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Chair

Mr. Lee Richardson

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● (1540)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): I call the meeting to order.

We welcome all the international trade crew back to Canada.

We have a little bit of business, but we may try to do it at the end of today's meeting. It's nothing urgent. We'll leave it until Wednesday if we don't get through it. It's just some technical stuff to clean up.

There's also the report from the visit to the European Parliament and the European Union. I'd like to have the committee spend five or ten minutes to give some further direction to the analysts and the clerk on the preparation of that report. If we have time at the end of this meeting, we'll do that. I won't take any further time from our witnesses, who have been patiently standing by. I apologize for the slow start today.

We have with us Jamie Kneen, the communications coordinator for MiningWatch Canada.

Via video conference from Panama City, we have Donald-Fraser Clarke, general manager of Clarke Educational Services.

We'll proceed in the usual manner. I'll ask each witness to provide an opening statement to express their points of view. Something under 10 minutes would be useful for us. Then we'll open it up to questions and try to get a round of questions from our members following that brief introduction.

I'm going to ask MiningWatch Canada to start. We'll follow right away with Mr. Clarke. Then we'll proceed to questions.

With that brief introduction, I'll ask Mr. Kneen to start. You can introduce yourself further if you like.

Mr. Jamie Kneen (Communications Coordinator, MiningWatch Canada): Very good. Thank you

Good afternoon, committee members. I'd like to thank you for this opportunity to share our observations on the free trade agreement between Canada and Panama. Since the invitation came very recently, I apologize that we have not had a chance to prepare a more detailed written brief or to submit it in advance for translation. I have provided an unfortunate stack of supporting documents that I've referred to in the brief and that members or researchers may find of use in their work.

MiningWatch Canada is a pan-Canadian coalition of environmental, aboriginal, social justice, development, and labour organiza-

tions that researches and advocates for responsible mining practices and policies in Canada and by Canadian companies abroad. We work with communities affected by Canadian-based mining activities in many parts of the world and with experts and organizations that are trying to ensure that mining investment is accountable to the affected communities and subject to international standards for environmental protection as well as protection of workers and the recognition of the rights of indigenous peoples. Canadian mining investment in Panama has been controversial since the 1990s, and MiningWatch has been monitoring it since our establishment in 1999.

Obviously our remit is not related to trade in nuts and bananas or financial services or many of the other areas covered by this free trade agreement. Many of the agreement's measures sound positive to the untrained ear. However, there are potentially serious difficulties associated with the investment provisions of the agreement, specifically as they relate to environmental planning and protection. There is scant evidence that the environmental side agreement will have any meaningful effect in alleviating them.

In addition, the environmental impact of the agreement itself is impossible to gauge, given that the final environmental assessment has not been released, if it has even been completed. It was supposed to be released upon the conclusion of the negotiations on the FTA itself.

The report that is publicly available, which is on the initial environmental assessment, is almost completely devoid of meaningful content. While it acknowledges that the main effect of the FTA "is likely to be greater protection for existing Canadian investment in Panama", it proceeds to completely ignore the environmental implications of such protection. Despite changes in commodity markets and investment patterns that were evident at the time, the report states that "large changes in investment patterns are not expected to result from the FTA. Therefore, it is concluded that the environmental effects of the Canada-Panama FTA will be minimal to non-existent."

No evidence is provided for any of these statements, other than that changes had been minor since the 1998 Canada-Panama Foreign Investment Promotion and Protection Agreement.

Realistically, however, given increasing commodity prices, especially in metals, as well as growing interest and existing investment commitments, it is more reasonable to assume that the FTA could lead to increased Canadian mining investment in Panama, with major implications for the environment that should have been taken into consideration in the environmental assessment.

One current proposal, Inmet Mining's Cobre Panamá open-pit copper project on the Petaquilla concession west of Panama City, is forecast to deforest some 5,900 hectares of mostly primary rainforest in the middle of the Mesoamerican biological corridor. This \$4.3 billion project had been identified long before the FTA negotiations or the environmental assessment were concluded.

On the same concession, Canadian-based Petaquilla Minerals' Molejón gold mine has been highly controversial, provoking divisions within the neighbouring communities, being repeatedly accused of deforestation and contaminating local rivers, and in fact being fined almost \$2 million for environmental violations. The Petaquilla concession itself has also been controversial, as it grants its owners a series of legal and regulatory exemptions.

At the same time, another Canadian company, Corriente Resources, has been operating illegally in the Ngöbe-Buglé indigenous territory, trying to overcome community opposition to a huge open-pit copper mine project so that they can first obtain and then sell the property to a larger mining company for development.

There are a handful of other significant Canadian mining interests in Panama, far outweighing any other country's, though only the Molejón mine is actually in production. This Canadian investment is not a problem in itself; the problems have to do with the conditions of investment and the probable effects of the FTA on those conditions. Environmental protection and legal enforcement and compliance in general in Panama are notoriously weak, even within the framework of existing laws and regulations. The Molejón and Corriente examples demonstrate this.

• (1545)

The danger is that the FTA's investment protections will end up protecting mining investments that are taking advantage of lax governance and the resulting low-cost operating environment, undertaking projects that would be extremely unlikely to be approved in Canada or any other country with more stringent controls, while the agreement on the environment provides no enhanced protection or recourse for affected communities or public interest organizations.

The present FTA provides ample cause for concern on both fronts. In terms of environmental protection and environmental planning, the agreement on the environment does provide some modest measures for environmental cooperation, while the FTA includes a non-derogation clause to protect environmental legislation. Non-derogation is good, but hardly sufficient in a case in which significant improvement is what is required.

At the same time, the agreement on the environment follows the recent model of the Colombia and Peru FTAs in omitting access to environmental dispute resolution by citizens and reducing the joint advisory panels and complaints mechanisms of earlier agreements, such as NAFTA or the Canada-Chile Free Trade Agreement, to a

single coordinator with no independent powers or capacity and a review panel that can only be invoked by states, not citizens.

This is significant in the case of a country like Panama, where there are serious challenges in establishing the institutional and technical capacity to administer, monitor, and regulate activities like large-scale mining that have not previously existed in the country—activities that have demonstrated the political and technical limitations of state supervision in neighbouring countries such as Costa Rica, Honduras, and Guatemala.

There are also disturbing precedents in the abuse of investment protection measures contained in free trade agreements elsewhere in the region. These may simply involve threats, as in the case of Glencairn Gold, now Central Sun Mining, which threatened the Costa Rican government with legal action under the Canada-Costa Rica Free Trade Agreement if its Bellavista project was not exempted from a ban on open-pit mining. The mine's leach pad collapsed barely three years after it was inaugurated, and the mine has not been operational ever since.

They may also involve actual lawsuits, as in the current case of Pacific Rim Mining, a Canadian company using its U.S. subsidiary to sue the Government of El Salvador under the United States-Dominican Republic-Central America Free Trade Agreement for not issuing permits, and this despite the company's failure to complete the filings required to obtain such permits and inconsistencies in the information it did submit.

There are also numerous examples of successful and unsuccessful but nonetheless costly lawsuits under NAFTA.

The investment provisions in this FTA provide similar measures on regulatory expropriation in chapter 9, article 9.11, although they are limited by the exemptions under the corresponding annex 9.11 for "reasonable regulations" to protect the environment. These exemptions are welcome, but they have not been tested before the International Centre for Settlement of Investment Disputes or any other international trade tribunal. Given the strength of the expropriation protection, it is far from clear that the exemptions will be sufficient to allow Panama adequate space to effectively regulate in the public interest.

This applies not just to environmental protection but critically to any effort to change the regulatory environment to enable new measures to promote accountability and transparency or to generate new revenues from royalties or taxation in support of the state's legitimate efforts to finance its social development obligations.

The net effect is to impose barriers to the raising of these domestic standards. There is an emerging concern on the part of analysts and academics for "...the harm done to the public welfare by the international investment regime, as currently structured, especially its hampering of the ability of governments to act for their people in response to the concerns of human development and environmental sustainability".

In conclusion, while the objectives of enhancing both investment stability and environmental protection are laudable, they are not well met by the present text, although determining the likely impacts of the agreement is made difficult by the absence of a serious environmental assessment, and there is no attempt to frame any aspect of the agreement in terms of sustainable development. The agreement, as negotiated, presents a very real risk of entrenching an ineffective and possibly irresponsible regulatory regime by protecting investments from tougher environmental or fiscal measures.

Thank you for your time. I'll answer questions when the time comes.

• (1550)

The Chair: Thank you, Mr. Kneen.

We'll go now to Panama City to hear Donald-Fraser Clarke, the general manager of Clarke Educational Services.

Mr. Clarke, thank you for your patience. You're on, for up to ten minutes, and then we'll go to questions. Thank you.

Mr. Donald-Fraser Clarke (General Manager, Clarke Educational Services): Good afternoon, Mr. Chairman. Thank you very much.

I'd like to begin by first explaining a little bit about our company. Clarke Educational Services is a first nations-based professional services firm that works with Canadian and Latin American indigenous communities, governments, and companies in developing inclusive businesses that promote the use of natural resources in a culturally appropriate and socially and environmentally responsible manner.

Our company has been working in Panama for approximately two and a half years and is made up of a skilled team of professionals who are working with the Ngöbe people, which is an indigenous group here, to advance the Cerro Colorado copper project in a socially inclusive and economically viable manner.

Our company is indigenous-rights focused. Under law 10, article 48 of Panamanian law, the Ngöbe people are to be informed and advised of, and are to participate in, all natural resource developments within the *comarca* territory. Cerro Colorado is a world-class copper project that has been identified on the traditional territory of the Ngöbe people.

The Ngöbe people represent approximately 10% of the Panamanian population, 160,000 of whom live within the *comarca* boundaries. The *comarca* itself is 650,000 hectares, and the Ngöbes in the *comarca*, according to the World Bank data, as well as our own observations, are among the poorest citizens of Panama. Some 90% lack basic necessities and are living on less than \$2 per day.

Prior to our working and training in Ngöbe communities, our company conducted a series of meetings with communities located near the Cerro Colorado project area to determine whether or not the people would like to learn about responsible mining practices and the experiences of indigenous peoples from Canada with respect to mining and our relationships with Canada.

Also, our company studied the *comarca* law to ensure that our activities would be compliant with the national laws of Panama as well as the traditional customs of the Ngöbe people.

To date, we have worked and trained with approximately 2,000 Ngöbe people in the Cerro Colorado area. These are individual landowners and community people who live in the direct and indirect impact area of this potential copper mine development.

Our experience in Panama has given us insight into how business has been conducted in the *comarca* in the past. Usually business or development initiatives have been placed upon the people without their full consent, without being properly informed or advised, and without being integrated into these initiatives. It has always been our intention to respect local and national laws and to promote fair business practices and development in the region through informed and prior consent.

On the government side, there has been a long history of governments taking advantage of the lack of capacity that exists in the Ngöbe-Buglé *comarca*. In our opinion, creating additional and new trade with Panama through the FTA could lead to a lot of very positive perspectives. I have a list of some of the things that we believe would really assist here in terms of the way we see business being conducted.

Canadian business has a well-developed concept of CSR and of the implementation of high CSR standards, which could be introduced by Canadian companies doing business here in Panama, particularly in areas and regions where the concept is not practised or well developed. Of course, our experience has been in the Ngöbe-Buglé *comarca*, and we have seen that there has been very little CSR in different activities that have occurred there in the past. Cerro Colorado has a very long history. A number of Canadian companies in the past had worked there, but they really didn't involve the local people, nor did they keep the local people informed.

Canadian business, particularly in the resource sector, has a significant amount of experience in working with first nations people for common and mutual benefit. These experiences could be used as a competitive edge for Canadian companies interested in working with indigenous peoples here in Canada and throughout the region. Panama is also strategically located in the region, and with well-developed infrastructure, Panama is extremely business-friendly in comparison with a lot of its geographical neighbours. Panama could be a logical place for Canadian business wishing to engage in doing business regionally.

Canadian industry, in our experience, is generally well received by people in Panama, and particularly in the Ngöbe-Buglé *comarca*, and we believe this is the biggest case that supports the FTA. In the case of mining, this industry needs to be founded, established, and legitimized in Panama. For this, it's critical that we have examples of good company practices, strong institutions, and a culture of accountability. We believe there are a number of companies in Canada that are constantly striving towards these goals.

● (1555)

My colleague mentioned Inmet. Inmet has had some good experiences working with our first nations people in the province of Quebec. While I'm not totally familiar with everything Inmet does, I have followed them from time to time. We see them implementing a good level of CSR. We see them supporting communities. We see them informing the local population of their plans to advance their project. We believe we are doing exactly the same thing. Maybe we're doing a little more, because we are in the *comarca*, but we believe that we have been in compliance with the traditional as well as the national laws.

Thank you.

The Chair: Thank you, Mr. Clarke.

With that, we will begin questioning.

Ms. Hall Findlay is first.

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you, Mr. Chair. Thank you, Mr. Clarke and Mr. Kneen.

Between the two of you, you've highlighted one of the best examples of the entire discussion about free trade, and that is whether you believe in the philosophy that free trade and increased engagement can be positive for the people in both countries involved, or whether you take a negative approach.

I have to say, Mr. Kneen, that I find the approach of Mr. Clarke and the work they're doing in Panama to be very positive in saying that this FTA would increase Canadian mining investment. Right off the bat, I think that's a really good thing, and I think that kind of investment can be even more positive for the residents of Panama.

Mr. Kneen, I want to ask you about understanding the concerns. This is not to take away from the legitimate concerns we all have about corporate social responsibility and environmental degradation. In the past, there has been significant abuse, and there may still be some, but in general, increased investment and engagement can help to build local capacity and increase awareness of the need for environmental protection.

We're trying to determine whether to approve this trade agreement. Do you believe that conditions for the people you've raised concerns about in Panama will be enhanced if Canada says no to this free trade agreement?

A voice: Good question.

● (1600)

Mr. Jamie Kneen: I'm trying to parse a double negative. Will...?

Ms. Martha Hall Findlay: Would it be better if Canada said no?

Mr. Jamie Kneen: The problem I'm trying to highlight with the existing agreement is that it does not provide the protection that should be in place to go along with the investment. Certainly increased investment could bring benefits, but only under conditions that are not evident in this case. That's my problem. I don't see the evidence. That's the other point I'm trying to make. It's a question of what you believe philosophically or ideologically, not what the evidence shows.

Ms. Martha Hall Findlay: From the committee's perspective, we're being asked to say yes or no to this. We're not in a position to create major changes in the trade agreement as it's proposed.

I understand there are some concerns. I would be the first to say that we would want to make sure that the activities of all Canadians abroad take place according to the highest standards, but this agreement was negotiated among grown-ups. I say that not to be facetious. Both Panama and Canada had significant teams negotiating this agreement. If the protections that you want to see are not there, then I think your questions should be directed to the Government of Panama. I'm also a big believer in the importance of local capacity and local laws. If our concerns are about Panamanian conditions, then the first government responsible would be the Government of Panama. There's a certain amount of respect to be afforded the people of Panama who negotiated this agreement and got it to where it is today.

I'll leave it at that. I will take it from your answer that if it were a black and white yes or no, you would think this was a good thing to do. On the assumption that we can't make any changes, do you think that saying no to this would be a positive thing?

Mr. Jamie Kneen: I think there are significant dangers to it, and I don't see what the urgency is to approve something that we don't understand. I don't understand why these significant teams of people doing all this work that you're talking about couldn't show us some of the work they did, or why they couldn't provide some of the rationale, some of the details, for some of the measures we're looking at. If there aren't protective measures there, why are they not there? Were they not considered, or were they discarded for some particular reason? Were they even analyzed? This is what we don't know.

Ms. Martha Hall Findlay: Yes, but I would argue that's the responsibility of the Panamanian government. If the Panamanian government agreed to the terms of this free trade agreement, they would have made the decision that it was in the best interests of Panama, just as we're in a position to determine the best interests of Canada.

Mr. Clarke, my view is that the two testimonies indicated very much the negative opportunity or the positive, and I commend you for taking the positive approach. Could you talk about some specific opportunities that you see from this free trade agreement in terms of the concerns that Mr. Kneen has raised legitimately about some of the conditions? I know you talked about them a little bit in your testimony, but if you can elaborate a little bit on them, it would be very helpful.

●(1605)

Mr. Donald-Fraser Clarke: Sure. As we all are aware, we live in a global age. When you look at Canadian companies in our industry, if we start doing things wrong, people know right away. The Internet is a very powerful tool. Knowledge is a very powerful tool.

When we look at our industry, our mining sector—and I'm going to speak about what I know—we have several thousands of mining companies in Canada doing business all over the world, all over Latin America, and here in Panama. What I see these companies bringing to Panama is a higher standard of CSR, a higher standard in working in and engaging communities. I think this is extremely positive, and I believe the FTA would only allow more Canadian businesses and more Canadian investment to come into Panama.

This is something that's very exciting for us. I speak as a first nations-based company, a Canadian company. We have spent considerable resources here in community...[*Technical Difficulty—Editor*]

The Chair: It appears that we've lost the feed momentarily, but there's no reason we shouldn't proceed with the others. We had just come to the end of Ms. Hall Findlay's time. We are going to go on with Monsieur Guimond.

Oh, let me just say hello to Mr. Clarke.

We lost the feed momentarily. I'll let you finish your answer, and then we'll proceed to the next member.

Mr. Donald-Fraser Clarke: Sure. The way we see things is very simple: if we're increasing the amount of trade and the amount of investment, then we have a greater influence in Panama. If we decide we're going to sit off to the side and not approve this FTA, then how are we ever going to make things better here in Panama?

There are some issues here in Panama. It's a country that is moving forward economically, but there have been a lot of challenges in the area of CSR and community engagement. I believe that's something that Canadian business and Canadian investment bring to this country, and I believe that's something very positive, something very powerful. It's something that's long term and lasting.

That has been our experience here. That has been our experience working with our stakeholders in the *comarca*. We only have an agreement to do training at this particular time, and the people will decide if they want to move forward or not with that mining project, but at this particular time, that has been our experience here.

Thank you.

The Chair: Thank you. It's great to hear from someone on the ground.

Go ahead, Monsieur Guimond.

[*Translation*]

Mr. Claude Guimond (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Thank you, Mr. Chairman.

I don't mean to contradict my colleague Ms. Hall Findlay, but I believe that parliamentarians can always introduce amendments to improve an agreement. I hope Ms. Hall Findlay can support the

amendments that we will be presenting to improve an agreement, as everybody wants.

Mr. Kneen, you're an expert; what are the actual development opportunities for Canada in Panama?

[*English*]

Mr. Jamie Kneen: The opportunities are considerable. As I pointed out, Inmet has a commitment of over \$4 billion to the Petaquilla project. There are eight to 12 other significant project areas. As Mr. Clarke pointed out, some of them have been very badly managed in the past and have created considerable controversy.

The opportunities are there, but there's an area in which I tend to disagree. My understanding and our observation of the pattern of investment globally is that Canadian investment can bring significant advances in corporate social responsibility, training and education, and social participation, but only under certain conditions, and only under conditions of strong governance and regulation.

The kinds of agreements we've seen in the north—for instance, the impact benefit agreements—rest on a legal foundation that doesn't exist in most other countries of the world. While the pattern can be brought to bear and implemented in other parts of the world, it's expensive and it goes against the interests of the shareholders, so it takes a little bit more than enlightened management on the corporate side to implement it.

The opportunities are there, but unfortunately they are enhanced by the potential for lower levels of environmental protection or public health protection than we would expect in Canada. We don't see how that is a competition we want to be encouraging.

●(1610)

[*Translation*]

Mr. Claude Guimond: In your introduction, you talked a lot about environmental problems. I'm surprised to see that, every time we start talking about an agreement, it's always very good and there are never any problems. However, when we invite witnesses like you, who see what's going on in the field, they always come up with negative things.

In your opinion, what are the real environmental problems in Panama?

[*English*]

Mr. Jamie Kneen: I'm going to use the example of the Molejón mine, because most of the mining projects currently identified in Panama are in the exploration stage. Some of them are doing drilling; some of them are just doing reconnaissance. The Molejón mine is the only one that's actually producing at this point.

There have been earlier experiences—negative ones, shall we say—with Canadian companies like Greenstone Resources, but the Molejón mine is a Canadian-Panamanian company. It was initially set up as a joint venture between the Panamanians, Inmet, and Teck. The operation itself has caused considerable disruption in the local environment and has been fined by the Panamanian authorities. It declined to pay the fine, which I find astonishing, and is continuing to operate profitably as a Canadian company in Panama. In my documentation I've provided some of the background material on that.

[Translation]

Mr. Claude Guimond: Last June, the Panamanian government introduced Bill 30, which many people considered anti-union legislation. A few weeks ago, the Parliament of Canada introduced Bill C-300, which was defeated.

What do Panamanians still have to help them access jobs that are of the slightest degree of quality? Do these people still have means?

[English]

Mr. Jamie Kneen: I understand that the Panamanian government has been revisiting Bill C-30. At the same time we've lost Bill C-300. The opportunity is there. As I say, the question is, what kind of investment would be made by Canadian companies in the absence of any particular requirements?

In Canada, under the land claims agreements, for instance, we have specific powers for first nations and Inuit to require impact benefit agreements with profit-sharing, employment and training, and so on. We have other examples in the provinces of mining companies engaging in long-range planning and training projects in order to bring local people into those better jobs.

In Latin America it has been less successful. Even in countries with mining experience—and Panama is not one of those—it has been more difficult. Countries like Peru have been able to move their own people into the better jobs, but only over time and with some cost. I think the difficulty is that instituting that kind of investment in a virgin territory, for lack of a better term, is not going to lead to success in the short or even the medium term.

• (1615)

[Translation]

The Chair: Thank you, sir.

[English]

Thank you.

We'll proceed now to Mr. Julian.

Go ahead, Mr. Julian.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you very much, Mr. Chair. It's a delight to see you again after a couple of days of absence.

Mr. Kneen, thank you very much for being here today. The FAIT committee has just come back from Europe, where we met with European parliamentarians, both in the European Parliament and outside of it. We had some private meetings with European parliamentarians who are very concerned about investor-state

provisions that of course are in both the Canada-Panama agreement and the negotiations going on with Europe.

You mentioned some of the cases in which companies have used the investor-state provisions to override decisions that are made by governments to protect the environment and for social development. Could you talk a bit more about those cases?

Are you concerned about the increasing use of mailbox companies, companies that no longer have any relationship to the bilateral itself, but that use the fact that they've incorporated somewhere else in order to use the investor-state provisions that are contained within Canadian agreements to go after those local governments or those national governments? Particularly in the case of Panama, we've heard testimony that there are four times as many corporations in Panama as there are in Canada. I could pick up a phone and incorporate myself tomorrow as a Panamanian corporation and thus be subject, regardless of where my real base is, to the investor-state provisions, and I can start suing any local government that makes a decision I don't like. How concerned are you about that aspect of this agreement?

Mr. Jamie Kneen: I have to say this is not a new problem, but it is significant, and apparently it's not a problem that's going away any time soon. My trade lawyer friends call it "jurisdiction shopping", and most large corporations have a sufficiently complex corporate structure to allow them to do this. They can look for whichever combination of jurisdictions actually suits their interests, whether it's for the purposes of taxation or for the purposes of investment and of suing a government under the investor-state provisions.

Pacific Rim is the current example. There's another American company that's using the same—

Mr. Peter Julian: What is Pacific Rim?

Mr. Jamie Kneen: Pacific Rim is a Canadian company that is using its U.S. subsidiary to sue the Government of El Salvador for failing to provide it with the mining permits that it was seeking.

Mr. Peter Julian: Even though normally, in the old days, investor-state provisions wouldn't have covered them, by opening a post office box in the U.S., they're able to access the investor-state provisions to go after the Government of El Salvador?

Mr. Jamie Kneen: Yes, much as Glamis Gold previously used the NAFTA provisions to sue the U.S. government. Even though the company itself was based in Nevada, it had a Canadian affiliate and used that route to go after the U.S. So as I say, this has been going on for some time, and I don't see that it's going to stop.

The problem is I think not entirely with the agreements themselves, because the problem with the definition of what constitutes a Canadian corporation is a bit more complex. For better or worse, we're not looking at the Corporations Act. We're not looking at the securities commissions' requirements and the requirements for Canadian ownership, Canadian domicile, Canadian directorship of any of these companies. A company can be Canadian, have an office, a lawyer, a post office box, pay some taxes—preferably not too many—and be a Canadian corporate citizen.

Mr. Peter Julian: Could I just summarize? I also have a couple of questions for Mr. Clarke.

What you're saying is, even though this committee does have the right to change the implementing legislation—in fact, we've done that with two agreements, the last two agreements that were brought before the committee. Prior to the Jordan agreement, there were amendments made. So we have the right to do that. But if we rejected this agreement, what we would avoid, even though trade will continue, is making a bad situation worse, where you have an environmental override that any company can use by using these investor-state provisions. Do you think there's any link between this and the environmental assessment not being released?

• (1620)

Mr. Jamie Kneen: I have no idea why the environmental assessment isn't available. Looking at the environmental assessment of other trade agreements, I have to say they're not terribly educational. They don't provide very much material at the best of times. So even if it were there, I don't know if it would be that helpful.

I think the problem is that we're not—

Mr. Peter Julian: I'm sorry, I'm going to have to cut you off.

Mr. Jamie Kneen: Okay.

Mr. Peter Julian: I'm watching my time very closely.

I'd like to go to Mr. Clarke. Thank you for being here today, Mr. Clarke.

I have two questions for you. First off, how much money have you and your company invested in social development and environmental stewardship? I think you were starting to answer that question when you were cut off. Perhaps you could give us the exact dollar figure of how much money has actually gone—

The Chair: Peter, what does that have to do with this treaty?

Mr. Peter Julian: —to the Ngöbe people.

Thank you, Mr. Chair.

And then secondly—

The Chair: No, not at all. Mr. Julian, we're here to talk about a free trade agreement, not about a private company's business.

Mr. Peter Julian: The second question, Mr. Clarke—

The Chair: Mr. Clarke, you answer whatever question you care to answer.

Mr. Peter Julian: —is around the investor-state provisions—

The Chair: You don't have to get into your personal finances for Mr. Julian.

Mr. Peter Julian: —that we were talking about earlier with Mr. Kneen. There are a lot of aboriginal organizations in Canada and in Columbia that are concerned about Canada's investor-state provisions. Do you see a concern among the aboriginal people in Panama about those provisions? It would allow, of course, companies to override decisions made locally by aboriginal peoples in their community. Do you see any concern there?

Mr. Donald-Fraser Clarke: Let me answer your second question first. Obviously in the *comarca* there are a number of concerns. You have to appreciate that the *comarca* is the final frontier here in Panama. Seven of the 13 largest rivers in the country are located in the *comarca*. The *comarca* has a number of copper...[*Technical Difficulty—Editor*]

The Chair: We lost the signal again.

Mr. John Cannis (Scarborough Centre, Lib.): He was probably so offended, Mr. Chairman, with the question that he cut it off.

Mr. Peter Julian: That's a very legitimate question.

The Chair: It's not a legitimate question at all, Peter.

Mr. Peter Julian: It is, absolutely. He was talking about it. They said they invested resources. I just wanted to know how much. It's very legitimate. We have a truce.

Mr. Donald-Fraser Clarke: I'm sorry, but we were disconnected.

Cerro Colorado is a very historical and important project to Panama. It goes way back to the 1970s, back to the Omar Torrijos days.

Our work in the *comarca* has been very simple. We have an agreement to do training. We've trained in responsible mining. My established colleague, Mr. Kneen, talked about IBAs. We do training on IBAs. We share a lot of different examples of the good, the bad, and the ugly in mining with the people, because at the end of the day, Cerro Colorado is going to be a 70-year project. And appreciate that it's surrounded 100% by Ngöbe people, 160,000 strong, and there is only one road in. So if the people feel they've been lied to or haven't been given the facts, or if they don't feel they're a part of or don't participate in this particular project, at any given time they can shut down the project. They're going to sit on the road, and that's something we've talked to them about.

We want to make sure, if it's a Canadian company that comes in as the developer, that they are a good corporate citizen, and we teach the people what to look for in Canadian mining companies.

We didn't just go in and say, we're going to develop this thing. First of all, we had to teach the people what this mining thing is, and not only teach them in Spanish but in their own traditional language. We have a huge population out there that can't even read and write, so we have to draw pictures, make diagrams. This has been two and a half years of training, week after week after week with people, making sure they have the right information and also informing them of what a failed project looks like, such as the Greenstone Resources project, and why the Greenstone project failed.

We've had our stakeholders go out to the Petaquilla gold mine. They've come back and they're very excited by what they've seen there.

So we've taught them what to look for in terms of bad projects, what to look for in terms of how to deal with large mining companies, and we believe that now we have an informed population.

We're hoping in the future that they will want to advance this project. But appreciate that they have a very powerful law that says they have to be informed, they have to be advised, and they have to participate. And they're pushing the Panamanian government right now to participate and they want a percentage of this concession.

As for the second part of the question, we've probably invested almost \$1 million in training so far—only training.

• (1625)

The Chair: Thank you, Mr. Clarke.

I don't know whether we lost our feed again, but that is the time allocated to Mr. Julian, with a little extra time for my involvement.

We're going to go now to Mr. Keddy.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman.

Welcome to our witnesses. I realize we have a video link here and can't look directly across from our seats. I have to look down in order to see our witnesses. I apologize for that.

I have a couple of quick questions, Mr. Kneen.

First of all, maybe just for the record, I was on the same mission to Europe to discuss the free trade agreement with the European counterparts. For the life of me, I'm trying to remember which meetings the investor-state provisions came up in and all of the discussion around them, but I'm having a very difficult time. I actually don't recall them being brought up at all, and I think it's important to get that on the record.

I would ask you, because you've named several examples of mining operations that are less than stellar, at least in your opinion, whether you could name some mining operations in Central America that you think are doing it correctly.

Mr. Jamie Kneen: No.

Mr. Gerald Keddy: You can't name any. That's interesting.

Mr. Jamie Kneen: I've asked that question a number of times in other fora, whether people can provide examples of positive projects and—

Mr. Gerald Keddy: I'm just a little stuck on the name, but you may be able to enlighten me. I think it's Goldcorp that is in Honduras with the mine in San Andrés.

Are you familiar with that mine?

Mr. Jamie Kneen: I am, yes.

Mr. Gerald Keddy: And you don't think they're doing it correctly either?

[*Technical difficulty—Editor*]

• _____ (Pause) _____
•

Mr. Jamie Kneen: ... I would say there are a number of examples of where companies are trying to manage both the environmental and social aspects of their operations.

• (1630)

Mr. Gerald Keddy: I also want to ask this question—and I want an answer, because I want to have enough time for Mr. Clarke to interject—on the level of governance. We know that in many of these countries there's a lack of development of a civil service as we understand it, a lack of development of a regulatory regime. All of this gets put on the shoulders of the developer, in this case a mining company.

Mr. Jamie Kneen: Yes, and even governance is a sort of—

Mr. Gerald Keddy: Generous statement?

Mr. Jamie Kneen: No, the issue is almost just one of capacity. You don't need to invoke corruption or influence or anything like that, if the technical capacity isn't there. We had the Guatemalan minister of mines, and I'm still trying to find the quote, but he said at one point that they have trouble just keeping track of what's going on, looking at the environmental impacts. So yes, it's up to the company, and there is no exchange going on with either the academics or the bureaucracy.

Mr. Gerald Keddy: I appreciate that.

I don't have much time, so I want to go to Mr. Clarke.

Mr. Clarke, do you understand—

Mr. Donald-Fraser Clarke: You know, it's very easy to—

Mr. Gerald Keddy: —what I was saying about the local governance? From what I hear from you, that's exactly what your company is attempting to do: build some capacity amongst the local population and, I would also expect, liaise with local government officials.

The Chair: I don't think he's getting it at all. I don't think his cellphone is working either.

Mr. Gerald Keddy: Can we try that again, Mr. Clarke? Do you have...?

No.

I don't know whether there's any time left, Mr. Chair.

The Chair: Well, we'll come back. How is that? We'll try to get the line back.

Mr. Cannis, did you want to direct your questions to Mr. Clarke as well?

Mr. John Cannis: Well, if he comes free, but—

The Chair: We'll carry on, then, because we're not getting any feedback from Panama at this moment.

We're going to have to wrap it up, though, and have a quick intervention.

Mr. Cannis, I'm sorry we have to be brief. It's going to have to be the last question.

Mr. John Cannis: I'll be brief, Mr. Chairman. There are a few things I just want to....

Have you been to the Molejón mine, Jamie? You mentioned the Molejón mine.

Mr. Jamie Kneen: Yes.

Mr. John Cannis: You've been to it?

Mr. Jamie Kneen: I have not been to the site; I've been to the community.

Mr. John Cannis: But you've not been to the mine. You have just heard...?

Mr. Jamie Kneen: We visited the community before the mine opened, and I have never been back since then.

Mr. John Cannis: I have some friends I heard from as well, and they told me the opposite.

Anyway, you talked about the provisions. You spoke to certain provisions—the current structure, you don't see the evidence, you don't have a problem with it; you said it's a question of what you believe ideologically or philosophically. I'm quoting you. Therefore, in my view, and I think in the view of any logical individual, no matter what the provisions, I would conclude that if you don't believe in it ideologically or philosophically, it doesn't matter. And it's my understanding, and correct me if I'm wrong, that your coalition doesn't believe in it.

So from one side you say that these provisions are welcome—that's what you said—but they have not been tested. What is this telling us? It's telling us two things, I think: they haven't been tested because maybe everything's okay, or two, we're condemning these without even having to actually access them.

Does that make sense?

And my last question, Mr. Chairman, is this. Is there an agreement anywhere that your coalition has supported? You come here, you say you don't support it, but you never really provide solutions or conditions whereby you would support an agreement if certain provisions were inserted.

So you've made a great statement, but you haven't given us any proposals.

• (1635)

Mr. Jamie Kneen: Can you provide me an example of a free trade agreement that does not have those—

Mr. John Cannis: No, I'm asking you the question. You're the witness. You tell me which agreement you have supported.

Mr. Jamie Kneen: We have not supported any free trade agreements that contain these provisions.

Mr. John Cannis: That's because ideologically or philosophically you don't support it.

Mr. Jamie Kneen: No, it's because we have repeated cases of abuse arising from those provisions, and the protections that have been provided—

Mr. John Cannis: Why would you say—

Mr. Jamie Kneen: —are not tested—

Mr. John Cannis: Why would you say, and this is your quote, that you “welcome these provisions, but they've not been tested”?

Mr. Jamie Kneen: It strikes me as problematic that we are collectively putting all our eggs in the basket of this one clause, which goes against the established pattern of investor-state provisions—

Mr. John Cannis: But if you have a provision, Mr. Kneen, that is there to address a concern, and that provision is never accessed, that means the problem has never arisen—yes?

Mr. Jamie Kneen: No, the preventive provision has been recently implemented. It's in the Canadian model, FIPA.

Mr. John Cannis: Mr. Chair, my colleague, who is a guest, has only one question, and I beg you, sir; she's a guest and she has one question.

Mr. Jamie Kneen: Mr. Cannis, if you're not interested in hearing the answer, that's fine. Go ahead.

Mr. John Cannis: I'm finished.

Mr. Jamie Kneen: You've made your point; if you'd allow me to make mine, I would appreciate it.

Mr. John Cannis: Please.

The Chair: I really don't think we have time. I think Mr. Cannis made his point. I'm not sure he really did want an answer.

In any event, do we have Mr. Clarke back?

Mr. Clarke, can you hear us in Panama?

[Technical difficulty—Editor]

The Chair: Well, I'm sorry, we're not going to be able to get the conclusion to your question either, Mr. Keddy, so that's one each in which we're not going to be able to have the witnesses conclude the final questions.

In any event, we're going to sign off with these witnesses and thank them. I'm sorry we didn't have time to complete them, and we had other questioners who wanted to ask questions as well.

With that, I'm going to thank Mr. Clarke, whether you can hear me or not, for your participation today.

Also, Mr. Kneen, you can carry this on, I'm sure, in the corridors. Thank you.

Mr. Jamie Kneen: Thank you.

The Chair: We'll just take a moment while we bring in the next witnesses.

• _____ (Pause) _____
•
• (1640)

The Chair: Ladies and gentlemen, we will resume our discussion of Bill C-46, An Act to implement the Free Trade Agreement between Canada and the Republic of Panama, the Agreement on the Environment between Canada and the Republic of Panama and the Agreement on Labour Cooperation between Canada and the Republic of Panama.

As our next witnesses we have two groups, and I'm sorry we don't have more time, but we will get to them immediately.

From the Canadian Association of Importers and Exporters, Joy Nott is the president—welcome—and Carol Osmond is the vice-president of policy.

From the Canadian Foundation for the Americas, FOCAL, we have with us again Carlo Dade, the executive director—it's a pleasure to have you back—and researchers Marina Connors and Mark Richards joining Mr. Dade.

I'm sure you're all well aware of the format, so I'm going to let you begin.

I'm going to start with Ms. Nott, if you'd like to have an opening statement.

Ms. Joy Nott (President, Canadian Association of Importers and Exporters): Thank you very much, Mr. Chair and members of the committee.

My name is Joy Nott, and I'm the president of I.E.Canada, the Canadian Association of Importers and Exporters. With me today is Carol Osmond, our vice-president of policy. We'd like to thank you for the opportunity to appear here today to express our support for Bill C-46, the Canada-Panama free trade agreement.

With respect to who we are, I.E.Canada has been a leading voice in the trade community since 1932. Our members consist of small, medium, and large enterprises from across Canada. Our membership is made up of manufacturers, importers, exporters, wholesalers, distributors, and service providers to the trade community in a broad range of industry sectors, including professional services firms, such as legal and accounting firms, customs brokers, and transportation companies.

I.E.Canada was formed as the Canadian Importers and Traders Association, in 1932, in the face of a resurgence in tariff barriers and protectionism at that time. While a significant percentage of our members continue to describe themselves primarily as importers, an even larger percentage are both importers and exporters. Our current membership is reflective of today's reality.

Global business has become ever more integrated as companies around the world strive to remain competitive and productive. Traders at home and abroad are constantly seeking new, cost-effective sources of supply, whether it be finished goods for sale to consumers or parts and components for their manufacturing operations.

Canadian consumers benefit from greater choice of products and lower prices, while our manufacturers are able to remain competitive as they search for new and emerging markets for their products. As an association representing both importers and exporters, I.E.Canada is an advocate for liberalized trade as well as trade facilitation. We also aim to provide businesses with information and tools they need to remain competitive internationally.

I.E.Canada and its members support the Canada-Panama free trade agreement and the speedy passage of Bill C-46. While Panama is a relatively small market overall for Canadian exports, as others have testified before this committee, for individual companies or

sectors, Panama is a significant market and promises to be an even more important one with the implementation of this free trade agreement.

Panama's economy is primarily service-driven. It is also one of the fastest growing economies in Latin America. As such, it presents opportunities for Canadian exporters. For example, with the current construction boom in Canada, the Canada Mortgage and Housing Corporation and Export Development Canada are both bullish about opportunities for Canadian suppliers of building products. Large infrastructure projects, such as the Panama Canal expansion project, investments in the Panama-Pacific special economic area at the former Howard air force base and in tourism projects, and the demand for residential housing, fueled by rising incomes, creates demand for a broad range of quality building products, most of which will be imported.

As you know, SNC Lavalin and its partners were recently awarded a major engineering contract by the Minera Panama S.A., a wholly owned subsidiary of Inmet Mining Corp. of Canada, for the development of a copper mining project in Panama. This project will also provide opportunities for Canadian exporters of building materials as well as mining equipment.

Of course, the Canada-Panama free trade agreement is but one element of a broader strategy to promote trade between Canada and Latin America and to diversify Canada's export markets. We were pleased to see, for example, the passage of legislation to implement the Canada-Peru Free Trade Agreement during the last session of Parliament and the Canada-Columbia Free Trade Agreement during this session. Given Panama's strategic location, it can serve as a jumping off point for Canadian companies wishing to access markets throughout Latin America.

Recent economic events in the United States have served to remind us, in a dramatic fashion, of the need to diversify our export markets in Latin America and elsewhere and that we need to reduce our economic dependence on our neighbour to the south. By implementing a free trade agreement with Panama in advance of the United States, we also have the opportunity to give Canadians a head start to possibly capture market share from their U.S. competitors. However, that window of opportunity may be closing. It was recently reported that the United States and Panama are about to sign a tax information exchange agreement that could pave the way for congressional approval for the U.S.-Panama free trade agreement in the United States.

•(1645)

The signing of a free trade agreement is not simply about reducing duties and lowering trade barriers. It immediately raises the profile of each party to the agreement of the other's country. It also fosters closer ties between the governments and between their respective business communities and citizens. At the same time, signing the agreement and passing the necessary implementing legislation by itself is not enough. To ensure that Canadians fully benefit from this and similar agreements, the government, working with the private sector, must promote opportunities to Canadian companies through information and outreach sessions, trade missions, and other similar activities. We view the recent opening of an office in Panama by Export Development Canada as an important step in that direction.

In summary, I.E.Canada and its members support the Canada-Panama free trade agreement, and we urge members of Parliament to proceed quickly with the passage of Bill C-46.

On behalf of the members of I.E. Canada, we would also like to thank you for the opportunity to appear here today, and we would be pleased to respond to your questions when appropriate.

Thank you.

The Chair: Thank you, Ms. Nott.

I take it, Mr. Dade, you have a brief statement?

[Translation]

Mr. Carlo Dade (Executive Director, Canadian Foundation for the Americas (FOCAL)): Thank you, Mr. Chairman.

It's a pleasure to be here again before the members of this committee. This time, I'm here with two FOCAL researchers.

[English]

We will all be happy to answer questions about our brief, which we have prepared and sent to you, in support of Bill C-46.

Just let me note that our presentation will be a little bit different from some of the others you've seen. You've had a great deal of information on specifics of the agreement. We'd like to step back and look at context for the agreement, where it fits in, and why it's important for Canada.

As you know, we've engaged in this country in a process of—

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Mr. Chairman, I have a point of order. Mr. Dade just mentioned that he sent the committee a brief, but we don't have it to hand.

Mr. Carlo Dade: It was being translated. I received an e-mail from the committee clerk this morning saying it had arrived.

[English]

The Chair: I'm sorry, I haven't received it either.

Apparently you don't have it?

•(1650)

[Translation]

Mr. Carlo Dade: I found it.

[English]

The Chair: Well, there you go.

Apparently we do have one copy.

Oh, we have some more. Here we go.

Thank you, Monsieur Laforest. It's not one I would want you to miss.

[Translation]

Mr. Carlo Dade: It's not very long.

[English]

The Chair: In any event, Mr. Dade, there will be some homework for the committee, and it will perhaps assist our members with questions. We won't take this out of your time.

Mr. Carlo Dade: I would say the graphs would be the most important thing, if one were to glance at it quickly, so I'll be referring to the graphs when I speak. The body of the text can be reviewed later.

With regard to the context for the agreement, we've been engaging in the process of trade diversification in this country, which is extremely important for Canada. The agreements we've signed have been an important step in accomplishing that.

Also at FOCAL we've recently engaged in some research on Jeff Rubin's thesis about the impact of the rise of oil prices on competitiveness. Working with the UN Economic Commission for Latin America and the Caribbean, we've essentially looked at what this sphere of rising oil prices means for the trade competitiveness of countries in Latin America versus countries in Asia. In essence, the research has proven Mr. Rubin's thesis, that rising oil prices will diminish the importance of globalization and increase the importance of regionalism. We'll be importing fewer goods from Asia and more goods from within this hemisphere. So getting ahead on treaties like Panama is fundamentally and crucially important for us as this new era of regionalism returns.

Another point about the agreement is that Panama, as has been mentioned, is a growing hub for services and finances in addition to trade. It's becoming, in essence, a Singapore or the Hong Kong of the hemisphere. This is a place where you're going to want a base business. This is a place where you're going to want to be deeply integrated if you're going to be doing more business in the hemisphere. In that regard, that is another reason the Panamanian agreement is important.

It's interesting. Last week, or the week before, in Ottawa we had Roger Noriega, former assistant secretary of state for western hemisphere affairs at the State Department. We asked him, given his insights about the change in Congress, what the trade agenda looked like and what he thought about Canada's work on the free trade agreements. He mentioned that they were worried about the Panamanian agreement because of what they had seen with the Colombian agreement. In essence, we had him here at Parliament, and at a speech in town he said that the U.S. stands to lose \$2 billion worth of trade to Canada. And Panama is going to be more of the same.

It's actually kind of enjoyable to hear him say this, considering that Roger was the one, when he was a committee staffer in the Senate, who wrote Helms-Burton. So to have him back up here and to see him squirm about Canadian trade was quite enjoyable.

But let me offer another quote, from the U.S. Wheat Associates and the National Association of Wheat Growers in the United States. This is a statement from the U.S. Wheat Associates president and the National Association of Wheat Growers chief executive officer:

The Canadian parliament has ratified a bilateral free trade agreement...with Colombia that will, when implemented, allow Canadian wheat to enter that country duty free.

The agreement gives a major wheat-producing competitor an immediate price advantage in a market where U.S. wheat exports had earned a dominant market share. It means that U.S. wheat producers could lose sales worth \$70 million today to Canada at a time when they can least afford it. In fact, U.S. farm families now face losing a substantial portion of agricultural exports to Colombia worth nearly \$1.7 billion, including \$330 million in wheat exports [alone].

In talking about Panama, we see more of the same. If you look at the brief, we've identified areas where Canada and the United States compete. And on the side of U.S. exports you can see several examples of places where we do very well in the region but where we currently do not do so well in Panama. There are opportunities there, and these are extremely important for us.

I would also note that the EU is working on an agreement with Panama. They signed one with Colombia.

Against the United States we have a price advantage based on tariffs. Against the EU we have an advantage based on distance and shipping costs. The advantage against the EU will increase and will be permanent. The one against the U.S. is temporary. So the importance of taking this window of opportunity while we have it is crucial.

As far as we can tell, we're looking at about four years until the U.S. gets its act together on the trade front.

If you remember, the Costa Rica and Chile agreements were passed, and there were lame-duck presidents after mid-term elections. We're probably looking at a similar scenario as the one time when the U.S. will be able to again look at movement on the free trade agenda.

• (1655)

Let me close with two notes.

The first is on Panama. It's a stable country that's well regarded and considered to be well governed. In the political risk reports, the human rights reports, or any sort of metric you want to look at for the

country, it does fairly well. It's a good partner. It's a type of country with whom we want to do business, a country that is serious about trade.

These negotiations moved at record speed. I can't recall seeing another set of negotiations move so quickly. The Panamanians are serious partners, and they will remain serious partners as issues come up. They've proven this in their negotiations with us to this point. That's an important point.

But secondly, let me make a larger point about the trade agenda. We have a window where we enjoy an advantage vis-à-vis the United States, Panama, Colombia, and Peru. We've signed agreements up and down the Pacific coast. This is an agenda that will carry us through the near term. It's also an opportunity to think about the longer term. Where do we go from here with the free trade agenda?

The advantage with the U.S. is that it will be four years or so until the Americans come back in. We have a unique opportunity to look at the next big thing in trade. These are the trans-Pacific arrangements, the attempts to create a free trade agreement linking the countries that ring the Pacific.

There are three such agreements under way. Each one is stalled. The Asians have one, the Latin Americans have the Arco del Pacífico, and the Americans have the trans-Pacific partnership. The Americans are stalled for obvious reasons, given the Congress. The Latin American one is stalled temporarily because of intransigence on the part of Nicaragua and Ecuador. But believe me, the Latin Americans are looking to regroup and refocus. The Americans eventually will get their act together with this larger treaty.

But with each of the initiatives under way, we've been left out and marginalized on the sidelines. When these agreements start up again, we cannot afford to be left out again. Our moves in Colombia, in Peru, and in Panama have positioned us better than the Americans to take leadership and to move in this area.

When you think about the success of this agreement, you're looking at the largest trading block on the globe. You're looking at companies seeking to base firms in the new world, the Asian companies seeking to base themselves on this side of the ocean. Where are they going to base themselves? These are the types of jobs that we want to bring to this country.

McKinsey has done a report and some work on trade with Asia and the importance for Canada of going after this. If you look at transshipments, if you look at air travel, these are all areas where we really should have a distinct advantage. Our strength is that we are neither Asia nor Latin America. It's also our weakness. Only by taking advantage of these agreements, looking at a longer-term agenda, and making the types of investments we need in this country's institutional architecture can we be prepared for that.

With Panama, it's a great deal. It should be a no-brainer for this committee. But the question is really, where do we go next? How do we build upon success?

Thank you.

The Chair: Thank you, Mr. Dade.

We're going to start this round and hopefully get through it, and perhaps two rounds this time.

We're going to begin with Mr. Cannis, with seven minutes for questions and answers.

Mr. John Cannis: Thank you, Mr. Chairman.

I was quite intrigued with the phrase "a no-brainer". I like that.

Thank you, and welcome to all our witnesses.

• (1700)

Mr. Carlo Dade: That means I can understand it.

Voices: Oh, oh!

Mr. John Cannis: You talked about Asian companies, European companies, and U.S. companies. They're all lining up to get their share of the pie, as I've often said. If I may quote you, "We've been left out." That's something that I think many members here on this committee—the opposition and government—are saying. We don't want to be left out. We want our share of the pie within the proper guidelines, as you probably heard if you were in the room earlier.

Mr. Dade, I was really pleased when you said that we've signed the Canada-Colombia Free Trade Agreement. Even though there are some obstacles and concerns, there have been provisions to address those. Our colleague, the former critic, Scott Brison, brought forth an amendment that I think was well received.

With all of the difficulties, you said that Panama is a country we want to do business with. You used the words "stable country". I've never been there—unlike the previous gentleman, who was not really at the mine—but I have heard from some Canadian friends of mine that they're quite impressed with the infrastructure there. They're also saying that Panama is not perfect. But name me one country that's perfect today.

I just want to add those comments before I ask Ms. Nott the following. She talked about the U.S. moving forward to sign an agreement. I note this because one of the obstacles that's been put before our committee is the financial instability—I'm trying to find the right words here.

I was wondering, Ms. Nott, if you could elaborate on that, because I assume, from what you were saying, that once the Americans sign that agreement—and it looks like they're going to be signing it—the next step is that they're going to move forward with signing an FTA. Am I correct in assuming that? Unless we move as quickly as we possibly can, we might do what Mr. Dade talked about and miss the boat again. We lost out a bit on the Central America free trade agreement as well, which, hopefully, we'll come back to.

Can you please give us some more on that?

Ms. Joy Nott: Okay.

Relative to the Americans and the Panama situation, I was very recently in Detroit at a U.S. district council meeting, with approximately 500 U.S. companies in attendance.

Secretary Locke was there, and he made some comments relative to various free trade agreements and relative to various trade issues that they're currently looking at. In one of his comments, he in passing mentioned sitting down to talk about a free trade agreement with Panama, and the crowd erupted with applause, very much wanting and supporting that, which frankly took me by surprise. It's not a reaction I expected, personally, from the audience.

I can tell you that the role I was playing there that day was as a guest speaker. I was talking about Canada's negotiations, actually, with Europe. That's what I was asked to speak on. There were questions from the audience, and one of my co-presenters on the panel was asked about our current negotiations with Panama, which is what led Secretary Locke to make his comments about Panama.

The tension in the room that day I think was actually palpable, in that in the United States, at least, in that particular room on that day, there was definitely a feeling amongst the Americans that they have to hurry up because Canada is negotiating these deals and we're going to beat them to the punch.

Mr. John Cannis: You mentioned, Ms. Nott, that they're looking at addressing the laundering of money and the bank accounts. The Americans are moving in that direction, yes?

Ms. Joy Nott: That's correct.

Mr. John Cannis: That is one of the issues that has been coming before our committee. So that issue is being addressed.

Ms. Joy Nott: Yes. It is being addressed by the Americans.

Mr. John Cannis: Okay. Good.

Mr. Dade, did you want to add to that at all, sir?

Mr. Carlo Dade: I would just note that on the movement, this last election saw an increase in anti-trade members of Congress. I think it's really going to take more of the Wheat Board and others going around pointing out what's happened for the American people to move. But rest assured they will. When the stories about the Wheat Board get out, when the balance tips in the country and the connection is made between jobs, the short-term aversion to trade will turn, and it will turn very quickly. We've seen this before in the States.

I would say that the near-term prospects probably aren't there. But in the longer term, as the job losses mount, as the trade losses mount, as farmers and other groups point to lost business, as the stories get back, it's coming.

Mr. John Cannis: But, Mr. Dade, it's electioneering, and we tend to get a little bit vocal during a campaign and sometimes candidates tend to say a little bit more than what they should.

Everywhere we go.... We just came back from meeting our counterparts in the European Union. We read stories, we hear about these global difficulties that we're all experiencing, and there's one common denominator: we're all going to get out of it, they're saying, because we're going to increase our trade. We're going to do trade and we're going to create jobs.

So I'm puzzled when I hear witnesses come before our committee and say, "No, don't trade, don't trade. Let everybody else trade because that's how they're going to get out of their woes. But Canada should stay out." Do you agree with that?

Mr. Carlo Dade: You know, this is something that you see in the States now. Reason and common sense with current U.S. policies, in several regards, don't seem to be well-acquainted. This appears to be another one of those cases in the States.

It's against self-interest; what they're doing is against self-interest. But we've seen elections in the States and we've seen politics shift in that direction, unfortunately. It's not terribly surprising. Places with a more reasoned discourse tend to do a little bit better.

Again, it's just a matter of time. With the last big round, the trade movements.... Mid-terms? Lane duck. So that's what we're looking at. That's the window. It's not huge, and you want your companies in there. Given the Americans' other advantages, you want a few years on the ground to build up ties, to build up relations.

• (1705)

Mr. John Cannis: Thank you very much.

Mr. Chairman, thank you.

The Chair: Perfect. Good timing.

Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chairman.

I'm going to comment directly on what Mr. Cannis just said. If people sometimes oppose free trade treaties, it's not because they're necessarily opposed to trade, but because they're considering something other than just trade liberalization. There's the entire aspect of respect for human and workers' rights. With respect to Panama, there's also the matter of the tax treaty, money laundering and tax evasion in particular.

First, I have a question to ask you, Ms. Nott. In your introduction, you referred to a special economic area in Panama. Are you referring to a tax system that is advantageous for Canadian businesses?

[English]

Ms. Joy Nott: I guess I should first preface my answer by saying that I am in no way, shape, or form a tax expert. I need to say that up front.

The free trade zone I made reference to, as far as my understanding goes, is a free trade zone from a manufacturing standpoint. I am not personally in a position to comment on any trade policy connected with it. It's a free trade zone in the same way

the United States, as an example, has free trade zones, where manufacturing can take place in a duty-free type of zone.

[Translation]

Mr. Jean-Yves Laforest: Then you referred to a tax agreement or a tax information exchange agreement that would be signed between Canada and Panama as part of this free trade agreement. However, we questioned the minister about this and he said that he had written to his counterpart in Panama. The officials who appeared before this committee said they had received no reply.

Thus far, Panamanians and Canadians have perceived international trade in very different ways. In Canada, we want to agree on a tax information exchange agreement, and in Panama they're talking about a dual taxation system that would reduce the revenues of the Canada Revenue Agency to zero in certain situations. We're not yet at that stage.

Is this really an important question for the Canadian Association of Importers and Exporters? Are you still going to reach an agreement, even if there is no tax information exchange agreement? Ultimately, if the Canada Revenue Agency loses revenue, all Canadian citizens will have to pay for that, rather than the people who are exempted.

Is your support unconditional?

[English]

Ms. Joy Nott: Let me start off by saying that I, personally, am not an income tax expert. As an association, we advocate on behalf of our members with respect to international trade topics that are more in line with the actual trading of commodities and services as opposed to income tax.

I don't know. I haven't read all the minutes from previous witnesses. But I'm sure there could be other associations that could more appropriately answer the specific tax question.

On the trading of commodities and services question, and putting the tax question aside, the tax information exchange agreement I was talking about is currently being discussed between the United States and Panama, not Canada and Panama, that I'm aware of.

Again, at this conference I was at, Secretary Locke seemed to feel it was an important step forward. He publicly stated that they were interested in looking at a free trade agreement. That is the context in which I put forward those comments, as opposed to any income tax.

Relative to the position our association takes on behalf of our members, we don't look at income tax issues. Based on the free trade of commodities and services, and strictly within that forum, we do support Bill C-46.

• (1710)

[Translation]

Mr. Jean-Yves Laforest: Mr. Dade, I'm going to continue with you. I had time to glance at the brief. On page 4, you discussed the benefits of this free trade agreement, saying, "Panama is an attractive investment destination due to... a stable and sophisticated banking sector."

By that, do you mean that this agreement is advantageous because businesses that invest in Panama can enjoy better tax deductions? So there's a form of tax evasion that can be advantageous. What are you referring to?

Mr. Carlo Dade: No. There are a lot of reasons to invest and establish a financial business in Panama. There is infrastructure, officials and employees who are well educated and well trained in all aspects of a global financial business. That's the first thing. In addition, Panama is a good transport nexus. It's easier to travel there and the communications infrastructure there is superior.

There are a lot of reasons to set up an investment company in Panama. A country would definitely want to enhance these competitive advantages by legislation.

[English]

Countries have different tax regimes—we've seen this globally—including countries with which Canada has already signed tax free trade agreements and where these questions did not emerge.

[Translation]

Allow me to answer your question on

[English]

the tax evasion issue. It's interesting. We've looked at current Canadian revenue operations. And we have found that CRA has how many operations in effect against Panama?

Ms. Marina Connors (Researcher, Canadian Foundation for the Americas (FOCAL)): There are none. We actually could not find any ongoing investigations on Panama, to the best of our knowledge. Obviously, there might be some that are confidential. It might be better to ask the CRA about this. But we all know what happened in Switzerland last year and what happened in Liechtenstein. Those have definitely come up. We do have free trade agreements with both of those countries. It was just something we found a little curious.

Mr. Carlo Dade: That was not discussed. The operations by CRA were under way when this committee discussed the treaty with Liechtenstein.

[Translation]

These two countries have populations that are familiar to CRA,

[English]

but it's only with Panama, interestingly, where we have no operations, where we do not have 2,000 Canadians under investigation, that this issue has come up. It's very curious that it would come up at this point in time and that people would mention Panama and drug running and money laundering but would not raise those issues with Liechtenstein and Switzerland, despite the fact that

we had negotiations on the go. If you look at the committee testimony, there is nothing in the committee testimony about that.

[Translation]

Mr. Jean-Yves Laforest: I would almost say that's not good news. In any case, you know that Panama is still on the OECD grey list of countries that promote tax evasion. So although there isn't an investigation, I believe that what you're saying isn't necessarily good news.

[English]

The Chair: I'm sorry, we have gone over.

Mr. Carlo Dade: Panama is moving off the list. It takes time. Liechtenstein is also moving off the list.

The Chair: Excuse me, Mr. Dade.

I'm sorry, we went over time there and used up Mr. Julian's time, too.

I'm just kidding. Go ahead, Mr. Julian.

• (1715)

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

I just want to say at the outset that it is the fourth time they've announced the tax information exchange agreement negotiations with the United States, as you well know, and it has now been eight years. Every time there is a little bit of pressure to get it through the U.S. Congress, the Panamanian government announces that they're negotiating another tax information exchange agreement. But for eight years, nothing—nothing—has resulted from those negotiations. So I think we should take that off the table as any sort of credible point made about negotiations on tax information.

I want to start with Ms. Nott and Ms. Osmond. I've been on the trade committee now, along with Mr. Cannis, for six years, and we often have people come forward, well-intentioned people, saying that signing these FTAs will lead to an increase in exports.

The problem is that when you actually look at the constant dollar value of our exports to those markets after we sign these FTAs, they actually decline, and they have in every single case.

In just one example, Costa Rica, there were \$77 million in Canadian exports to the Costa Rican market before we signed the FTA. Last year, it was \$73 million. So we went from \$77 million to \$73 million, in constant dollars, which is why the Minister of International Trade often will use current dollars to try to hide the fact that in real terms what's happened is a decrease in exports to those markets.

I'm wondering if either of you have any comments, because we have a pretty dysfunctional trade policy in that regard. What would you like to see our government doing to actually enhance the resources put in place to support our exporters.

I'll just give you another example. I was meeting with the trade commissioner in South America, who told me that they didn't even get the budget to buy a cup of coffee for potential clients. There's just no money available from this government. We spend about \$13 million worldwide in Canadian product and service promotion. Australia spends half a billion. So there's a huge problem here. Would you like to see the Canadian government actually put its money where its mouth is and provide more support on the ground for Canadian exporters?

Ms. Joy Nott: I personally sit on the DFAIT SME advisory panel. We meet twice a year as a group of companies. I.E.Canada is a participant observer on that particular panel. In the room are SMEs that discuss exactly that amongst themselves, and on the second day—it's a two-day meeting—the Minister of International Trade comes in, and the group, as a whole, makes recommendations to them.

I think at this point there is discussion amongst Canadian traders about the fact that, quite frankly, we've had it very easy for the past couple of hundred years of living next door to the United States. Exporting hasn't really needed to be all that front of mind. We've tossed it over the fence. With the new real economy that's out there, Canadian companies are sort of now looking and not necessarily wanting to put all their eggs in one basket. There have been active discussions with the trade commissioner of services on—I'm going to say—improving and changing specific services. And I have to say that we're seeing the right signs that we want to see DFAIT engaging, and they are offering whatever help exporters need, given the fact that—we will agree, and we do agree—in the past between the types of services that were offered and maybe the types of services that were needed, there was a gap.

Mr. Peter Julian: So you believe there should be substantial increases in the supports that are given, which we see with our major competitors. The U.S., European Union, and Australia invest far more—hundreds of millions of dollars—in export product and service promotion and support.

Ms. Joy Nott: The kinds of services that we're talking about are a little more tangible than maybe actual financial support. I'm not going to comment one way or another on whether the financial support is what's needed. The SMEs that are in that room are looking not so much at the financial support as at the tangible support they receive on the ground. At this point in time, with DFAIT, we've been looking at the actual services the trade commissioner of services offers. At the last meeting, for example, there was a lot of discussion about market intelligence as opposed to market information. Market information includes statistics that can be pulled off various websites and whatever else; we can all rattle off percentages. What Canadian SMEs and Canadian companies are looking for is market intelligence as to where specific opportunities lie and who those connections are. I have to say that DFAIT seems to be actively willing to engage to help at this point. I will say that's relatively new, because it's as a direct result of the economic crisis in the United States that they're listening.

• (1720)

Mr. Peter Julian: Thank you. I'm sorry to cut you off, but I have only two minutes left.

I want to go to this other issue, concerning what the U.S. State Department has called Panama, which is:

a major logistics control and trans-shipments country for illegal drugs.... Major Colombian and Mexican drug cartels as well as Colombian illegal armed groups use Panama for drug trafficking and money laundering purposes....

The funds generated from illegal activity are susceptible to being laundered through...Panamanian [banks], real estate projects and [more].

We've had, most recently, OECD criticisms of Panama, stating that it is even worse than the infamous Cayman Islands tax haven. There has also been testimony around the actual Panama trade pact, article 9.10 of which says:

Each party shall permit transfers relating to a covered investment to be made freely and without delay, into and out of its territory.

That would mean that the Government of Panama or any investor registered there could challenge Canadian anti-tax haven measures as a violation of those transfer guarantees under the trade deal.

I'm wondering—and this is for both organizations—are you saying to us today, “Full-speed ahead”, regardless of what the problems are with this deal and the fact that Panama hasn't met its obligations internationally? Or are you saying, “Hold on, there needs to be a tax information exchange agreement”? That is very important. That's certainly where most Canadians are, where Canadians' values are. They want to see companies and individuals paying their fair share of taxes. I think the vast majority of Canadians believe that. So are you saying to go full-speed ahead, or are you saying to hold on, that due diligence has to be done first, and let's have that tax information exchange agreement that's been promised, certainly for eight years in the United States, and that has been promised for some time in Canada?

Mr. Carlo Dade: On the tax exchange information, I would just note that Switzerland has just signed an agreement. That's something that's been in the works probably for as long as the one with Panama, so I think globally we're starting to see movement on this issue. Countries that were intransigent in the past are beginning to change.

There is movement because of problems, especially in this hemisphere. You mentioned drugs. It's a hemispheric problem. You can start at Tierra del Fuego and work your way up. Canada is becoming a site for precursory drugs and for increased production in methamphetamines and synthetic drugs.

The drug issue and the issue of money that goes with it is hemispheric. It touches pretty much every country in this hemisphere, certainly the United States, Mexico, the Caribbean, Central America, and South America. I would not single out Panama in this regard.

Second, in terms of trade and how we do in trade—I'll get back to that question—it's very interesting. If you look at where we signed free trade agreements, you're looking only at trade in goods. If you look at services and foreign direct investment, the numbers for FDI stock, Canada does quite well. While we may lose some on the goods side, we tend to make it up on the services side and certainly with investments. These are harder to quantify and these are harder to track, but certainly the evidence from FDI stock indicates that we are doing well and making it up on the investment side.

I would urge you to bring in Professor Paul Haslam from the University of Ottawa and some others who have looked at this issue and can talk more about it.

We also do a good job in terms of promoting exports from these countries. Trade Facilitation Office Canada...this is something the Americans would never do: encourage small, medium, and non-traditional exporters, women's cooperatives, others, to take advantage of the agreements and export to Canada.

If you really believe in free trade, you believe in the Ricardian equivalence, about efficiencies being generated and efficiencies being good for both countries. We take that a step further in Canada and we do things to actually promote trade instead of aid. Trade is a supplement to aid.

I think we should really be proud of this. The question is, either you believe in trade or you don't. I think we've done a really good job of making it work.

The Chair: We're going to have to move along here.

Mr. Trost, you may have to wrap it up.

• (1725)

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair. If I don't use up my time, Mr. Holder will be sharing it with me.

The fundamental criticism I hear of these trade agreements, to me basically boils down to the fact that these countries are not competent enough to protect their own environment, their own labour standards, etc. I've heard that with Colombia. While I may find it somewhat condescending, unfortunately, I have to ask this question: Is the government of Panama, are the people of Panama, competent to defend their own labour standards, to look after their own environmental standards, and their own financial standards? Effectively, can they look after their own rule of law enough, so that big evil Canadian companies won't come and take advantage of them in the mining sector or anywhere else? What is the state of civil society in Panama? Can they effectively protect their own interests?

Ms. Joy Nott: I guess my only answer to that would have to go along the lines of comments made earlier by Ms. Hall Findlay, in that I would assume yes, given the fact that the Panamanians have sat down to negotiate this. On behalf of our association, we believe, again, that they're adults. They sat down. They're playing on the world stage, so we assume, yes.

Ms. Marina Connors: I can add a little about the labour issue. Over the summer there were some misunderstandings about a change to labour legislation that the government passed. There were protests. There was a little bit of violence. Everyone was quite

concerned. I remember talking to the Panamanian ambassador about this at the time.

Since then, because of these protests by civil society, by labour unions, and by environmental groups, they sat down over 90 days, actually sat down at the table—government officials, the deputy minister of labour and workforce development, the deputy director of the social security fund, and various other members of civil society, as well as the leaders of the Workers Confederation of the Republic of Panama—and they solved this issue together.

There were issues they did not like about law 30. It basically made union fees voluntary rather than automatically deducted from workers' paycheques. In the event of a strike, it allowed employers to replace the strikers with new workers. There were some serious issues that the labour unions didn't like.

They brought these to the table, and all of these issues were basically rescinded. Those aspects of the law have gone. They are working on rephrasing the law and repassing it, and that should be solved very soon.

Mr. Brad Trost: That's what we see across the board in Panama: strong institutions, a well-trained workforce, people who are able to articulate and defend interests—indigenous groups, workers' groups, etc.

Mr. Carlo Dade: The country has made a decision about their labour practices. They've adopted a pro-business agenda for labour. But the government won the elections. The elections weren't contested; they were free and fair. The people of Panama chose a government that decided to implement these policies. You may differ with them, but if you really want to differ with them, you have to take Panamanian citizenship and go down and vote.

Mr. Brad Trost: Again, I was sorry I felt I had to ask the questions.

That brings me to my final question here. Mr. Dade talked about it becoming a financial centre. I guess again it comes down to what you're saying versus some of the other critical stereotypes. You dealt with this in some of your earlier comments.

Is Panama a financial centre that's developing and becoming sophisticated for legitimate uses, or is it this money laundering, corrupt....? There have been some more memorable quotes around this table than I can remember. What is it? Which is it? We have this image of the Swiss bankers in some respects, with that Liechtenstein model you referred to. What is the financial situation in Panama, from your perspective?

Mr. Carlo Dade: It's one of burgeoning excellence in terms of financial services. You have to be clear-eyed about this. Look at the flow of drugs and organized narcotics gangs throughout the western hemisphere, including, increasingly, in Canada. This is a hemisphere problem. It cannot be pinned on one country. You cannot pull the Cayman's out or Aruba or Panama or Colombia or Buenos Aires or Uruguay nowadays and say this is it, we shut this down, and the problem disappears. It runs throughout the hemisphere, including, increasingly, in Canada.

The largest theft, the largest financial crime, in this hemisphere, on the globe, occurred where? New York City. Bernie Madoff. How many billions of dollars were taken? This is a crime with epic proportions. Bernie has far outdistanced anyone else. And this is New York City. This is Wall Street. So if you're looking for malfeasance, poor regulation, lax oversight, you really can't do much better than Wall Street.

● (1730)

Mr. Brad Trost: I'll yield the rest of my time to Mr. Holder.

Mr. Ed Holder (London West, CPC): Thank you.

I have a cornucopia of questions but a thimbleful of time. In all of this, perhaps I'll just ask a quick question to Ms. Nott and a quick question to Mr. Dade, and I'll just let them respond.

First, Mr. Dade, you talked about the multilateral situations. You mentioned the Trans-Pacific, TPP, the issues...I'll say Mercosur, the Latin American arrangements. I think we would like to see more multilaterals. We just came back from the European Union, and while that is technically a bilateral, in fact, with 27 member countries participating, that's as much a multilateral as I might imagine we will probably see in the foreseeable future, because we may have different views. But my view is that Doha is deadlier than Elvis right now. It strikes me that bilaterals are the way we go.

So my question to you is this. Knowing that we have struck five deals in Latin America, what is our opportunity? Could you imagine a Mercosur coming together? Or would we do those deals individually, as we have in the past?

I've learned this from Mr. Julian. Just ask a lot of questions and then see how the time works.

Ms. Nott, very briefly, you were very clear to Mr. Julian that in fact it wasn't an issue of how much more money promotionally.... It's to do with this deal and to get it going. I would ask you, what if we don't do this deal? That becomes my question to you.

Ms. Joy Nott: I spoke earlier about the fact that Canadian importers today are, for the most part, also Canadian exporters. I've been in this business 28 years. There was a point in time when you could clearly distinguish between an importer and an exporter. Those days are gone. Companies are both today. Given what's happening globally, taking any market and turning away from it, with some of the positive aspects of it that we've spoken of around the table here today, I think would be a disservice to Canadians. I think it's just the new reality. We have to be free traders.

Mr. Carlo Dade: Were you to turn it down, I'm sure someone in the EU would be willing to take you out to dinner to thank you very much.

You can do what the Americans did and toss away potential. We don't know how much that would be in the case of Panama, but certainly it would be hundreds of millions of dollars in trade. For what purpose? If a decision by this committee, by this Parliament, is made that we want to turn down these benefits for Canadians, well, it's up to Parliament to decide.

Mr. Ed Holder: Thank you for thinking of Canadians, by the way.

I'll end it there, Mr. Chair.

The Chair: Thank you, Mr. Trost and Mr. Holder, and for those responses.

I'm going to take one more quick one. We have a guest at committee today, and I'm going to give Ms. Coady a short question.

Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.): Thank you very much for allowing me a very quick question. I think Mr. Holder is right; I have less than a thimble of time.

I am a guest here today. I listened intently to MiningWatch, who were here a little earlier and talked at length about this agreement and the concerns around this agreement. I note in particular, Mr. Dade, in his report, talked about the mining industry and Clarke Educational Services. They were online with us and had answered some questions, but we had some technical difficulties.

In the last sentence of your report, you said the "agreement could help Canada achieve progress on important non-economic priorities in the areas of environmental protection and the promotion of workers' rights abroad". I think the witness from MiningWatch raised those issues as well.

I'm wondering if you could, in as short a time as possible, give your viewpoint on mining in Panama and why this free trade agreement should move forward, even in that light.

Mr. Carlo Dade: Given the prices of ores, mining and pressure mining are going to continue. If you look around the room, everything we use here, our cellphones, our watches...the demands are there and they will continue. It can be done in a way that's positive, that leads to economic growth, or attempts to lead to economic growth, or it can be done in ways that are more mercantilistic, that have no regard for the people involved.

You can believe that Canadian companies—your neighbours, your friends—in the mining industry are set on going to a place like Panama and trying to, pardon my French, bleep over the population, or you can believe that if given the resources and the opportunities to look at best practices in corporate social responsibility, in engagement, they'll do the right thing. I think what you see with Mr. Clarke is indicative of the positive aspects of the Canadian mining industry.

It's about working with the positive aspects. Yes, we need to punish those who harm people, and we'll be one of the first ones to march with MiningWatch when serious violations do occur. But companies that are trying to do things right, trying to make a difference....

And again, in this we compete with the Chinese. If you think you've seen a company that has really bleeped over the population, that has committed violations, serious violations, well, look to our competitors. You weaken us. You weaken companies that work with people like Clarke Educational Services. You stop them from going in. You create a competitive advantage for companies that don't.

So it's a heck of a chance to increase the bad and reduce the good. Or you can do the opposite and increase the good and reduce the

bad. That's what this agreement will do, and that's what companies like Clarke Educational Services will do.

● (1735)

The Chair: Thank you for that.

And thank you for those responses. I appreciate all of our witnesses today. That was very helpful. We've taken a little more of your time than had been expected.

Thanks to the committee, too, for your indulgence.

That's it for today. We'll see you on Wednesday.

The meeting is adjourned.

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