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Mr. Leon Benoit



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● (1110)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good morning, everyone.

Everyone take their seats and we'll get the meeting started.

Before we get to the witnesses today, I would like to note that we've been starting our meetings late quite regularly. I really want that to end. Today, of course, because of the committee that was here before, it's understandable, but from now on, I really want the meetings to start and end on time.

I'll start today by ending this meeting at 1 o'clock, sharp. It's not fair that people have to leave to get to their next meeting and our meeting is extended.

Next time, I encourage everyone to be here on time. I will start as long as we have three members, which is all we need to hear witnesses. So please stick to the timelines that have been laid out for the committee.

I will now get to the business of the meeting today, which of course is a continuation of our study on Canada-U.S. trade. We're dealing with investment issues and other trade issues, including the security and prosperity partnership of North America.

We have, as our witnesses today, from the Canadian Labour Congress, Teresa Healy, senior researcher; from the Canadian Trucking Alliance, David Bradley, chief executive officer, and Ron Lennox, vice-president, trade and security; from the Quebec Network on Continental Integration, Normand Pépin, director, research services, and Nancy Burrows, coordinator; and from Carleton University, Michael Hart, Simon Reisman professor of trade policy, Norman Paterson School of International Affairs.

We will start in the order the witnesses are listed on the agenda. We'll start with the Canadian Labour Congress and Teresa Healy.

I must insist that you stick to the eight minutes that have been allocated. Also, I will cut off the presentations if they go any significant amount beyond that.

Please go ahead, Ms. Healy.

Ms. Teresa Healy (Senior Researcher, Canadian Labour Congress): Good morning.

I would like to thank you for this invitation to appear today.

The Canadian Labour Congress represents 3.2 million workers across Canada. We live and work in every single community in this

country, and we have expertise as workers on every single economic sector as well.

In the labour movement, we are concerned for the well-being of our members and their families, of course, but our concern is broader than that. We organize ourselves by a principle of solidarity, and solidarity has brought us directly into the political realm to fight for public health care and other public services, for equality for women, for dignified work, and a welcoming society for immigrants, for good jobs, and a just economic policy here in Canada. We also work to see that our government represents us in creating a just international order.

Last week we were horrified to hear of the death of two Chinese workers at an oilsands project in Alberta. Migrant workers facing the most precarious working and living conditions in the country also face dangerous work and are vulnerable to abuse in many forms.

In solidarity with organized and unorganized workers across the country, the CLC appears before you today to ask you to consider very carefully the implications of the so-called security and prosperity partnership. We ask you to candidly assess this initiative by answering the question: security and prosperity for whom?

As social activists, we in the labour movement usually have our eyes on the laws that are proposed, passed, reformed, or defeated in our respective legislatures. What the SPP reveals is that the government executives in North America are willing to cooperate to avoid legislative and public challenge. Democratic debate and decision-making are making way for privileged corporate access and new rules that undermine sovereignty and human rights.

The SPP, like NAFTA before it, is partially about trade, but more fundamentally it is about changing the role of the state in relation to investment. It has allowed private investors to continue to push for privatization of public services and an expanded role of the market into the public economy. The creation of an integrated and increasingly privatized North American economic bloc is intended to strengthen the position of North American corporations in world order under the economic and security umbrella of the United States.

Our relationship with the United States is certainly about trade. Many of our members depend upon jobs in the traded sector of the economy. We miss an important lesson, however, if we think about economic integration in North America only in terms of trade flows.

The so-called big idea of negotiations leading to a broader trade and investment treaty has fallen out of favour. Rather, in the context of widespread opposition within civil society and among progressive political parties, proponents of ongoing liberalization have moved underground to promote what is known as deeper integration across North America.

Some define deep integration as coordinated actions by governments, intended to eliminate regulations and open up service markets to foreign competition. Others simply call it NAFTA-plus. At its core, the idea is that the more governments harmonize regulations across borders, the deeper economic integration has been achieved.

As the Minister of Industry Canada said recently, he is working, "to ensure that Canada and U.S. regulations are harmonized". Where this is not possible, Minister Bernier stated, the government will work with industry to recognize regulatory differences and ensure "an attempt be made to soften them".

The agenda of regulatory reform tells us that NAFTA did not bring absolute free trade into being. There are still ways in which market regulations are subjected to restraint by society. From a neoliberal point of view, this must be changed, political opposition notwithstanding.

The SPP agenda tells us that the reforms should diminish environmental regulations, speed up food safety and drug approvals, loosen occupational health and safety requirements, and facilitate the rapid production, export, and consumption of energy resources.

● (1115)

Regulatory reform is also meant to impose corporate-defined benchmarks as "best government practices" to govern the provision of public services.

The SPP is about increasing the power of corporations and ongoing deregulation. However, the current project of regulatory reform is also meant to impose a new layer of regulations on workers, citizens, and residents of North America, framed with an anti-terrorism justification. In this sense, then, deep integration is also about re-regulation and a much stronger role for the state.

Since 9/11 Canadian investors with powerful economic interests in closer integration with the United States have refocused their efforts, but now have cloaked them in the language of national security. Regulatory reform appears at one level to be a mundane and routine area of public policy-making, which simply deals with what makes sense. However, it is anything but that.

The SPP is not a signed treaty and has never been brought before the legislatures of North America for discussion and review. It is driven by the executive levels of government in consultation with the business community but excludes the legislatures and parliamentary oversight. It is a process that depends upon working groups within the public service of all three countries but excludes public consultation. The CEOs, however, have unfettered access to this process. While I could go on at length to talk about the U.S. energy security agenda, I won't do that right now, nor will I talk about the hyper development of the tar sands, which is something I could speak about, but this is something that you might want to refer to in the brief I submitted to the committee.

What I would like to comment on in the last minute I have here is that we're very concerned about the increased harmonization of Canadian and U.S. customs and immigration policies in respect of the security agenda. The SPP provides for an ongoing process of negotiation on the terms of expanded border surveillance infrastructure. Elements of a common trade and security perimeter are being introduced, with implications for sovereignty, and, on the security front, advances are also extremely worrisome in terms of civil liberties.

We need to understand this aspect of the SPP in relation to the impact on workers, especially workers of colour. What are the mechanisms within the SPP to evaluate the relationship between security cooperation and human rights? Who is monitoring the effects of the new security regime on workers of colour and racialized immigrants as well as migrant workers?

Finally, I'd like to conclude by saying that the great tragedy of this new cooperative dynamic between Canada, the United States, and Mexico is that it does nothing to address the most pressing issues of our day. Given the many ways in which governments in North America could cooperate to increase social equality, it's very clear that these areas are not being addressed by this agenda.

Since the Second World War, the United States has drawn Canada ever closer to itself. Canadians, however, have stubbornly taken their leaders to task in the great debate over whether a government should promote an east-west or a north-south economic orientation. Indeed, Canadians and their social movements and their political parties, in many respects, have worked hard to reveal the interests of capitalists hidden behind the invisible hand of the free market. Over the past five years, the institutional racism exerted by the iron fist of the security regime has been revealed as well.

We call for full public hearings and a vote in Parliament on the SPP. We call for abolishment of the North American Competitiveness Council. We would like to see review and study of the implications of further security cooperation with the United States on workers, especially on immigrant workers. We call for the government to abandon any regulatory agenda that leads to the hyper development of the tar sands. We call for the government to abandon any regulatory reform agenda that leads to the downward harmonization of standards. Finally, we call for a process that is open, transparent, and accountable, leading to a North American relationship built on democracy, human rights, and sovereignty.

● (1120)

The Chair: Thank you, Ms. Healy.

We will go now to our witness from the Canadian Trucking Alliance. I understand that Mr. Bradley couldn't be here today, so, Mr. Lennox, please go ahead, for eight minutes.

Mr. Ron Lennox (Vice-President, Trade and Security, Canadian Trucking Alliance): Thank you very much.

First of all, David offers his regrets. He's been ill for the last couple of weeks. He had planned to be here until as late as last night, but, unfortunately, he just couldn't make it. He's asked me to read the following statement on his behalf.

Let me begin by thanking the committee for the opportunity to appear this morning. I'll address some specific issues regarding the security and prosperity partnership and the North American Competitiveness Council in a few minutes. But let me begin by giving you a trucking industry perspective on trade and the Canada-United States border.

No doubt, everyone today recalls the scene back in mid-September 2001: trucks were backed up for miles waiting to cross into the United States. Despite the frustration and confusion that reigned during those days, people, truck drivers especially, understood that we were dealing with an unprecedented situation. The U. S. had been attacked and its government reacted as its citizens would expect, by subordinating everything to national security. As difficult as it was, everyone knew that the border backlogs would eventually be cleared.

Now, almost six years on, border delays can still happen at any time, but they're not a feature of the nightly news, and the lineups, when they do occur, are generally shorter. But no one should have the illusion that all is well at the border. There is no room for complacency. To a great extent, the current situation reflects the fact that Canadian exports of manufactured goods to the United States are soft. Both car and truck traffic are down. The reality is that the border continues to thicken, and this is a threat to our economic wellbeing.

In some respects, the situation immediately post 9/11 was easier to deal with than today. The Canada-U.S. smart border declaration of December 2001 was the result of a great sense of urgency and purpose by the two national governments.

Improved security and trade facilitation was the goal repeated at every conference, at every meeting, in every speech, and in every interview by politicians and government officials. It made sense then, and it still does now, but are we on the road to achieving that

balance? Regrettably, from where I sit, listening daily to the folks who work in the trucking industry and who move two-thirds of Canada-U.S. trade, I have to respond no.

Despite the lofty intentions of the two governments, the border is increasingly bogged down in a seemingly endless stream of costly and often redundant security measures and fees, mostly emanating from the U.S. Some may tell me to be patient, that it's just over five years and we're still in the midst of a transition from the old way to the modern border, where data moves electronically, trucks are processed efficiently, and border officials are able to surgically target those who may do us harm. No doubt, there is some element of that going on. The border is becoming more automated and, done right, by eliminating paper and the need for physical inspection, this should help speed things up over time. There's still hope that risk assessment programs, like free and secure trade, will one day reach their full potential.

But the flip side, and one I hear most often, is not so optimistic. Over the past five years those involved in cross-border trade, but particularly the truckers, have had to restructure their operations to respond to at least a dozen major U.S. security initiatives.

Trucking companies in the thousands have adopted supply chain security programs and have invested in expensive information systems enhancements or outsourcing arrangements to meet strict prior notice requirements. CTA has estimated that the cost to the trucking industry alone just to cross the border into the U.S., which inevitably ends up being passed on to our customers, is about half a billion dollars per year.

Yet even if a company has done everything possible to secure its business, should one individual, say a truck driver, be apprehended for smuggling drugs into the United States, the company he works for will see its C-TPAT and FAST designations automatically cancelled pending a review, which can stretch to several months, putting that company's transborder business in jeopardy.

Initially, companies were encouraged to promote and market C-TPAT and the FAST program as a way to generate business. But it has also been suggested to us that carriers should be wary about promoting their C-TPAT status too broadly less they become targets for smugglers.

There's also an important personal dimension: border security was supposed to be all about keeping the bad guys, the terrorists, out. The rest of us, the other 99.99%, were supposed to be able to continue to travel and trade with a minimum of aggravation. It hasn't turned out that way. Our drivers face the prospect of multiple background security checks, sometimes for different programs within the same department. Trucks drivers have been berated and fined for packing roast beef sandwiches and oranges in their lunch bags. The slightest administrative error and they can be held up for hours. In the worst case, they can lose their FAST card and have little chance of getting it back.

(1125)

It would be easy to blame the border inspectors, the folks on the front lines. No doubt they do take the brunt of the criticism, and, yes, on any given day, some people will say and do some dumb things or take themselves a little bit too seriously. But let there be no confusion: no one gets promoted for getting more trucks across the border. The real responsibility lies with those sequestered far from the border in our nation's capitals. It is there where I believe perspective needs to be regained.

Lawmakers and public officials seem to be able to roll out new programs and requirements at will. This spring, for example, single-crossing U.S. customs fees for trucks were increased. New U.S. agricultural quarantine inspection fees will be imposed June 1 on all trucks crossing the border, regardless of what they're hauling, even though the agency responsible freely acknowledges that between 80% and 95% of the trucks entering the United States don't even move commodities of interest.

Yet another redundant, duplicative, and expensive transportation worker identity card is being introduced this year, initially at U.S. seaports but eventually at all transport facilities. Truck drivers who have already been security screened under the free and secure trade program will need one of these cards regardless, at a cost of \$100 or more.

I'm sure everyone here is aware of the western hemisphere travel initiative. It has been cast as a tourism issue, but make no mistake, if problems are incurred in getting the right credentials into the hands of truck drivers or if there are significant backups in non-commercial traffic, it will spill over into the commercial lanes; it will very quickly become a trade issue as well.

Since 9/11, three major initiatives have been rolled out in an attempt to cope with this dilemma of how to make the border more secure without choking legitimate traffic and trade. First, there was the smart border declaration, then the security and prosperity partnership, and most recently the North American Competitiveness Council.

While CTA has been engaged in all three exercises and saw in each the opportunity to push through some much needed reforms, I'm beginning to question whether we have lost focus and whether

the focus and urgency that characterized the smart border declaration, which is being driven in this country by a small focus team in the Privy Council Office, has been similarly defused.

Make no mistake, the Canadian Trucking Alliance expressed support for SPP when it was first announced, but I have to be blunt in stating that I am underwhelmed by its impact to date. At its initial incarnation we were told that the SPP was to deal with low-hanging fruit, those issues that individually might not appear to add up to much but in combination would have a positive impact on the border

Initially, there was some progress. I point to the 25% solution to increase throughput at Ontario-Michigan border crossings as a useful exercise. Other initiatives in progress also hold promise, most notably the commitment to harmonize automated systems that are used to transmit and receive information from U.S. and Canada Customs

However, I can't help but note that one of the most important SPP initiatives as far as the trucking industry is concerned, something that had its genesis in the smart border declaration, was shot down last week when the U.S. Department of Homeland Security said it was officially backing away from a commitment to pilot reverse inspection at two Ontario-New York border crossings, the principal one being at Buffalo-Fort Erie.

This was a positive initiative with support not only from traders on both sides of the border but from the local communities themselves. No one ever said that reverse inspections would work everywhere, but they did hold promise at the Peace Bridge. If agreements to conduct pilots of potential solutions can be unilaterally shelved, what confidence can we have in other agreements and declarations?

One other example, a seemingly innocuous initiative under the prosperity banner, would have seen a streamlining of the process by which Canadian carriers file proof of insurance in the United States. But what has happened? The issue has been thrown into the formal rule-making process. Earlier this year, CTA and others filed comments in response to an advance rule-making notice. Sometime in the future there'll be a formal rule-making proposal, and maybe, eventually, there'll be a final rule that will make things better for Canadian carriers. I don't believe this is what the formulators of SPP had in mind.

It's probably too early to reach any conclusions about the North American Competitiveness Council. It has served to once again raise the profile of border issues to a certain degree, and it makes some recommendations on issues of concern to trucking, such as the agricultural fee issue I referred to earlier. But whether it can or will ultimately be a mechanism for effectively dealing with the kinds of issues truckers deal with on a daily basis or to regain the kind of momentum initially generated by the smart border declaration remains to be seen.

I would also like to add that in our opinion, our own government needs to be better organized and less diffuse in its approach to border issues. This is our economic reality as an export-driven economy and the other partner in the world's largest bilateral trading relationship.

• (1130)

Thank you very much for the opportunity to appear here this morning, and I'd be pleased to answer questions.

The Chair: Thank you, Mr. Lennox, for your presentation.

We'll go now to the Quebec Network on Continental Integration. We have two witnesses today, Monsieur Pépin and Ms. Burrows. Either one or both of you can make a presentation up to eight minutes. Go ahead.

[Translation]

Mr. Normand Pépin (Director, Research Services, Central des syndicats démocratiques, Quebec Network on Continental Integration): I will begin the presentation, and Nancy will pick up where I leave off.

The RQIC is a multisectoral coalition that brings together 20 or more social organizations in Quebec, including union, community, grassroots, student and environmental organizations, women's groups, and human rights and international development organizations. Altogether, we represent 1 million people in Quebec.

Today you have appearing before you the representatives of the CSD within the RQIC—myself, in other words—and Nancy, who represents the Fédération des femmes du Québec, or FFQ, within the ROIC.

To begin with, I'd like to thank you for extending your hearings beyond what was originally planned, which was to hear only from officials representing the departments concerned and employer organizations, with the exception of the Canadian Centre for Policy Alternatives. It was a great initiative on your part, but it will not be enough.

These hearings are extremely important, but they do not provide an opportunity to reach parliamentarians as a whole—there are about 15 of you here today—and even less so, the people of Canada. And yet, all these people should be kept informed of what a small group of members of the Executive inside the Canadian government is negotiating on their behalf—in other words, the Prime Minister, the Ministers of Industry, Foreign Affairs and Public Safety, and a select group of private sector executives.

We believe that the Security and Prosperity Partnership of North America, or SPP, is an important issue that should be subject to a broader social debate and a vote in the House of Commons. The government cannot hide behind the fact that this is not a duly signed treaty between the three countries to justify its current behaviour—in other words, working behind closed doors and only disclosing the information that it is absolutely required to disclose through access to information requests, or claiming that these discussions are only aimed at resolving technical issues that are hindering trade between the three countries.

They would clearly have us believe that the object of this initiative is to harmonize the size of cans that are used, so that they can be sold in any of the three countries. But if we're talking about bulk water exports or quintupling the production of oil in the Alberta tar sands, well, those are societal choices that are being challenged. And even if we are only talking about harmonizing the size of cans to be used, is this really that innocent a process, when we know that the country that is used as a benchmark will be well ahead of the other countries —as well as everyone using the right size of can—in terms of producing cheaper cans?

With the tabling of the first progress report on the SPP to leaders by their ministers, three months after the partnership initiative was launched, our apprehensions were confirmed through the fact that working groups engaged in their specific tasks long before the official launch which, in reality, only lifted the veil on the existence of the partnership. Indeed, we discovered that 19 working groups had been established: nine dealing with security and 10 dealing with prosperity. They were tasked with moving forward a hundred or more initiatives with 317 underlying objectives.

As early as June of 2005, this initial report told us that the timelines for some of these objectives had already been completed. When the second report to the leaders was tabled in August of 2006, 65 of those objectives had already been met. Therefore, the SPP is clearly moving ahead at breakneck speed, even though almost no one, other than business executives, is aware of that fact.

The SPP introduces a new mechanism whereby the private sector now controls the decision-making. The chief executives of the largest firms in each of the three countries are now involved in the negotiations and have direct access. They lay out the objectives and the ways of implementing them, whereas the Executive in each of the countries—the three heads of state and the nine ministers responsible for the SPP—are tasked with instrumentalization, through specific economic policies or changes to certain regulations.

The legislative route is to be avoided like the plague because it is seen by business executives as leading nowhere, based on their own statements in that regard, probably because of the debate that changing existing laws or introducing new laws would give rise to.

So, no longer is there any need to engage in backroom lobbying when you have direct access to the powers that be. That access was formalized in June of 2006 with the creation of the North American Competitiveness Council, which is made up of representatives of the 30 largest corporations in North America, for the purpose of advising heads of state on issues relating to North American competitiveness.

Another fact that warrants mention is that the 10 Canadian members of the NACC, who were appointed by Prime Minister Harper in June of 2006, are all members of the Canadian Council of Chief Executives, an organization that represents the CEOs of the 150 largest Canadian corporations in Canada. And, it will come as no great surprise that the CCCE is also acting as the secretariat for the Canadian Section of the NACC.

As an illustration of the prominent role of business executives in the North American integration process, I would like to quote the words of the U.S. Secretary of Commerce, Mr. Carlos Gutierrez, at the meeting to launch the NACC on June 15, 2006, in Washington:

The purpose of this meeting was to institutionalize the North American Security and Prosperity Partnership (SPP) and the NACC, so that the work will continue through changes in administrations.

So, governments can change. The CEO members of the NACC will ensure that any work undertaken through the SPP will continue.

(1135)

Later, Mr. Ron Covais, CEO of the arms multinational Lockheed Martin, and Chair of the U.S. Section of the NACC, told *Maclean's* magazine that the ministers had told them that if they let them know what had to be done, they would make it happen. That document, that we are unable to distribute because it is in French only, contains the list of NACC members.

Since when are corporate executives the only ones with something to say about such issues as competitiveness, prosperity and security?

I will now turn it over to Nancy.

Mrs. Nancy Burrows (co-ordinator, Quebec Network on Continental Integration): One of the particularly worrisome aspects of the SPP is that it links security and economic prosperity. The SPP can be seen in the global context of increased militarization, as the most powerful country on the continent, the United States of America, wages the war against terrorism, with the result that national security trumps the rights of citizens and has become a pretext for increased government control over the people.

In that context, harmonizing Canadian policies with those of our neighbours to the South is particularly frightening in terms of protection for human rights. We have only to think of the passage of Bill C-36, the Anti-terrorism Act, following 9/11, or the sharing of terrorist watchlists, which resulted in some significant failures, including the case of Maher Arar.

Furthermore, there is now talk of implementing compatible immigration security measures between the three countries and of integrated police enforcement teams at our borders. Canada, like Mexico, would have to adapt to security threats facing another country by abandoning some of its sovereignty, but without having either the means or the power to verify the content of those threats. We do not want to be the United States' lapdog; we want to maintain our ability to establish our own rules and policies based on our own societal choices.

I know you have already received testimony about concerns with respect to water, natural resources and energy security, but I would like to spend a few moments talking about the example of the tar sands. We know that the United States has an insatiable appetite for oil and that it is increasingly seeking oil sources in more stable

countries than its traditional suppliers. With the abundant supply available through the oil sands in Northern Alberta, Canada has become an ideal source of supply.

Natural Resources Canada and the U.S. Department of Energy hosted a meeting in Houston, Texas, on January 24 and 25, 2006. Attending that meeting were executives from the U.S. oil industry and from the major oil sands export projects, as well as representatives of the governments of the United States, Canada and Alberta.

That meeting literally took place the day after Stephen Harper's Conservative government took office, on January 23, 2006. None of the people attending that meeting was elected. From whom had senior officials in attendance received their mandate, given that Paul Martin's Liberal government had just lost the election and Stephen Harper's new government had not yet been sworn in?

The discussions were anything but of a purely technical nature, as the governments involved often claim. The report on the Houston meeting told us that there is now talk of accelerating the rate of development and increasing production from the oil sands four or fivefold, over a relatively short period of time. The debate around extracting oil from the oil sands raises significant environmental issues. That practice produces three times more greenhouse gas emissions than conventional oil extraction, produces tons of toxic waste and ruins thousands of square kilometers of land.

In addition, the report recommends that the Canadian and Alberta governments simplify the environmental approval process for energy projects, because time is of the essence for the United States. It should be noted that this report was co-produced with Natural Resources Canada.

This matter, along with the entire SPP process, has to be subject to public debate. The January, 2006 meeting is one of many examples that illustrate the power the corporations hold in these negotiations on public policy issues that affect all Canadians.

In conclusion, the least that can be said is that we are skeptical about the potential benefits for the people of Canada of a process whose fundamental objective seems to be to create an ideal climate for business, rather than ensuring...

● (1140)

[English]

The Chair: Ms. Burrows, if you could wrap up very quickly, please, you're quite a bit over time now.

[Translation]

Mrs. Nancy Burrows: In conclusion, we are demanding a moratorium on the entire SPP process, until such time as the work carried out thus far under the SPP is fully disclosed, an impact study has been carried out and there has been real public debate on these issues. We are also calling for the dismantlement of the NACC, which is illegitimate. We are talking about our future here. All citizens of this country are affected and must have their say about the types of linkages we want to maintain with the other people with whom we share this continent.

[English]

The Chair: Thank you.

We have now, from Carleton University, Professor Michael Hart, and he's from the Norman Paterson School of International Affairs.

Go ahead, please, Professor Hart.

Professor Michael Hart (Simon Reisman Professor of Trade Policy, Norman Paterson School of International Affairs, Carleton University): Thank you, Mr. Chairman, and thank you for the opportunity to appear before the committee and share some of my ideas on the security and prosperity initiative.

Let me begin by saying I don't represent anybody. As you know, university professors are a rather contrarian group, and the idea of me representing any one of them would be taken I think with some deep offence. So I'm here purely on my own responsibility, expressing my own views, and I think I'm here because I have some background in this, both as a government official and as an academic analyst.

Let me comment briefly on the SPP so we can get on with the questions.

I think some of the witnesses here are perhaps a little overexcited about the SPP. I think there's not much to it. What it really is, is a kind of packaged version of what's going on as part of routine between Canada and the United States.

The Canada School of Public Service did an interesting study a few years ago looking at the extent of networks between Canadian and American officials, and they stopped counting when they reached 240. What do these 240 networks do? They solve problems together. They recognize the fact that Canadians and Americans have similar kinds of problems, live very closely together, and have deeply integrated economies, so they set up working groups, they set up networks, and so on, in order to solve those problems. These go on, on a regular basis.

What the SPP did, and a number of initiatives before that, is take many of these ongoing initiatives and package them together to provide a little bit more political jazz to them, and what's useful to officials, in order to provide them with some political leadership. To an official working on a problem, the kind of speed and intensity with which you address those issues is dependent on the amount of political leadership you see, the amount of political commitment you see to a problem. So what the SPP did was try to raise the profile of some of the work that was going on and give it a little bit more political pizzazz.

That's nice. When you look at it, as I've done, the SPP represents the sixth reiteration of that package. There have been a series of such packages going back to 1996, which put together a series of problems dealing with cross-border trade, cross-border investments, and so on, which require the attention of officials. So there's really nothing all that new about it, and that's my main complaint about it—as good as it is, it just isn't good enough. It really doesn't address the real problems that Canada and the United States need to address in the world in which we now live.

The biggest problem that I see with it is that it is an initiative that is limited to what can be done by the three governments within their

existing legislative mandates. There's a commitment that they will not do things that will require them to go to Parliament or to Congress in order to make changes. What that means is we will have little changes and incremental approaches to problem solving, whereas I think in the world of 9/11 and in the world of deep integration, there are things that need to be done that require the governments to go to Parliament and to go to Congress to seek deep changes.

What we need to do is take the issues that are in this initiative, add some to them, and make them part of an initiative that will lead to a treaty, similar to what was done in the 1980s in negotiating the Canada-U.S. Free Trade Agreement, where similarly there were a lot of smaller problems being attended to and they were finally rolled up into a serious initiative that led to a bilateral treaty. I think that needs to be done on the SPP front. Why? Because I think there are three fundamental problems that need to be addressed by the two governments. I emphasize the two governments because I think the issues between Canada and the United States are of a different order from the issues between the United States and Mexico, and there are virtually no issues between Mexico and Canada. So the SPP, in effect, is two parallel initiatives that are joined for the convenience of U.S. officials.

I emphasize that we need to concentrate on Canada-U.S. issues, and there are three. The first is the border. Ron Lennox has already I think given you some pretty good illustrations of the extent to which the border is a problem. If you take into account the depth of integration between our two economies, if you take into account the nature of international trade and investment today, the fact that we have the whole just-in-time production system where we now rely increasingly on what are known as "global value chains", where goods and services move back and forth and different parts of a large network of companies and suppliers integrate that into final products, it is critically important that the border be as open and unintrusive as possible. What we have seen since 9/11 is a border that has become more intrusive as many more things have been loaded onto the border that could be done elsewhere, or perhaps not done at all.

• (1145)

I think we've reached the stage, for example, where we should stop considering the border as a revenue-gathering device. Given the extent of free trade that we have, I remain deeply offended every time I cross the border and I have somebody with a hat and blue shirt asking me if I bought anything in the United States. Who cares? Given the depth of integration and the amount of harassment of people on that small point, which raises at most several million and costs more to administer than it does to do anything useful, I think we should stop thinking of the border as a revenue device.

Secondly, the border is used in order to ensure regulatory compliance. On the Canadian side of the border the immigration and customs officials are responsible for ensuring compliance with over 100 statutory instruments on behalf of their department and other departments. On the U.S. side they're responsible for ensuring compliance with 400 statutory instruments. Many of those things companies comply with regardless of whether they're being checked at the border. What we should be looking at is what can we move away from the border and what can we rid of altogether so that the border can become what it should be: a place where we look after security matters. Even there I think we would have a more secure border if we had proper police and intelligence cooperation rather than a teenager on a summer job asking whether or not you're going to wish one country or the other harm. I think we need a much different approach to the border.

The second issue we need to look at that is related to the fact that we have a border that is used largely to ensure regulatory compliance is the whole issue of regulatory convergence between Canada and the United States. We have two very similar economies with people who demand very similar things, and as a result we have very similar regulatory regimes in place, but they are sufficiently different to ensure jobs for all kinds of people on both sides of the border ensuring these tiny little differences. I think the time has come for us to move much more expeditiously than is being done under the SPP to reduce those small differences to no differences and therefore reduce the number of things that need to be done at the border. In the question period I'd be happy to elaborate on some of this in more detail.

Finally, in order to do that, I think we need to develop a sufficient institutional capacity between Canada and the United States to govern the extent of integration between our two economies. I find it shocking every time I look at it that Canada and Europe have a more extensive institutional framework in place to look after that relationship than Canada and the United States does between them. I think the time has come for us to put into the dustbin of history our fear of institutional capacity between our two countries and do what's necessary to ensure that we have the political oversight that this very deep and important relationship requires.

Doing those three things cannot be done on the basis of the kind of initiative that the SPP represents. It must be done at a higher political level, and it requires the kind of bureaucratic and political leadership that is currently lacking. To that end, I would like to see the government establish a department of North American affairs to provide leadership over this and drive the agenda.

Thank you very much.

• (1150)

The Chair: Thank you very much for that presentation, Professor Hart

We'll go directly to the questions, starting with the official opposition.

Mr. Bains, for seven minutes.

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you very much, Chair.

I want to thank the witnesses for coming before the committee.

It's nice to see the range of views on this particular discussion we're having on SPP. As you know, we're trying to study trade and investment between Canada and the United States. Mr. Pépin mentioned the SPP is a treaty. My understanding is that it's not a treaty or an accord. I think it was very well described by you, Ms. Healy, as NAFTA-plus. It's an additional framework that works on top of NAFTA to help with integration matters.

I think there is a recognition that people have expressed concerns around accountability and transparency, hence why we're having these meetings. I think it's a step in the right direction.

These are televised meetings, so not only are they exclusively for the members here but also for the public who have access to television and can view these meetings as well. I think there's an effort being made here to make this as open and public as possible in terms of parliamentary oversight.

I just want to confirm who is being consulted. I know that the Canadian Trucking Alliance has been consulted and has been part of the discussions. Is that correct?

Mr. Ron Lennox: Yes, sure. I can explain to you a little bit about our involvement.

Again, when the SPP was being rolled out, there were discussions between us and various different departments of government; it wasn't just one. We weren't just dealing with customs; we were dealing with transportation, we were dealing with immigration, because they were looking at various different initiatives and they wanted our perspective on it because they knew it affected us. This, to me, is normal. This is the way we work every day. When a government department wants to do something that will affect the trucking industry, it typically will consult us, and the SPP was no different.

Our involvement in the North American Competitiveness Council was less so. We're certainly not represented as one of those 30 on the council. We did have several conversations with the Canadian Council of Chief Executives, which was coordinating Canada's input on that, and had given it several suggestions for what we thought would be appropriate.

Hon. Navdeep Bains: Ms. Healy, was the Canadian Labour Congress ever involved in any discussion? Was your input ever sought after? Were you ever asked for your input in any capacity?

Ms. Teresa Healy: We've never been invited to participate in any of the working groups. Any discussions we have had, we have made inquiries and made our own efforts to have discussions, but we've never been invited.

Hon. Navdeep Bains: Okay. So you've made an effort on your end. You've submitted information. You tried to get involved in the process, but there hasn't been that kind of forthcoming attitude on behalf of the process from the SPP and the government.

Ms. Teresa Healy: That's right. There's no mechanism for us.

Hon. Navdeep Bains: I have a similar question for Mr. Pépin on the Quebec Network on Continental Integration? Were you ever involved, or have you ever been asked for your input, in any capacity?

[Translation]

Mr. Normand Pépin: We were never contacted. The information we have comes from our own research. As I pointed out in our presentation, often this is material we have obtained through Access to Information requests in the United States. That is how we are able to obtain information about the process. Otherwise, we are not consulted.

[English]

Hon. Navdeep Bains: Mr. Hart, I know you don't represent professors, so I can assume that you haven't been consulted directly on this matter.

Prof. Michael Hart: I have never been formally consulted. Have I been asked questions? Yes, often. Do I have difficulty gaining access to people working on the issues I'm interested in? No. Is there information available that I need on this initiative? Yes. There is an extensive website available, which is full of useful information, contacts, and so on. So anything I want to know about the SPP I can gain access to.

Hon. Navdeep Bains: I'm glad, because the second line of questioning I had was about the concerns that have been raised that there's a hidden agenda, or there seems to be a lack of transparency, and especially with respect to the North American Competitiveness Council, which has put forth some results and has made some recommendations.

Ms. Healy, you mentioned this in your research paper, but what specific concerns do you generally have that you think they're trying to hide or they're trying to avoid public discourse over? What specific concerns do you have about their recommendations or their approach?

• (1155)

Ms. Teresa Healy: Our concerns are that when you get into any of the substantive areas of concern, for example, energy, there is a series of objectives that is led by the biggest corporations in this country, and indeed in North America, that is not representing a wider concern of the concerns of society.

So, for example, in this hyper-development of the tar sands and the regulatory reform that is related to it, what we see are the interests of large corporations trying to extract resources as quickly as possible without any regard for the environmental impact, which, as has been mentioned today, is quite significant, nor for the safety and dignity of workers involved or for the communities that are experiencing this kind of rapid industrialization.

Hon. Navdeep Bains: One of the issues that was brought forth by Mr. Hart is the question—and I think he raised a good point—of why, when you cross the border, do they even ask what you've purchased now that our economies are so well integrated with NAFTA.

You have indicated in your research paper as well that from 1996 to 2005 we've generated an accumulated surplus of close to \$150 billion. It's helped generate many jobs here, especially in Ontario, which is reliant on manufacturing.

With the appreciation of the dollar, there is concern that we're losing jobs. Isn't it in our best interest as a country to have strong working relationships with the United States to improve integration and trade? If there are concerns you've raised, as you alluded to, with the tar sands or with bulk water diversification, those are genuine concerns, but aside from that there are many synergies and areas we need to work on to help improve trade. In your opinion, do you feel that the SPP process in general is flawed, or are there specific components that are flawed?

Ms. Teresa Healy: Our understanding or analysis of this process has led us to the conclusion that the process as a whole needs to be discussed, debated, and thought through very carefully.

We see discussions about a reinvestment in infrastructure. In principle, we are in favour of infrastructure development in Canada. However, we want to see this governed by the principles of the public economy and related to a generalized economic development project that makes sense for regions in this country. We don't want to see new infrastructure built that is meant to receive containers of manufactured goods that are brought into the country. We want to see a discussion about what kind of infrastructure, about what kind of economy we are building this infrastructure for.

We have a manufacturing crisis in Canada. We know that in both the United States and Mexico there are very serious job issues and manufacturing issues that need to be dealt with. We need to have the kind of discussion that is going to acknowledge the seriousness of the jobs and manufacturing crisis. We need strategies that are going to develop the resources of communities and of industries.

The Chair: Thank you, Ms. Healy.

Thank you, Mr. Bains.

For the Bloc Québécois, Monsieur Cardin, for seven minutes.

[Translation]

Mr. Serge Cardin (Sherbrooke, BQ): Thank you, Mr. Chairman.

Ladies and gentlemen, good morning. Welcome to the Committee and thank you for your interest in such an important topic as this.

I want you to know, right from the start, Mr. Chairman, that I will be sharing my time with my colleague. We don't really know how things will go afterwards; we may not have another opportunity.

Based on what we have seen, the SPP clearly represents a threat to Canada's sovereignty. You may be surprised to hear that I am concerned about Canada's sovereignty, but it is a tremendous concern to me because, without Canada's sovereignty, Quebec will have difficulty asserting its own. That's the reason why I see this as an important issue. I want things to be perfectly clear.

In March of 2005, there was an SPP meeting. A number of things were discussed at that time: outlining approaches, developing strategies and fostering economic growth, competitiveness and quality of life. In that part, it was also stated that every country had agreed as well to establish departmental working groups, through the Security and Prosperity Partnership of North America, whose mandate would be to consult stakeholders. The intention was obviously to consult the business community. That is the whole rationale for this partnership—these are business executives. Mention was also made of state and municipal governments, and even non-governmental organizations. Earlier, the questions made it clear that not one of you with no direct connection to the business world had been consulted.

We know that any economic issue involves a societal choice, and that those choices have to be consistent with what individuals are seeking. That is the reason why people talk about consultations. Some say that everything should be completely rejected.

What are you suggesting in the way of a real consultation process? How would you participate in such a process?

(1200)

Mr. Normand Pépin: That is a very good question. We were struck by the lack of desire to hold broad consultations, as you have noted. But, first and foremost, this is a matter for Parliament to examine. This gentleman stated earlier that these sessions were televised. But we are not talking about *Canadian Idol* here. Few people have been following these discussions. If this matter is debated in Parliament, there is a greater chance that it will be in the headlines and that people will talk about it. If that happens, people will pressure their own member of Parliament to be given as much information as possible about the SPP. Other than that, I really don't know what we could suggest.

In his report to the leaders, Minister Bernier said that now that the CCCE had been consulted—and that is the only organization that was—he would consult other organizations. That was back in September of 2006, and it never happened. We invited the Minister, with four months' advance notice, to attend an evening briefing session that we held on March 23, the SPP's anniversary date. He replied saying that his schedule did not permit him to come and talk to us. It is clear that governments have no desire to engage us on this.

Mr. Guy André (Berthier—Maskinongé, BQ): My questions are along the same lines. I read your report with interest, albeit quickly, because I only received it this morning. You talk a great deal about deep militarized integration and a neo-liberalism phase.

Ms. Burrows, you stated that this process doesn't take into account our values and that it is undemocratic, since the Committee is meeting behind closed doors and that no information is being made available about its work. Both the direction and specific goals of the Committee are well-defined and affect our environmental, social and health care policies.

The idea of the United States, Quebec, Canada and Mexico harmonizing these policies is of concern to you. Basically, how will the harmonization of our policies with those of the United States and Mexico affect our values as Quebeckers and Canadians? How does this affect our own evolution?

• (1205)

Mrs. Nancy Burrows: We talked about sovereignty. We are concerned that this kind of harmonization will result in lower standards. Quebec and Canada have social policies, whether they relate to health care, drugs or the environment, that may be different from those in effect in the United States. But we are under no illusion: Canada is less powerful in North America than our neighbours to the South. Our fear is that our policies will be modelled after those in effect in the United States.

Security is a good example of that. The fight against terrorism is a concern for the United States. That commitment forces us to make all kinds of changes to our own laws and policies, in order to meet the needs of a third country. However, that does not jibe with our social vision.

Mr. Guy André: At the same time, entrepreneurs often have interests in both the United States and Mexico and, in a way, they set our social norms.

[English]

The Chair: Merci, monsieur Cardin.

An extremely short answer, please.

[Translation]

Mrs. Nancy Burrows: Consultation with the civil society is also important. We talked about the importance of a public debate in the House of Commons. Civil society organizations must be consulted. In our opinion, it is a complete aberration that business executives are directly involved and have direct influence over the process, even though parliamentarians and the civil society, which represents the citizens of this country, are unable to talk about their own needs.

[English]

The Chair: Merci, monsieur Cardin.

Mr. Allison, from the government side, for seven minutes.

Mr. Dean Allison (Niagara West—Glanbrook, CPC): Thank you, Mr. Chair.

I'm always amazed how the war in Iraq is brought into talk about a security and prosperity agreement here in Canada and how we can move the goods and services across the borders a little bit more easily.

I have enough questions for about 20 minutes, but I have only seven minutes, so we're going to try to make this go as quickly as possible.

Mr. Hart, how long were you with DFAIT? What's your history with foreign affairs and trade?

Prof. Michael Hart: I was a government civil servant for 22 years, most of that in DFAIT, most of it concentrated on trade negotiations.

Mr. Dean Allison: Great.

Would it be fair to say that you were involved with NAFTA then? What was your involvement with NAFTA?

Prof. Michael Hart: I did all the preparatory work for the Canada-U.S. Free Trade Agreement and was part of that team. I advised the NAFTA team, but I had other responsibilities at that time

Mr. Dean Allison: Okay.

It has been alluded to here by certain groups that bulk water is included in NAFTA. Is that true?

Prof. Michael Hart: No.

Mr. Dean Allison: Thank you.

We talk about prosperity all the time. Most businesses in Canada are small businesses. I want to talk again, Mr. Hart and Mr. Lennox, about goods and services going across the border. We hear constantly from the NDP that we have a prosperity gap, that things are happening. But I don't know where we're going to do trade if we're not able to get our goods and services across the borders.

Mr. Hart, can you talk a bit more about the process of trying to streamline the borders? You talked about a couple of things regarding regulations that would make some sense as we move forward.

Prof. Michael Hart: Statistics Canada did a study a few years ago in which they counted the number of Canadian firms that are engaged in exporting. They counted something like 42,000 of them, about 35,000 of which do trade with the United States. So we have 35,000 companies in Canada—not just large corporations but quite a large range of corporations—that are engaged in this kind of trade. And the kind of trade they're engaged in is what economists are now calling "integrative trade". They are participating in the making of things.

An economist, Stephen Blank, at Pace University in New York, says that Canada and the United States no longer trade with each other; what we do is we build things together. Given the fact that we build things together, the fact that there's a border in between the two parties who are building things together is a potential disincentive to investment in Canada. If you are an investor looking for a new opportunity or to expand an existing opportunity, one of the things you're going to look at is the kinds of problems you are going to have at the border. If you think you're going to have problems, you'll say, "Well, I'll tell you what. I'm going to locate in the big market and export what I need to the small market, rather than locate in the small market and face the hassle of 90% of my goods that need to go into the network in the United States having to cross that border."

So I think it is a legitimate and very important objective for Canada to see what's being done at the border and ask what we can do to reduce the disincentives that the border creates. I give the Canada Border Services Agency and the Government of Canada full marks for having done as much as they can on a unilateral basis. We have done a tremendous amount in streamlining what we do, in putting in place programs that use electronics, that use pre-clearance and so on, to move things away from the border. I think we cannot do much more unless we do it together.

The main objective we should be pursuing is asking what we can do together with the Americans. Now, in order to do it with the Americans.... The Americans are not preoccupied by the border as a revenue issue or an economic issue. They're preoccupied with the border now as a security matter. That's why the two are so much tied together. You cannot build a more open border, which I think is what we need, unless you enhance the confidence that the Americans have in Canada as a security partner. That's why I think it is important that this is tied together, but that's why it's also important that we work with the Americans in enhancing their confidence in us as a security partner so that we can reduce the number of things that the Americans feel they must do at the border.

● (1210)

Mr. Dean Allison: Mr. Lennox, one of the questions I have is that we keep referring to big business. I have a guy in my riding whose name is Ken Westerhoff. He owns Cedarway Floral. He has fresh cut flowers that he tries to get across the border. He is not big business. And I'd assure you that if his truck gets stopped at the border for any reason, any excuse...those are perishable items that cannot be used tomorrow. It's not some kind of freight...and we can talk about justin-time inventory or anything else. Talk to those people about the importance of pre-clearance programs and how we need to make this thing work better.

Mr. Ron Lennox: You're absolutely right. The trucking industry isn't different from a lot of other Canadian industries in that it is primarily made up of small businesses. There are over 10,000 carriers in this country. There's a handful of large ones and a lot of very small ones. It's fundamentally important that those guys be able to cross the border without delay. Again, we operate, as Professor Hart indicated, in a just-in-time environment. A truck at a standstill makes no revenue for the carrier, and the driver probably isn't making anything if he's held up at the border. Of course, you also run into issues such as those you indicated for perishable products.

As was mentioned in Mr. Bradley's prepared remarks, we hold out some considerable hope that through harmonized pre-clearance processes the situation at the border will get better. I use this term all the time—it's kind of nuts and bolts things. The U.S. has developed what they call an automated truck manifest. We provide information in advance—certain data elements, cargo, crew, conveyance information—electronically. It's mandatory at certain locations on the U.S. land border, and it will be at all locations on the U.S. land border by the end of this year.

Canada is just embarking on a similar process. It's referred to as ACI—automated commercial information—I believe. There's a commitment in SPP to harmonize those two processes, so trucking companies are not building different systems, depending on which way the data is going. It's extremely important for us.

We are involved in a consultative process that has been established by the Canada Border Services Agency that in fact includes representatives from U.S. Customs. Business groups of all kinds are part of that consultative process. It's one of our top priorities right now.

The Chair: Mr. Allison, you have time for one more short question, if you'd like.

Mr. Dean Allison: Mr. Hart, you talked about a dual regulatory system. There are regulations on the Canadian side and the American side. It doesn't mean they need to be harmonized, necessarily, because there are different regulatory processes.

Do you want to just comment quickly on that?

Prof. Michael Hart: There are quite a number of ways in which you can achieve regulatory convergence, which is a term I like better than harmonization. You can have mutual recognition agreements. You can agree on a certain set of standards and leave it up to the individual country or industry or so on how to implement them.

What we need to do is get rid of those differences that are really quite small and develop cooperative approaches to achieving the same regulatory outcomes. In most cases, both countries want the same regulatory outcomes, so why not cooperate?

● (1215)

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

We now go to the New Democratic Party, Mr. Julian, for seven minutes

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Chair. Thanks to each of you for coming here today.

What the testimony has very clearly indicated is that this issue, this agenda, goes far beyond smart borders. I was interested in your commentary, Mr. Lennox, that even on the smart borders initiative, which is a tiny portion of the overall SBP agenda, the government has manifestly failed on moving forward even that component. That's an interesting point that I hope we can come back to.

I'd like to touch on the issue of prosperity, and I'd like to ask you something, Dr. Healy, as well as Mr. Pépin and Ms. Burrows. Government spokespeople continually say that somehow the Canada-U.S. Free Trade Agreement has succeeded enormously, NAFTA has succeeded enormously, and that somehow the SPP—more of the same medicine—is going to increase Canada's prosperity. However, Statistics Canada belies that myth.

Statistics Canada points out very clearly that since 1989, since the signing of the Canada-U.S. Free Trade Agreement, most Canadian families are actually earning less in real terms than they were back in 1989. There's no clearer manifestation of failure on economic and trade policy than the fact that the poorest Canadians have actually lost a month's income in real terms, that working-class Canadians and middle-class Canadians have each lost, on average, about two weeks of salary in real terms. Even upper middle-class Canadian

have had absolutely no progress on the economic front. Those who have profited from the Canada-U.S. Free Trade Agreement and from NAFTA are the wealthiest of Canadians. They're making money hand over fist. Most Canadian families are actually earning less. What a failure on the bottom line of trade and economic policy.

So my question to all three of you is how we address this issue of prosperity, and really what this agenda is all about. If the Canada-U. S. Free Trade Agreement and NAFTA have failed, on the prosperity front, to deliver prosperity to most Canadians, then what is this agenda really about in your opinion?

[Translation]

If you don't mind, you could perhaps comment after Ms. Healy.

[English]

Ms. Teresa Healy: Thank you for that question.

I think what we see here is that not only have families lost ground but there has been a widening disparity of income and wealth. There are people who are benefiting. There are corporations that are benefiting. Profits have been very high in these years. But that doesn't mean that the interests of the profit-making corporations are directly translated into the experience of families across the country.

When we look at different segments of our society and at those who have been put in the most vulnerable positions, we can see even more clearly where this is headed. I think we need to have a wideranging discussion about the structure of our economy and the kind of economy we need for the future and the kind of economy that seems to be unfolding in front of us.

What's happening with manufacturing? What's happening with jobs in this country? There is a serious crisis going on. We're losing ground, and we're returning to becoming exporters once again of unprocessed raw materials. That is a strategy that is very short-sighted. Sure, it'll put a lot of money in the pockets of a small number of corporations, but what does that do for economic development across the country more generally?

I want to keep coming back to the implications and the way.... As a working-class organization, we see the effects on transportation workers, we see the racial profiling that is also a part of the story that Mr. Lennox has shared with us about problems with the border.

There are issues here for workers in general and also problems that immigrant workers are facing. Look at the ITAR story that we heard about a few weeks ago.

Maybe I'll let others....

Mr. Peter Julian: Madame Burrows.

[Translation]

Mrs. Nancy Burrows: When we talk about prosperity or social inequalities that have increased in recent years with liberalization, NAFTA, and now, NAFTA coupled with the SPP, it is important to consider their repercussions on women who, more often than not, are at the bottom of the wage scale with jobs that are increasingly unstable or atypical. You described how a large part of the population has become poor. However, it is important to point out that this population is composed primarily of women.

It is also important to emphasize the existence of discrimination based on ethno-cultural origin. Women who are members of visible minorities are at the bottom of the wage scale. After that come immigrant women and other women, men who are members of visible minorities, other immigrant men and all other men. It is important to consider social stratification and the current hierarchy within our society. Under the SPP, there will be a greater focus on liberalization and deregulation policies, with a view to ensuring greater alignment with the United States. I believe the situation will get worse.

● (1220)

[English]

Mr. Peter Julian: Merci beaucoup.

I'd like to come back to the issue of a regulatory framework, which means basically protections for Canadian families. There is a strong push, and we've heard in testimony from government spokespeople, who always say that all the information is out there, which is false, as we know...and they also say there is no problem with harmonization. But we know that in the United States the regulatory process is flawed. We saw that with bovine growth hormone. We've seen that with a number of scandals in the pharmaceutical industry and on issues around food safety.

What would Canadian families be giving up in terms of those fundamental protections, knowing that protections for your food, your pharmaceutical products, those kinds of things, are in place? What do we give up if we, as with the softwood lumber agreement, simply concede everything to basically making sure those decisions are made in Washington rather than being made here in Canada by Canadians?

Ms. Teresa Healy: I think there are people who look at the regulatory question and say that what we need is regulatory diversity and that we don't need downward harmonization of regulations. We need the kind of regulatory perspective that deals with the needs of families, that deals with the needs of communities.

This kind of regulatory harmonization and a movement towards the bottom is something we have to fight back against, but we can't if we're not given the information about what kinds of regulations or about what the process is for engagement on this question.

If we only have employers and corporations who say, "We know all about these sectors, so we'll give the government advice", well, there are other people involved in civil society and in the economy more generally who also have an experience of regulations. For example, port workers were very active on these discussions around security and regulatory reform in the ports. Had they not been there to respond to the issues, the regulatory reforms for port workers would have been even more onerous.

I think what we need to see is a broad-ranging kind of discussion about regulatory reform. It has to be democratized.

The Chair: Excuse me. Your time is more than up, Mr. Julian. Thank you.

We now go to the five-minute round.

From the official opposition, we have Mr. Maloney. Go ahead, please.

Mr. John Maloney (Welland, Lib.): Thank you, Mr. Chair.

Mr. Hart, you indicated the border is one of the fundamental problems that we have to change. Certainly vis-à-vis the United States it is a security issue, I agree with you, but how do we change that mindset?

We heard from Mr. Lennox. He's the fellow who represents the people who are trying to cross that border.

You indicated that there were roughly 100 regulatory problems on the Canadian side and 400 on the U.S. side. I'm not sure the U.S. really wants to dance. They say they do, but from time to time these barriers go up. There was mention made of oranges or roast beef sandwiches—a trucker's lunch. Every time you turn around, there seem to be more security investigations that overlap.

How do we change the mindset in the United States? How do we impress upon them that Canada is the largest trading partner for many, many U.S. states?

Prof. Michael Hart: Well, you don't do it on the basis of an incremental approach that puts civil servants together to talk about the problems they're experiencing. That does some good, but it really isn't going to change the fundamentals. In order to change the fundamentals, you have to capture imagination in Washington. In order to capture imagination in Washington, you have to have a big initiative.

The nature of the U.S. decision-making process, where power is widely dispersed and there are a lot of people who have a role in it, is that you must think big. If you have a big initiative, you can get Americans excited about it and move the agenda forward. We did that with the Canada-U.S. Free Trade Agreement; the Mexicans did it with the NAFTA. There have been similar kinds of initiatives in earlier eras. NATO and the NORAD zone were major initiatives that captured imagination in the United States. They overcame the multitude of smaller interests in the United States that are always ready to point out, "If you do this, I will be affected." So if you think big, you can overcome that.

Do I think if we do that we can overcome the many problems we have on the security front? No. But we have to start. We have to build a higher level of concern in Washington, at the highest levels, that the continued health and prosperity of the North American economy means we must deal with the border differently. That means a willingness on our part, for example, to strengthen the perimeter around North America in order to deal with security issues that are uppermost in Americans' minds, and that should also be of concern to us.

Similarly, we need to be prepared to sit down with the Americans and be a good partner. I think over the last 10 or so years we have not been as good a partner as we might have been. That has raised suspicion in Washington as to whether we continue to be the kind of partner they're looking for. In the end, these are political choices. You make the political choices and you reap the results.

We have made a political choice that we wanted a more deeply integrated North American economy. We have benefited greatly from that, despite what some of the witnesses are saying. We must now decide if we want to make that work, or do we want to put various kinds of obstacles in its way, including allowing the Americans to build up the security framework they're pursuing?

● (1225)

Mr. John Maloney: Ms. Healy, we're concerned about jobs for the people you advocate for.

You've heard Mr. Hart respond to my questions. We need to open up our borders. But how do we reconcile your concern on sovereignty issues, about visa information sharing, situations like this, that may assist in appeasing the fears of the U.S. and our security?

Ms. Teresa Healy: To this point I don't think we've been successful in appeasing the United States' security concerns. These are ongoing issues, as we've heard, in the trucking industry and in the border. The whole security question is one that is being integrated with the economic question. We have to come up with a fundamentally different way.... We have to interject a new way of thinking about these relationships that does not build, ever increasingly, upon a climate of fear and distrust.

I think there are issues around human rights that need to be discussed in relation to this question of security. I'd like to know what mechanism there is for our having this discussion about human rights and the SPP. The more open and transparent and inclusive this discussion can be, the more likely it is we're going to find solutions to it.

There are these meetings we keep hearing about, this North American 2025 meeting or the famous/infamous Banff meeting. We hear from one of the press that the person who was in charge of keeping the press and public away from the meeting said no, these meetings are not secret, they're private. We want to know why we can't have the information about what MPs presented at these meetings or what MPs said at these meetings.

The Chair: Ms. Healy, I have to interrupt you at this point. Mr. Maloney's time has long passed—I should be careful of the way I word that.

We'll go to the Bloc Québécois, Monsieur André, for five minutes.

[Translation]

Mr. Guy André: I will be sharing my time with Mr. Cardin.

I have a question for Mr. Hart. You teach trade policy. As you said, Canada is currently making a huge effort to try and satisfy the United States by beefing up security at the borders in the wake of the 2001 terrorist attacks. We are complying with those requirements, and we are currently negotiating with the United States to find ways of improving security at our borders, and so on.

However, how far are we prepared to go to improve security? That is what concerns me. Even if we do improve security at our borders through every possible means, people will still be able to cross those borders after carrying out a terrorist act in the United States. The economic consequences of this are also of concern to me. Everything is still possible. I suppose this would also affect exports. Have you thought about that?

I must say that I am concerned to hear you say that Canada has not always been a good partner of the United States because, in my opinion, the new government has more of a tendency to support the Americans' military approach, by investing more in the military. As for our environmental policy, some corporate executives are trying to align themselves with the Americans so as to avoid having to abide by the Kyoto Protocol and be able to continue developing the tar sands.

In addition, during the softwood lumber crisis, we proved ourselves to be a relatively good partner by handing over \$1 billion paid by our own industry, as a means of supporting the softwood lumber agreement.

I would be interested in hearing your views on these different points.

● (1230)

[English]

Prof. Michael Hart: It's a little difficult to figure out where you want me to start.

How far do we need to go? Canada and the United States have a very long history of working together to resolve problems, going back to the 1935 trade agreement, where we first agreed that we would treat each other as best partners rather than worst partners, which was the case before that, through NORAD, NATO, and a whole host of agreements. We have more than 350 bilateral treaties in place between Canada and the United States right now, indicating the extent of cooperation between us.

But given the nature of our interdependence, both on the economic and the security fronts, the job is never done. There is always a new frontier to cross, a new opportunity to seize, and a new way of looking at things. In order to do that, we have to be conscious of the fact that the United States is our most important partner, whether we want them to be or not. And I think that's a very Canadian way of putting it.

The Americans live next door. They are a global power. We are not a global power, but we do have a high level of economic and security interdependence with the United States. For instance, on the security front, the idea of ensuring our security on anything other than a bilateral basis is just not possible. Canada doesn't have the resources required to ensure our security. We must do it on a bilateral basis.

Since the 1939 agreement between the Roosevelt and King administrations, we have done it on a bilateral, cooperative basis. And we've both benefited from that. So the idea that we can go our own way is a ludicrous idea in the Canadian context. It's with that kind of perspective that we say to the Americans: "We want to be your partner. We want to be a reliable partner. You can count on us. And on that basis, let's solve a few problems that we have on the security front." That's the only way we're going to be able to do that.

Mr. Guy André: You said that we have not been a good partner in recent years. I do not necessarily agree with that. Can you give us some examples?

[English]

[Translation]

Prof. Michael Hart: I don't want to get too political-

The Chair: A very short response, please. Monsieur André is out of time.

● (1235)

Prof. Michael Hart: Over the last 10 years, the relationship at the top between our two governments has not been as productive and as reliable as it could have been. There have been many times when I think the government moved in a direction that I thought was unhelpful to building a secure, reliable partnership.

The Chair: Thank you.

Merci, monsieur André.

Now to the government side, to Mr. Cannan, for five minutes. Go ahead, please.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair, and thanks to the witnesses. I want to thank you all for your presentations.

Specifically, Ms. Healy, you started off and you asked, in your preamble, who the SPP is for. I look around the table—and we've been debating this issue for several meetings and have had several discussions over the last few months on where our international trade strategy should be—and I believe everyone around the table, especially when it comes to quality...and we all have access to opportunity to increase our quality of life and find ways to ensure opportunities for all Canadians. I think that's a goal we can all agree on, no matter what your political stripe.

I look at North American opportunities. As I said, we've had several witnesses who've said this is where we should be focusing our energies. Our biggest trading partner has over \$2 billion of trade a day going across the border and 37,000 trucks. Approximately 80% of our population lives within 160 kilometres of the border. An average Canadian family relies on small businesses. My riding in the interior of British Columbia and all of us around the table need to ensure we streamline a seamless border crossing, as seamless as possible.

I would like to ask Mr. Lennox in a moment, but I just want to clarify one other statement that was made about where our Canadian families sit, in the past with NAFTA, and where we're heading in the future. Mr. Julian stated how poorly off Canadian families were, but the fact is Canadian families, on the whole, experienced two periods in which income fell, one in the early 1980s and one in the early 1990s, and in both cases the Canadian economy was in a recession. So you can go through the statistics and manipulate them however you want. If you use the benchmark of 1997 or 2004, I can massage and show you all kinds of numbers. Professor Hart can probably do it better than all of us around the table. But the fact is that when it comes to NAFTA, we're a lot better off as Canadians and North Americans, all three of the trading partners, because of the trade that's been generated and the business opportunities. I just need to clarify that and get it on the record.

Specifically, Mr. Lennox, my uncle has a trucking company, and I used to work for him in Alberta, bringing products from Mexico and California through western Canada. I know the importance of the delays at the border. Many times a trucker is calling it a day at the border, and it costs your members tens of thousands of dollars. Can you clarify or expand a little bit if you've had any opportunity to participate in the eManifest program and the pre-clearance and what it will do for helping clients and your moving of goods and services across the border?

Mr. Ron Lennox: Certainly.

In terms of the process itself, this eManifest process in the U.S. has been under way for quite some time. A government industry advisory group called the Trade Support Network was struck in the United States. Representatives from all modes of transportation, as well as brokers and shippers and so forth, were part of that process. I was personally part of that process and remain involved.

The idea was to ensure that the system to convey manifest data that the United States uses to make risk decisions on the carrier and on the driver and on the cargo is there in advance and that the risk screening is done before the truck gets to the border. In Canada, as I said, we're just embarking on that process. The first meeting was a government-industry consultative process. The first meeting of the ACI Group, I believe it's called, was held in Ottawa in January of this year. They are talking about doing a very similar process. In fact, the first meeting of the steering committee for that group is taking place this afternoon.

Mr. Ron Cannan: Thank you very much.

I have another comment for Professor Hart.

There are some concerns about the open, transparent process. The previous government established the process, and our government is trying to make it as open as possible. One of the ways is by this meeting.

You referred to the NACC. This is the report here. It's a public document, and it's available on the web. If you'd like a copy, I'd be more than willing to provide it for you. There is a web page as well for the government, so it's a full process. It's open.

Maybe, Mr. Hart, you could elaborate a little more on your understanding of how, from your experience, the public can be involved in the process.

● (1240)

Prof. Michael Hart: As an official, I was part of the group of people who were charged with designing ways and means in which the government could be more open. I learned something from that process.

There are two ways in which you consult. One is that you consult in order to improve your technical base, the knowledge you need in order to move forward. These are consultations on "how", and civil servants are very well equipped to do that.

There is another kind of consultation. It is based on whether you should do it, the "why". Civil servants can't do that; only politicians can do that. It's a political question and it must be addressed by either the minister or by parliamentarians.

Sometimes civil society grows confused about the two kinds of consultations. The how and the why consultations are not the same, and the same people cannot pursue both of them.

The Chair: Thank you very much, Professor, and thank you, Mr. Cannan.

As the final questioner in the five-minute round, we have Mr. Julian

Mr. Peter Julian: Thank you, Mr. Chair.

I appreciate your saying, Mr. Hart, that essentially the government has the responsibility to be consulting with the public. That is something that has certainly come out of these brief hearings. Hopefully government members will understand that they need to open up this process so that we can have debates over each and every one of these initiatives.

I'd like to come back to you, Dr. Healy, as well as you, Monsieur Pépin and Madam Burrows, on two elements that are fundamental to

One is the issue of what direction we as a country believe we should be going in and how this initiative has essentially been kept away from the public domain, so we can have these public discussions. What should the government be doing to ensure that we have those full public consultations, so that Canadians can be assured that if we head down this road, it is a road Canadians agree with?

We know that part of the strategy, because we've heard from the Canadian Council of Chief Executives, is to keep it away from public debate, because they say there is no appetite for a big debate now. They are seizing on the fact that in the Canada-U.S. Free Trade Agreement debate that we had in 1988, aside from the electoral system going against this, essentially most Canadians voted against that agreement. The fact that most Canadian families have been poorer since, despite the government's protestations to the contrary, shows that Canadians were right to be concerned. NAFTA had a similar debate, and most Canadians voted against NAFTA because the Jean Chrétien government had promised to not put it into effect.

How do we get that democracy back, so that Canadians are actually being consulted on these issues?

Ms. Teresa Healy: First of all, the government should not hide behind a process of regulatory reform. Basically this should be a process in which full, open, democratic debate and discussion should occur, and it should happen in Parliament. Parliamentarians should take back their place in this process. I do not think it should be left to secret meetings or private consultations with the most powerful interests in the country. The representatives of every single community across this country should have the opportunity, and they do bear the responsibility for bringing this discussion even more into the open.

It is wonderful that we are here today at this committee. This process should be expanded and increased so that there is a full democratic debate in this country about what seems to be so innocuous as regulatory reform, but which in fact, as we have found out through our studies and through hearing from our members and our affiliates, is certainly not an innocuous process.

Mr. Peter Julian: Monsieur Pépin, Madam Burrows, would you comment?

[Translation]

Mr. Normand Pépin: I don't want to be repetitive, but my comment in French would be pretty much the same.

We all need information before there can be any debate. We had to carry out some fairly in-depth research in order to locate the information that was available. It is important that it be made more accessible.

This gentleman talked about the NACC's report being available on the Web. Even though I agree with him, the fact is it was made available on February 23, even though the meeting had been announced one week prior to that in a government press release. Furthermore, there was no question of government members meeting with the NACC, according to what was stated in the press release. So, all of that has to be raised.

Furthermore, there is not only the matter of the in-depth negotiations that are underway, but also of the working groups. There are nine dealing with security and ten dealing with prosperity. Exactly what are they discussing? We have to know that before engaging in a broader debate. I believe that this question absolutely must be put to the House of Commons. That's the only option.

• (1245)

Mrs. Nancy Burrows: Professor Hart stated that there is some confusion between the two types of consultations. Personally, I do not believe that we are confusing them. The government tells us not to be concerned, that these are just minor technical consultations, and so on. But we want the politicians to engage in debate in the House of Commons about the reasons for moving ahead with this and whether or not we should move ahead, well before there are any more technical discussions about how to go about it.

The process is completely reversed. Our suggestion is to stop the process and begin all over again, by asking the real questions in the House of Commons, for example, rather than in the Chamber of Commerce.

[English]

The Chair: Mr. Julian, your time is up.

We will now go to the next round of questioning. Monsieur Cardin.

[Translation]

Mr. Serge Cardin: Mr. Chairman, considering that we have already had two complete rounds of questioning, perhaps we should take this opportunity to deal with the Bloc Québécois motion which is already on the agenda. We would have, at the most, some 12 minutes to dispose of it.

[English]

The Chair: You want to deal with that today then? What I'll do is dismiss the witnesses, we'll suspend for two minutes and go in camera, and then carry on.

Thank you all very much for coming today. It was another very informative meeting.

A point of order, Mr. Cannan.

Mr. Ron Cannan: Why are we going in camera?

The Chair: Mr. Cannan, we've always gone in camera to deal with committee business. It's routine. We've always done it. It's the normal procedure of the committee, but the committee could make a decision on that, certainly.

First I'll give you a chance to bring it up. Mr. Cannan, if you want to bring it up right now, before we go in camera—

Mr. Ron Cannan: I would move that we don't go in camera.

The Chair: Mr. Cannan has moved that we don't move the meeting to an in camera meeting. Is there any discussion on that?

Mr. Julian.

Mr. Peter Julian: This is going to surprise Mr. Cannan, but I second his motion. This is a public meeting, this is a public motion, and it should be discussed in public.

The Chair: Any other discussion on the motion?

(Motion agreed to)

The Chair: So we won't go in camera. We will carry on the business in public.

I will suspend for one minute, so the witnesses can clear. Then we'll come back and deal with the motion.

● (1245)		
	(Pause)	
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● (1250)

The Chair: We will reconvene the meeting now.

I want to remind all members that we are going to end the meeting on time.

Monsieur Cardin, if you would like to read your motion and comment on it, we'll carry on from there.

[Translation]

Mr. Serge Cardin: Mr. Chairman, everything was done according to the rules. You received this notice of motion within the 48-hour timeframe. If you want me to re-read it, I can do that, given that there have been discussions in the context of the SPP with respect to water, as well as statements made by members of the Conservative Party to the effect that there would be total protection—something which I do not believe to be true. The motion reads as follows:

Whereas Canada's water resources must be protected;

Whereas NAFTA covers all services and all goods, except those that are expressly excluded, and water is not included;

Whereas this situation, of federal responsibility, puts the provincial laws prohibiting bulk water exports at risk;

Whereas a simple agreement by exchange of letters among the governments of Canada, the United States and Mexico, stating that water is not covered under NAFTA, must be respected by international tribunals as if it were an integral part of NAFTA;

It is moved that:

Pursuant to section 108(2) of the Standing Orders, the Standing Committee recommends that the government quickly begin talks with its American and Mexican counterparts to exclude water from the goods governed under NAFTA, and that adoption of this motion be reported to the House at the earliest possible opportunity.

I just want to point out that the French version should read "Conformément à l'article 108(2) du Règlement de la Chambre des communes, [...]".

[English]

The Chair: Thank you very much, Monsieur Cardin.

Are there any comments you'd like to make on your motion? [Translation]

Mr. Serge Cardin: No, Mr. Chairman. I think it speaks for itself. We can dispose of it quickly.

[English]

The Chair: Is there any discussion?

Mr. Julian is next and then Mr. Cannan.

[Translation]

Mr. Peter Julian: Thank you, Mr. Chairman.

The Bloc Québécois has tabled an excellent motion. I intend to support Mr. Cardin's motion. However, I would like to move a friendly amendment, with a view to clarifying a couple of points. I hope it will be well received. I will provide the Clerk with a copy when I'm finished.

First, in the third paragraph, I propose deleting the words "of federal responsibility".

Therefore, the paragraph would read as follows: "Whereas this situation puts the provincial and federal laws regarding water protection, including the prohibition of bulk water exports, at risk;"

In the fourth paragraph, I propose the addition of the word "par" to the third line of the French version, following the words "l'ALÉNA devrait être respecté".

In the final paragraph, I propose the addition of the words "of the House of Commons" following the words "Pursuant to section 108 (2) of the Standing Orders".

Finally, the fourth line of the final paragraph should read as follows: "in order to exclude water from NAFTA".

Those are the clarifications I would like to suggest. I will provide a copy to the Clerk.

[English]

The Chair: We will have the clerk read the motion with the amendments. There are a lot of amendments there. Then we'll have a discussion on the amendments.

I think it's going to be very difficult for members to understand what's happened here if we don't lay it all out.

• (1255)

[Translation]

The Clerk of the Committee (Mr. Normand Radford): So, the motion would read as follows:

Whereas Canada's water resources must be protected;

Whereas NAFTA covers all services and all goods, except those that are expressly excluded, and water is not excluded;

Whereas this situation puts the provincial and federal laws...

[English]

This is where the changes are.

[Translation]

... concerning the protection of water, including the prohibition of bulk water exports, at risk;

Whereas a simple agreement by exchange of letters among the governments of Canada, United States and Mexico, stating that water is not covered under NAFTA, must be respected by international tribunals as if it were an integral part of NAFTA:

It is moved that:

Pursuant to section 108(2) of the Standing Orders, the Standing Committee on International Trade recommend that the government quickly begin talks with its Mexican and American counterparts to exclude water from the goods governed by NAFTA, and that adoption of this motion and the preamble be reported to the House at the earliest possible opportunity.

[English]

The Chair: Have all members heard the amendments that have been proposed?

Monsieur Cardin is next, and then we'll go to Mr. Cannan.

[Translation]

Mr. Serge Cardin: Mr. Chairman, I can only agree with the suggested changes. So, we can move on.

[English]

The Chair: We'll go to discussion on the amendment.

Go ahead, Mr. Cannan, and then Mr. Lemieux.

Mr. Ron Cannan: I just want to clarify that you're removing the words "federal responsibility" from the equation. It will just say, "whereas the situation puts the provincial laws".

[Translation]

The Clerk: "provincial and federal"

[English]

Mr. Ron Cannan: Under the International Boundary Waters Treaty Act the provinces cannot export bulk water, so is a motion in order if it's factually incorrect?

The Chair: Mr. Cannan, in response to your question, it's certainly my responsibility as chair, with advice from the clerk, to ensure that the process is followed. The accuracy of motions certainly isn't something we can.... It's up to the committee to decide what they want to pass at the committee and put before the House.

Mr. Ron Cannan: In good conscience, knowing that it's illegal, it's not proper to support something that's contravening a treaty act that's already in place. So I won't be supporting—

The Chair: You will have to convince the committee members, of course, that that's the case.

Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): A point I'd like to bring up is that this is quite an amendment, and very hard to follow. I'd like to have it in front of me, actually. Not just I, but I think all members should have it in front of them, so we can understand the amendment and what its impact is on the motion, and then we can have a proper debate on it. Otherwise, we're going to be questioning, what was that part again, or, I couldn't quite follow the fourth part of the amendment.

So I'd like to have it in front of me.

A voice: We do that with bills.

[Translation]

Mr. Pierre Lemieux: I would also like to have a French version. So, we need to be given a copy in both English and French. Both languages are spoken here.

[English]

The Chair: Mr. Lemieux, you feel that all of the amendments made here are not perfectly clear to you, so you would like to see them in front of you. We'll arrange that, so just hold on a minute here.

I remind the committee that we have about a minute left.

It sounds like all the members—certainly on the government side—want copies of the changes made to the amendment. That's certainly reasonable, and we'll try to accommodate that.

Monsieur Cardin.

● (1300)

[Translation]

Mr. Serge Cardin: Mr. Chairman, as I mentioned in my introduction, this motion was tabled more than 48 hours ago. A copy was provided to every member. So, they should all have had an opportunity to examine it.

The changes proposed by Mr. Julian are not terribly important, in the sense that they do not change the essence of the motion. Rather, they are intended to introduce minor changes to the wording, and some of those changes are clarifications. I do not believe they fundamentally change the motion. Government members are aware of the motion.

[English]

The Chair: Monsieur Cardin, I want to make it clear that I'm not ruling the motion out of order.

However, I think there were three or four changes made to your motion. It would have been very helpful to have those changes prepared ahead of time, if you knew this was going to happen—I guess I should be directing this at Mr. Julian—so we could have copies for all the members. The members have indicated they're uncomfortable not having those changes.

We're out of time for today. We're going to have to come back to this at the next meeting. Certainly, if we could have those amendments, Mr. Julian, brought to the committee, it would be extremely helpful.

Monsieur André, we are out of time.

[Translation]

Mr. Guy André: Mr. Chairman, I would like to move a motion to extend the meeting by 10 minutes.

An hon. member: I second the motion.

[English]

The Chair: Monsieur Cardin, at the start of the meeting I indicated we are going to end on time, and we will. We'll start on time the next time, and we'll end on time at the next meeting too.

The meeting is adjourned.

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