor of Taipei had become the leader of the Guomindang, that he held certain positions and he was the most worthy presidential candidate. By the same token, the fact that the former opposition party is now in power, following in the footsteps of the party which is now sitting in opposition, that also seems significant to me. I'd like it if you could explain the differences between these two parties.

• (1235)

**Prof. André Laliberté:** The Taiwanese political system is very different from the Canadian system.

There's a Parliament in Taiwan, but they have a semi-presidential regime, similar to the semi-presidential regime in France. At the moment, the president belongs to the Progressive Democratic Party, which favours Taiwan independence, but the majority in Parliament belong to the Guomindang, which opposes independence.

The two major parties know full well that in order to garner support from voters, they have to agree on the status quo, which is endorsed by a majority of the public.

**The Chair:** Thank you.

Be brief, you have 30 seconds.

**Mr. Pierre Paquette:** I was at a conference that several of us attended. We would like to know more about Taiwan and China.

Mr. Thomas Axworthy, the former President of the Centre for the Study of Democracy, was there as well.

On the issue of economic relations, he stated that Canadians and Quebecers would be able to buy the products being made in China in practically any other emerging country, whereas the Chinese have practically no choice. To obtain the resources they need, they must deal with Canada. In this regard, the economic threat has more to do with a political show of force than with reality.

Could you comment on this statement from Mr. Axworthy?

[English]

**Mr. Michael Murphy:** I'll just briefly say that I would hope those who have an optimistic view about what might happen here are right. I think we obviously are significantly engaged in the natural resources sector. Of course, when you look at the structure of the Canadian economy, the natural resource sector is a significant percentage of it, so it's extremely important to us.

I think the worry here extends not only to what could happen—and that's a difficulty, obviously, in and of itself—but also to the context in which we engage in the relationship with China. I talked about these foreign investment agreements as an example. We don't have one today, so there's a nervousness and an uncertainty in the hands of the business community in Canada about doing business in any country where we don't have that certainty, where companies aren't protected from unilateral action by governments in those countries. China would be in that case. We're trying to, at this moment, negotiate such an agreement, and we're strongly in favour of that. There are some other examples I use.

From that standpoint, the overall context is where the worry is; it isn't just in terms of the trade numbers. Obviously the opportunity there for us is to continue trying to keep it moving, because it's hugely important. You know from your background how important trade is to the economy of the country as a whole.

I'll stop there.

**The Chair:** We'll now go to Mr. MacAulay.

**Hon. Lawrence MacAulay (Cardigan, Lib.):** Thank you very much, and congratulations, Mr. Chairman. That's a very important election, and it's good to win elections.

Welcome, gentlemen, to the committee.

First of all, there were some comments here on private members' bills. In my view they're very important. They're increasing, and they're a way to bring attention to issues such as fisheries and other issues that are very important to the nation.

On this issue, there have been a lot of things said. First of all, Mr. Cohen, you indicated here “conscience versus commerce”. In that light, are we putting a mark in the sand with the Chinese government when this takes place? Are we or are we not, would you feel?

How much of a chance are we taking in this situation, should we pass the legislation, given what took place in China? Would it make

us less or more effective on the world stage? This could be very important, because you're dealing with a very large nation, a nation that's expanding its trade. It's been indicated that we have factories that have opened and are going to keep supplying whether we pass this or not. Is this the view of the people before this committee? Is there no problem if we pass this bill? Will there be no implications from the Chinese government?

Also, Mr. Laliberté, you questioned whether this would help the Taiwanese government. In this light, I would ask you, if there is any problem with passing this type of legislation and it's not going to do something to assist a government that has done so much—it's a government that came out of dictatorship to form a great democracy...

I'd just like you to comment in that area. Where are we going? This is not a trivial thing. You're dealing with a very large nation that is expanding its trade worldwide.

Mr. Cohen, you can start, and the rest can continue.

● (1240)

**The Chair:** Thank you, Mr. MacAulay. You could take my place.

Mr. Cohen.

**Prof. Andrew Cohen:** By the way, I feel I should add my congratulations to the chairman, who seems to have won the lottery today. My congratulations, Mr. Patry.

You used the words, Mr. MacAulay, “a mark in the sand”, and I would agree. It is at least, if not a mark, an etching, a sketch in the sand, a delineation of some sort telling Taiwan, as I said earlier, that this is an affirmation of our respect, and I suppose saying to the Chinese in a very subtle—I hope unthreatening—way, although some people take it as a threat, that this is where we stand on this question.

What does this mean for the world? It shows Canada to be a nation that is serious about its talk on good governance and human rights and the spread of democracy, which, as Mr. Laliberté has said, is something, a line we keep repeating. We hear it in speeches from ministers. We see it when just yesterday they issued a press release saying we're going to spend \$3 million supporting the UN on its human rights tribunal. As we were independent and bold in 1970 when we led the move to recognize China, I think we may be an example and an exemplar to other nations, which may say, here is one of the world's most important nations, one of its big economies, a member of every international club, saying that we are moving in a very modest way to clarify relations with Taiwan, and that this may not be a bad model for others to follow. The United States doesn't have to; it has its own Taiwan relations act. But the European Union is looking at how we're handling this, or may look at it after it's done.

I think this is an example, a way, a place where we could make a difference, modestly.

**Prof. André Laliberté:** I didn't quite like the expression “drawing a line in the sand” because there is some sort of threat that is implied in it. I would prefer perhaps saying that we express the sense of the Canadian people's feelings toward that issue.

**Hon. Lawrence MacAulay:** I'm talking about the Chinese feeling too, and the Taiwanese feeling, and trade between the three countries.

**Prof. André Laliberté:** This proposal does not specify any threat or any consequences if we pass it.

On the second aspect of your question about how that would affect Taiwanese politics, I did specify that this can have an influence. It can be used by some of the political parties in Taiwan if it's not worded carefully, but I believe this can be reworded carefully in ways that do not lend themselves to be exploited by any of the political parties in Taiwan.

**The Chair:** Thank you.

Now we'll go to Mr. Goldring, please.

**Mr. Peter Goldring (Edmonton East, CPC):** Thank you, Mr. Chair, and I too would be remiss if I didn't congratulate you on your appointment.

Gentlemen, I apologize for arriving at the meeting late, but I did want to explore some of the comments that were made earlier on the privileged relationship that Canada enjoys now with China and how exactly that manifests itself, in what ways those privileges may very well be put at risk by having an agreement such as this, and also the comments that is this not rather a model to develop and explore for other circumstances in other parts of the world too. And there's the question that in the new reality of globalization many countries are actively engaged globally, and certainly while active conflict is under way that's one situation, but where there's a long-standing and a long-lasting relationship such as this going on, possibly for another 50 years, we simply have to have ways and means of addressing it in a respectful manner.

Primarily, what are these privileged relationships that we put at risk? Given that Canada has CIDA funding, apparently for democratic improvement, in China itself but has zero dollars in Taiwan, meaning, quite frankly, that if there were a type of relationship that could be reached, maybe by engaging in these kinds of activities in Taiwan we'd in fact be spreading Canada's efforts at democratization.... What are the privileged relationships that might be put at risk, and how would they be countered and balanced by an improved normalization with certain aspects of a Taiwanese relationship?

Mr. Cohen, maybe you'd comment.

• (1245)

**Prof. Andrew Cohen:** You've heard Mr. Laliberté on this so-called privileged relationship. I'm not convinced it's a privileged relationship. We have a very long and productive relationship with China going back to Norman Bethune, in a sense, who is still today considered somewhat of a deity in China. I think there is a great warmth toward us.

We do have a burgeoning commercial relationship, as we can see quantitatively. Does that give us access or influence in China? I'm not convinced it does. Perhaps the burden of proof should be on our government to tell us where we've made a difference in human rights in China. I hope we have.

**Mr. Peter Goldring:** Can someone explain how this privileged relationship manifests itself in something concrete, something positive that would be damaging to Canada's relationship? How exactly would that be? Certainly there are relationships that are dealt with even internally, with one country to another, that one may not like and another may not wish, but still, China has great needs for Canada's resources and other materials.

Can somebody explain what this privileged relationship is?

**Prof. André Laliberté:** To be honest, if I ask some members in other departments, I really have a problem identifying in what respect we have this privileged relationship. We have a lot of hope of developing what has been established already; we have a lot of hope about engaging the Chinese government with more trade; we hope they will be more respectful of our values and ideals; but we don't see many results. So I don't see what we have—

**Mr. Peter Goldring:** Could we put that hope up, at risk of these possible same benefits being accrued to the Taiwanese relationship? If we're talking about increased trade—obviously that's what we're talking about by “balance” here—is this the privileged relationship? Would it not be put in balance by an increased relationship trade-wise with Taiwan?

**Prof. André Laliberté:** Well, that's the claim that has been made so far, but then again, I'm not entirely convinced it would be the case, especially since as Mr. Cohen just said, it's rather the other way around: China depends on much in the way of natural resources from Canada.

**The Chair:** Mr. Murphy.

**Mr. Michael Murphy:** I'll just add that of course the relationship gets manifested in many forms, the specifics of the trading relationship in all of the areas we have today. We clearly have a good opportunity to keep things moving there. That in and of itself is hugely important, the value of the trading relationship and what it means to us and to the two countries. To me, that, in terms of business to business, is the first layer.

The second would be what we already have in place today in terms of government-to-government mechanisms to deal with some of the issues that clearly Canadians value as important here, whether democratic ideals, or human rights—all of those issues that you have in terms of the government-to-government relationship and what impact they could have.

One of the things we have today that manifests itself very well in our post-secondary institutions, for example, is the great benefit we derive from having students here in our country and studying. I don't have the exact numbers of Chinese students studying in Canada; I think they're in the 35,000 range. To me, there's not only going to be value for those students; there's value to our country and there's value back to China as well.

**The Chair:** Thank you.

Now we'll go to Mr. McTeague.

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Thank you, Mr. Chair, and congratulations to all those who've been elected, and so forth.

Mr. Chair, I wanted before this to, as it were—Mr. Cohen, as you could expect—challenge a couple of your assumptions.

The first one, which you mentioned right off the top, is the issue of refusal of travel visas. I want to table, because you and I have been down this road before, the more than 60 high-level visits to Canada, ranging from vice-chairman to chairmen of various parties and various committees, and of course individuals from right across the political spectrum in Taiwan. The suggestion you made, Mr. Cohen, if I could put it very bluntly, is absurd and is not true.

I'm going to leave this document and table it for the chair to distribute to all members of Parliament who are on this committee.

Mr. Cohen, I want to put my cards on the table. Did you have any part in drafting this bill for Mr. Abbott?

• (1250)

**Prof. Andrew Cohen:** Absolutely not. In fact, may I say something else? I had not met Mr. Abbott till about an hour ago.

And why would you ask that question, Mr. McTeague?

**Hon. Dan McTeague:** Mr. Cohen, you've put a number of assumptions here before the committee, and I want to be able to respond to some of them, of course as effectively as I can by way of dialectic, through a number of remarks.

The premise of this bill is, you would agree, fashioned on the American context. In particular, in the draft of this legislation, paragraphs 3(b) and 3(c) are identical to the Taiwan Relations Act of 1979; is that true?

**Prof. Andrew Cohen:** I'm sorry, I didn't hear the whole question.

**Hon. Dan McTeague:** In the 1979 Taiwan Relations Act, subsection 3301(b) is the policy of the United States. Paragraph 3301(b)(2) reads: "to declare that peace and stability in the area are in the political, security, and economic interests of the United States, and are matters of international concern".

Would you agree that this is the same as Mr. Abbott's bill: "conduct its foreign relations on the basis that peace and stability in that region are in the political, security and economic interests of Canada, and are matters of international concern"? Would you say that is identical to the Taiwan Relations Act?

**Prof. Andrew Cohen:** They're probably similar in spirit. I don't know if they're identical.

**Hon. Dan McTeague:** Well, the spirit is very important here, Mr. Cohen, because, of course, we're dealing with foreign policy, and of course, I want to ask a question. Understanding that the context in which the Americans wrote that piece of legislation in 1979 had everything to do with its interest, not only in recognizing China and establishing relations in the PRC in particular, but also for its military purposes, if we're using the same terminology that's used in American legislation but have a very different foreign outcome or a very different foreign policy with respect to militarization of Taiwan, why would you not recognize that as being a marked shift from Canadian foreign policy, and why would you, sir, further the view that somehow this will improve or contextualize the Canadian relationship we currently have with Taiwan?

I would say this is a radical departure. Would you not agree with that?

**Prof. Andrew Cohen:** No, I wouldn't say it's a radical departure, but I should say it may surprise you to know that I didn't draft the Taiwan Relations Act of 1979 either, just as I didn't draft this bill.

You can ask who drafted it. It was probably done in Mr. Abbott's office or somewhere else. I had nothing to do with the drafting. I'm puzzled you would even suggest that I had.

**Hon. Dan McTeague:** Can you answer the question, Mr. Cohen?

**Prof. Andrew Cohen:** As Mr. Laliberté has just said, I think this is a continuation. It reflects a certain continuity in our policy, which we have been expressing for some time, and I think it builds on it. I wouldn't call it a radical departure from where we've been on Taiwan at all.

**Hon. Dan McTeague:** Thank you for that.

Mr. Cohen, I'm reading a section here of Mr. Abbott's bill, and I think Mr. Houlihan referred to this. It says: Whenever the laws of Canada refer to or relate in general terms to foreign countries, nations, states and their governments or governmental entities, such laws are deemed to refer or relate also to Taiwan and its government and governmental entities.

You are, of course, an expert in international law. You teach this. Would you not—

**Prof. Andrew Cohen:** No, excuse me, I'm not an expert in international law, and I never said I was. As a matter of fact, I said to you I did not come before you as a lawyer. So don't put words in my mouth.

**Hon. Dan McTeague:** Well, Mr. Cohen, then you're here for a reason, obviously, and I want you to answer the question.

**Prof. Andrew Cohen:** Fine, but I'm not an expert in international law, and I never said I was.

**Hon. Dan McTeague:** Mr. Cohen, as to clauses 4 to 7, can you explain to me—

**Prof. Andrew Cohen:** Can I see the text?

**Hon. Dan McTeague:** This is the bill, sir. This is the bill we've already given—

**Prof. Andrew Cohen:** I don't have the bill in front of me.

**Hon. Dan McTeague:** Would you be kind enough to give Mr. Cohen a copy of the bill, which he's been speaking about for the past hour and a half?

Mr. Cohen, would you not agree that this would have a radical change in terms of the perception, if not the recognition, and a marked departure from Canada's one-China policy if these words were allowed to carry?

The reason I asked you whether you had something to do with the bill is because you made a comment here a little earlier, "We can certainly change this bill." I referred to the question that you had used the word "we", which promoted the issue that perhaps you had something to do with writing the bill to begin with.

But in terms of clauses 4 to 7, can you explain to me how this would not be a radical departure from Canada's current relationship?

**Prof. Andrew Cohen:** I used the first person plural, "we", in terms of Canada, which I have used throughout my statement—"we" as a Canadian; "we" the Parliament of Canada. So it had nothing to do with "we" as a drafter of this statement.

You're referring to clause 4 of the bill. No, I don't think it would be a radical departure for Canada. As I say, I think it builds on the sentiments and the spirit of our relationship with Taiwan as we have practised it for a number of years now.

If I may also add, regarding your 64 visits that you've mentioned, that may well indeed be true, but the representative you had before you talked about 23 visits between 2001 and 2005 that Canada had received from officials of Taiwan—which, by the way, I think we should applaud. I'm delighted.

I don't know if any of those were the president, the vice-president, the prime minister, the deputy prime minister, or ministers of defence and foreign affairs. Were any of those visits by any of those people, officials in the Government of Taiwan?

**Hon. Dan McTeague:** Mr. Cohen, I'm asking you the questions. You present—

• (1255)

**The Chair:** Mr. McTeague, I think the time is over.

I don't want to get a bilateral between Mr. Cohen and Mr. McTeague.

We ask the questions—

**Hon. Dan McTeague:** Mr. Chair, with your indulgence, please—

**The Chair:** No, no—

**Hon. Dan McTeague:** Mr. Chairman, I just want to make sure it's understood here that in terms of what Mr. Cohen has suggested, he has obviously not seen the bill but speaks quite widely on it. I think it's important that the committee consider that the observations he's drawing are from a bill that he apparently hasn't read.

**The Chair:** No. You make your point.

**Prof. Andrew Cohen:** Can I respond?

**The Chair:** I'll allow you to respond, but in 10 seconds.

You didn't read it, but for me, it's not that important.

**Prof. Andrew Cohen:** I have not written the bill, as you suggested, and I object strenuously that you would suggest that I had written a bill with which I had nothing to do.

**Hon. Dan McTeague:** Look at the blues, Mr. Cohen. When you said "we", that implies you.

**The Chair:** Okay, I don't take it.

Now we're going to close with Mr. Abbott.

Do you have any comments or one or two questions? After that, we'll go to Mr. Sorenson for one question, and I myself have one question.

**Mr. Jim Abbott (Kootenay—Columbia, CPC):** Mr. Chairman, I appreciate your courtesy in permitting me to ask a question. I will attempt to get the temperature lowered here.

We've talked an awful lot about perception, and it is for that reason the Canadian Chamber of Commerce should know that I took the initiative, at my own volition, to come to the foreign affairs committee. I requested that they consider having these hearings because I have a deep respect for the concerns that have been expressed by the Chamber of Commerce and others who are opposed to it, and I want to have a full, frank, open dialogue and complete understanding, and gain the wisdom of the people on this committee, before we go to second reading and have the vote at second reading.

However, that having been said, one of the things that concern me is about perception. I think perhaps Mr. Murphy and I might be of the same general age, so perhaps he would have the same difficulty I do recalling back to exactly where we were and what we were doing in 1969 and 1970. I was in business at the time; it seems to me that the United States was very concerned about Pierre Trudeau, whom the United States took to be a closet communist, and his whole action toward Beijing at that particular time. There must have been a tremendous amount of pressure on Prime Minister Trudeau, on Paul Martin, on Mitchell Sharp, and on others about the perception of our major trading partner.

Do you think they were wrong in going ahead at that time, against the perception of the United States that it was a recognition of these terrible communist people?

**Mr. Michael Murphy:** Let me start by saying I do remember where I was in 1969 and 1970. I was in university then. Those were great years, I'll tell you. They were terrific years.

To answer your question, though, I would say no, in terms of was there a mistake, was there some kind of a problem in terms of the policy that we adopted at the time. No. To try to stay succinct, I would say there wasn't.

**Mr. Jim Abbott:** Again—and perhaps I haven't phrased the question correctly—the United States was then a major trading partner with Canada, with far more than the 4% or 5% of our trade that is currently conducted with China—and I might point out we buy five times as much from them as we sell to them, so we have a fivefold deficit with them. It's different, but the similarity is that the concern of the business community in Canada, as you expressed it, is the perception of this bill by China.

The bill clearly stipulates in the very first paragraph of the preamble that it does not change the one-China policy. It very clearly stipulates that. There has been some discussion about clause 4, which we can get into at some other time, but the point still is that China has been saying this changes the policy, whereas in fact the bill specifically does not change the policy. I don't understand this concern; my question is if the Prime Minister of Canada, Mr. Martin, Mr. Sharp, and others in the cabinet had the courage to move forward at that particular time, why wouldn't we necessarily have the courage, on the basis of a potential decision by the members of the House of Commons, to at least move in this direction?

I'm sorry, but I don't understand this problem.

• (1300)

**Mr. Michael Murphy:** I think the.... I'm sorry, Mr. Chair.

**The Chair:** Mr. Murphy, give us a very short response, please. That was more a comment than a question.

**Mr. Michael Murphy:** I think the perception is not just with the Chinese government, but also with our government, and that's been made clear to members around this table. The alarm bells have rung with our members big time, and I think you're well aware of that. From our standpoint perceptions are important; I won't beat it to death, but that's the concern.

In terms of the marketplace in China and the potential for us, you're talking about a country in which we had huge CIDA investments until very recently—still do, but we're going to change our policy, presumably. We're going to change that. The nature of the investment opportunity there, as the economy and the society change in China, is enormous, and that's where I think you want to keep your attention focused from a business perspective. We certainly have it there.

**The Chair:** Thank you.

We'll go with a very short question for Mr. Sorenson, and I have one question also for Mr. Laliberté.

**Mr. Kevin Sorenson:** I'll address this question to Mr. Murphy and whoever wants to comment on it.

We talk about the privileged position and what may be at risk. Certainly all of us would recognize that we have a very privileged position with the United States. However, as Mr. Cohen also pointed out very clearly, we're a sovereign nation and we make decisions based on Canada's best interests.

Little issues have come along, even with the United States lately—for example, BMD, the ballistic missile defence system. We heard that we don't dare poke the United States in the eye, because if we do, it's going to hurt our privileged position, but the government said we were going to do the right thing, according to the Liberals, and they said we aren't going to be part of it.

Did the chamber come out in regard to that issue, to a perceived poke in the eye? Did they respond to the government on that issue?

**Mr. Michael Murphy:** Yes, we did. In fact, I can remember the board meeting at which we discussed it and then issued our position on it. We were very concerned, not only in terms of the position that was adopted, but also, I think, in terms of the way it was handled from a communications perspective. That was almost as high on the

concern list at the time. This goes back some time now, but absolutely—we thought we could have done it a heck of a lot better than we did in terms of the way it was handled, in terms of how we communicated our view to the Americans. We created unnecessary friction in terms of our relationship with the United States as a result of that.

**The Chair:** Merci.

I have just one question for Mr. Laliberté. Mr. Laliberté, probably around 20 countries recognize Taiwan. I don't know the exact number. Considering this recognition of Taiwan, are you aware of any retaliation against these countries by China?

My second question was on this, in a certain sense. I'm not sure any other western country would try to pass such a bill. I was thinking about Australia. I'm not sure if Australia tried it and withdrew it, in a certain sense. I'd like you to give me some clarification on this.

**Prof. André Laliberté:** I was not invited to comment on this, but I can, because I did my homework before coming here.

No other European country has passed a similar law, but interestingly, the European Parliament adopted a text that basically expressed similar sentiments. It's a resolution on relations between the EU, China, and Taiwan and security in the Far East. I will spare you the details, but I can send you the information if you want. There are 17 different articles. It's not binding—it's the European Parliament—but the European Parliament nevertheless expressed the will of quite a substantial number of important countries.

Now for the first part of your question; those 28 countries are unfortunately not very important on the world scene. The Chinese government tries very hard to convince them that they should switch diplomatic recognition. Again, I would like to stress the position of the Taiwanese government with respect to that issue; the Taiwanese government would not have any problem if those countries would recognize the government of Beijing and that of Taipei at the same time. It needs to be repeated.

The Chinese government cannot put much pressure on those countries. They are, after all, sovereign.

• (1305)

[*Translation*]

**The Chair:** Thank you very much.

Mr. Abbott, you have the floor.

[*English*]

**Mr. Jim Abbott:** Mr. Chairman, for the record, contrary to what Mr. McTeague was saying, I want to confirm that Mr. Cohen and I met precisely one hour and 47 minutes ago. We have never passed words before, and I don't have any idea what would have motivated Mr. McTeague to have made his accusations against Mr. Cohen.

**The Chair:** Thank you.

Thank you very much, all of you.

[*Translation*]

Thank you to all our witnesses.

The meeting is adjourned.

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