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Chair

Mr. Garry Breitkreuz

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● (0910)

[*English*]

The Chair (Mr. Garry Breitkreuz (Yorkton—Melville, CPC)): The meeting will come to order.

This is meeting number 19 of the Standing Committee on Public Safety and National Security. We are continuing our study on border security. We have before us today Mr. Gilles Rhéaume, vice-president of public policy with the Conference Board of Canada .

In a short time, at approximately 9:30, we will have the Honourable Perrin Beatty, president and chief executive officer of the Canadian Chamber of Commerce, along with Mr. Ryan Stein, the director. We also have, as individuals, Mr. Michael Kergin, former ambassador to the United States and special advisor to the Ontario premier on border issues, and Professor Benjamin Muller, from Simon Fraser University.

We thank you all for attending this morning. I don't know if you've decided among yourselves who will go first. Mr. Rhéaume, would you like to go first?

Please introduce yourself, talk a little bit about your position, and then go ahead and make your presentation. We usually allow about ten minutes for the presentation. Each of you can then introduce yourselves and give a little more background on yourselves.

Welcome to the committee. You can go ahead any time you're ready, sir.

Mr. Gilles Rhéaume (Vice-President, Public Policy, Conference Board of Canada): I'm Gilles Rhéaume, the vice-president of public policy for the Conference Board of Canada. Basically we're a think tank that does research in three broad areas and shares the insights from our work at conferences and private networks. Those three areas are economic trends, management practices, and public policy.

We've been doing some work on security and trade issues since about September 2001. We released our first report with respect to the implications of it in October 2001. Since then we've been doing work on and off on critical issues, including SARS and the August 2003 blackout. About three and a half years ago I started a centre for national security that brings the public and private sectors together with first responders to learn from each other with in camera dialogues. That group also supports a research program.

My comments this morning relate to some of the research we've been doing. I will draw your attention to two reports in particular. One has to do with the trade implications of the security measures after 9/11; the second deals with some of the key issues related to the protection of critical infrastructure that crosses the Canada-U.S. border.

From our perspective, there are a few areas where we have opportunities to make some improvements. I'd say there are three of them. I'll leave that with you this morning.

First, Canada needs to fund and continue to expand the investments in infrastructure and the number of officers at the border. Some bottlenecks there are still an issue.

Second, we need to ensure a consistent application of policies and rules at the border and establish our national brand as a secure, predictable, and reliable nation with which to trade.

Finally, we need to establish and encourage a binational framework for cross-border critical infrastructure protection and emergency response.

That last area is one on which we've recently finalized a major study of key cross-border regions between Canada and the United States. We found there are some major gaps in information, major gaps in how we manage our protection of critical infrastructure. They are critical to both countries.

First I'd like to draw your attention to the work we did on economic security through effective border management.

Drawing on extensive statistical analysis and almost 60 interviews, we found that contrary to common wisdom, the post-9/11 border security environment has not had an immediate or prolonged effect on export volumes to the U.S. Moreover, border delays have been significantly reduced from the delay problems that were common in the first years after 9/11.

However, while export volumes have not changed due to the post-9/11 border security environment, that environment has increased the cost of trading across the border through the direct cost of complying with border security policies and through more indirect costs, such as changes in the way some companies trade cross-border.

[*Translation*]

We have noticed a significant change in companies that have to do business with the Americans. Most of all, we have noticed a significant change in the way they choose to cross the border. To protect their trade, some have invested in warehouses on the other side of the border. Some trucking companies refuse to cross the border now. So shippers have to find other options.

All these costs are causing serious problems for Canadian businesses in terms of competitiveness. In order to be competitive in the American market without the volume of business being affected, these companies have to absorb certain costs themselves. That affects their profits, as well as the profits of the companies who ship their goods.

[*English*]

A further cost that we should notice is the tendency of governments to announce new border security policies and then change or add to them. This has been a feature of much border security policy-making in the post-9/11 period. As one of our interviewees noted, "Just when you thought that you understood the requirements and are in compliance, the bar gets raised."

The number of policy changes in such a short period of time makes training and compliance difficult. It creates a lot of uncertainty. That uncertainty penalizes those who have earned early compliance, when in fact we should be rewarding those who are in early compliance. That has been a major problem that we have seen.

Border officials add further uncertainty with what interviewees called inconsistent treatment at different border crossings. Interviewees noted that the border is more inconsistent post-9/11. They said that rules are not applied consistently for each border crossing. That makes it difficult for companies to know what the rules are when they have to bring their goods across. Of course, the drivers of these trucks have to figure it out as well.

Some businesses told us that they lacked confidence that investments they make in securing their supply chains under FAST or meeting other security requirements will pay off, although the U. S. has announced that those who are FAST- and NEXUS-approved will continue to cross the border in the event of another border closure. There is a climate of uncertainty that is affecting business confidence in terms of border crossing and the security of trade.

These imposed new costs will affect Canada's competitiveness moving forward, because even small changes in these costs will bias toward locating production in the larger market. That's for three reasons.

Investors will always be biased toward locating production in the larger market rather than in Canada. Basically they will locate in a larger market in the U.S. rather than in Canada, particularly if Canada's access is uncertain or imperfect or the costs of access are prohibitive. Even small increases in costs can affect that type of decision.

Second, goods often cross the border multiple times. We've noticed that 70% of our exports and imports are within the same industries. Basically they cross back and forth in terms of that. They continue in terms of their ongoing production before it comes to the final product for export. Therefore, even a small cost gets multiplied, as it is crossing back and forth. There is again a bias, if that's the case, to invest in a larger market, which is the U.S., rather than to get into this problem that we are seeing in terms of basically meeting these types of things.

We are living in a world where goods are substitutable. If there are some problems at the border, then there will always be a preference for locating in the larger market. That's just a fact. That's the negative part of what we're seeing in the security measures that are being applied today.

However, some companies have reported that they have experienced improved efficiency and competitiveness from the changes required in complying with these new requirements. As they go to the FAST requirements, they have been able to achieve improved internal systems, including significant savings on back-office processing costs. They have found ways of using these measures to improve their competitiveness.

Some have been able to do that. Nonetheless, many have reported that the FAST program has failed to meet consistently its stated aims of getting pre-approved cargo quickly across the border. Where FAST works, it works well, but it does not do so consistently at some border crossings and at peak hours. That's a problem we have seen in terms of border management.

The other side of my comments has to do with the cross-border infrastructure protection and emergency response. This is a study that we just completed. We've actually done that work for the Department of Homeland Security in Washington. We also got Public Safety Canada involved, as well as some states and provinces, first responders, and local communities.

● (0915)

For both Canada and the United States, much of the critical infrastructure on which we depend exists on the other side of the border, so a failure on one side of the border has a direct effect on the other side. Unfortunately, many of the owners and operators of critical infrastructure—and even those who respond to emergency management—see the boundary as basically where it ends, but it doesn't end there. They see a pipeline going to the border, and then what happens afterwards? They see an electricity line crossing the border, but they don't see what's happening on the other side. It is a challenge to be able to manage these highly integrated networks so that they can be effectively protected and to respond with efficiency and effectiveness if an incident occurs.

Critical infrastructure owners and operators need to know how to prepare for threats and hazards they may have to face. They need to know how to respond effectively in the midst of emergencies. All of this requires a common view of what is currently happening, what is likely to happen, and what others are doing about it. Achieving this level of information will eliminate duplication of activities, accelerate response and recovery, improve the sharing of resources, strengthen interdependency, and, as a result, improve public safety while mitigating damages.

There is no comprehensive risk assessment of critical infrastructure protection across the border presently. There is no sharing of information between the private and public sectors. There's no sharing of information across the border on the protection of that critical infrastructure, the vulnerabilities that exist, and how we can respond to them. This is why we need an action plan and a framework to move forward to protect our critical infrastructure.

Based on the in-depth consultation we have carried out with over 150 organizations, the following actions have been identified for developing a robust regional cross-border approach to critical infrastructure protection and response.

First we need to establish leadership teams. There are already some leaders at the regional level, but they need to be able to come together. They also need to expand to include other partners who are owners and operators of critical infrastructure and responsible for emergency management. Then they can start to have a dialogue on how they can better work together. That group also needs to develop and perform regional risk assessments. That's where the big problem occurs. We lack the level of information that needs to be shared so that that can happen. We need to be able to assess the threats, risks, and vulnerabilities.

We also need to assess interdependencies. We found that the owners and operators of critical infrastructure have been missing these interdependencies. They know what's happening within their own organizations and maybe in their own industries in their own regions and countries, but they don't know what's happening across the border. From that information one can develop the priorities and plans for protection and response from a cross-border perspective. I strongly urge this cross-border perspective.

Finally, we need to have exercise plans. We've shown time and time again that exercises pay off in building relationships, learning what works and what doesn't work, and improving what currently exists.

To conclude my presentation, I want to reiterate the few key opportunities to improve our management of the border and our protection of critical infrastructure.

First, we need to continue to fund and support the expansion of infrastructure and officers at the border.

Second, we need consistent application of policies and rules at the border, and we need to establish our national brand as a secure, predictable, and reliable nation with which to trade.

Finally, we need to establish and encourage a binational framework for critical infrastructure protection and emergency response.

Thank you.

● (0920)

The Chair: Thank you very much, sir.

Mr. Kergin, are you ready to give us a presentation?

Mr. Michael Kergin (Former Ambassador to the United States and Special Advisor to the Ontario Premier on Border Issues, As an Individual): Thank you very much, Mr. Chairman. It's an honour to be here to present to the committee.

My background in border security dates from the time I was in Washington as ambassador from 2000 to 2005. I lived through the tragedy of 9/11 and the efforts to mitigate the problems along the border with the smart border accord of December 2001. Then I lived there through to the beginning of the security and prosperity partnership of North America, which is a trilateral arrangement to look at trade and border security issues that prevail today.

I recently worked with the Canadian International Council to publish a study in November called *A New Bridge for Old Allies*, which looks at the whole border issue from a security, trade, and regulatory perspective. My remarks will be based somewhat on that study, but I will try to go a bit further.

My purpose today is to look at the policy framework of border security management. I will start with four premises. The first premise is that Canadian and U.S. security interests, ranging from terrorist attack and criminal activity to food and product safety problems, are highly interdependent and intertwined. Geography makes Canada and the United States partners in security self-interest.

My second premise is that the economies of Canada and the United States are highly interdependent. We often think that Canada is dependent on the United States, but the United States has a high degree of dependence on Canada, not just in the manufacturing sector but in energy and other areas of their economic well-being. It's not often acknowledged but it's certainly present. It's a little bit like when you're denied oxygen. We haven't denied oxygen very often to the United States, so there isn't a real recognition of the degree to which they are dependent on Canada economically. Canada is the largest trading partner of 37 states of the union, for example.

The third premise is that the security of Canada and the United States—not to speak of our common prosperity in the global economy—can best be achieved through cooperative, not competitive, border management. In other words, we have to work with the U.S. and the U.S. has to work with us to come up with a common goal, objective, and result, which is border security. We can't operate in isolation.

The fourth premise is that the border really has changed since 9/11, and it will not revert to its state prior to 9/11 in the foreseeable future, if ever. So many of us have had the experience of growing up in a border town. I have, and in my time you had to be 21 years of age to get a drink in Ontario and it was 18 in Buffalo. So I'd go across to Buffalo to get a drink as a young man. It's not as easy anymore, and those days aren't going to return for quite some time. I think we have to acknowledge that and move on to make the border work better.

So the objective is to establish an efficient border to facilitate legitimate traffic while enabling Canada-U.S. security.

I would argue that there are basically four elements or pillars enshrined in the smart border accord of 2001 that remain valid. They should act as a platform for our border security management as we move forward. In fact, if we can follow those principles, we may be able to avoid some of this generic political discussion on the invidious comparison between the United States' southern border, Mexico, and the United States' northern border, Canada. That's a dialogue that doesn't lead anywhere and will actually harm us in the United States.

So the first element, I suggest—and these are obvious ones—is risk management. It's extraordinarily important to work with the United States to develop or establish similar criteria that can determine the differing levels of risk. Then we can agree with the United States that Chrysler—if it still exists in several months—as it crosses the border represents a certain low level of risk and we can deal with it in a comparatively low-level way. But the battered up old heap of a truck that comes across for the first time requires a higher level of intrusiveness and represents a higher level of risk. So critical to this is implementing similar measures to deal with agreed levels of risk, and working with the United States on that.

● (0925)

I think what makes that an attractive proposition is if we contrast the Canadian and the Mexican borders. The Mexican border has a different type of risk to the United States. The Mexican border is a smaller border, but its challenge is the number of undocumented individuals, the hundreds of thousands per year, who cross that border. The Americans are dealing with that risk in a slightly different way from the risk they perceive in the northern border. In the southern border they are much more intrusive, they have many more agents, and they're building fences. I see that as somewhat of an unhappy thing to do, but that's what they're doing.

They can't do that on the northern border. Our border is three times as long as the Mexican border. The risk isn't so much people streaming across the border. The threat to the United States is the huge expanse of that border. So what are they doing on the northern border? They're using Predator drones. They're using drones and sidebar radar and infrared to deal with that threat. That to me is a different method to deal with a different type of risk. This shouldn't be a problem for us. But that's the issue.

It seems to me that we can get away from these comparisons between northern and southern borders if we recognize that the risks are different and they should be dealt with in a different way, and then we agree with the United States on what those measures might be.

The second element I would say that's very relevant these days in border security management is developing information technologies so that that can enable risk management techniques. Use technology in order to deal with low risk. The obvious example is transponders on trucks that can then send forward what the inventory is, where the truck is at any given time, where the truck has stopped, whether it has been opened, and whether its weight has changed. There are all sorts of interventions on the truck as it progresses towards the border and so on. Then, obviously, it goes through FAST lanes, which allow it to go through more quickly. A VACUS machine—these big gamma ray machines—is another example of where a container truck can go through at six kilometres an hour and its contents can be inspected without any agent having to go inside, and it can move through quite quickly.

The critical point here in information technologies is that Canada and the United States develop the same technologies, that they are compatible, that they can be read and used equally on both sides of the border, and that we don't have disjunctive technologies. I think that's extraordinarily important.

The third element in border security management that I think is very important to emphasize—and it's something that Monsieur Rhéaume talked a bit about—is information sharing, the importance of good, close information between the border service agencies on both sides to deal with risks of perceived threats before they reach the border and outside North America. There is no question that Canada has certain intelligence assets or diplomatic assets in parts of the world where the United States doesn't have as strong a representation, and vice versa. To the extent that we can share information and intelligence, while preserving human rights and private security—and that's obviously an area that's sensitive—to the extent that we can anticipate the threat as it arrives in North America or before it reaches the border, this lightens up the degree of security actually at the border, which then lightens up the delays that are going across the border.

The fourth area that we should be looking at in border security management—again, Monsieur Rhéaume mentioned it—is increased border resources. That's personnel in terms of assisting in the inspections, but it also relates to infrastructure. It relates to better plazas, roads going back from the border that have dedicated lanes for the faster, approved trucks that go through, so there's not jamming up as one approaches the border. Here again, I think the critical point is that this has to be complementary with the United States; this has to be a cooperative effort with the United States. We cannot afford to build bridges to nowhere; we cannot afford to build infrastructure to nowhere.

● (0930)

It seems to me that would mean close collaboration with the United States on training, secondments, and facilities with respect to border services, and as we go forward and develop our infrastructure, on the United States' side their stimulus program and infrastructure, and, for Canada, the program that's been around for quite some time, the gateways program—from the continental gateway to the Pacific gateway, etc.

I'll conclude by saying that it seems to me that policy-makers must acknowledge that there has been a shift in the security paradigm since 9/11. Failure to move forward to minimize the obstacles to the flow of legitimate trade can only cause our border to thicken further. Critical to that is working very closely with the United States as we plan our joint security across the border.

Thank you, Mr. Chairman.

The Chair: Thank you very much.

We are pleased to welcome the Honourable Perrin Beatty to our committee. We appreciate your coming.

Are you prepared at this time to make a statement of approximately 10 minutes?

[*Translation*]

Hon. Perrin Beatty (President and Chief Executive Officer, Canadian Chamber of Commerce): Thank you, Mr. Chair, ladies and gentlemen.

[*English*]

I thank Ambassador Kergin for filling in until I arrived.

Mr. Michael Kergin: I'm the comic relief. I warmed the crowd up.

Hon. Perrin Beatty: I suspect, although I didn't have the chance to hear all of his presentation or Gilles' presentation earlier, that I would probably endorse the vast bulk of what either of them had to say.

Let me take a few minutes to set out some of my thoughts and some of the chamber's thoughts with regard to where we are at the border today.

No doubt my colleagues reinforced for you the importance of the bilateral relationship between Canada and the U.S.—there's no need for me to do that—and stressed the unique relationship between our two countries. Instead of simply selling things to one another, we in fact build things together, with tightly integrated supply chains. You can have a chassis for a car coming down an assembly line on one side of the border to be joined to a seat coming down an assembly line on the other.

The border is absolutely critical to us. Some 10 million jobs on the two sides of the border depend on our ability to have a border that is transparent to legitimate goods and travellers.

So much of my time since 9/11 has been spent on the whole issue of the border. There was a time when I believed we could tweak our way by making improvements, sufficient to get to where we needed to be; however, my experience over the course of the last seven and a half years has convinced me that this formula no longer works. We need to look at something that, in my view, is considerably bolder.

Yes, it is important that we do what we can to make the present system more efficient, but we also need to redefine the game. The rules, as they are currently written, work against both countries, but particularly against Canada. The political incentives in the United States are to harden the border, with very few rewards for those who would argue that it should be more transparent to legitimate travellers and goods.

Unless we can initiate a fundamental discussion about our government's presence along the border, we'll be engaged in an ongoing holding operation with the U.S. government to make it less sticky, less costly, and less thick than they would like, but all of the movement will be in one direction. This is particularly the case if the Americans insist, as Ambassador Kergin was alluding to earlier, that their northern border must look the same as their southern border, despite the vast differences in the issues at stake.

I think all of us had hoped that the election of a new government in the United States would mean that while there might be changes in terms of the government's attitude in the U.S. with regard to trade, there would also be changes with regard to security. Yet the early signs we've seen out of Washington are that the current administration is moving in the same direction of hardening the border as opposed to thinning it out.

Having said that, I note that the election of a new U.S. administration gives us the chance to reinvigorate our long-standing bilateral relationship. We need to be, and to be seen to be, part of the solution to a number of a common concerns. If the United States is worried about the environment or the supply of energy, we can help. If it's concerned about the security of the continent, we're an important part of the solution—we're not the problem.

The same applies for transportation planning, for international trade policy, and for preparing for possible pandemics. Once we define how the border fits into the larger Canada-U.S. relationship, we can make progress. For example, we need to ask ourselves whether the border in the 21st century is meant to secure our nations from threats originating in the other country, to catch someone bringing in a third bottle of scotch, or to do something else altogether.

We need to go back to first principles and ask, “Why are we there?” What does the border mean in the 21st century? Is it simply a line on the map that we throw security resources at or do we need to take a fresh approach? At the Canadian Chamber of Commerce, we believe that a secure border that facilitates the movement of low-risk goods and people, and where border officers focus their limited resources on unknown trade and travel, is the best way to proceed.

To address the immediate issues, we have a number of short-term recommendations that fit into a longer-term vision. Together, they will make North America more secure and competitive. We want to see a Canada-U.S. border that is co-managed by our two countries, that gives strategic and resource priority to trusted shippers and travellers, that moves inspections and risk assessments further back in the supply chain and travel systems, and that reduces regulatory differences between our two countries.

In the short term, the Canadian and U.S. governments should expand participation in trusted shipper and traveller programs. These voluntary programs should make crossing the border fast and consistent for participants while allowing customs officers to focus their limited resources on unknown trade and travel. However, a number of companies reported that they're not seeing the benefits of these programs, with some saying their inspection rates have not gone down. That's despite the fact that they paid more than $100,000 to secure their supply chains and become certified as low risk. Some businesses are actually avoiding trusted shipper programs altogether because they feel they will be inspected less by not participating. It's bizarre, and yet this is the unintended consequence of the programs as they're currently structured. Others can’t even participate because they're regulated by government departments, including agricultural agencies, that are not partners in the low-risk programs.

● (0935)

We need to treat trusted shippers and travellers differently from unknown trade and travel. Expanding participation in these programs is part of a risk assessment strategy that makes our border more secure while facilitating two-way trade and travel.

Keeping traffic moving is another way of securing the border. Cargo tampering is more likely to happen in lengthy border and inspection line-ups. Simply put, when a truck is moving, it's less likely that somebody is going to be fiddling with the cargo while that's taking place. It's when it's stopped that there's the greatest potential danger. It's the same with any 40-foot cargo container.

A major concern for the business community is that border booths and inspection facilities aren't staffed to meet travel demand. Commercial traffic patterns are largely predictable. Border staffing decisions should be based on demand rather than time of day. And lengthy wait times aren't specific to southbound traffic. It can also be a problem in Canada, and it's not just a CBSA issue. Other government departments that do inspections at the border need to staff based on demand as well. It's common for an agricultural shipment entering Canada on a Friday, and sent to secondary inspection, to wait until Monday for a CFIA inspector to arrive. So much for just-in-time delivery, particularly with perishable goods. Matching border staffing to business demand reduces wait times and strengthens our security.

Now, another way to secure our border and to speed up the flow of trade and travel is to have a uniform system for reporting imports and exports in place. Right now different shipments are regulated by different government departments that require similar information but in different formats. Sometimes it's electronic and other times it's in a paper-based format. Electronic cargo reporting helps border agencies manage risk. A uniform system would boost information sharing between government departments and simplify the reporting process for businesses. We strongly support the single-window interface in Canada that will bring CBSA and other government departments with border mandates under one electronic system. We urge the government to make participation in the single-window interface a priority for all required departments and agencies. This can be the starting point of a long-term strategy to put in place a fully secure and interoperable customs system with the United States.

A good border vision needs a solid contingency plan in case of a pandemic, a natural disaster, or terrorist activity. The border's importance to 10 million jobs calls for a plan to deal with a full or partial border closure. CBSA has made considerable progress in putting together a plan to manage the movement of goods and people during an emergency at the border. The next step is to work with the United States to have a bilateral plan and a communication strategy. All of us hope that we'll never have to activate a border contingency plan, but it's important to have one in place for our security.

A basic requirement for the flow of goods and people across the Canada-U.S. border is travellers showing up with the right documents. The western hemisphere travel initiative is coming into force on June 1 of this year. Travellers will then need a passport, a NEXUS or FAST card, or an enhanced driver's licence to cross into the United States. Each of these documents has different benefits and is of interest to different segments of the travel market. We recommend that the Canadian and U.S. governments get a critical mass of WHTI-compliant documents into circulation and communicate the forthcoming rules to the general public. Our economies are already hurting because of the economic downturn. We can't add to the problem by hampering travel between our two countries.

The recommendations that I just listed lay the groundwork for a longer-term border vision. Moving forward, we need to take the Canada-U.S. border to the next level by building on our long history of cooperation in NORAD, the St. Lawrence Seaway, and the International Joint Commission. We recommend working together on a co-managed border run by officials from Canadian and U.S. border and infrastructure agencies, with a potentially rotating chair from the two countries—as in NORAD. A co-managed border would lead to uniform and strategic border planning in security, infrastructure, and operational activities. This concept could be tested using a pilot project at an existing border crossing with low-risk, pre-screened, trusted shippers and travellers.

The bottom line here is that it's time for new ideas. To make progress we need to package the border with other areas of common interest. We're partners, and partners work together.

● (0940)

But what I propose here is far less ambitious than what's been achieved in Europe, where the continent was twice riven by war in the past century before being divided between the Soviet bloc and the west.

I recognize that many people still question whether it's possible to make substantive structural changes. I believe it's not only possible but it's essential. Today, travel by individuals or cargo is seamless throughout much of Europe. Surely two countries with a history of good relations, enjoying the world's most important trading relationship and sharing both common challenges and common opportunities, can agree to work together. What is needed is the vision to see what's possible and the perseverance to make it happen. Through your leadership, we can build a brighter and more prosperous future for both our economies.

Thank you, Mr. Chairman. Thank you, members of the committee.

● (0945)

The Chair: Thank you, Mr. Beatty.

We'll now turn to Mr. Muller from Simon Fraser University.

Mr. Muller.

Dr. Benjamin Muller (Professor, Department of Political Science, Simon Fraser University): Thank you.

What I'm going to speak of this morning is primarily dealing with risk management. I have some questions and considerations about the approach and its potential inappropriateness for the function of public safety and specifically border security. I think it follows well on what's been said. It's not by any means to throw the baby out with the bathwater here but perhaps to put some question marks over some of the strategies currently used, given what has happened at the border.

I'll raise concerns in three general areas when it comes to Canadian border security. First is the use of risk management itself and its potential appropriateness or inappropriateness as a model. Second is associated problems with the use of biometric surveillance, RFID, and the whole host of technologies that are used with risk management. Third is tendencies in both Canada and the U.S. towards a centralization of authority in border security, which is often at the cost of borderlands and the stakeholders who reside therein.

Underpinning many of these concerns are some serious reservations over any border security strategy that focuses more on prediction, predicting potential risks—what I at times refer to as the needle-in-the-haystack approach, which is clearly motivated by avoiding a 9/11—rather than approaches to border security, many of which have been mentioned already, that focus more on resilience. Effective strategies for resiliency in the face of potential failure are obviously less popular, but more necessary. Simply, I'll argue for a shift towards models that evaluate risk that is based on public values.

Risk management has rapidly emerged as a strategy of choice in managing border security. Essentially, it requires a risk assessment, an assessment of the frequency and severity of risks, which as we've heard already is not always agreed upon. Then it provides a four-pronged strategy of mitigation, avoidance, transfer, or acceptance. Although in Canada it's mandated by the Treasury Board and makes sense from a fiscal perspective, its capacity for public safety—specifically border security—is questionable. When applied to public safety and security, avoiding or transferring risk is not a viable option, and thus the efficacy of the application as a whole is worth questioning.

Furthermore, the reliance on catastrophic failure is highly problematic, either the absence or presence of failure being the only measure of success. Issues such as the Robert Dziekanski incident in the Vancouver airport can be perceived as such an event.

In any application of risk assessment, the imagination of the potential risk is crucial. A clear lineage from the insurance industry suggests assessing risk is sensible and obvious in the case of things such as floods and earthquakes. Simply applying these techniques to public safety, and specifically border security, can lead to profound problems, where entire policies become preoccupied with the pre-assessment of risk further and further away from the border. This pre-assessment is carried out through the panoply of programs we have, such as NEXUS, FAST, passenger pre-screening programs such as CAPPS, and the no-fly list under Passenger Protect.

These approaches contribute to what is often referred to as a thickened border, but can also be understood as a proliferation of borders. These have the effect of treating all those crossing borders as potential risks of relative similarity. As was suggested this morning, when one is enrolled in trusted traveller programs, be it NEXUS or FAST, the rate of checks at the border actually increases. You're far more likely to be pulled aside, which, as has been pointed out, is a disincentive. To actually enrol in these programs is not being rewarded.

Put very simply, risk management cannot estimate the frequency of terrorist or criminal penetrations of the border, nor what the impact is, so it simply appears to be an inappropriate tool. It is perhaps worth reminding those focused on the panoply of trusted traveller programs and pre-screening and pre-assessment tools that such viable risk-driven solutions would not have hindered 9/11. Hijackers had frequent flyer cards, in some cases booked first-class tickets, and did not infiltrate a supposedly weak Canada-U.S. border.

The reliance on various technologies in contemporary border security is also steadily rising. The use of biometrics has become prolific. Various surveillance systems and RFID technologies are all but ubiquitous at land borders and the virtual borders in airports.

● (0950)

It is important to recognize that the introduction of these technologies alters how the border functions, is experienced, and how those crossing it are perceived. It is simply naive to assume that technology itself is neutral and that the intentions behind its application will trump other logics already present in the technology design itself. One example of this is the tests on facial recognition done in Florida last year, where they found that the entire system does not work on African Americans.

The use of these technologies not only intensifies the logic of pre-emption inherent in these applications of risk management; it also introduces the problem of social sorting. The non-transparent processes, databases, and programs that serve the interests of the risk assessment categorize and sort individuals in ways that the individuals themselves are rarely aware. Although consideration of any technology's fallibility is relevant, this is not my question. The differing logic that technology introduces is the focus, and the extent to which it broadens suspicion is worthy of question. One's meal choice can be linked to travel history, ethnic background, and credit score—all without one's knowledge—to create a profile that may or may not be a fitting approximation of the individual.

As with risk management strategies that create favourable conditions for the introduction of these technologies, failure or its absence is the only measure of success. Having no more 9/11s is equated with successful border strategy and is not a sufficient argument for continued or ever-increased resources. Failure can also be framed as a rationale for increased resources.

In the case of border security, false positives or false negatives tell us little about the efficacy of the systems employed, and they tend to be connected to wait times, which have little to say about actual security. Since the events of 9/11 in New York, Washington, and Pennsylvania, it is obvious that North American border security has undergone transformations, many of which have been noted today. The logic and strategies used in the institutions responsible for managing the border have changed to reflect a greater emphasis on security and surveillance, as opposed to visa, immigration, and customs.

What has been lost to a certain extent is a border that functions according to the needs, demands, and interests of those who regularly cross it, such as those residing in the borderlands where the predominant percentage of the Canadian population lives. It is also important to realize that the majority of the American population does not inhabit these borderlands. Indeed, a far greater number of Americans inhabit borderlands along the southern U.S. border with Mexico as opposed to northern borderlands.

It is no surprise that this contributes to what are now almost ubiquitous comments that misrepresent the Canada-U.S. border, Canadian border security, and Canadian immigration policy. This is unfortunately not only propagated by tabloid media, but often by the current Secretary of Homeland Security herself. This most definitely acts as an impediment to any sort of empowerment of borderlands on both sides of the border and tends to rationalize—however misguided and misinformed—the necessity of increased centralization and more homogenous strategies at both southern and northern U.S. borders.

I am suggesting that some care and attention be paid to regional borderland stakeholders, many of whom are successful in integrating a range of interests, both governmental and non-governmental, when considering effective strategies to manage and secure the border. One example of this is the international mobility and trade corridor project in Whatcom County in Washington State.

A border that functions well, inhibiting the movement of illegal persons and goods and facilitating the movement of tourists, business and commerce, goods, and casual shoppers, is what such organizations struggle to achieve. Yet they are increasingly disempowered through centralization, rising dependence on technology, and specific applications of risk management. Indeed, under current conditions we cannot evaluate how close or how far we are from this goal.

A border strategy motivated by perpetual risk and pre-emptive logic, which deems nearly all those who cross the border as potential risks of equal quality—even enrollees in trusted traveller programs—renders the sort of border these regional stakeholders envisage, one that evaluates risk based on public value, an impossible dream and thus an insecure border.

Thank you very much.

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

Now we'll turn, for our first round of questioning, to Mr. Oliphant of the Liberal Party for seven minutes.

Mr. Robert Oliphant (Don Valley West, Lib.): Thank you, Mr. Chair.

I'd like to thank you all for being here today.

I want to start out at sort of a high level and then maybe go to some specifics. I have a theory in my head that I'm trying to work on.

It seems that for the Americans, right now the border is primarily a security issue. For Canadians, the border has primarily been an identity issue. They are two different ways of looking at the border. As Canadians, we like to keep a border to keep our minority position in this continent to establish that we're Canadian. For the Americans, it used to be a non-issue. We were Americans or we were Canadians, and the border was porous. After 9/11 it became a security issue.

Mr. Beatty has opened up the thought of revisioning the whole thing. It seems to me that for Canada, the border is really a security issue, not an identity issue. I think we have the biggest threat in terms of contraband, guns, and criminal activity coming from the south into our country. For them, it's really an issue of misunderstanding identity, not understanding Canadian aspirations as compared with Mexican aspirations, or southern border issues.

I'm trying to sort out in my head what we as parliamentarians can recommend to our government about how we reshape this issue. It seems to me that we're at risk, and that the United States is no more at risk from Canada than New York is from Pennsylvania. It doesn't seem to me that they're at risk, yet the perception is that they're at risk.

Mr. Kergin, Mr. Beatty, can you help me on this? How can we actually express that better to the United States? I don't think we're doing a good job at it right now. Am I right in my basic assumption?

● (0955)

Mr. Michael Kergin: I think you have captured it quite well.

It's interesting that during the Cold War, the Americans were concerned about security, but at that point Canada was an asset. Why? Because we had this vast territory that allowed time for the Soviet missiles to be tracked, and hopefully disposed of, through the whole NORAD apparatus.

Mr. Robert Oliphant: They'd just fall on us.

Mr. Michael Kergin: Well, there you go. That's our problem, I guess.

With 9/11, the border suddenly became upfront and personal. That vast blank, which before was an asset, suddenly became a liability. How do you deal with that vastness, if you will?

So I think security has always been paramount, but it's been a different type of security that 9/11 installed or instituted for us.

I think you're absolutely right; I think there were times in the past when Canada looked at the border as a statement of different values, different foreign policies, different ways of dealing with political and governance issues, and that reinforced a Canadian sense of comfort. That was a time when I think Canada was still a bit concerned that American values might permeate or might overtake the Canadian way of life.

This is a political statement, but perhaps a very personal one: I think we've passed that. I don't think Canadians are as threatened, or feel as threatened, by the American way of life the way they did, say, 15, 20, or 25 years ago. To some extent, our thinking that the border somehow is a protector of Canadian values is dissipating. I think that's your point, and I would agree with it.

It is true that, regrettably, with 9/11, on the American side the upfront and personal border has become a security barrier. What I'm hearing a fair amount in Washington is that, no, they don't really feel too threatened by Canadian guns or B.C. bud or people-smuggling of Koreans and so on. Although those are issues for them, they're not overwhelming. They're more concerned about, as I'm now hearing, the rules we have in place for people coming into Canada who can then more easily cross the border into the United States. That is a bit of a problem for them.

Anybody's who's gone to Newark has seen Norwegians and Swedes and Brits who have to put ten fingers down to get them fingerprinted and their faces photographed, whereas we go through without that. There's starting to be a sense that maybe Canada should do the same thing for people coming into Canada, and have the same kind of security controls. If we don't, that enhances their sense of insecurity across that border.

We have some work to do, I guess, if we want to try to persuade the Americans that we are competent and capable of securing our part of the North American real estate. As Perrin Beatty has said, we may have to look at a couple of first principles in order to start that dialogue going. One of them might be to ask what are we doing for people coming into Canada who then might go across to the United States?

● (1000)

Hon. Perrin Beatty: Your question is an excellent one. I fully subscribe to Ambassador Kergin's analysis, but I suppose I would take it further as well.

Your question, in which you mentioned that Canadians tend to see the border in terms of our cultural and political identity, is particularly helpful in that it drives you back to ask the fundamental question of what the border is in the 21st century. Is it just a line on a map, or is it something far different?

I look upon the border as any place where two sovereignties intersect. It could be in cyberspace. The American border with Frankfurt, Germany, failed on 9/11. It's not simply a line on a map. And I believe the committee needs to take that much broader view of what constitutes the border. What is its significance, and what are we trying to achieve?

I was part of border protection, in a sense, when I was president of the CBC, which is part of the cultural bulwark that we'd established simply to avoid being overwhelmed by American content.

So I would strongly counsel you to go back to first principles and ask what the border is, what it is we're trying to achieve, and how we set that in the bilateral context with the United States.

The other important thing you did was to raise the question of physical security along the border. You correctly talked about whether there's a security threat, and you correctly talked about criminal activity coming north.

One of the concerns I have about the current construction of the border is that we are being driven into paralleling what the Americans are doing.

The Canada Border Services Agency has a massive unfunded mandate, to the tune of hundreds of millions of dollars, over the course of the next several years. It will not have the money to do what it is being tasked to do if we continue on the current track. And yet if you were to ask authorities what the greatest threat coming north across the border is, they would not say terrorism, but illicit tobacco, guns, drugs, and organized gangs. This is distorting our priorities and making Canadians less safe in the process.

The Chair: Thank you, Mr. Oliphant.

I will turn now to Monsieur Ménard, *pour sept minutes, s'il vous plaît.*

[*Translation*]

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): Thank you.

I do not have a lot of questions to ask you. In fact, you have just confirmed our impression that we cannot hope to solve our border problems ourselves. They are largely due to a lack of understanding on the part of the Americans. This is a recent problem.

Recently, I went to Stanstead, a town that is literally on the border. The town was established in the 19th century. A community grew up on both sides of the border, as isolated from Canada as it was from the United States. The richest family in the area, an American one, built a major building on the border expressly so that people from both sides could have access to a library and to education for their children. They built a theatre there too—this was in the days before cinemas. It is still there and still in operation today. I think it has about 300 seats. What changes there have been since! I recall going across the border to go to the seaside with my parents when I was a child, and doing the same with my own children 20 or 25 years ago.

We have been talking about what we should do, and I am in complete agreement, Mr. Beatty. But what chance do we have of convincing the Americans of the advantages of jointly managing the borders?

It is important that security be shared. The Americans always seem to be looking for cut and dried ways of dealing with security issues. But I think they go too far. For example, we grant pardons to people who have criminal records, usually for minor offences; but we exchange those files. Though we in Canada erase criminal records and grant pardons, the Americans do not. Now, of all the people convicted of impaired driving in the last 15 years, I know of not one terrorist, not one person who has genuinely put American security at risk. But when our voters come to see us in our constituency offices, that is the kind of problem they talk to us about. And the problem is growing.

I was minister of public safety in Quebec for a while, actually, minister of transportation and public safety at the same time. That was both before and after September 11, 2001. I saw remarkable cooperation between American states and Canadian provinces, especially New Brunswick and Quebec, when public safety was at stake and power lines had to be repaired. American workers were able to come across the border easily to repair Canadian power lines that had been brought down by ice. Likewise, when they had floods on the other side of the border, our workers went to help the Americans repair their lines, and so on.

Would I be mistaken in saying that the problem comes from the United States? Given your experience, Mr. Kergin and Mr. Beatty, could I ask you what we can do to change that impression?

For example, I was always concerned to see such an intelligent and well-informed woman as Mrs. Clinton, when she was a senator, with the small-town reaction that all evil must come from somewhere else. When America had a major power failure in 2003, the senator was sure that it came from Canada. But it was not so. We have the same problem with terrorist threats.

● (1005)

So, at the highest level, there is an understanding—I think we can all agree—that things have to change. But whereas we are ready, they are not. That is the problem.

Mr. Gilles Rhéaume: I have a comment.

I have dealt with the Department of Homeland Security in Washington, as well as with the Canadian federal government. In my opinion, there is a problem on both sides of the border. Discussions have to be a lot closer than they are at the moment.

You are completely right about the cooperation that exists between some provinces and states—you mentioned New Brunswick and Quebec too. We have certainly seen that. We see the same thing between British Columbia and Washington State. We see it between Ontario and New York State as well.

So we do see it. There is cooperation, we do work together. But we see it less between Canada and the United States at the federal level than at regional level. We see cooperation at city level too, such as between Windsor and Detroit, or Niagara Falls, New York and Niagara Falls, Ontario. One of the greatest remaining barriers, in fact, is that our two countries have no joint public security policy. We just have regional practices—we cannot even call them policies. That is also a problem...

● (1010)

Mr. Serge Ménard: With the chair's permission, I would like to ask if Mr. Kergin and Mr. Beatty, who are the most qualified, could address my concerns, which, I dare say, the other members of the committee share.

The Chair: We only have time for very quick answer.

[*English*]

Hon. Perrin Beatty: Can I have a stab at that, Mr. Chairman?

First, let me apologize for breaking your sound system. It's why when I was defence minister they didn't allow me to push any buttons.

[*Translation*]

Mr. Ménard, thank you very much for that very important question.

[*English*]

Simply put, if we continue to play the game by the rules as they're written today, we will lose. Both the U.S. and we will lose, but we will lose more. We have to redefine the game. If we are simply arguing on a narrow basis about how we deal with the border as it's constituted today, you'll be constantly pushed back into a holding operation as the border gets thicker, more costly, and more difficult to cross. We need to engage the Americans on a much broader dialogue about how we provide for the security of North America in a whole range of areas: in pandemics, in military affairs, in anti-terrorism, in criminal activity, and so on. We need to redefine the game. It's just that simple. We change the rules or we lose.

The Chair: Thank you, Mr. Beatty.

I'm sorry, we're going to have to move on. Perhaps in another question you'll have an opportunity to add those remarks in, Mr. Beatty.

Actually, it's a good thing it wasn't broken. I thought maybe you were trying to pull the microphone away from the other witnesses, in fear of what they were going to say.

Hon. Perrin Beatty: I'm here to answer the question, Mr. Chairman.

The Chair: Mr. Davies, for seven minutes, please.

Mr. Don Davies (Vancouver Kingsway, NDP): Thank you, Mr. Chairman.

I have a bit of a general comment and then I have a couple of specific questions.

My first comment is that, probably like a lot of Canadians, I feel a bit of frustration when we talk about the border with the United States because I believe the premise from which we begin is faulty. The greatest illustration of that is in Ms. Napolitano's comments recently. Since 9/11, when the Americans were understandably quite shaken, there really hasn't been any evidence-based circumstances, I think, that would justify the amount of attention we've seen on thickening the border. Other than the Ressam case a few years ago, I don't think there have been any examples of Canadians crossing the United States border for terrorist activity. There have been no high-profile situations in which there have been commercial problems crossing the border from Canada. Yet we have proceeded on the assumption that there's a problem there.

I must say for the record that I find that frustrating. I feel like we're engaging in a whole set of procedures and policies and taking a lot of people's time and energy and money to fix a problem that I have never been convinced is actually there. Nevertheless, I hear what you're saying, that the reality is such that we may not have the luxury of arguing the premise.

My two questions are focused on the following.

My first is on sovereignty. Mr. Beatty, I think you used the elegant phrase, “intersections of sovereignties”, which I quite like. My concern when we talk about the border and when we talk about words like harmonization or information sharing, particularly in the context of things like the security and prosperity partnership, is that in joining with the United States in common procedures, policies, practices, approaches, we risk losing our ability to set our own standards and our ability to gain control of affairs within our own country.

I'll give a couple of examples and then I'll ask you for your comments. I've read that there have been proposals to adopt the U.S. Food and Drug Administration's approval process on pharmaceuticals and drugs, that we'll simply adopt those in Canada.

Second, something I'm familiar with through my previous work is that the Americans have random drug testing for their workers—it's lawful in the United States, it's not lawful in Canada—and the tendency is for us to adopt that practice in Canada.

I'd like your comments. You've given a lot of thought about this, I can tell. Do you have any concerns about how we protect Canadian sovereignty in the context of dealing with the very real security issues we have?

● (1015)

Hon. Perrin Beatty: Yes, Mr. Davies, and thank you. That's a very thoughtful question.

I think it's important that we approach the issue in a very pragmatic way and set aside ideological concerns that have historically tended to guide the relationship. In this particular instance, look at it from this perspective: does the measure we're looking at make sense? We have common standards for the electricity we use in our grid. Would we be more sovereign if we didn't? No. We have common standards for broadcasting, for technical standards. Would we be more sovereign if we didn't? No. If we use different gauges on our railroads, would we be more sovereign? No. If our roads didn't meet at the border, would we be more sovereign? No.

That doesn't mean that we simply abandon what makes us distinctive as Canadians. It means that we need to focus on those areas that are intrinsic to who we are, to protect them, but in the other areas to put everything on the table and simply say, where does it make sense for us, cohabiting on this North American continent, to work together as partners? We've done this for over a century in the case of the International Joint Commission.

I spent a very interesting meeting last week with the Honourable Herb Gray talking about his activities, and it works very well. We co-manage the St. Lawrence Seaway.

In other areas—in transportation planning, in the environment, mobility of people, trade policy, defence, security, a whole range of other areas—it makes sense for us to pragmatically sit down and examine how we can work together as partners in North America to the benefit of both our countries, and how to do it in a way that doesn't impinge on our sovereignty.

Finally, I'm a former health minister as well, so as it relates to harmonization of product testing and the like, where you have essentially the same goals, where you have essentially the same results, where your methodology is essentially the same but there are minor differences in terms of how you do it or report it, it makes sense for us to look for ways to collaborate on that.

Where we have fundamental differences in values is where we need to reserve to ourselves in Canada the right to go our own way.

Mr. Don Davies: Thank you.

Ambassador Kergin, I think you mentioned in your remarks that while protecting the border we had to be mindful of the protection of privacy and civil rights. I want to know if you would elaborate on that for us. What privacy and civil rights might be engaged by this process?

Mr. Michael Kergin: I think the most outstanding example was the Maher Arar case, where rendition in the U.S. of a Canadian citizen was unacceptable from a Canadian perspective. That happened very shortly after 9/11. In any discussions we have with the United States, it is extremely important that we put some red lines in, some no-go areas. We have to establish what is acceptable from a Canadian perspective with respect to our charter obligations. This could come up in relation to information and intelligence sharing, cooperation on diplomatic activities internationally, better standards for container traffic, advanced passenger information coming to North America, and other topics.

Intelligence and information sharing is not a bad thing, provided we are clear about our fundamental privacy and human rights issues. The Americans also have quite strong safeguards in these areas, but there are differences in their constitution and legal system that we may need to take into account.

Coming back to your earlier point about jurisdictional subordination, it seems to me that those are areas where we cannot go if there is a conflict of values. There are many other areas, however, where we might be able to work with the Americans on information sharing, policing, criminals, and so forth.

The Chair: Mr. Norlock.

Mr. Rick Norlock (Northumberland—Quinte West, CPC): Mr. Chair, thank you.

Thank you very much for coming, gentlemen.

I listened to Mr. Beatty talk about some of the esoteric border issues, etc., but I'm pretty much a bread and butter type of person. My riding is in southeastern Ontario. A lot of the manufacturing there requires a seamless border. In order for companies to meet payroll and to stay in business, they have to make a little bit of profit, and the thickening border doesn't do that for them.

From listening this morning to much of the presentation, I think the reality is the fact that Canada really doesn't have a profile in the United States to the extent it should, given our importance to them vis-à-vis our economies and foreign policies. We don't differ a heck of a lot from the U.S. in many, many instances. We have some differences, yes, and that's good, but I think if you have an empty stomach, if your companies and your plants around you are closing, a lot of the other good things don't matter. You need to put a roof over your head and bread and butter on the table, so you need that border lightened, not thickened.

Earlier in the week we were reading about what it takes for Canada to get seen, what it takes for Canada to get on their radar screen, and I'm going to come back to Mr. Beatty's talk about how closely we're entwined with NORAD, which might be a good way to approach issues at the border.

Mr. Kergin, you lived for many years in the United States, representing Canada and trying to get Canada on their radar screen. When I read one of your statements earlier this week that you could stand in front of the Washington Monument with all your clothes off and still not get the national media coverage you'd like, I thought about what we've been doing recently, with the Prime Minister trying to get on American television and saying—at least to the business community, or to the average American for whom bread and butter issues mean something—"Hey, we're important to you; you may not think about it, but we are."

I guess my first request for a response would be from Mr. Kergin, and a little bit from Mr. Beatty and Mr. Muller. I know it can't be business as usual, but do you not think, number one, that we need some kind of campaign—not an advertising campaign, but...?

I guess, Mr. Beatty, the challenge would be for you to get on the speaking circuit of the U.S. chambers of commerce and talk to those folks about the issues, so they can talk to their congressmen and senators.

Mr. Kergin, from a government perspective, how can we get Canada on the radar screen without having to resort to taking our clothes off in front of the Washington Monument?

Mr. Muller, how do you think we could change some of the practices at the border, because, as Mr. Beatty said, we can't keep mirroring what they're doing on the other side, because it's going to end up being somewhat of a stalemate and we're not going to get ahead? But if we don't, they're just going to shut us off. To me, you can get around that by using the NORAD type of experience.

Starting with Mr. Kergin, then Mr. Beatty, and then Mr. Muller, could you respond to some of those thoughts and statements?

● (1020)

Mr. Michael Kergin: Thank you very much. You've really raised the $64 million question that I've been grappling with in the last 30 years that I've been dealing with Canada-U.S. relations, and that is, how do we get ourselves on their radar scope? The old story is that good news is no news, and very rarely do we have a bad news story from the United States.

An incident in Georgia or something in the Ukraine hits a lot of newspapers, but the fact that we have this enormous trading relationship never makes the U.S. press. The only time in my five years in Washington as an ambassador that Canada appeared above the fold on the front page of *The New York Times* was when the Alberta Minister of Energy dared to suggest that possibly energy might flow to China rather than coming south to the United States. That, from the American perspective, was a bad news story and we therefore got on the front page of the *The New York Times*.

I'm not suggesting that as an approach, obviously. It does explain a little bit, to some extent, that good news just doesn't really carry in the media very often.

I'll come back to the question. This actually ties in with a question that Mr. Ménard had. It's glib to say, "Well, you try to influence Americans one American at a time." There are 300 million of them, so that's a bit of a tall order. There is a bit of truth to that, in the sense that I found that the best way to start to get the Americans' attention is from the grassroots up. It's working at the subnational level, province to state. There are incredibly good relationships that exist across border towns and so on.

When we have a problem on a lumber issue, for example, or we have a problem on a border issue, very often we can use our subnational authorities and our consuls to work on the state governments, who then will start to work on their federal representatives to get things to change. The best example I can think of, you might recall, is that of the U.S ambassador to Canada, at the outset, when we were starting to think about enhanced drivers' licences for British Columbia. It was a British Columbia initiative, then Ontario and Michigan.... He said, "Not a chance. It's never going to happen. Homeland Security will never buy the idea of an enhanced driver's licence." Some of us who knew Washington—and I argue maybe a little better than he did, frankly—recognized that if we worked on Senator Schumer in New York, if we worked on the Michigan senators, and if we worked on the Washington State senators, we might be able to push that back and get something like another alternative to the pass card or to the western hemisphere travel initiative, like the enhanced driver's licence.

I don't think one should ever underestimate the ability of working cross-border with our immediate, proximate neighbours. Have them put pressure on their representatives in Washington to roll back some of the legislation or some of the perceptions that the inner beltway, in its ignorance—and in many cases its ignorance of Canada—has come up with and hurt us, without wanting to hurt us but just unknowingly has hurt us.

● (1025)

Hon. Perrin Beatty: All of this is important and we need to continue doing it.

The Canadian Chamber of Commerce, for its part, will be updating its joint report with the U.S. Chamber of Commerce, and it will be releasing new recommendations on how to improve the functioning of the border. At the end of the day, we have to pull back and assess the progress. We've had brilliant people serving us in Washington; we have superb teams there. All of us have poured resources in since 9/11.

Where are we? Two weeks ago we had the Homeland Security Secretary saying that the 9/11 terrorists crossed from Canada. That was followed by John McCain, who was here in Ottawa as recently as last summer, saying, "Well, of course, she was right. They crossed the Canadian border." If all of the efforts we've made in education have brought us to that point, it's time for us to go back to the drawing board and ask ourselves whether the strategy essentially works.

When the Americans spend $100 million to launch a new razor blade, what are the resources that we as Canadians can put into the educational campaign in the U.S.? That's why, yes, we have to continue to do that to the best of our ability, and we have to continue to try to improve the system as it currently exists. We need to engage the Americans at a new level. That means Prime Minister to President, and it means with a new idea and with something that is important enough that it needs to be decided at the political level, not by meetings of bureaucrats—it's a game change or to redefine the rules.

That's the only way we can win.

Dr. Benjamin Muller: I think I can sum up some of these things. I would echo the two sets of comments that have been made. One is that we ought to look at what works, and what works is to ask how you eat an elephant and to realize it's got to be one bite at a time. The enhanced driver's licence is far more successful in Washington State than it is in British Columbia. They've marketed it exceptionally well and completely gotten on board. Things like the integrated border enforcement teams that the RCMP were involved in are successful. Why? Because they're small. They have developed personal communications and relations of trust. In those smaller confines, there are all sorts of initiatives that I'm familiar with, particularly within Washington State. They're successful because they create manageable relationships. When you look at it in the macro, it's too much to handle. Just in a geographic sense, the border is massive.

The other point is that we need to change our entire discourse with respect to the border. It is simplistic to speak about it as a mere security line. This does not mirror how borders have functioned in history. They are always lines of socialization as well. An identity is also integrally linked to what a border is there for. It has been this way since the Roman Empire, where borders were more of a socialization exercise than a security exercise. If we go down the security road, we will have to mirror the projects that are going on south of the border.

● (1030)

The Chair: Mr. Kania.

Mr. Andrew Kania (Brampton West, Lib.): Thanks to you all for being here.

Mr. Beatty, you've called for a “time for new ideas” and a “fresh approach”, and you made reference to the European Union. I want to discuss that. You've taken the words out of my mouth. I have a master of laws from England in European Union law, and this is something that I want to discuss. I want to go back to the purpose of the border. At this time, I can see the Americans are predominantly focused on security and terrorist threats, but I find it strange for people to think that this threat would be high at the border between Canada and the United States. I think the threat would be greater on the perimeters of North America.

What do you think should be occurring now? I assume your eventual goal would be an undefended border between Canada and the United States, with a more secure perimeter around North America to protect all of us.

Hon. Perrin Beatty: I don't think we're going to achieve what we've seen in Europe in the foreseeable future. It's bizarre when you think about it. Think of the challenges in Europe compared with those in North America. The practical realities are that it's unlikely we'll be able to achieve that. But can we move to push the borders out? Can we develop a better understanding of the people and cargo coming to North America before it ever arrives, and then thin out the Canada-U.S. border?

If we're counting on the border as the place to intercept terrorists, including domestic homegrown terrorists, this is a very dangerous reed to try to grasp. We need to share criminal intelligence more effectively to identify threats before they ever get anywhere near the border. It means reconceptualizing how we manage security and redefining the game. But yes, that's the direction in which I'd like to move.

Mr. Andrew Kania: I don't see any practical difference in the threats that exist between American states and those that exist between Canada and the United States, with our police services and all the information we have. What's the difference? How is it that Americans think there's more of a risk to the U.S. from Canada than from homegrown sources?

Hon. Perrin Beatty: In politics, perception is often more important than reality. Do I believe that we pose less of a threat to the United States than many states within the U.S. do? Yes, I do, definitely.

I asked a congressmen in the United States whether he believed that his constituents would feel that any country, no matter how competent and whatever their intentions, could provide for the security of the United States as effectively as the United States itself. His response was that he thinks his constituents expect the U.S. to look after the U.S. The border is there and it's a convenient place to draw the line. That's where they throw the resources.

The intuitive logic is that if there are cops at the border, we'll be more secure. I would argue that the strategy being followed is making us less secure, because it is diverting limited security resources from areas of high priority. When you talk about risk management, there are areas of low priority. As a result, politics make us less secure than we would otherwise be.

Mr. Andrew Kania: For example, a high priority would be the perimeter around North America and shipments coming into North America, not the geographical border between the U.S. and Canada.

Hon. Perrin Beatty: I would include resources in security and criminal intelligence. If you were to ask the chairman of the joint chiefs of staff in the United States, “If you had 10,000 people or 5,000 people you could use somewhere, would you station them on the Canadian border?”, I know what the answer would be. If you were to ask the head of the CIA or the NSA, “If you had a couple of thousand people or a few billion dollars more, would you use it for threats from Canada?”, I know what the answer would be.

There's a limited amount of money that's available and it is being misallocated at the present time. On our side it is being dramatically misallocated when the threat is illicit tobacco, guns, drugs, and organized crime. If you have the RCMP before this committee, ask them to tell you how many terrorists they've caught coming north across the 49th parallel.

● (1035)

Mr. Andrew Kania: You're aware that in January, Secretary Napolitano commissioned a study about the Canada-U.S. border. You have read or heard that she made some negative comments about the border and terrorist threats or security in relation to Canada.

Hon. Perrin Beatty: Yes.

Mr. Andrew Kania: You are a former minister. If you were the minister now, would you have made submissions to her to somehow try to influence her opinions in this report? Would you have done something?

Hon. Perrin Beatty: I think the government certainly did. Secretary Napolitano was scheduled to come to Ottawa three weeks ago. I was invited to dinner with her, among others, and I'd hoped—

Mr. Andrew Kania: Would you agree that the Canadian government should have made representations to her for that report?

Hon. Perrin Beatty: Continuing representations on any issue related to border management...absolutely. But in any instance where concerns are raised, we need to respond effectively and directly.

The Chair: Mr. McColeman, please.

Mr. Phil McColeman (Brant, CPC): Thank you.

You're all very esteemed, and I have the highest regard for all of you. My comments will frame where I'd like you to respond—not so much of a question. I'd like to provide some insight. I'm a fairly new politician with a very practical background in the building industry, and I've lived close to the border and done business on both sides of the border.

I'd like Mr. Beatty, Mr. Muller, and Mr. Rhéaume to perhaps respond. Mr. Rhéaume mentioned establishing a national brand as one of the priorities. Then I heard Mr. Beatty, as an extensively seasoned politician, talk about the European example of a more harmonized approach between countries. Agriculture is perhaps one example, although I don't know specifics. I'm sure there are standards between their countries that facilitate the flow of agricultural goods.

The suggestion seems to be, from the comments today, that we need a more international approach and not a national brand—more of a harmonized approach to how we address all these issues in a new game perhaps.

But I am reminded of the reality of the politics. I'm especially interested in Mr. Beatty's comments about this. I think back to when this country was negotiating the NAFTA with the United States. I remember that the opposition outcry was huge and loud about how this was going to ruin our identity culturally. This all ties to some of Mr. Oliphant's comments about the different kinds of borders.

I would like you to comment on how to create a less thickened border, in a practical and pragmatic way, given the reality of politics where all of these things are intermingled, and the outcry that would likely happen with a harmonized approach. It seems to be a general theme across what you're saying, with the exception of Mr. Rhéaume, who suggested a national brand.

That's the context of my comments. Could you comment back to me on those, please?

Hon. Perrin Beatty: I'll try to be quick. Change the game. That's the only way.

Mr. Phil McColeman: And suggest specific ways to change the game, please.

Hon. Perrin Beatty: I think you have to go to the Americans with the Canadian proposal, Prime Minister to President, proposing a new type of partnership that's bold, that captures his imagination, and that can't be settled by bureaucrats.

Mr. Phil McColeman: If I might interject, as politicians—it doesn't matter what political stripe—how do we handle that in the political context of the probable reaction that this is going to diminish our identity?

● (1040)

Hon. Perrin Beatty: I think the very good thing with the change in administration in the United States is that Canadians will now look at proposals for partnership in a more pragmatic way. I think they're very open. They don't believe the President of the United States gets up in the morning and looks for ways to gobble up Canada. As Ambassador Kergin will tell you, the difficulty was always getting the Americans' attention, not that they were too focused on Canada, and yet the perception in Canada that the Americans were anxious to consume us and still believed in manifest destiny was a real impediment to us. Right now I think the climate has changed dramatically in Canada. The challenge for us now is to get onto the American radar screen. We won't do it with small ideas. We can only do it with bold ideas, and we won't do it at a low level. We can only do it at the highest possible level.

Mr. Phil McColeman: Sir, were you in government at the time of the NAFTA agreement?

Hon. Perrin Beatty: Yes, and the FTA as well. You mentioned the debate. The significant concern that so many Canadians had was that by trading more with each other, we would become each other; we would sell our culture as opposed to cultural products. The surveying that's been done since then shows that culturally we diverged in terms of our values since the free trade agreement 20 years ago. I think Canadians are much more confident in their identity and in their sovereignty than perhaps they were 20 years ago, and they recognize that doing business with one another as mature partners is an expression of sovereignty; it's not a threat to sovereignty. If isolation were the definition of sovereignty, then North Korea would be the most sovereign nation on earth. It's not. It's just one of the poorest.

Mr. Phil McColeman: Thank you.

Mr. Rhéaume.

The Chair: Very briefly. We're out of time.

Mr. Gilles Rhéaume: I don't think there was any inconsistency when I mentioned the brand. The brand has been reliable, secure, trusted, which is how we need the Americans to see us, and if they feel we are a secure nation, a trusted nation, it helps, and it gets rid of these aspects of misinformation that do exist and that we see from time to time, like terrorists that come from Canada.

The Chair: Thank you very much.

We'll move now to the Bloc Québécois.

Monsieur Ménard.

[*Translation*]

Mr. Serge Ménard: I think that your presentations complemented each other. It is true that we have to develop a new policy. First of all, I thought that it was not a customs problem but rather a problem with foreign affairs. In your opinion, it goes beyond that. Nevertheless, we have to build on the cooperation that already exists between American states and Canadian provinces, and even between organizations like regional joint task forces. I like those very much since I formed them before other people did. They also work well in customs matters.

Mr. Kergin, I have found out that we can take four trips a year to Washington to meet parliamentarians there. I went once, when we were dealing with passports. We were received extremely well; the Canadian ambassador embassy helped us to meet people, with the result we had an extremely busy day and a half. Some of our colleagues in the House think that this kind of interaction amounts to tourism and that we are wasting Canadian taxpayers' money.

Can you correct this impression, if you think it should be corrected? If you do not, say so too.

Mr. Michael Kergin: After 12 years in various capacities at the embassy in Washington, I have always appreciated the meetings between elected representatives from Canada and elected representatives from the United States, because you speak a common language that we bureaucrats do not.

When I was on Capitol Hill, I was received like a representative of the Canadian government, but also as the advocate for a Canadian position.

But elected representatives were able to establish links with their counterparts because they were able to talk in political terms, to talk about problems their fellow citizens were facing, to ask if it was possible to find common solutions and so to be sure of understanding the challenges they all faced as politicians.

They spoke a language of sincerity, a common language that Canadian bureaucrats, diplomats and representatives could not emulate: we did not have the same credibility.

● (1045)

Mr. Serge Ménard: I am going to ask a more specific question about the decisions that Canada has to make immediately.

Mr. Beatty, I understand your explanation perfectly and I find it very enlightening. You said that the border is not the place where we should be investing. But, in the present situation, do you think that is a good idea to reduce resources on the border, such as the patrol on the Richelieu River, or by cutting overtime?

I think that that gives the Americans the impression that we are not taking border security seriously, even if it is our own border. But I am convinced that both the Americans and ourselves devote far too many resources there, resources that would be better spent elsewhere. Do you agree with me?

By the way, before September 11, Mr. Zaccardelli was saying exactly the same thing as you are: he was taking his police resources away from the border to investigate major criminal organizations by electronic surveillance and to do all kinds of activities that his office was involved in.

[*English*]

Hon. Perrin Beatty: I don't disagree with you at all. It was said after 9/11 by the U.S. ambassador to Canada that security trumps trade. I think that was wrong. I think insecurity trumps trade. To the extent to which the Americans feel that we don't take security seriously, they'll fortify their own border against Canada.

I don't think you can unilaterally thin out the border. And that's the trap we're in. That's precisely the problem. That is why we have to redefine the game. As long as the rules of the game are written the way they are now, we end up mirroring what the Americans do, even if it's highly unlikely that al Qaeda is going to land terrorists in Providence, Rhode Island, to attack Chicoutimi. We'll still guard against them. Unless we can redefine the game and look at security more broadly—how we provide for the security of North America with the sort of perimeter concept we were talking about earlier—we're caught in this trap. We continue to pour good money after bad into something that is simply badly designed.

[*Translation*]

Mr. Serge Ménard: Mr. Rhéaume, I listened to you very carefully earlier...

[*English*]

The Chair: I don't think you understood. Your time is up. Sorry, it's finished.

Thank you.

We'll go to Mr. Richards, please.

Mr. Blake Richards (Wild Rose, CPC): Thank you, and thank you to all the witnesses today. You're all clearly very knowledgeable in the area of border issues and Canada-U.S. relations. We certainly appreciate the opportunity to benefit from your knowledge and experience.

There's been a lot of mention today of the myth that our border between Canada and the United States is porous. We have heard some of the recent talk coming out of the States about that in particular. Fortunately, not all American representatives share that viewpoint. I know in particular that U.S. Consul General Tom Huffaker recently commented, and I quote:

> The United States does not, underline not, view Canada as a safe haven for terrorists. We view Canada as a country that has worked very hard and very effectively to address the international terrorist threat. We have no better or more effective ally, in our view, in the war against terrorism.

That is certainly not something shared across the board in the United States. There certainly is a bit of a perception among some that maybe our border is porous.

I wanted to actually ask Mr. Kergin a little about your experiences. You were there during the 9/11 crisis. I wanted to get a bit of a sense of that from you. I'm sure these myths would have existed at the time you were there in 2001, particularly. I'm curious about your experience and what you and your team did to combat these myths and what advice you might give us today in dealing with the situation we face now.

● (1050)

Mr. Michael Kergin: Thank you. That's a very good question.

Certainly members might remember that three days after 9/11 occurred, there was a story—I can't remember if it was in the *Boston Herald* or *The Boston Globe*—that indicated three of the hijackers had come from Nova Scotia by ferry into Boston and then picked up the plane in Boston. That was the plane flown by Atta, which brought down one of the towers. That was a completely false story, and as soon as that story came out, we saw how toxic it would be for Canada. We moved very quickly, through the RCMP and others, to work with the FBI to find out where that story came from. Sure enough, it was a misquote by some low-level FBI officer in Boston. We were able to get John Ashcroft, who at that time was the Attorney General, several weeks later to make a public statement of disavowal, that in fact there was no question that any of the hijackers had come through Canada on their way to creating the destruction they did.

The regrettable thing is that once a story is out there, it's almost impossible to eradicate it. I can tell you, for five years I had a little card in my breast pocket, because I heard, at so many dinner parties or from so many representatives on the Hill and so forth, who said, "Gee, you know, it's too bad that you Canadians couldn't have controlled your territory a bit better, and we wouldn't have had one of the Twin Towers go down." I'd have to trot out my quote from John Ashcroft, who categorically denied that this was the case.

First of all, you have a perception that's out there, or a story that's out there, and it's very hard to correct the record once it's out there in print. Second, there is always a propensity to blame the other fellow, because the dirty little secret with 9/11 is that of the 19 or 20 hijackers, I think 17 or 18 of them had come into the United States legally. Now, they had overstayed their welcome, but it had been a lapse of U.S. immigration security and not any other country's lapse. They had come directly into the United States.

This is something that took a long time for the administration and the media to acknowledge publicly. There was just a disinclination to say that somehow they had dropped the ball.

One other point I would make is concerning Hillary Clinton. I got to know her in the previous job I had, as Mr. Chrétien's foreign defence policy adviser. We met with the Clintons very often. She was very interested in Canada. She knew Canada, and she was very interested in our health care system. When she became the Senator of New York State, she needed to get votes for her campaign in northern New York State, which tends to be a bit Republican. Her way of doing that was to say that the border between upper New York State and Quebec was uncertain, and therefore they needed more resources for Homeland Security agents to establish offices there. That had an immediate impact in the poorer towns along the border. It was that simple.

Regarding her statements about a porous border, a number of us, including John Manley, were able to talk to her, and it became apparent that her statement was really about political economics. Unfortunately, sometimes that's the way politics operates in the United States.

How do you deal with that? You get out there early and often to counter those statements. You take advertisements out in the newspaper. You do op-ed pieces in *The New York Times*, if they'll accept them. You buttonhole as many congressmen as you can. But as I said, once a perception and a statement are out there, it's very hard to correct the record.

I don't know if that answers your question or not.

Mr. Blake Richards: Certainly I appreciate that advice.

I would certainly hope that with our government's focus on improving border security through such measures as arming our border guards, taking different initiatives to fight drug smuggling and other smuggling across our border, and taking other measures to enhance border security, we can sell those measures and make sure that the United States is well aware of those measures. I'm sure we are, and hopefully those kinds of initiatives on the part of our government will help the United States recognize that our border isn't as big an issue as they believe it is.

The Chair: You're actually out of time. Sorry, we'll have to wrap it up there.

Mr. Holland, please.

Mr. Mark Holland (Ajax—Pickering, Lib.): Thank you, Mr. Chair, and thank you to the witnesses. I think this has been a very informative session.

I'll pick up perhaps on the points that have been made. When I was down at a meeting with congressional officials and congressmen and congresswomen, governors, the 9/11 myth came up many times. It seems some people who are corrected, a year later will forget it, probably because it serves a convenient political purpose.

Someone mentioned the fact that if you run a campaign for razors, you're going to spend tens of millions of dollars. We spent very little. But the reality is, even if we spent tens of millions of dollars, our message is infinitely more complicated than whether the razor gives you a good shave, so it's difficult to condense into a sound bite.

I want to bring up two possible points on that. One is your thought, Ambassador Kergin, to the adequacy or perhaps how well resourced we are to deliver our message. Perhaps the most effective way we can do it is as legislators, through connection between our members of Parliament and Congress and our senators, their senators, etc.

Secondly, I don't mean this in a threatening, ominous way, but the United States is talking about energy independence, and it's a central plank of Obama's platform. Perhaps to Mr. Beatty on this point, it strikes me that there's a point to be made here, really, which is that if you're interested in energy independence, it isn't achievable unless you have the cooperation of Canada. Maybe the message we need to be saying is, "We want to work with you. We're interested in moving toward things like energy independence, but if you're shutting down trade and putting up large fences at our border, either through non-tariff barriers or, if we get that far, through tariff barriers, it's going to be very hard to work with you on things like energy independence." In other words, an open and free trading relationship simply doesn't work on the things you selectively pick and choose.

So quickly on those two points, and then I have a question on the western hemisphere travel initiative.

● (1055)

Mr. Michael Kergin: I'll handle the first one.

I left Washington four years ago, so I'm not up to date as to what f=Foreign Affairs is doing in terms of its campaigns. But to take the point, yes, as I mentioned to Mr. Ménard in one of his interventions, I do believe that legislators can speak to each other, and the more we have in Washington the better, because of that language they can have in common. It doesn't mean they agree on points, but it certainly brings a sincerity and a veracity to the argument.

I would also argue that, again, as I mentioned I guess in French, the subnational governments have a role to play with their counterpart states across the border, or their trading states, the states they trade a lot with, to play on the point of this economic interdependence of the two countries, that thickening borders or slowing down the borders on trade really does hurt those states that have Canada as their largest export partner as well. As someone said, 70% of our trade tends to be interactive within the sector, going back and forth.

I think, therefore, there are arguments that can be made by legislators, by officials, but I do believe the political level is perhaps the best place to do that, on the importance of Canada as a trading partner, as a partner for their own economic prosperity, and that cooperatively on security issues we're much better as a partner than as an adversary.

Hon. Perrin Beatty: I guess your question about energy was directed to me. I would prefer to see us use Canada's energy supplies as a carrot rather than as a stick. But again, it can be an important carrot set in this broader context that what we need to do is to engage the Americans on the subject of partnerships—partnerships on the environment, on energy security, on physical security, border management, on trade policy, and a whole range of other areas, but with bold ideas.

Also, we need to change the way we deal with the Americans. In recent years we've gotten into dealing with irritants, and our approach is, "Welcome to Ottawa, Mr. President, here's our list of stuff, irritants, we want you to fix for us." And they go, "Oh, it's the Canadians again."

I think somebody—I'm not sure who it was—quoted Condoleezza Rice as saying that talking with the Canadians was like a meeting of the condominium association. We need instead to be saying, "Welcome to Ottawa, Mr. President. We both face serious problems, wars on different continents, pandemics, global economic meltdown, concerns about security, about energy, the environment. We're here as part of the solution. We want to work together with you and we have ideas on how this can be done."

● (1100)

Mr. Mark Holland: Maybe just to that—

The Chair: I'm sorry, but the next committee is waiting. We're actually a minute over time.

Mr. Mark Holland: Just extremely quickly, that was precisely my point. Maybe I didn't make it clearly.

For example, if we took the issue of energy independence and showed the United States how we were able to be part of that solution on something that is so topical and so important to them, if we went to them with a plan and said, this is how we can do that, but if we're going to do this, we also need to be working on these other things, do you feel that might be an effective approach?

Hon. Perrin Beatty: We would position ourselves as part of the solution as opposed to part of the problem.

The Chair: I would like to thank all of our witnesses for appearing before the committee. We appreciate your testimony.

This meeting stands adjourned.

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