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Chair

Mr. Bernard Patry

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● (1105)

[*Translation*]

The Chair (Mr. Bernard Patry (Pierrefonds—Dollard, Lib.)): Good morning and welcome to the 74th meeting of the Standing Committee on Foreign Affairs and International Trade. Pursuant to Standing Order 108(2), the committee will be studying the International Policy Statement.

This morning we are pleased to have with us Mr. Nelson Michaud of the École nationale d'administration publique, Director of the GERFI, the Groupe d'études, de recherche et de formation internationales.

Welcome, Mr. Michaud. You may now make your presentation.

Mr. Nelson Michaud (Director, Groupe d'études, de recherche et de formation internationales (GERFI), École nationale d'administration publique): Thank you very much, Mr. Chairman.

Honourable members, I'm very pleased to appear before you today. I would like to thank you for your invitation to discuss the direction Canadian foreign policy is taking. This subject is core and central to my professional endeavours, as a professor and as a researcher. Canadian foreign policy has also been the subject of many discussions over the last two years.

The previous foreign policy, which was not quite in keeping with the times, was widely criticized. After September 11, 2001, everything changed and things would never be the same, or so it was said. However, Canada still maintains the same foreign policy. In recent months, things have been put in perspective, particularly with the government's announcement of its International Policy Statement last April.

The goal of my presentation is to not dissect this new policy. Witnesses who have appeared before me have already done so, and others who will appear after me will do the same. I would like to focus on three points that are contained in the document I forwarded to the committee.

First, one must consider that generally speaking, foreign policy—and this is true for all states, but particularly for Canada—has arrived at a crossroads where a number of routes intersect. Globalization is increasingly a factor. It is unavoidable and involves an increasing number of diverse actors.

These days, we cannot talk about foreign policy the way we did 20 years ago, or even 50 or 60 years ago, when Canada was just emerging on the international stage. We are dealing with a new context which requires new reactions.

There are also elements that may be linked to the operational framework of foreign policy. Who shapes foreign policy in Canada? According to which modalities is foreign policy developed? On that front, I believe that there are some major failures that must be overcome.

The new "3D" approach is undoubtedly interesting, and it is being discussed everywhere. It is surfacing like a leitmotivf. Yesterday, at the École nationale d'administration publique, we welcomed representatives from the Foreign Affairs Department, the Department of National Defence, and CIDA who spoke to us about how the "3D" foreign policy approach is applied in the specific case of Afghanistan. It is obvious that on the ground, there is a need for such an approach, but in real life, this approach is not easy to implement, so long as these departments are used to working in isolation from one another.

Therefore, the survival of such a policy is really the issue here. Does Canadian foreign policy, as explained in the April document, contain all the necessary elements to guide Canada in upcoming years? My answer is more pessimistic than optimistic. It isn't so much due to something missing from the policy. There are some gaps, which have been pointed out on several occasions, and I will not go over them again. The fact remains that certain aspects relating directly to the administration of foreign policy are absent, to my mind. I have identified three elements to initiate our discussion. I'm also available to answer any other questions you may have.

My presentation deals firstly with a problem relating to the administrative structure. Currently, for all intents and purposes, there are two departments: the Department of Foreign Affairs and the Department of International Trade. These departments operate under a legislative framework—as all departments do—but surprise, surprise, last February, you as parliamentarians decided otherwise.

Will both departments remain divided, as the government wishes? How will credits be allocated to these departments? A department needs legislation in order to receive funds. These matters must be settled without fault by next spring.

Besides the mere logistics involved in funding and managing foreign policy on a daily basis, there is also the fact that the employees are not sure which department they are working for. Some of my contacts inside the department—but this is not necessarily a representative sample—have hinted that there may be some kind of prevailing identity crisis. People want to know whether they are with Foreign Affairs or with International Trade. They used to belong to the same family, but now they are separated. However, they are somewhat like Siamese twins because there are still very powerful bonds between them.

A decision must be made very promptly and the organization of Canada's foreign policy must again be framed and well defined. This also applies to hiring practices. For instance, with regard to employment competitions, Foreign Affairs and International Trade seem to be in an awkward position. Even if they succeed in hiring personnel, we wonder how the new employees will be integrated, given the fact that their department is not clearly defined. One thing is certain: these may not be the best conditions for future staffing.

Therefore, my first recommendation to the committee is that there should be a clarification of the administrative and organizational aspects involved in the mandate and the work of both the Department of Foreign Affairs and the Department of International Trade.

Secondly, it is very important to keep resources as a topic on the agenda, not only for foreign affairs but in a general way. In Canada, every sector linked to foreign affairs has been severely impacted by budget cuts over the past few years. You are not hearing this complaint for the first time. In fact, you are probably among those who have heard it most frequently.

I simply want to stress the importance of following the line adopted over the past weeks and months. In fact, we saw that the government wanted to reinvest as much in Foreign Affairs as in National Defence. Regarding the latter, I believe that we realized what kind of consequences could ensue when no funds are invested in a given sector during a certain period. Maybe they got the message. They were hesitating, among other things, about what kind of equipment they should purchase. In any case, this kind of situation hurts our position.

The performance of the Canadian Forces in a theatre of operations like Afghanistan depends largely on the use of new, more appropriate equipment. Past events have shown that Canada does not turn its back on a challenge when it comes to carrying out its international mandates. Fortunately, we can learn from this experience. However, the government must always be able to support its foreign policy activities by providing financial, material, human, operational and information resources.

These resources must be operation-driven, of course. But we must not neglect the public relations aspect. This term might seem somewhat pejorative. In foreign policy matters, this is called soft power or open diplomacy. We want to project a certain image, but it would be good that Canadians at home be aware of Canada's successes and the challenges and needs created by a new definition of the world.

● (1110)

Rumour has it that you will soon be in the middle of an election campaign. Obviously your constituents will feel that the need for better bus services in order to avoid long slushy line-ups or the need for more hospital beds in order to avoid having their parents, children or themselves wait on stretchers in emergency is greater than the need for investment in new military equipment or three new diplomats in Latin America. However, there will be a price to pay. In today's world, it is very difficult to ignore the international scene. Doing that could end up harming Canada in areas directly affecting domestic policy. In terms of resources, the necessary measures have to be clearly identified and implemented.

My third recommendation deals essentially with a situation that, even though particularly significant in Quebec, is also relevant for other regions in Canada. I'm referring to the international role of federated entities—and I use the generic term deliberately. In my view, provinces in Canada have an international role to play. There are many reasons for this, the most important one probably being globalization. We are faced with new challenges which are more and more related to the areas of jurisdiction of Canadian provinces. This also applies to the German and Austrian *Länder*, to the Australian States, and to the provinces of South Africa. Federations everywhere must deal with the fact that their federated entities are directly involved.

I have not met the federal minister for education. If he has been sworn in, I would like to be introduced. UNESCO and even the World Trade Organization deal with education issues. I give the example of education because Canada has a process for this. The Council of Ministers of Education have the capacity to plan a course of action. However, the same principle should apply for those areas directly involving exclusive or shared provincial jurisdictions.

It is very important that the federal government reach an agreement that provides for a predictable and reliable role for Canadian federated entities. Obviously there may be a certain amount of political jousting. It is equally obvious that an operating framework with clear limits will need to be determined. That would involve limits in terms of scope of action and it may be better to leave it open and proceed through trial and error. That may end up being preferable to a defined framework. I, however, am not of that opinion. I believe that a defined framework would be very beneficial, for the federated entities but equally for Canada as a whole.

Since the ruling of the Judicial Committee of the Privy Council in 1937, Canadian federated entities have clearly had the responsibility of implementing treaties. I use this example in order to demonstrate how we could end up in a dead-end. Because it has the authority, Canada could sign international treaties. However, they would probably be disregarded because none of the provinces would be interested in implementing them. Canada would not be able to do anything. Some say that if Canadian provinces became involved, Canada's image would suffer. I think that a signed but non-implemented treaty would do nothing to improve Canada's credibility.

● (1115)

This third aspect seems to be the last one to which we should attach some priority, before implementing any new foreign policy.

Foreign policy, as was presented in April, does offer a definite advantage: it updates some points which had become out of date. The international context has changed a great deal. The various players with whom we must deal, both domestically and internationally, are not at all the same. The challenges have been renewed. In this regard, Canada has taken a step in the right direction.

Is this the policy that will be implemented over the years ahead? The results of the upcoming democratic process may give us the answer to that question in large part. I repeat that we will be able to implement this policy provided other more structural factors have been taken into account and to the extent that we have found solutions to these problems.

Thank you very much for your attention to this presentation which I made in French.

● (1120)

[*English*]

If there are questions in English, I can take them as well—either language, it's really up to you.

Thank you, Mr. Chair.

[*Translation*]

The Chair: Thank you very much, Professor Michaud. We will now go to the questions.

[*English*]

We'll start with Mr. Sorenson, five minutes, questions and answers.

Mr. Kevin Sorenson (Crowfoot, CPC): Thank you, Monsieur Michaud. It's good to hear your concepts and your ideas on foreign policy. Certainly we appreciate your appearing before the committee today.

I must admit that although we received the briefing, I haven't had a chance to read your piece of writing, which I had received before—namely, *Values and Canadian Foreign Policymaking: Inspiration or Hindrance?* I read the first couple of pages and I will read the rest, because I want to see what your conclusions are in that article.

I think for most—and I think I can speak for our Conservative Party, especially—the defining element or the approach to our foreign policy always is to better advance the national interest. And when we talk about national interest, it includes the security of the country, the territory, and the individual; the economic prosperity of Canadians, both at home and abroad; and also the promotion of the values of democracy, freedom, and compassion, the spreading around the world of those values that I think define the Canadian nation.

So I look forward to reading your document there and seeing what your conclusion in that is, and whether or not, in the promotion of values.... I think your subtitle is *Inspiration or Hindrance?*, so we'll see if there is a hindrance, sometimes, in seeing our very own national interest being put back for the sake of promotion of other values.

In your synopsis, which we did have a chance to read, you mentioned "spokespeople within the Department of Foreign Affairs", and basically implied that they may be stuck in the past and therefore not receptive enough to put the principles of the IPS forward, to promote them, to be an advocate for them. In other words, they may be impediments to implementing a coherent and effective Canadian foreign policy.

Can you perhaps enlarge on that a little bit, on how you believe people maybe slow down the good work that the government would say is involved in this IPS? Are you implying that the bureaucrats, rather than the elected officials, are or will be dictating exactly what does or doesn't transpire in the foreign policy statement?

Mr. Nelson Michaud: Thank you very much for your question.

The example I outlined in my brief is from a presentation we had at the École nationale d'administration publique. It was early in the school year. We had somebody from FAC, and this person referred to the three pillars of Canadian foreign policy, which of course are part of "Canada in the World", the 1995 statement. I was quite surprised to hear that and I followed up with questions to the person. The person told me the new policy was there, but they still operate from these three pillars and will try to figure out ways.... Well, this was one person; it's not a scientific poll that I conducted in the department. But to have a spokesperson refer so bluntly to the "former policy" was a signal to me that the new policy was not something that had gone through all levels in the department.

A new policy takes time to be implemented, especially when a policy like "Canada in the World" has been in place for over ten years. It's very difficult to turn the page overnight and say we will start with a new set of rules and a new set of principles. I can understand that to some extent.

Where there is a problem, though, and I will link this to the first recommendation I make in my presentation....

Yes?

● (1125)

Mr. Kevin Sorenson: Do you see this IPS as being that—all of a sudden a new document, a new set of guidelines, a new vision to forge ahead with something that is completely new, or do you see it as a little bit of an evolution into a new direction? Or do you see it just as basically redefining what we've been doing?

Mr. Nelson Michaud: You portray very well how the policy can be perceived.

It's not something that was written from scratch, of course. Canada is Canada. Multilateralism is still present, and it is something that will still be Canada's hallmark, I'm sure, and for good reasons. Canada is not a superpower, and when we achieve something, it is with other "likeminded countries". We need allies to work with us and to have our values set the agenda, to some extent. But the new approach to the North American personality of Canada is something that existed before, but in the former document, under the Chrétien government—as was the case under the Trudeau government, to some extent—the North American perspective was more in the background. In this new policy it's more in the foreground.

We are North Americans. The fact that the Prime Minister decided to bring under his leadership several aspects of the Canadian-American relationship tells a lot.

So there are some elements that are linked to what we've done and have done well in the past, but there are new orientations. That's what we expect from a new policy.

Mr. Kevin Sorenson: Just to go on with that a little bit, are you comfortable with this? In this age of globalization, where on one hand you argue that provinces need more place at the table—because right now we're discussing health and so many things that are really provincial jurisdictions on the world scene—are you comfortable with the fact that with globalization and boundaries breaking down, now all of a sudden we're being defined more in a North American context?

Mr. Nelson Michaud: We cannot draw a line. This is globalization and this is North America. There are no links in between, because globalization starts with continentalization, I would say.

The free trade agreement, for instance, changed a lot of things. Just think of the security questions. The border is the border. That was the way to see it a few years ago. We saw on September 12, 2001, what the border really meant in a free trade environment. It meant that if you stop trucks from crossing the border, then with the on-time or just-in-time delivery system, basically you paralyze huge chunks of the economy. If this happens, it will affect the needs of your people and require new social policies and so on, and then you go down the line. So you cannot refer to globalization without first looking at what happens in your own backyard.

As I said, there are some matters that constitute a hard core that will remain under the federal government's responsibility. This is something that is basically uncontested in the requests that are made to the federal government by the actual Quebec government at this time. On the other hand, as you pointed out very clearly, health matters are discussed at the international level and provinces will have to react to that fact, and so on.

If you look at the workplace, the conditions that workers need to perform well and perform in a safe environment were things that were hardly discussed sixty years ago, and now we have international organizations that take care of these issues. Their wishes become, to a large extent, what governments have to implement. In Canada, it's something that we have to.... [*Technical difficulty—Editor*].

● (1130)

[*Translation*]

The Chair: Thank you, Mr. Michaud.

I will now give the floor to Ms. Lalonde.

Ms. Francine Lalonde (La Pointe-de-l'Île, BQ): Thank you for coming today and thank you for your presentation, Mr. Michaud. I thank you even more for your brief, which I read, because it clarifies the comments we sometimes hear in the area of foreign affairs.

Let us come back to the three problems to which you suggested certain solutions. I would like you to develop your views a little.

Let us discuss first the double administrative structure, which this committee has opposed. Almost all the witnesses we have heard from disagreed with the idea of splitting International Trade and Foreign Affairs. The people we know in the diplomatic community at all levels often expressed their dismay as well. Some started working in international trade and became specialists in foreign affairs, or vice versa. Where will they go? In any case, people emphasized the fact that policy must be refined, particularly the so-called "3D" policy. This is difficult to understand.

Do you agree with the position taken by Parliament to the effect that the two entities should not be separated, for a number of reasons that I will not go into? I will give you the floor in a moment. There must be a clear structure, namely Foreign Affairs and International Trade, that would include international aid. We can come back to this in a moment. This must be clear.

Mr. Nelson Michaud: The paradox in all this is that on the one hand, the department is being split into two entities, while on the other, people are advocating "3D + T", because trade has to be added somewhere. I am having a great deal of trouble following the thinking that allows for these two schools of thought. Should we have one or two departments?

In light of the culture that has developed for a number of years now... One of the things you refer to is the entry system, and heaven knows that the Department of Foreign Affairs and International Trade, at the time, was a somewhat different department because of its administrative culture. For example, when someone who spent his or her career at the Department of Health and was associated with the international negotiations division in that department decided to join the Department of Foreign Affairs, the thinking was that this individual had to start over at the bottom, and work his or her way up. It was a very autarkic department.

Splitting the department in two causes tremendous problems because of this culture. The problem is exacerbated by the fact that at the moment we are really in a sort of no man's land. Are there two departments? Is there one department? It is still one department with respect to certain administrative matters, it is still one department in a strictly legal sense, but it is two departments in terms of policy direction. We must have clarity, and stop playing games in no man's land. Personally, I would agree with keeping just one department. As I was saying earlier, since the economy has so much to do with international relations, diplomacy cannot happen without considering the economy. Earlier, I was referring to safety and security issues. That is probably the most flagrant example. If we want more coordination, it becomes important to have a central focus within a single department. If there's one department, with a single head, that makes things easier.

● (1135)

The Chair: One brief question, Ms. Lalonde.

Ms. Francine Lalonde: Thank you so much for providing us with grounds supporting provinces who want to become involved in the international arena. You have provided historical and legal grounds. I think that can help us change the nature of the relationships between both levels of government. It doesn't have to be a battlefield. Rather we should attempt to adapt to this new reality. I like the way you explain things. You explained, for example, how the creation of international institutions whose purpose, ultimately, is to standardize anything falling under social policy, gives the provinces, to name only a few, an opportunity to become more internationally involved. They have to, to a certain extent, otherwise they become bound by the federal government's actions. This changes the relationship between federated states and the federal state. I would like you to comment on that.

Mr. Nelson Michaud: Absolutely. In fact, the Canada we know is a federation. Certain powers belong exclusively to the provinces, others exclusively to the federal government, and others are a shared jurisdiction. If we acknowledge that, then we also have to acknowledge that when a province is faced with foreign standards, it has a choice: either it takes steps to change its regulation, or its sits and waits [...].

You are parliamentarians and you know that legislation reflects a social consensus, a social fabric that is woven over the years. Are we going to allow major global currents to affect, perhaps even demolish, the consensus that has built up within society in Canada? That is the question that begs to be asked. Does the federal government have all the tools it needs to deal with these assaults from the outside? Absolutely not. In that case, one fact needs to be acknowledged. This is not an issue of political position. I am sure that, on your side, you have your reasons for voicing your political position. However, beyond the purely political and partisan reasons, there are political reasons that need to be accounted for, such as administrative structures that need to be established in order to succeed.

[*English*]

The Chair: Merci.

Before passing to Mr. Eyking, I want to note that in 1999 we did a report entitled “Canada and the Future of the World Trade Organization: Advancing a Millennium Agenda in the Public Interest”. We had studies across the country. We heard from cabinet ministers and ministers in Alberta, British Columbia, and Newfoundland, because we felt it was necessary at that time, and I think it's still the same.

Mr. Eyking.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Mr. Chair, and I thank the gentleman for coming and speaking today.

In your address, you emphasized structural changes in our departments, especially the Department of Foreign Affairs and International Trade. There are other countries going through these changes, and they've set separate departments up. I think it's the United States, Australia, and France, I'm pretty sure, and there might be others, where the department of trade stands on its own. I'd like to ask you, what is your knowledge of their structures in some of these other countries? What can we learn from them, and should we implement some of their strategies in the way they deal with their split-up and how they deal with trading, in particular?

Mr. Nelson Michaud: We can learn from others' experiences, as I point out in several writings on the topic. There is a lot to be learned. This being said, before relying on others' experience, it is important to see where we come from. In the Canadian case, Canada has been built from day one on trade. When Jacques Cartier sailed to Canada, it was for trade purposes, period. When the French colonies were established in the Maritimes and in Quebec, and when the English colonies were established down south, it was for trade purposes largely. In the case of the United States it's quite different, because you have all the liberties, religious liberties mainly, that were involved in people coming to this side of the ocean.

But in Canada it's clear, trade was the number one factor on which the country was built. It was as true in the 18th century, 19th century, and 20th century as it is today. If we want to project Canada's image on the world, if we want to have Canada not as a key player, but as a player of significance on the world scene, it is important that trade issues are taken into consideration at all stages. This is why, in the Canadian case, whatever happens elsewhere.... In the case of the United States it's something totally different. Very often we compare Canada to the United States because we have a neighbour that is very powerful, that is right in our backyard. Most people in your ridings will watch TV at night and will hesitate between the CBC, CTV, and ABC, because we are about a hundred kilometres from the border. We often compare ourselves with the United States.

This being said, there are important differences, and I think the Canadian way should prevail here.

● (1140)

Hon. Mark Eyking: Just on that, let's talk about some of the nations that are similar to us, where a big part of the GDP is trade, like Australia and New Zealand. How are they seen in the world lens, and how are they dealing with it? Let's take the United States away from it for a minute. The United States, Brazil, and France have big domestic markets and a lot of their GDP is internal, but with these other trading nations, are we in a similar vein? For instance, in how we're doing trade with China compared to Australia and New Zealand, how do you see the comparisons there?

Mr. Nelson Michaud: Canada, Australia, and New Zealand can be compared from many aspects, especially Canada and Australia, because we are "middle powers", although we took different routes on several issues.

One thing that we have to keep in mind is that Canada is from a quite different culture. For Australians, dealing with countries in the Pacific region is like dealing in their own backyard, basically. Australia is remote from most other countries; it's an isolated island. Canada is so close to the United States, 85% of our trade is done with the United States, so it's not at all the same type of geographical background.

Canada is more turned north-south, and when going abroad—except with the United States—it was more toward Europe. The opening to the Pacific region is quite new in terms of Canadian history. So it is something we cannot really draw strong comparisons from in this case.

Hon. Mark Eyking: So you're saying that in any structural changes we do, the United States has to be a major part of our decision-making as to how we structure our trade offices and our internal structures right here.

Mr. Nelson Michaud: Well, we don't have much choice, because if you look at the numbers, 85% of our trade is done with the United States. It's not a matter of complying with the wishes of the United States. I think Canada can be Canada by itself, and on several occasions we've disagreed with the Americans.

Lester Pearson, with his Temple University speech on Vietnam, went totally the opposite way to what Lyndon Johnson wished, and the welcome Johnson reserved for Pearson at Camp David the next day tells us he was not happy at all.

So Canada can be different from the United States, but when we make our decisions and we put all things in balance, of course the United States will carry more weight, because we share the same geographical environment, we share the same threats, and we share a huge trade market.

● (1145)

The Chair: Thank you.

Ms. McDonough, please.

Ms. Alexa McDonough (Halifax, NDP): Thank you, Mr. Chair, and thank you to our witness for appearing before the committee.

I regret that I've just had a chance to begin looking over the 45 pages of your presentation and background information, so I look forward to reading them in more detail. However, I'd like to pick up a little bit on the synopsis of your presentation, where on the very first page you begin to address the question of the policy statement. You don't say it so explicitly, but I'm not entirely clear whether the implication in what you're saying is why are we only dealing here with the statement and not a review. Is that implicit in what you're saying? Because I think it was a shock to Canadians, after waiting and waiting and waiting for this elephant to give birth, that it turned out to be only a statement, and now we're not clear what we're dealing with. Was that part of the implication?

Mr. Nelson Michaud: Yes.

Ms. Alexa McDonough: Okay, good. I did want to read that in, because that's the way I feel about it, and we've certainly been hearing from a lot of other people that they do as well.

I want to go to the first section, on administrative structure and the problems you see with that. In recommendation 1, I'm not sure whether there might have been something lost in the English translation, where your recommendation reads:

> Recommendation 1: Undertake an organization of the administrative and organizational aspects of the Department of Foreign Affairs as they relate to its mandates and operations.

Were you suggesting—and I don't have your French language version—that what we really need is to undertake a review of the administrative and organizational aspects of the department?

Mr. Nelson Michaud: What I suggest here is that basically what we have at the present time is a very blurred image. The crystal ball is not clear at all. There is a lot of fog in there, and we really need to clarify the situation. Where does Canada stand in terms of the organizational aspect of its foreign policy? It's good to have a policy, but how will it be implemented, and who will implement the policy?

As I mentioned, trade people are very important historically. Are they set apart now? Are they on the sidelines and we'll leave that to the diplomats? How do you reconcile this with the fact that we have to work in this three-D-plus-C environment? It's very blurry and we need to set the thing straight so we can have better performance.

Ms. Alexa McDonough: Yes, I appreciate that clarification, because I have to say that one of the things that blows my mind is to imagine what it would be like to be either a front-line foreign service officer these days or a senior bureaucrat in either Foreign Affairs or International Trade who is trying to figure out how this is all supposed to work, while the government just leaves it in a completely blurred state.

If our own bureaucrats, our own ambassadors, trade commissioners, for that matter, don't really know what the government's policy is here, are we just living with this schizophrenic existence of, well, we're separate...well, we're not really separate; well, we're blended...well, we're not really blended? No wonder there's a problem with morale in the department, never mind with confusing messages to people.

I will go back to my question. Are you arguing for a review of these questions, then, resulting in some clearly stated position, or are you just saying let's get on with an organizational development? Because at the moment we've been told this isn't a review, this is like a statement.

Mr. Nelson Michaud: I would go with the latter. There were many reviews over the last few years, and we have a pretty good idea of what's out there and what we need. What another review would bring forward, I really don't know. A review was necessary in the early 2000s for several reasons. Information does not flow the same way it used to. It's immediate. If something happens anywhere on the planet, in a matter of 30 seconds somebody is aware of it in Ottawa. You can't have a diplomat working in this new environment without new guidelines.

When the guidelines are blurred, it's very difficult for these people, as you pointed out, to know exactly on what to rely. Whose *premier ministre* is the ultimate person, mine or yours? You can have some bureaucratic politics or games going on there. It's not something that will be helpful for Canadian foreign policy and its implementation. So I would say it's time for action.

● (1150)

The Chair: Thank you.

I'll go now to Mr. McTeague and Mr. Goldring. We'll finish with Mr. Goldring.

Mr. McTeague.

[*Translation*]

Hon. Dan McTeague (Pickering—Scarborough-East, Lib.): Mr. Michaud, thank you for coming. Although I did not hear all your comments, I'm very interested in what you have to say.

You indicated that the federal government wanted the provinces to play the role of "political advisers",

[*English*]

“on an equal foot with NGOs and municipalities”. And I will go on. On page 21, I think you've hit this issue right on the head, as it were, but the desire for a strong Canadian voice on the world stage doesn't necessarily mean cutting the roles of provinces. You've identified a greater diversity of interests. One would think, of course, of provinces. You've identified NGOs.

I'm wondering if you've also taken into consideration the growing role of my city, the city of Toronto, for instance, in its role in terms of internationalism. So my question to you is this. How would you arbitrate the diversity of these interests among the various and growing players that are relevant in terms of the overall Canadian picture, in international fora?

Mr. Nelson Michaud: Yes, your point is very important when you consider the size of the city of Toronto. It's huge. Its interests are very diversified, from the immigration point of view...trade, business, and so on and so forth. The thing is that municipalities, cities, have a role to play, of course, to “sell themselves” to investors, for example, to bring money in, to have people work in town and stay there, and to have wealth produced for the whole community, and so on and so forth.

The difference with provinces is that provinces, and the federal government, of course, are the bodies that can legislate. The legislation is what is affected by these new norms, these new standards coming from international organizations. So that's where I see the difference. If a province has to react, and to react only to what happens out there, it's too late.

[*Translation*]

Hon. Dan McTeague: Mr. Chairman, I would like to ask another question if I have time. It will take about 30 seconds.

In your statement you recommended a greater presence in the territories and the provinces. Do you think there should also be that presence in regional centres? Do you have any suggestions that would help the Department of Foreign Affairs increase its presence and improve its capacity to help people understand its international policy and motivate them to participate?

Mr. Nelson Michaud: Let's use the example of the chambers of commerce, that some feel are part of civil society and others, not. They are important actors in the development of municipalities and regions but they are not very familiar with foreign policy.

For example, as long as they are not invited by the Department of International Trade to participate in missions abroad, then they will not be aware that there is someone working for them in Tokyo, telling the Japanese that there is a market for their products here or that Canada has the expertise for a component they're lacking and that is very costly for them to produce. The relations that are maintained by the people in our embassies are not very well known.

● (1155)

Hon. Dan McTeague: Except by members of Parliament.

Mr. Nelson Michaud: Yes, you are in a privileged position. However the public often perceives the embassy as being a place where the fridges are full of champagne and where cakes are served at four o'clock every evening, and so they wonder why they would pay taxes for that.

If you have travelled the least bit abroad, you know that diplomacy does in fact require a certain amount of civility, that you need to hold receptions with little cakes and champagne, but that is not the major part of the work involved. Good work is done by Canadian embassies. People roll up their shirt shelves, they work from 8:30 to 5:30, they create contacts and they resolve issues.

Hon. Dan McTeague: Then what we need is better representation in regional centres throughout Canada.

Mr. Nelson Michaud: Amongst the public, yes, absolutely.

The Chair: Thank you.

[*English*]

Now we'll hear from Mr. Goldring.

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

Thank you, Mr. Michaud, for the presentation.

The report itself calls for specific attention towards China, India, and Brazil, but a lot of attention towards Asia. Recently in the House we had a Pacific initiative that certainly re-emphasized Canada's direction towards that area. I think it's commonly known that while we're focusing on Asia, Asia is also focusing more worldwide, and there are great concerns that Asia's focus, particularly in traditional market areas of Canada like the Caribbean rim area, is quite intensive.

My question is, why do we not have an Atlantic initiative? And then I would say more directly to that, why do we not have a global initiative? In other words, why do you feel that we should be putting resources into and concentrating on one particular region, the Pacific region, and while there are suggestions that there is emphasis in other areas, it is not the same type of direct commentary on them? And when we look at these regions that are really calling out to Canada to be more actively engaged, particularly the Caribbean—and I dare say eastern Europe too, which is an emerging area—why are we fixating on particular parts with our initiative, and why are we not going overall on a global aspect?

Really, if we're going to be marketing globally, we cannot ignore and we cannot de-emphasize certain areas in preference to others. So why is the initiative not towards a more global approach to things, rather than just regional?

Mr. Nelson Michaud: Well, it's an excellent question. I don't know the answer, quite honestly.

There are two things. First of all, you're absolutely right. Why not an Atlantic initiative, for instance? I spent two years of my life living in Halifax, teaching at Dalhousie University. I can tell you that there are roots for a strong economy there—a lot stronger than it is now. So this initiative would be welcome.

This being said, there's a danger in spreading all around the place. I will take the example of foreign aid. A colleague of mine has characterized Canadian foreign aid as a mile long and an inch thick—basically, just a little bit just about everywhere. This does not produce good enough results, because you need a critical mass at some point to get things moving.

So the thing to do is to look at what we have out there. What are our priorities? Where should we go? What is the aim we have in mind? This being said, of course, you pointed out that Asia is opening itself to the world. It's a huge market. Canada cannot afford to miss being there.

This being said, should we be elsewhere too? Why? How? These are the questions the department should provide answers to with which to feed the government.

● (1200)

Mr. Peter Goldring: Do I still have time?

The Chair: Ten seconds. Go ahead.

Mr. Peter Goldring: An example of this would possibly be in our foreign aid and our emergency preparedness. At present we have a DART team, which is a fixed unit for emergency preparedness. It is based in Kingston, which is on the water. The team would be—I would imagine—frozen in for part of the year in the winter, and we have no heavy lift for it.

At the same time, we have an area of economic opportunity in eastern Europe with Ukraine, where they happen to build that big Antonov aircraft that we rent out. Now our government is in purchase mode, and, as you said, is stalling on the effective purchasing of a particular aircraft. We are in a process of looking at another version of a Hercules. It still won't lift this DART team. We still have to hire outside for the DART team.

So I think we're missing immense opportunities. Certainly we can't focus worldwide on that too thin of a level, but developing in areas—such as our relationship with the Ukraine—would prove to be not only beneficial to us in both areas, but dare I say they might be able to park one of their Antonovs in Trenton on a semi-permanent training basis. So surely there can be relationships like this developed on a more regular basis.

Mr. Nelson Michaud: Yes. I will go back to the point I made earlier. It is important to have the right resources in the right place. This will be done much more easily if you know where you stand, who's doing what. The two first recommendations of my brief would answer in part your concern here, sir.

[*Translation*]

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

[*English*]

I just have one comment, or a little question. You just mentioned the first recommendation. Is this first recommendation linked to the promised annual foreign policy statement by the government, and the first one may be sometime next fall, in the year 2006? Do you think so?

[*Translation*]

Mr. Nelson Michaud: I can't tell you whether or not a response could be obtained by next fall. What is important is that the operational parameters be clarified for all stakeholders so that they be able to meet their challenges effectively. It is currently extremely difficult for them, on one side and on the other, within one branch of a department or another, to deal adequately with the problems they are facing. Therefore, the sooner the better.

The Chair: Thank you very much, Mr. Michaud. Thank you for having taken the time to come to Ottawa. We missed each other for other reasons in Quebec City.

[*English*]

I want to first tell my colleagues that we had consultation on the international policy statement, and up to yesterday, we received close to 1,700 responses. All of you received the data in your offices this morning. What is most interesting is that 57 persons who responded are under the age of 35. I think that was a great success.

We'll recess for a few minutes before our next witnesses, on Bill S-36.

Thank you.

● (1205)

[*Translation*]

The Chair: We will now continue with the second item on our agenda. Pursuant to the order of reference of Monday, November 21, 2005, we will begin consideration of Bill S-36, an Act to amend the Export and Import of Rough Diamonds Act.

We have the pleasure of having Mr. Louis Perron with us today,

[*English*]

who is the senior policy adviser; Mr. Bob Lomas, director of the special projects division; and Madame Shari Buchanan, legal counsel.

Welcome.

Do you have some remarks to make at the beginning, Mr. Lomas?

● (1210)

Mr. Bob Lomas (Director, Special Projects Division, Natural Resources Canada): Thank you, Mr. Chairman.

The purpose of Bill S-36, which you're considering today, is to amend the Export and Import of Rough Diamonds Act, to bring it into compliance with decisions that are made by the plenary of the Kimberley Process.

There are essentially two amendments. The first is to enable the publication of Kimberley Process-based data. Canada currently is the only country that does not have authority to publish this data. All other members of the Kimberley Process now have that authority.

The second amendment is to enable exclusion of classes of natural rough diamonds to meet a technical guideline that was adopted by the Kimberley Process. The purpose is to exclude from the act diamonds that are less than one millimetre in one direction. These are very small diamonds that have very low value, and it's considered to be an unnecessary burden to issue certificates for these diamonds.

So those are the two amendments that are being proposed and that you're considering today.

The Chair: Thank you.

Ladies and gentlemen, *maintenant on va passer* to question and answer, and we'll start with Mr. Day, please.

Mr. Stockwell Day (Okanagan—Coquihalla, CPC): Thanks, Mr. Chairman.

I think we're generally comfortable with the amendments.

Was there anything significant from any areas of industry that suggested there would be problems with this, that anything would be a factor?

Mr. Bob Lomas: No. The industry has been supportive to date. In terms of going forward with developing a regulation, we have committed to consult fully with industry on the development of that regulation.

The Chair: That's it?

Madame Lalonde.

[*Translation*]

Ms. Francine Lalonde: I have a few questions. My party would have greatly preferred that the amendments to this act be deliberated after the committee and the Parliament consider the assessment of the first three years. Canada retained the minimum recommendations from the Kimberley Process and the assessment reports seem to indicate that we should have acted otherwise, that we should have been more specific and require more than simply a weight statement. We know that weight and value cannot be linked if dimensions are not included. I would like to know what you think about our amending the act before considering the assessment report from those three years. That is my first question.

Mr. Louis Perron (Senior Policy Advisor, Programs Branch, Department of Natural Resources): Ms. Lalonde, I followed the debates that took place in the House. The certificate requires two types of information, the weight and the value of the item. Those two types of information required on the certificate provide enough information about each diamond shipment, whether their destination be abroad or Canada. Not only is the weight provided, but also the weight in carats and the value of the diamond. Once both those types of information are provided, it becomes very difficult, if not impossible, to change the type of shipment indicated on the certificate.

Ms. Francine Lalonde: You are right, on condition that those people are perfectly honest. That is not always the case in trade, nor is it in any type of trade. Apparently the number of stones and their size provide more information than their value, because some people may decide to substitute lower-value diamonds with higher-value diamonds. I'm not quite satisfied by your answer.

● (1215)

The Chair: Mr. Perron, do you have anything to add?

Mr. Louis Perron: No.

The Chair: Ms. Lalonde.

Ms. Francine Lalonde: We also observed a lack of resources for the purposes of monitoring in the poorer countries and a lack of assistance being offered by wealthier countries. There has to be constant and proper monitoring throughout the process. If the wealthier countries do not provide assistance and if the process itself does not assist poorer countries, then we end up with a nice system that does not produce the expected results.

Mr. Bob Lomas: There was a discussion on that very point at last week's meeting. There is now a program. Canada has offered to assist these countries with statistics. The United States has another program to assist these countries.

Ms. Francine Lalonde: Another program?

Mr. Louis Perron: Yes, Ms. Lalonde. Canada currently chairs the committee responsible for statistics in the Kimberly Process, which is in charge of statistics for the whole international process. Canada is one of the most highly regarded countries in the area of statistics. In the past, certain products were developed in order to help developing countries deal with this issue and provide them with improved capacity to collect good statistics. The Department of Natural Resources Canada made CD-ROMs available to these countries, providing them with more information on how to obtain valid statistics, thereby giving them a better idea of trade between countries. Naturally, we're not currently providing them with money but rather with technical assistance. We hope that in the future, wealthier countries will have the opportunity to provide these countries with better assistance.

The Chair: Do you have any other questions, Ms. Lalonde?

Ms. Francine Lalonde: I have one last question. Are those assistance measures for these countries being taken now? It is difficult to be informed about the problems without an assessment. It's difficult to consider other amendments when we don't have a clear picture of the problems.

Mr. Louis Perron: In terms of technical assistance being offered to these countries, that was started a few years ago by my department. The amendments before us today are essential for Canada to be able to confirm that the Kimberley Process can be implemented in Canada. Currently, given all the changes that have taken place internationally, Canada is not in a position to implement all the guidelines and recommendations that have been put on the table. That is why our current position is somewhat unstable in terms of the process itself.

Ms. Francine Lalonde: Can you tell us why we need this legislation? You still haven't done that.

Mr. Louis Perron: Essentially, the two amendments in question...

Ms. Francine Lalonde: Could you please explain in what way not passing these two amendments would render Canada incapable of participating in the process?

● (1220)

Mr. Louis Perron: This is an administrative decision that was made within the framework of the process. Last week there was a meeting in Moscow and Canada was identified as being the only country who was a member of the Kimberley Process but could not, for now, make its statistics public. Given that Canada has to submit statistics based on trade rather than on the Kimberley Process, the two types of statistics cannot be compared. That is the current problem. That is the position Canada is in.

Ms. Francine Lalonde: What is the definition of those diamonds not subject to the Kimberley Process Certification Scheme?

Mr. Louis Perron: The bill also removes the smallest diamonds —those diamonds smaller than one millimetre—from the Kimberly Process Certification Scheme. At the Gatineau meeting last year, that amendment was passed in full by the Kimberley Process Certification Scheme. At this point in time, exporters of those small diamonds have to request an export certificate. Those diamonds are not subject to the international process but under Canadian legislation, a certificate is necessary. It's an administrative problem for Canada.

The Chair: Thank you.

Ms. McDonough, you have the floor.

[*English*]

Ms. Alexa McDonough: Thank you, Mr. Chair.

I have to say freely that I know absolutely nothing about the diamond industry, so this is interesting. I'm trying to understand what we're dealing with here.

I'm looking at basically what I understand to be the rationale for why we're faced with these amendments. The parliamentary library background starts with the assertion that for many years rough diamonds were used by rebel movements or their allies in a number of countries to finance efforts to undermine legitimate governments. I know that to be true.

I also have in mind, and I'm trying to find a balance here in what we're dealing with, that we know that unfortunately there are many examples in various parts of the world where minerals—and I don't know much about diamonds, but I think diamonds particularly—have been used by multinational corporations to prop up vicious, repressive dictatorships.

I think we know that both are true. I'm trying to figure out where this fits in the total scheme of things.

Regrettably, after the international human rights subcommittee heard many submissions giving evidence around just the trampling of everything from labour standards to health and safety practices, environmental protections, and human rights protections, the subcommittee proposed and this committee endorsed recommendations for how the Canadian government needs to address some of those problems. I'm seeking some reassurance that we're not a little bit blinded by what some of the implications of the changes could be.

I'm not asserting that, but I'm trying to understand it. It seems to me that our concern is entirely here for one partner in the process, but I don't get a sense of the overall implications of what is being proposed.

I also have a couple of factual questions, if I could ask them and ask that you respond.

With respect to specifically what we're dealing with, I'd like to understand what it means to be proposing the exclusion of diamond powder. I don't know really what diamond powder is. Can you give us a little better understanding of what it is and why it would be excluded?

Secondly, I think you may have explained this, but currently, does Canada in fact publish the statistics that we're looking for here, in a form, but it's a question of transparency or how widely they're available; and are they being used effectively now by other participants in the Kimberley Process to monitor the international diamond market?

Thirdly, maybe it's too early, but has there been any assessment of the impact of the implementation to date of the Kimberley Process, the impact it may have had on the entry of conflict diamonds into world commerce?

● (1225)

[*Translation*]

The Chair: Mr. Lomas has the floor.

[*English*]

Mr. Bob Lomas: To go back to the first point, I think it's important to understand that it was several south African countries that have initiated this process. Essentially all—all but one, anyway —of the diamond-producing or diamond-trading countries in southern Africa are participants in the process. I think there should be some comfort from the fact that it is southern African countries that actually led the development of this process, to protect their markets and to protect their economies, really, because they're fairly dependent on diamonds.

I'll skip to your last question, about successes. There have been clear indications that in certain countries legitimate exports of diamonds have increased, which means revenues to governments in those countries are also increasing. Sierra Leone is one example we've used, where prior to the process there were about $10 million of recorded exports, and now I believe it's in the range of $130 million plus. There are a couple of concrete examples of what we think are successes of the process.

As for excluding powders, it's not so much powders; I would rather use the term small diamonds. When you get production, you get a range of sizes: you get some very valuable large diamonds; you get some very low-value small diamonds. You also get very small diamonds from exploration samples here in Canada, which currently require a certificate. Often we have shipments of less than half a micron.

Those are the kinds of diamonds that would be excluded from the process. They're very low value. For Canada, these are not a big part of our trade, but this would make us consistent with the rest of the world and where the process is going.

In terms of publishing statistics, we currently provide, through the Kimberley Process, our national trade statistics, which Statistics Canada produces. One of the problems we're running into is that they are different from the Kimberley Process statistics. The Kimberley Process statistics track essentially all flows of diamonds, and not all flows of diamonds are recorded as trade. For example, if someone brings a sample of rough diamonds into the country for a trade show or something like that, we would have a Kimberley Process certificate come into the country with that shipment. It would go out of the country with that shipment when it was returned to wherever the source was, but it would not show up on our trade statistics. It would not be an import and an export into Canada.

We found that trying to explain those differences is causing a lot of confusion. We're saying we didn't have an export to somebody, but we issued a Kimberley Process certificate, for example. Our trade statistics would not show an export, but our Kimberley Process data does. It became very confusing on the international scene to try to make comparisons of what these flows actually are.

Ms. Alexa McDonough: There's a certain amount of streamlining for consistency.

Mr. Bob Lomas: It's consistency of comparison; that's exactly right.

The Chair: Thank you.

[*Translation*]

Did you have a question, Mr. Paquette?

Mr. Pierre Paquette (Joliette, BQ): According to the document you provided us with, there were discussions between stakeholders, business and NGOs. Did you have to play the role of a referee when this legislation was being drafted, in order to meet everyone's goals or, generally speaking, was everyone comfortable with the bill?

Mr. Bob Lomas: I think that everyone was comfortable with the bill. The NGOs are involved in the process and participate in international meetings. They include, for example, Partnership Africa Canada and Global Witness. They were present at the discussions.

● (1230)

Mr. Louis Perron: Those organizations are very supportive of amending current legislation in order to render it more immune to potential problems.

Mr. Pierre Paquette: This is a sensitive issue. We're been asked to support the bill. I'm happy to listen to you, but I would of like to feel certain that everyone feels this bill is headed in the right direction. This may be a first step that will be followed by others, either to extend this approach to other areas or to ensure that the goal has been met. It's like being asked to sign a blank check. I'd like to believe you but I want to ask you a question. According to the department, the goals of the bill reflect the concerns of the NGOs working in this area.

Mr. Louis Perron: The proposed amendments were drafted in order to resolve the dispute that Canada is currently involved in. Generally speaking, the discussions with the NGOs confirmed that those amendments are necessary. The NGOs support the amendments 100 per cent.

Mr. Pierre Paquette: I would like to ask one last question out of curiosity. Why did this go through the Senate rather than directly to the House of Commons?

Mr. Louis Perron: That is a good question. The answer is: for technical reasons. The main reason is that this was the preferred route given how parliamentary affairs are managed. The other reason is that these amendments are of a technical nature only. That is why the first step involved going through the Senate.

Mr. Pierre Paquette: On behalf of the senators, thank you for having kept them busy during that period of time.

[*English*]

The Chair: Mr. Day, do you have a question?

Mr. Stockwell Day: Just for clarification, in December 2002 Parliament did approve the Export and Import of Rough Diamonds Act. That has been approved. These are consequential amendments, as I understand it, and we have no problems with the amendments. We've worked through the various NGO groups and the corporate entities, and there's widespread approval and support for the act in itself.

The Chair: Thank you.

You have just received from the clerk the clause-by-clause consideration. There are seven clauses. My understanding is that there are no amendments to these seven clauses.

(Clauses 1 to 7 inclusive agreed to)

The Chair: Shall the title carry?

Some hon. members: Agreed.

The Chair: Shall the bill carry?

Some hon. members: Agreed.

The Chair: Shall the chair report the bill to the House...?

Madame Lalonde.

[*Translation*]

Ms. Francine Lalonde: Mr. Chairman, I would like the French version to be corrected. In French you say “ordonne au président” and not “ordonne le président”.

Mr. Pierre Paquette: We will therefore order it, because it does not appear to be in order.

The Chair: Thank you.

[*English*]

Shall the chair report the bill to the House?

[*Translation*]

Is it the role of the committee to order the chair to report the bill to the House?

[*English*]

Some hon. members: Agreed.

The Chair: That was fast.

I just want to thank you, Mr. Perron, Mr. Lomas, and Ms. Buchanan. We hope that everything will proceed in the House, when it's considered there.

I understand that we have on the agenda today two motions, one from Mr. Paquette and one from Mr. Menzies. I also understand that both agree that we will discuss these issues next Thursday, after Mr. Peterson, the Minister of International Trade, appears in front of the committee.

Do we agree on this?

Some hon. members: Agreed.

The Chair: Merci.

This is the first time we've passed a bill so quickly.

Merci. The meeting is over.

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