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# **Standing Committee on Foreign Affairs and International Development**

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**EVIDENCE**

**Monday, March 12, 2012**

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**Chair**

**Mr. Dean Allison**



## Standing Committee on Foreign Affairs and International Development

Monday, March 12, 2012

• (1530)

[English]

**The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)):** Pursuant to Standing Order 108(2), our study is on the role of the private sector in achieving Canada's international development interests. We'll begin.

I want to welcome Wendy Hannam, who is the executive vice-president of sales and service, products and marketing for Scotiabank international banking.

Wendy, thank you very much for being here today.

Colleagues, we have changed the order today because we wanted to make sure we would have as much time as we could with the ministers this afternoon. We appreciate everyone's flexibility.

Wendy, we certainly appreciate your flexibility as well in meeting with us.

We're probably going to have bells in, I'm going to suggest, the next 20 or 25 minutes. We'll see if we can go for at least half an hour—I think that would be reasonable—so that we can get some testimony and then have at least one round of questioning. When we come back we'll be with the minister.

I'm going to turn the floor over to you, Wendy. You have an opening statement. Then we'll have questions back and forth from both sides of the table.

Again, welcome. The floor is yours.

**Ms. Wendy Hannam (Executive Vice-President, Sales and Service, Products and Marketing, International Banking, Scotiabank):** Thank you very much, Mr. Chair and committee members, and thank you for the invitation.

I'm Wendy Hannam, executive vice-president for sales and service, products and marketing, in international banking with Scotiabank. Scotiabank is Canada's most international bank, with operations in 55 countries and a team of more than 75,000 employees serving over 19 million customers around the world.

Our international banking division encompasses all of the bank's personal and commercial banking services outside Canada, primarily in the Caribbean, Latin America, and Asia. I am responsible for strategic planning, management, and delivery of personal banking services and small business banking services through our team of 36,000 employees in 45 countries.

I've been engaged in conversations throughout the past year with the Canadian International Development Agency on enhancing

collaboration between Scotiabank and CIDA. I'm pleased to have the opportunity to address this committee about Scotiabank's experience and its ideas about achieving international development goals.

The committee has specifically noted an interest in how private sector entities can be catalysts in generating long-term economic growth and alleviating poverty in developing countries. We strongly support this vision and approach. There's a growing consensus that growth, poverty reduction, and improving people's lives require a vibrant private sector and active partnership in economic development.

Today I'd like to speak with you about Scotiabank's history and approach in developing markets, the link between development objectives and the business of banking, and some relevant success Scotiabank has had in this area. I'll also offer some recommendations based on what has worked well.

First I'll speak about our approach to developing markets. The issue of how best to achieve development goals in emerging markets is a very important one for Scotiabank, given our deep roots and more than 120 years of history in developing countries, beginning with the opening of our first branch in Jamaica in 1889.

We take a grassroots approach and keep a long-term view of how best to contribute to the growth and development of local economies. We learn the market first, build strong relationships with governments and the private sector, establish a presence, and grow our operations over time. We hire locally and build our teams as much as possible with people who understand the unique local context. Because of our approach and long-term commitment, we are seen as a local bank in each market, and in many important ways we operate as a local bank.

Part of our commitment to corporate social responsibility is to have a very strong presence in local communities, which we do through our support of hundreds of local and regional charities, civic causes, and non-profit organizations. Scotiabank Bright Future, our global philanthropic and employee volunteer program, is aimed at addressing the needs of local communities at a grassroots level.

Scotiabank supports financial literacy initiatives that provide customers with access to education, resources, and advice related to personal finances. For example, we're partners with Junior Achievement on the Economics for Success program in 10 countries in Canada, Latin America, and the Caribbean. This program teaches students the fundamentals of personal finance and explores related education and career opportunities.

But while philanthropy does have a meaningful impact on local communities in developing markets and is a major component of what might be considered traditional CSR, it is not what I want to highlight today. Over 90% of jobs in developing countries are in the private sector. The pace of job growth and quality of employment in the private sector are critical to development. The involvement of the poor in economic growth through formal markets—known as pro-poor growth—is the best way to get people out of poverty and represents the exit strategy for government aid.

Making businesses more inclusive is essential. An inclusive business is one that seeks to alleviate poverty by including lower-income communities within its value chain, while not losing sight of the ultimate goal of business, which is to generate a profit. A real impact can be made by leveraging these for-profit businesses.

Inclusive growth is both broad-based across sectors and inclusive of the large part of the country's labour force. It includes attention to the welfare of the poor, but also to the opportunities for the majority of the labour force, poor and middle class alike. The inclusive growth approach looks to productive employment as an important means of increasing incomes of excluded groups.

• (1535)

I'll now be looking at the special role of the banking sector. The banking sector has a critical role to play. Generally it alleviates poverty and inequality by enabling economic growth through the provision of credit. In addition, the institutional infrastructure of the financial sector contributes by bringing down the cost of information, contracting, and transactions, which in turn accelerate growth.

In addition, with governments facing the challenge of developing infrastructure with limited budgets, banks help to address this gap through the design, structuring, and implementation of financial solutions for infrastructure projects. Scotiabank has a specialized unit, Global Infrastructure Finance, with dedicated teams for Latin America, Europe, and Asia. For the developing countries in Latin America, we focus mainly on those countries where the bank has a banking presence—Mexico, Chile, Peru, Colombia, and Brazil.

Perhaps most important, banks directly address poverty by providing access to basic banking services in a formal market, acting as a force of inclusion. In most developing countries, access to formal financial services is limited to 20% to 50% of the population. There is now growing awareness that access to a wide set of financial tools, such as savings products, payment services, and microfinance, provides the poor with much greater capacity to increase or stabilize their income, build assets, and become more resilient to economic shocks while increasing family security.

Speaking to our success in Haiti, Scotiabank's experience in Haiti following the devastating earthquake in January 2010 provides a good example of the different roles philanthropy and inclusive

business each play in a crisis in a developing country. Immediately following the earthquake, our team in Haiti worked around the clock to ensure branches were safe and secure for the return of our customers and employees, opening three of our four Haitian branches within just a few days. Scotiabank assisted international agencies in distributing aid to 100,000 people, donated funds to the Red Cross and our employee relief fund, and helped arrange temporary housing for those who needed it.

In late 2010 the bank, together with Digicel, launched a mobile wallet financial service under the brand name TchoTcho Mobile. This service helped make banking accessible in a country where only 10% of people have a traditional bank account but 85% of households have access to a mobile phone. With much of the country's infrastructure damaged or destroyed by the earthquake, the service allowed customers to safely perform basic financial functions such as withdrawals, deposits, transfers, and payments to keep the economy moving. Businesses used the mobile wallet to accept payments from customers for goods and services and to pay their employees. The project has been a huge success in terms of financial inclusion and supporting development. It is also profitable.

At the end of 2011, TchoTcho Mobile had more than 473,000 users and handled almost 10,000 transactions a day in a country where just 4 million people have cellphones. The project is supported by a nationwide network of more than 900 correspondent agents. This project received international acclaim for its contribution to economic development, including the beyondBanking award of the Inter-American Development Bank and the 2011 Global Telecoms Business Innovation Award for consumer service innovation.

We're now preparing to launch a mobile wallet in Peru and El Salvador, and we plan to offer the service in other Latin American and Caribbean countries.

Another inclusive business initiative we've been very successful with is microfinance. Scotiabank provides innovative microfinance services to small-scale entrepreneurs and micro-business owners in Peru, Chile, Dominican Republic, Guatemala, and Jamaica. Our CrediScotia subsidiary in Peru is the bank's biggest microfinance operation. We define microfinance clients as self-employed or micro-business owners with annual gross revenues below \$100,000 Canadian who need funding to invest in the development and growth of their business.

Microfinance has been shown to be an important driver of economic development in underserved communities. It is a key tool for supporting the goals and aspirations of women in particular. Approximately 60% of our microfinance clients in Peru are women. It also helps to grow the formal economy by providing accessible financing to people who would otherwise have to turn to informal channels.

•(1540)

To end with some recommendations, CIDA's three priority themes are already closely aligned with Scotiabank's values and activities. As described above, there is strong evidence that financial sector development provides a high impact on development overall. In Haiti, the Caribbean region, and Peru, there are already successes where the bank is working with CIDA, but there is clearly potential for our two organizations to do more. I have had very open and productive discussions with CIDA over the past year and look forward to continuing those discussions in specific areas we've identified.

Specifically, one, encourage CIDA to publish a private sector development strategy.

Two, as the role of the private sector becomes the increasing focus of governments, development agencies, and international financial institutions, the contributions of the private sector are not well understood or communicated by other stakeholders or the public. Increased communication among CIDA, private sector partners, and the public would help.

Three, given the limited resources and focus on budget restraint, the efficiency of assistance and maximum impact becomes critical. It is important that the public and private sectors leverage their comparative advantages. In light of this, CIDA should have flexibility to fund feasibility studies, co-invest, or assist in risk mitigation for private sector projects.

Four, scale is a key factor in maximizing impact and needs to be recognized. This means leveraging the strengths of large private sector partners and collaborating with multiple partners.

Five, ask whether CIDA is currently structured to have the flexibility and mandate to effectively engage with the private sector. There are a range of models for development agencies, development banks, and international finance institutions. The committee should consider whether CIDA has the structure and the mandate to effectively partner with these institutions and with the private sector. For instance, some national development agencies—in the U.K., the U.S., and Germany, for example—have established funds or development finance institutions specifically to support their private sector development efforts.

Finally, six, directly engage in building basic financial infrastructure: property rights, secure transaction laws, collateral rights, credit bureaus, small and medium enterprise tool kits, financial literacy, regional regulatory harmonization, and financial regulation.

I believe that Scotiabank's history and our deep commitment to the development of emerging markets, including our recent inclusive business successes, put us in a unique position to offer our insights on this matter. I hope these recommendations are helpful to you in your deliberations.

I'll be very pleased to answer any questions you may have.

•(1545)

**The Chair:** Thank you very much, Ms. Hannam.

We're going to start with Ms. Sims, please. You have seven minutes.

**Ms. Jinny Jogindera Sims (Newton—North Delta, NDP):** Thank you very much, and thank you for your presentation.

I certainly appreciated having a copy a bit ahead of time so we could read it before we came to the meeting.

I think there is an acknowledgement around the table that there are some benefits to microfinance and microcredit programs, because they can help the world's poorest communities, and they also give women hope and some equity.

The microfinance sector has come under some scrutiny recently, particularly in India. In February, the *Winnipeg Free Press* published a story entitled, "Indian state pushes microfinance prosecutions after revelations of lender links to suicides". The government there blamed a spate of suicides on aggressive lending and collection tactics.

I'm not saying that Scotiabank had anything to do with this, nor am I trying to tie your practices to the ones that may have led to the problems in India. However, we know that when lending and borrowing are not conducted in a responsible way, there can be a significant social and economic consequence. We've just seen that south of the border with the housing market meltdown and the mortgage foreclosures.

We also know that some of the poorest and most vulnerable communities here in Canada have been the targets of ruthless, predatory lending practices from the payday loan industry. How can Canadian institutions like yours make sure that predatory lending practices do not take place in the microfinance systems of developing countries?

**Ms. Wendy Hannam:** Thank you for your question.

Scotiabank's involvement in microfinance started when we purchased a bank in Peru. Peru is the most developed country in terms of microfinance, with a long, long history. As we've built the microfinance business inside Scotiabank, we've used the Peruvian model to expand to the Dominican Republic, Haiti, Chile, and other markets.

I just spoke at the University of Ottawa before coming here, and some of the students asked how microfinance works; does it look like traditional banking? I explained that as a Canadian with 25 years of banking experience in Canada, two years ago going to Peru and seeing our microfinance business for the first time was quite enlightening for me too. I am fascinated by the opportunities it provides to allow entrepreneurs to provide a living for families and create jobs.

The way microfinance works is quite different from what we would know as branch banking. In our case, our officers travel by motorcycle to the communities where customers live and work. They go with pen and paper, and they will actually have a discussion with the business owner about who they're selling to, how much their sales are, how much they are paying in supplies, how much the utilities are. Financial statements aren't common in this business, so the officer actually has to figure out how much this business makes and how much they can afford to pay. Based on that knowledge, they'll make a decision around the lending criteria.

That same officer is also responsible for collecting the loans. So on another day they'll go back on their motorcycle to the community to collect as well. Obviously we don't condone or engage in any kind of predatory collection practices.

We have a very, very large distribution network of branches and kiosks in retail stores and a number of non-traditional distribution outlets that we'd be used to here in Canada—places where people can go to make their payments. We make it very easy for them to find an outlet to make a payment.

Not to belabour it, but the business that is fascinating to me and is going to transform the world is the mobile bank—the bank that's held in a cellphone. Increasingly we will be able to distribute loans onto the phone, and people will be able to make payments, again, through these distribution outlets, through the phones.

• (1550)

**Ms. Jinny Jogindera Sims:** Thank you.

As you know, one of the stated goals of CIDA's overseas development assistance is to reduce poverty. We believe there can be no substitute for the role of the public sector, though we do believe there is a role the private sector can play.

Would you agree that when it comes to international development there must be a strong role for public institutions like CIDA, whose goal is to reduce poverty?

**Ms. Wendy Hannam:** We think there's absolutely a role, and we think there's an opportunity for an even closer partnership than what exists today. As I said, I've been working with CIDA for the last year, and we've had some very good discussions. We definitely see opportunities to partner, to work together more closely on the ground when we're both doing work in the countries, to share what we're doing, to share best practices and knowledge.

Especially on the last point I made, we in the lending business need to rely on property rights. We need to be able to rely on collateral. Where this doesn't exist, we can't make loans. When we can't make loans, we can't fund those business owners who are trying to make a living for their families and grow their businesses.

We track, and we've seen migration from the microfinance, which is really just a family owned business, to creating jobs, growing into small businesses. We've seen a big migration—

**Ms. Jinny Jogindera Sims:** Thank you.

Throughout your report I read a couple of times about your ongoing collaboration and relationship with CIDA. I was pleased to hear that.

Can you expand on what that looks like?

**Ms. Wendy Hannam:** I've had several meetings with the minister, and also with Margaret Biggs and some of her team, to talk about ways we can partner.

Some of the things we've done are sharing names of CIDA and bank officials on the ground so we can facilitate them getting together to talk about the projects they're working on.

**Ms. Jinny Jogindera Sims:** I'm delighted to hear that, because we're hearing from a lot of NGOs who are coming to meet with us that they're finding it very hard to communicate or establish any links.

**Ms. Wendy Hannam:** Yes, likewise. Exactly.

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

We're now going to move over to Mr. Dechert for seven minutes, please.

**Mr. Bob Dechert (Mississauga—Erindale, CPC):** Thanks, Ms. Hannam, for being here today.

I was very interested to hear about the microfinance programs Scotiabank operates in Peru and in other places. I noticed you didn't mention that you have a microfinance operation in Haiti at the moment—or maybe I got that wrong and you could clarify.

A number of us—Ms. Laverdière, Mr. LeBlanc, the Minister of Foreign Affairs, and I—had the opportunity to visit Haiti in January. We met with Scotiabank officials there, and they were very helpful and told us some very interesting things that Scotiabank is doing, including the cellphone payment mechanism.

I have a couple of questions for you. First, is the cellphone payment service a service that would allow Canadians who have relatives in Haiti to remit amounts to them as a way of getting some of that necessary seed capital? If I'm a Scotiabank customer and account holder here in Canada, can I go to Scotiabank and have it transfer funds to Scotiabank in Haiti and then distribute them to my relative via the cellphone transfer? If so, what is the cost of doing that?

Second, can you tell us what steps need to be taken—what conditions need to be put in place in Haiti—to enable you to offer a microfinance service there as you're doing in Peru? What preconditions were available in Peru that allowed Scotiabank to carry out that kind of business that need to be put in place in Haiti?

I think you mentioned property issues, and we've heard previously in this committee that there are some very significant problems with the land title system in Haiti. Is that part of the problem you're talking about?

**Ms. Wendy Hannam:** Thank you for your questions.

First to the mobile phone question. Today, the service doesn't exist where you can remit funds from Canada to the phone in Haiti; it's an internal Haiti service right now between Digicel and ourselves. But the next evolution of the mobile wallet, while it certainly would be cross-border...we're just over a year old in the wallet itself in Haiti, and we need to continue to build the functionality for intra-Haiti transfers, first of all. They're so vital.

You asked about cost. Before the cellphone, the only way for a family member in one community to transfer funds to a family member in another community a hundred miles away was to physically take that cash and find what they hoped was a trusted taxi driver or bus driver or somebody who would get the funds there. Sometimes they wouldn't get there. When they did get there, it was often at quite a cost: 20%, 30%, 40%. Now it's pennies, literally, to make that transfer by phone. The family member in the next community receives a text message and the money is on their phone.

To the microfinance, we do not have a microfinance business in Haiti right now; we are interested in establishing one. We just set one up in Jamaica this year. We'd like to do a feasibility study on the market, as we would in any market: what is the size of the market? We expect that it's sustainable.

Your point is very valid on property rights on land and on titles and so on. If we need to register collateral, we need to be able to rely on that collateral. That doesn't exist in Haiti today.

• (1555)

**Mr. Bob Dechert:** Is it your view that governments like the Canadian government, through CIDA and similar organizations, could play a role in helping to prepare the legal framework in countries like Haiti so that microfinance could play a role in helping those countries?

**Ms. Wendy Hannam:** We think that's a perfect example of ways that we could work with CIDA to foster economic development.

**Mr. Bob Dechert:** Can you compare the situation in Peru and in other countries where you do microfinance to the situation in Haiti and point out to us the types of things we need to do to get Haiti to that level?

**Ms. Wendy Hannam:** I think it's a matter of 30 years—30 to 40 years' headstart in Peru. The business of microfinance had its origins in Peru and Bolivia. It's very well established. Those people who make the loans understand the risks in the business. Obviously, there are much higher loan losses in this business than in a traditional lending business.

They've learned the risk management. What's unique to Scotiabank is that because we have all that expertise in Peru, we're able to transfer it to other parts of the world. We don't need to recreate the wheel; we just export that Peruvian business model—bring some of the risk people and some of the business people and get it started in Haiti as well.

**Mr. Bob Dechert:** You mentioned financial literacy. How important is that to developing countries? And how can governments play a role in partnering with the private sector, with organizations such as Scotiabank, to help provide that level of financial literacy that will allow people to take their country and their businesses to the next level?

**Ms. Wendy Hannam:** I think it's absolutely critical everywhere. I think financial literacy should be taught at a much earlier age than it is anywhere in the world today, but especially in developing economies.

I mentioned we partner with Junior Achievement. We also produce our own financial education materials for microfinance: business basics, inventory management, collections, that type of thing. Again, I think to partner with CIDA, or any NGO, either in the production or distribution of that kind of education training material, is a natural.

**Mr. Bob Dechert:** Thank you.

**The Chair:** I need to seek unanimous consent now to sit through the bells. You have about 30 seconds left, and Mr. LeBlanc should get a round.

Is that all right? Can we do that?

**Mr. Bob Dechert:** I'm happy to defer to Mr. LeBlanc.

**The Chair:** Okay. Do I have unanimous consent just to finish off with Mr. LeBlanc?

**Hon. Dominic LeBlanc (Beauséjour, Lib.):** You can't ask me to give unanimous consent to my own questions.

**The Chair:** I know I have your vote.

**Some hon. members:** Agreed.

**Hon. Dominic LeBlanc:** Everybody at this table has voted for themselves.

• (1600)

**The Chair:** You have seven minutes, and then we'll wrap up.

**Hon. Dominic LeBlanc:** Thank you, Mr. Chair.

Thank you very much for your presentation, and frankly, for the work your bank does around the world. Mr. Williamson and I are Maritimers. Certainly when I travel and see the Scotiabank sign, it makes me smile. I wish you still called it the Bank of Nova Scotia. It sounded better than Scotiabank. You've spent too much time in Toronto. You keep wanting to drop off the "Nova Scotia" part of it.

**Ms. Wendy Hannam:** I'm from the east coast too.

**Hon. Dominic LeBlanc:** There you go.

In all seriousness, you have done and continue to do admirable work and you should be congratulated for that.

You didn't have a chance to elaborate on the answer that you would have given the University of Ottawa students. When they ask you what microfinance or microcredit is, what's the four-sentence explanation? What are the thresholds? I'm curious to hear how you would define that to a group of university students.

**Ms. Wendy Hannam:** The segmentation for us is loans under \$2,000 and revenues under \$100,000 Canadian.

Practically, what it means is it's a way for very unsophisticated business owners to provide for their families. As I mentioned, they don't have financial statements in almost all cases. When you move up into small business, you start to get a little more sophistication, a little more reporting.

**Hon. Dominic LeBlanc:** Perhaps I can pick up on a question that Mr. Dechert began with. He was absolutely correct on Haiti, that one of the challenges is that there is no viable land registry system. So if somebody is borrowing money and three people show up with what they pretend to be a deed to the same piece of property, it certainly is not reassuring for some banker.

But other than the obvious property rights or land registry systems or personal property security or some kind of enforceable collateral provision, what are the other challenges you're having in terms of legal structures, for example, judicial corruption? I was in a country some years ago where the judges hadn't been paid for two years. They were living off tips, like workers in the service and hospitality sector. So that is a problem, surely, if one is trying to set up any kind of financial system.

What other challenges have you had, other than property rights?

**Ms. Wendy Hannam:** Not specific to Haiti? I think you're—

**Hon. Dominic LeBlanc:** Right, generally, in any of your operations?

**Ms. Wendy Hannam:** We always joke that we had a branch in Jamaica long before we had one in Toronto. We started as a bank that was financing trade between the east coast and the Caribbean. That's our history. That's our route. We have 120-plus years of experience in developing markets.

Then about 30 years ago we had an opportunity to enter the Mexican market, and some visionary CEOs looked at doing that.

We do a lot of homework and a lot of due diligence before we enter a market. Obviously we are looking at stability of political systems, level of corruption. All those kinds of things have to meet our criteria or we don't enter a market.

After that, if we decide to enter a market, usually it's by acquisition. Then we look at the quality and culture of the company and whether it fits with our culture. If we don't end up with the same values and culture, regardless of whether the company is profitable or not, it's not going to be a good fit.

There's an awful lot of due diligence that's done before we think about entering a market. In our case we've built an expertise in Latin America. There's been a long history in the Caribbean, and now we have a history in Latin America—from Mexico to Peru to Chile, to Colombia last year, Brazil, and Uruguay.

We have a core competency in Spanish now. All of us in head office are learning Spanish as well. Over half of Scotiabank's employees speak Spanish as their first and usually only language, and we have some core competency in Latin American culture.

I was asked at the university why we aren't in Africa, and it's that it takes a massive amount of time, energy, and management attention to learn a market and a culture. For us, it's been Latin America, the Caribbean, and Asia, outside of Canada.

Sorry. That was a long answer to your question.

**Hon. Dominic LeBlanc:** That's interesting.

We were told that you're looking at expanding some of the microfinance activities of the bank. I would assume that you'd be looking at those criteria—political stability, etc.—but also a regional context.

**Ms. Wendy Hannam:** Yes, exactly. It's the markets that we know. We wouldn't start a business in a new market, just because of all the things I've said.

**Hon. Dominic LeBlanc:** I have a final question.

We were told, I think it was ten years ago, that there was a partnership or an effort—I think CIDA was a partner at that time, in Jamaica—around giving women entrepreneurs access to microcredit or microfinance.

Is that something you're trying to pursue?

In developing countries, financial literacy, as you said, is obviously a critical element. But if there are women entrepreneurs, or women who are interested either in their own family context or community context in developing some sort of business operation, surely that would be a pretty important thing to try to encourage.

Are there other activities you're doing with CIDA or other partners, particularly around women entrepreneurs?

• (1605)

**Ms. Wendy Hannam:** Not right now.

The one in Jamaica that you mentioned...actually in working with CIDA last year we converted the four branches we had opened in that program into our traditional business model, which I think speaks to the success of the program.

We don't target microfinance programs specifically for women. We target microfinance programs for the general public. A lot of business start-ups and micro-businesses are being started by women. We want to provide financing to anyone who wants to start up a business, which includes over 60% of the cases being women.

**Hon. Dominic LeBlanc:** That's interesting.

So over 60% of the microfinance initiatives that you would be undertaking or initiating would be with women as applicants or partners.

**Ms. Wendy Hannam:** Yes.

**Hon. Dominic LeBlanc:** That's interesting.

Thank you, Mr. Chair.

**The Chair:** Ms. Hannam, thank you very much for taking the time. We apologize for cutting you a little bit short today.

For the members, you have just over 20 minutes.

I'll suspend the meeting and then we'll get back here for the minister right after we're done with the votes.

Thank you once again for being here.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

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•(1650)

**The Chair:** Pursuant to Standing Order 84(1), the committee is examining the main estimates for 2012-13, as well as a study of the expenditure plans for the department for the fiscal year 2011-12.

I want to welcome Mr. Patel, who is the assistant deputy minister and chief financial officer. Welcome, sir.

We also have the deputy minister, Mr. Rosenberg. Thank you for being here, sir.

We have Minister Baird and we have Minister Diane Ablonczy. Welcome.

Mr. Baird, why don't I turn the floor over to you? I understand you have some opening remarks. Then we'll hear from Minister Ablonczy, and then we'll go through our questions.

Welcome, sir. The floor is yours.

**Hon. John Baird (Minister of Foreign Affairs):** Thank you very much.

I want to thank you for the opportunity to be with you this afternoon. I will keep my comments short and I will be pleased to answer any questions you may have after.

It has now been almost a year since I took on my new responsibilities as foreign minister.

I last appeared before you in December, and since then many situations around the world have changed, and changed dramatically.

[*Translation*]

The situation in Syria is of great concern to us all. Canada acted swiftly in condemning the Assad regime's violent attacks against the Syrian people. We imposed a series of sanctions directed at Syria's rulers and their funding sources.

[*English*]

We have also activated a voluntary evacuation of Canadians in Syria, where we have facilitated the departure of literally hundreds of Canadians. During that time, in the month or so to follow, our ambassador stayed in place while the staff was scaled down. The safety of our embassy staff was paramount in our decision to continue operations. Last week we felt the security situation had escalated to a point where we could no longer be comfortable with keeping our staff in Damascus.

The international community continues to stand united with the Syrian people, and while a select few countries chose to obstruct substantial progress in international forums, the Friends of the Syrian People group will be a key forum to delve into the situation even further.

I hope to be travelling to the second of these meetings very shortly.

Make no mistake about it, those who chose to obstruct a resolution on Syria will have the blood of the Syrian people on their hands, and history will be their judge.

•(1655)

In that general neighbourhood, Iran continues to pose a significant threat to not just the region but indeed to the entire planet. I can quell the concerns of the committee by unequivocally stating it is our fundamental belief that every peaceful, diplomatic measure must be taken in this affair.

Sanctions are beginning to have a real effect in the country, and the international community needs to redouble its efforts in this regard.

[*Translation*]

Our responsibility as parliamentarians and my role as Minister of Foreign Affairs is to represent Canada's fundamental values of freedom, democracy, human rights and the rule of law. We keep these values in mind when judging all situations we are faced with. That will always be the case.

[*English*]

For those who balk at sanctions as a weak tool of change, I can only point to my latest travels. The transformations in Burma are something about which we are all cautiously optimistic. Though we await further reforms by the Burmese government as well as the results of byelections in April, we can't help but be struck by what we are seeing. I urge Burma's president to continue on this course and continue that dialogue with his foreign minister, but I'm also pleased to say that I brought several books detailing our parliamentary democracy at the request of Burma's Speaker.

I am proud to have had the opportunity to be the first Canadian foreign minister to visit Burma, and I must give this committee my assessment of Aung San Suu Kyi. This may be one of the most impressive individuals who I have met in my 15 years in public life. Her commitment to the Burmese people is unwavering and her determination to make a more inclusive, free society is relentless. I am very proud to have presented her with her honorary Canadian citizenship on behalf of the House of Commons and the Government of Canada, which voted unanimously to grant it to her, so thank you.

In closing, I remember my committee appearance last December when I told the committee that Foreign Affairs is becoming more and more an economic portfolio.

[*Translation*]

As minister, I consider the situation in light of our values but also of our economic interests. We have noticed that these interests are favourably regarded worldwide. The Prime Minister accomplished great things in China, all over the ASEAN area and in Latin America. Canadians can be proud of these accomplishments.

Trade diversification is crucial to our future prosperity. Laying the foundation for these economic programs is largely about the relationships we build. That is fundamental, and that is what I have been striving to achieve.

[English]

Laying the foundation for this economic progress is largely about the relationships we build. That is fundamental, and that is what I have been striving to achieve.

Let me finish by saying that almost everyone around this committee table has taken me up on my previous offer for briefings from Foreign Affairs officials. I continue to extend that invitation, now and on an ongoing basis.

I continue to look forward to our solid working relationship. I think we give Canadians hope when they see us working together on this important policy area. My door is always open.

With that, I'm happy to turn it over to my colleague.

**The Chair:** Go ahead, Minister.

**Hon. Diane Ablonczy (Minister of State of Foreign Affairs (Americas and Consular Affairs)):** Thank you, Mr. Chairman. It is good to be here.

I was in opposition for thirteen years, so I know what that's like. One of the things about being in this position is that I do miss being on committees and interfacing with all of our colleagues from all parties. It's good to be here and to have an opportunity to do that today.

Minister Baird has asked me to support him in two areas: the Americas and consular affairs. I'll begin with a brief overview of our engagement in the Americas.

You're aware, I'm sure, that Prime Minister Harper made the Americas a foreign policy priority in 2007. Four years later I believe we are dynamically engaged and dedicated to a more prosperous, secure, and democratic hemisphere. There have been more than 150 high-level Canadian visits to the region throughout the past four years, including Prime Minister Harper's most recent visit this August. We have more free trade agreements in the Americas than in any other region in the world.

Increasing economic opportunity, though, requires peace and stability. Security and governance challenges in the region pose a direct and indirect threat, not only to residents of the area but to Canada and Canadian interests. We've invested nearly \$2 billion in the last three years to improve security and strengthen democratic institutions in the region, through international assistance, multi-lateral contributions, and security-focused programming.

I think it's important to emphasize, because we're just starting to realize this in the broader Canadian public, that the Americas present tremendous opportunities for Canadians. Our renewed engagement focuses on expanding our commercial and investment ties, as Minister Baird said, with the world, and, in the Americas case, with Brazil especially, and with our existing FTA partners. We want to ensure that Canadian companies benefit from the agreements that have been put together with our partners in the Americas.

We are also planning to build on our multilateral hemispheric efforts to combat transnational organized crime. Our government will continue to support our neighbours to strengthen institutions and build capacity for stability and growth, while sharing our best practices and promoting Canadian values.

I can say from travelling around, and I know Minister Baird will say the same, that the respect for Canada is unbelievable. It's very striking. One of the highlights of this portfolio is to see how well regarded Canada is in the Americas, and I believe around the world.

Colleagues, we're very committed to the Organization of American States. It is the primary multilateral organization in the hemisphere, and it's the only one of which Canada is a member. Our contributions to the Americas come from across government—a whole host of departments, agencies, and crown corporations.

My other mandate is consular affairs. You may know that our government was the very first government to explicitly designate a minister responsible for this area.

Canadians love to travel. In 2010, Canadians made more than 56 million trips out of the country. The vast majority of these trips go off without a hitch, but even with the best preparations, some Canadians do encounter difficulties.

Last year alone, in 2011, more than 228,000 consular cases were opened. Of these, more than 6,700 were distress-related cases. Those included arrest, detentions, deaths, and medical emergencies.

Some consular cases garner considerable public attention, and some of you have been assisted in that, shall we say. But these actually represent less than 1% of the cases that are handled by consular officials across the world.

● (1700)

I should also point out that the past 18 months have really tested our capacity to help our fellow Canadians. There have been some 50 international crises, in 36 countries, in the last year and a half alone. These include crises in Egypt, Libya, and Japan, as well as our voluntary evacuation in Syria, to which Minister Baird just referred.

There is something very helpful that has occurred with respect to these, and that is the recent opening of the Emergency Watch and Response Centre at the Foreign Affairs building here in Ottawa.

Mr. Chairman, your committee might want to take the opportunity to tour this facility. It's state-of-the-art. Before, people who were dealing with evacuations and crises were in the basement, all crammed together. This allows a state-of-the-art facility, which is very impressive.

The centre provides a platform for a coordinated whole-of-government response to emergencies abroad. It's equipped to host not only emergency workers from DFAIT but other federal partner organizations, such as Citizenship and Immigration.

Mr. Chairman, colleagues have conducted outreach activities across Canada and will continue to do that. The purpose of this is to raise awareness of consular services. We want to better ensure that Canadians have the knowledge they need to make informed and responsible decisions before going abroad. At the end of the day, no one else can keep you safe. It's really up to you and the decisions you make.

We have held discussions with stakeholders in the travel industry and with academic institutions. I believe we're building very helpful partnerships that will assist us in providing useful information and advice to travellers and promote a message of prevention.

More than three million Canadians go to Mexico, Cuba, and the Dominican Republic each and every year. We have met with those countries' top government officials on people-to-people issues that are important to Canadian travellers. We feel that building these relationships will help to address systemic consular irritants. It has already proven to contribute to resolution of specific cases.

This type of international engagement has been the first ever preventative citizen-focused outreach, providing a tangible demonstration that the Canadian government does care and is very interested in the safety of Canadians travelling abroad.

Again, I thank you for the opportunity to be here today. Many of you have spoken to me or my office about cases of particular concern to you.

We welcome your questions at this time.

• (1705)

**The Chair:** Thank you, Minister Ablonczy and Mr. Baird.

We're now going to start with the opposition.

Madam Laverdière, seven minutes, please.

[*Translation*]

**Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP):** Thank you, Mr. Chair.

I want to thank the Minister of State and, in particular, Minister Baird who is appearing for the second time before our committee. It is always a pleasure to welcome you here.

I am wondering if you will be able to stay with us for a full hour.

**Hon. John Baird:** We are always available for you, Ms. Laverdière.

**Ms. Hélène Laverdière:** That is wonderful.

**Hon. John Baird:** We are always at your disposal.

**Ms. Hélène Laverdière:** Thank you very much.

[*English*]

Minister Baird, the situation in Syria is clearly getting worse and worse, by the hour in fact. I want to know if you have followed up with China on this issue.

**Hon. John Baird:** Listen, we are deeply engaged with the whole situation in Syria.

I'm reluctant to talk about private discussions that we have among diplomats, but let me say this. We are deeply concerned about the violence in Syria. We are deeply concerned about the humanitarian crisis on the ground. We are doing everything we can to work with our international partners, be it the Arab League or our NATO allies—the United Kingdom, the United States, and others in the European Union—to try to do everything we can to address both—

**Ms. Hélène Laverdière:** I understand we didn't specifically follow up with China or Russia to put pressure on those two countries.

**Hon. John Baird:** We have put pressure on both countries in this regard. With respect to Russia, I have had long discussions with my Russian counterpart about this issue and their lack of support for a resolution at the Security Council.

With respect to China, I think we have tried to say, "Listen, this is in your strategic interests. If the Strait of Hormuz is mined, that's bad for the Chinese economy. If there is a military strike, that would create instability. That's bad for the Chinese economy. If oil went to \$150 a barrel, that's bad for the Chinese economy."

We have been quite aggressive on that front as well. China obviously has a significant amount of political influence, and because of its commercial ties....

• (1710)

**Ms. Hélène Laverdière:** Absolutely.

Thank you, Mr. Minister. Although those arguments work well, particularly with regard to Iran, my preoccupation was more with Syria.

**Hon. John Baird:** Sorry. I apologize.

**Ms. Hélène Laverdière:** No problem.

[*Translation*]

Minister, you will soon be introducing legislation to ratify the Convention on Cluster Munitions. We know this is an important piece of legislation because the convention itself is extremely important. It is estimated that close to 98% of victims of cluster munitions are civilians, and often women and children.

Can you tell us when this legislation to ratify the convention will be introduced?

**Hon. John Baird:** The treaty entitled Convention on Cluster Munitions was introduced in the House in mid-February. By the end of the 30-day time limit, we will be ready to introduce the bill in the House to adopt the convention.

**Ms. Hélène Laverdière:** Okay.

And—

**Hon. John Baird:** Let me say right away that it would be appreciated if this legislation could be debated very quickly at second reading so it can be sent to this committee for all members to have a good debate. I would be willing to come back to talk to you about the legislation, if possible, of course.

[*English*]

**Ms. Hélène Laverdière:** We would welcome that. We think it's important to have a thorough discussion of the proposed legislation.

We are quite preoccupied with what the legislation will do. Canada's lead negotiator on this treaty resigned from the department last year in protest of the government's plans. We know that a lot of allies within NATO are working very hard to ensure that the provisions of their legislation are very stringent. Are we going to have very stringent provisions too, or will the legislation introduce loopholes for interoperability that will water down the convention?

[Translation]

**Hon. John Baird:** We have to recognize that all states are sovereign and that the legislation will define implementation measures applicable to the Canadian Forces under our command. If other countries have a different position, that is of course their decision, even though we want all countries to support the convention. If Canadian soldiers are under a joint command, it would be more difficult to impose on another sovereign country restrictions contained in Canadian legislation. Similarly, other countries cannot impose their restrictions on Canada.

**Ms. Hélène Lavergère:** I fully agree with you. However, this is the situation faced by many other countries. Can we expect the Canadian legislation to be as narrow in what it allows and prohibits as the provisions of a country like France, which is also a signatory of the convention?

**Hon. John Baird:** I did not see the French bill, but I hope the committee will have access to the legislation in the weeks and months ahead and will be able to study its content.

I have to stress that we have sovereignty in everything related to our Canadian Forces. However, it would be difficult to draft a bill that would require another country to obey our rules. Of course, there are many exchanges. When Canadian soldiers are on a mission with forces from another country, we cannot require others to apply our rules.

**Ms. Hélène Lavergère:** Thank you.

[English]

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

We'll now move to the government side.

Mr. Williamson, you have seven minutes.

**Mr. John Williamson (New Brunswick Southwest, CPC):** Thank you very much.

Minister Baird, it's good to see you. It's good to see you both.

Minister Baird, you recently ordered that Canada's embassy in Syria be closed and that all Canadian diplomats be brought home. Until now, under tough circumstances, Canada has maintained its diplomatic presence in the country to monitor developments on the ground.

Can you explain to the committee how Canada will now proceed?

• (1715)

**Hon. John Baird:** I did not want to close the mission. I felt very strongly about that. It was our eyes and ears on the ground as to what was happening in the country. Our Canadian team there was able to meet and discuss, with many Syrians, the declining human rights situation, the declining security situation. At some point, though, it became a real concern about their safety and we had to make a difficult decision. So we very quickly wound down the mission.

We haven't cut off diplomatic relations. The office is closed, but the Hungarians are looking after our interests there.

We were very clear, though, repeatedly, over a good number of months, in telling Canadians that they should get out. We did the voluntary evacuation. I think on more than 12 occasions we made

appeals for Canadian citizens to leave the country. A significant number of them are dual nationals and chose to stay, but it's obviously a challenging situation, and people have to assume personal responsibility for their decisions.

**Mr. John Williamson:** Are you concerned going forward about Canada's ability to assess the situation on the ground in Syria?

**Hon. John Baird:** I think we can continue to do it with others. We're supporting, for example, the joint UN-Arab League mission, headed by Kofi Annan. We're providing some financial support to it.

Earlier today I spoke with the Under-Secretary-General of the United Nations, who just returned, not just from Syria but from refugee camps in Lebanon and Turkey. I spoke with her and got her personal assessment of things on the ground and the humanitarian situation there.

We'll have to do it differently. Our Canadian diplomats were not allowed to go to Homs or Baba Amr, for example, so we'll have to find alternative sources to inform our decisions.

**Mr. John Williamson:** Thank you.

Turning to the domestic side, I was pleased to see your department has not been excluded from the deficit reduction measures the government is going to table at the end of the month. But on a kind of positive note that I think will please a lot of Canadians, I understand the government is looking at moving from a five-year passport to a ten-year passport. That's being explored now.

Can you tell us a little bit about this move and specifically when we might be in a position to deal with the passport office on a decade basis, as opposed to every five years?

**Hon. John Baird:** Absolutely. There are consultations going on right now about that. The 10-year passport will be an option, and obviously that will be an option for adults, not for children. For children, the photo is already a bit of a stretch at five years.

It will also be an e-passport with a computer chip—an added security measure. Many other countries have done this. Canada has piloted the e-passport, and it has gone well.

We're in consultations about that, and I would hope we could begin it by the end of the year.

**Mr. John Williamson:** Let me say I applaud you for that. I applaud the government. I think it's a great, great change. It means we have to deal with the office on a decade basis, as they do in the United States currently, as opposed to dealing with it once every five years. That's a savings for Canadians, I think, and a savings of time as well. So good show on that.

Turning back to the foreign arena, last week you made your historic trip to Burma. I visited the country 10 years ago, for a number of weeks. Your trip, though, I believe was the first official visit by a Canadian foreign affairs minister. I'm really pleased to see Canada taking the lead in the international community and being a strong voice for democratic elements in Burma, or Myanmar, as it's officially known.

Can you describe your overall impression of your visit and why you believe engagement with this country is important?

**Hon. John Baird:** I think Canadians can be very proud both of the action we took in 1988 under the Mulroney government and of the action of Mr. Chrétien's government in 1997 to strengthen the sanctions. We do have the toughest sanctions in the world; I even had to give myself an exemption to be able to hand Aung San Suu Kyi her framed citizenship certificate, the sanctions are so tough.

I can tell you that last year we took the decision to exchange ambassadors to begin diplomatic relations. I don't think we could have appreciated that the situation would change this much in such a short period of time. I met my counterpart last July for the first time at the ASEAN post-ministerial forum, and I could never have imagined that in eight or nine months we'd see such a change.

Clearly, there are obviously big fights within the government in supporting reform and in supporting going in the right direction, versus those who don't want to see change. I think we have to support the reformers. I think we don't really have much of a choice, but I think the president has steered the country down a different path, as has the foreign minister, as has their Speaker of the Lower House, as has the minister for rail.

But as for the proof, while they've done a lot of good things, the big test will be the elections on April 1: are they free, fair, and transparent? We're not going to change any sanctions until we see the results of those byelections. I had a very good meeting with Aung San Suu Kyi and that was her strong advice. I strongly agree that it's the right thing to do. Having said that, I'll say that this is not a country with a history of anything like western-style liberal democracy. They will not be perfect. We should understand that. The question is, on balance, can we say they were decent? If they are, we're certainly prepared to review our sanctions and to begin to lift them if they continue to go in the right direction.

I have also offered to Aung San Suu Kyi and other opposition groups that Canada would be very pleased to provide support in democratic development. We'd be very pleased to provide support to new members of Parliament who get elected. There's a new Parliament. It doesn't have a long history there, and I think anything we can do to support democratic development would be appreciated. That might involve bringing some of their members of Parliament here or sending experts in democratic development or members of Parliament there to provide them with support. She was very grateful for that.

**Mr. John Williamson:** Thank you.

• (1720)

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

Mr. LeBlanc, sir, for seven minutes.

**Hon. Dominic LeBlanc:** Thank you, Mr. Chairman.

Thank you, Ministers, and Mr. Rosenberg and Mr. Patel, for being here.

Through you, Mr. Chair, to Minister Baird, I think when you were last here, Minister, I asked you about the START program, the stabilization and reconstruction task force, that your department has. It has been in effect for about seven years, I think. It started in 2005.

On the website of your department, in one of the interesting things about the START mission, it talks about how its mission is to “plan and deliver coherent, effective conflict prevention, crisis response, post conflict peacebuilding...and stabilization initiatives...” I would think this would be an ideal program to engage Canada in Libya in sort of a post-conflict capacity building context. Libya clearly has not had functioning democratic institutions for decades: things like a judicial system and some of the challenges in Burma that you have spoken about.

I'm wondering if generally you think the START program has been useful since you've been at the head of the department. Do you anticipate renewing it? If so, can we do more specifically in Libya through a program like that?

**Hon. John Baird:** The START program does sunset in the year 2013, and obviously we'll be evaluating its success as to whether there are refinements needed and the like. Obviously, dealing with post-conflict situations is tremendously important; the area of Libya is obviously a perfect example of where the program can be helpful.

**Hon. Dominic LeBlanc:** Has your department been involved with civil society in Libya or with governmental authorities in exactly that kind of work—helping them build institutions and basic notions of rule of law and other concepts essential to maintaining a democratic and free Libya?

• (1725)

**Mr. Morris Rosenberg (Deputy Minister, Department of Foreign Affairs and International Trade):** I'm not sure I can answer specifics on Libya. We have been involved in projects that the department for GPSF has been funding, projects dealing with sexual violence in Libya, for example.

We have been involved through START in the Middle East peace process in the Sudan, Afghanistan, and Haiti. To go back to your general point about START, under START we have this global peace and security fund to help us respond more effectively to situations where we want to enhance stabilization and reconstruction. An interim evaluation found that the program is effective in advancing our foreign policy priorities in those areas, and as the minister said, we'll be looking at that evaluation as we get ready to consider renewal next year.

**Hon. John Baird:** We'll certainly get back to you with that information specific to Libya.

**Hon. Dominic LeBlanc:** Thanks very much.

If I can change focus a bit, last week, as you may know, this committee heard some very interesting testimony from both civil society and some parliamentarians from Ukraine. They shared with us a real concern about increasing corruption and a lack of transparency, commitment to free and open elections, and a democratic government that enjoys the confidence of its citizens.

There are upcoming elections this fall, parliamentary elections, in October, I believe, and one of the concerns heard from all the witnesses was the real risk of a lack of transparency or a lack of legitimacy in those elections. They asked Canada to make a major contribution, as we have in the past, to sending observers, not only to the actual election on the eve of and for the day of the election, but also to become familiar with the circumstances in the days or weeks leading up to the actual vote.

I wonder if you share my view that Canada needs to remain very engaged in assisting the people of Ukraine in trying to push back on some of the worrying trends that appear to be developing there, and particularly in anticipation of the election in October.

**Hon. John Baird:** This is of deep concern for us, the whole situation in Ukraine. We were very pleased to have supported election observers the last time, in 2010, and we certainly want to do it again this time.

The problem is demonstrably bigger than that, though.

**Hon. Dominic LeBlanc:** No question, but that was the one direct request that we got of them. In the past there have been a great number of Canadian observers, including from the Ukrainian Canadian community, and there—

**Hon. John Baird:** I think there were over 300 in 2010, if I recall.

**Hon. Dominic LeBlanc:** No, it was over 1,500 in previous years, seven or eight years ago. It is a big concern and I'm glad you are conscious of that.

The final thing is that like all departments, your department is going to come under fiscal reduction, restraint. We notice some hundreds of millions of dollars in these estimates being reduced, and I think over 350 full-time equivalents in terms of personnel.

Our concern, Minister, is about the closure of embassies or consulates, reducing the footprint that your department has around the world. Have you any sense of whether embassies and consulates will close? You won't give us a list now, I'm sure, and you'll tell us that we should wait for the budget.

What criteria are you looking for if you have to make those difficult decisions? What will be the kinds of factors that you and your officials will look at?

Can you give us some assurance that for those consulates or embassies that remain open they will have enough program money to be able to get out and promote Canadian interests and Canadian values and the things that we all think our diplomats do very well across the country? We don't want a situation where they're effectively strangled so they're hiding in an office sending e-mails to people, as opposed to being able to get out and engage with the communities in which they are accredited representatives of Canada.

**Hon. John Baird:** The estimates before you have spending up \$169.1 million in some areas and spending down \$202 million in other areas. There is a small decrease, by and large, from sunset programs.

I do agree with the thrust of what you said at the end of your comment, that clipping people's wings, nickel-and-diming missions to such an extent that they have no capacity to do anything but sit in the office and do e-mails, is a wrong approach. We've been very

mindful of that as we've gone through the proposals for a deficit reduction action plan.

Obviously we're getting close to putting the budget to bed, but no final decisions have been made. I look forward to sharing them with you after, when the budget is presented.

• (1730)

**Hon. Dominic LeBlanc:** Perhaps when you're next here in the spring.

**Hon. John Baird:** Absolutely.

**Hon. Dominic LeBlanc:** Thanks, Mr. Chairman.

**Hon. John Baird:** But it seems so spring-like outside now.

**Hon. Dominic LeBlanc:** I mean next week.

**The Chair:** We'll start our second round, and we'll go first to the government side.

Ms. Brown, you have five minutes.

**Ms. Lois Brown (Newmarket—Aurora, CPC):** Thank you very much, Mr. Chair.

Ministers, thank you for being here.

Minister Baird, I'm going to give you a little bit of a rest and direct my question to Minister Ablonczy, if I may, particularly because I have some keen interest in this area.

Minister, I'd like to say thank you, first of all, to your department for the good work you've done on the files that I've brought to you on child abduction. You know that they have been exceedingly stressful, very complex for the families involved, so I just want to say thank you, first of all, for all the work you've done.

You know that my constituent Stephen Watkins is currently undergoing proceedings with the Hague convention in Poland. His hope is to return his two boys to Canada, but we're waiting for that appeal to go through.

We have taken some steps as a government to try to ensure that these kinds of situations don't happen. We're trying to put some controls in place for parents who are taking children out of the country. I wonder if you could tell the committee the things we've done to help parents who want to travel with children.

**Hon. Diane Ablonczy:** It's a very difficult area because these are distressing cases. There's a lot of very strong emotion and grief when these abductions occur.

I don't know if you're aware, Minister Baird, but Lois has become a little bit of a go-to person in her area because she's developed some expertise and some real depth in dealing with these cases. I know other committee members may have experiences as well.

The first actor to get involved is always the province, because child custody orders are provincial orders in family courts. They generally will call in the OPP or local law enforcement, who often work with NGOs such as Child Find and other actors that provide support and expertise.

The Government of Canada is often asked to go and get the child and bring them back because the parent has a custody order and feels that somebody should enforce it, and they look to the government to do that. But that simply is not something the federal government is able to do. We have to work through the existing legal framework, both in our country and in the country to which the child is taken.

Many countries have signed what's called the Hague Convention, which is something Canada has been promoting. The Hague Convention essentially says that the child's custody should be decided by the country of their ordinary residence. That's been very helpful because it's kind of a quick and clear litmus test on which country has jurisdiction. We often claim the Hague Convention in asking for children to be returned to Canada.

Where it gets complicated is often these child abduction cases involve children with dual citizenship. Often we find that the country of other citizenship is very reluctant to cede to Canada their sovereignty over the child, even though the child also has Canadian citizenship. So there are appeals to the other court to ask that the Hague Convention be overridden in that case. These can be very complex legal cases, and generally are as a matter of fact.

There are a few things parents can do if they think this is going to be an issue for them and their children. One is that they can put the child on the Passport Canada's security list. The child's name is then flagged so that if the child is travelling under a Canadian passport or if the parent who intends to abduct tries to get a passport for the child, then the flag comes up and both parents will be consulted. There's some protocol to ensure that there's consent from all the players.

It helps for a parent to have a notarized consent letter when the child is travelling because that helps border officials sort out whether they should be concerned or whether they should be asking more questions. It's something also that our consular officials in other countries should be made aware of. So if you think your child might be taken to another country, just notify our mission there. We'll help them to be aware of the issue and to work with local officials, if in fact the problem develops.

But there are publications available on the travel.gc.ca website to assist parents in these heartbreaking situations. Parents should also be aware that in Muslim countries, strong preference is given to the father. In fact, a child in those countries cannot legally leave the country without the father's consent. That's another area.

● (1735)

We are working to get information about this widely disseminated. We had a briefing for members of Parliament and senators last week. Some of you were there. Knowledge is to some degree I think helpful for people, but the bottom line is that there are no quick fixes, so the care and concern of members of Parliament like you give a great deal of comfort and support to parents in these difficult situations.

**The Chair:** Thank you.

We're going to move over to the NDP. Madam Laverdière will start.

**Ms. Hélène Laverdière:** Thank you, Mr. Chair.

[*Translation*]

Minister, you spoke earlier very eloquently about the importance of strengthening security in the hemisphere.

[*English*]

**Hon. Diane Ablonczy:** I'm not getting translation here—

**Ms. Hélène Laverdière:** Okay. I'll do it in English.

You've spoken eloquently about the need to strengthen security in the hemisphere, in the Americas, with which we agree. We also know that one of the main security issues in the Americas is the illicit transfer of arms.

Now, the OAS has developed, under the leadership of Canada, a great tool called CIFTA, the convention to control the transfer of arms. Yet Canada is one of the few countries that still has not ratified the convention. Do you know why?

**Hon. Diane Ablonczy:** In this specific case, I don't know what our hesitation would be.

**A voice:** We'll have to get back—

**Hon. Diane Ablonczy:** Yes, we'll have to get back to you on that, because I'm not aware of this.

I can say that transnational crime involves arms, as you say. It involves people-smuggling—often children—and of course drugs are also huge. We have a range of programs to address that—

**Ms. Hélène Laverdière:** Yes, absolutely. I'm really sorry to have to interrupt you, but I want to let my colleague speak.

**Hon. Diane Ablonczy:** We'll get back to you on the specifics.

**Ms. Hélène Laverdière:** Thank you very much.

**The Chair:** Ms. Sims.

**Ms. Jinny Jogindera Sims:** Thank you.

I want to thank the ministers and staff for coming here to answer our questions. I really appreciate it.

I also want to acknowledge Minister Ablonczy's staff and the minister herself for being very open in giving us briefings. That always helps us to get a better understanding of what is going on. I really wanted to get that down on the record, so thank you for that.

● (1740)

**Hon. Diane Ablonczy:** I'll pass that on.

**Ms. Jinny Jogindera Sims:** Thank you, Minister.

As you know, this Friday marks one year for the detention of Mr. Tepper. I know it's a very complex case. One of the disturbing things that keeps coming back to me over and over again is that this government knew that there was a red warrant for Mr. Tepper, yet he was allowed to travel on an official business trip on a government mission when at the same time we knew that the Algerian country right next to where he was going could end up arresting him.

Did anyone think about letting him know what could happen to him?

**Hon. Diane Ablonczy:** My understanding was that there was an attempt to have a conversation about that, but that would be through Public Safety and the RCMP, so I'm not able to speak on their behalf on that—

**Ms. Jinny Jogindera Sims:** I appreciate that.

**Hon. Diane Ablonczy:** —but you want might to pursue that with them and see if you can get more detail.

**Ms. Jinny Jogindera Sims:** I have read a few statements that Minister Toews has made in public, saying that it's not their normal practice to do that, but because this was an official mission that this gentleman was going on, it seems to me that we do have some obligation towards a Canadian citizen. I know how hard it is on the family right now.

Minister, I really want to move on to the e-passports that are coming next year. You have to remember that I'm the person who still hasn't—

**Hon. Diane Ablonczy:** If I may, Mr. Chairman, in this case there was not an official government mission. I just want to clarify that. We've clarified this over and over, and I just want to put that on the record.

**Ms. Jinny Jogindera Sims:** Oh, okay. My understanding is that he was with the provincial mission...? Okay.

Anyway, about e-passports, as I said, we're talking about a person who hasn't discovered online banking yet, so to think about e-passports is a real stretch.

**Hon. John Baird:** I'm the same way.

**Ms. Jinny Jogindera Sims:** I don't have to tell you that there are Canadian families who are really struggling. The cost of a passport, at \$120, for the average family that might have three or four kids, means that a significant burden is put on them, and especially now. When my kids were younger, you could travel to the States without a passport. I can even remember travelling to Mexico through the States without a passport. It was so much easier then.

How can we justify this fee increase when Canadian families are really struggling to make ends meet? It once again ends up being a burden for the people who already struggle.

**The Chair:** You can answer the question, but we'll finish with that. That's all the time we have.

**Ms. Jinny Jogindera Sims:** I have at least five more.

**Hon. John Baird:** I'm always available. If you'd like, we could go to Tim Hortons and get a coffee and chat.

I appreciate that this is not an easy expense for any family. The way Passport Canada is set up is that it's a cost-recovery agency. It can charge only enough to provide the service. It's not paid for out of general government revenues. We certainly try to ensure that they keep their fees to no more than is absolutely required.

The good news is that they'll be ten-year passports—but that doesn't help the children, as you pointed out—and that the e-passports also will make the security of the passport better.

The only other alternative would be to subsidize it out of general government revenue. There are many Canadians who don't travel

abroad because they can't afford to, and it would be, I think, wrong to ask them to subsidize those who do.

I appreciate your comments. It is a significant imposition on families, but there is a cost to providing the service. I'm certainly not insensitive to the pressures that are put on the middle-class family.

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

We're going to wrap up with Mr. Dechert, for five minutes.

**Mr. Bob Dechert:** Thank you, Mr. Chair.

Thank you, Minister Ablonczy, Minister Baird, and our officials for being here today.

Minister Baird, as you know, there's a very large Syrian Canadian community in Canada. I have met with members of the Syrian community in the Toronto area. I know that other members of this committee have met with Syrian Canadians from other parts of Canada. They're very concerned, obviously, about what's going on in Syria, and they are concerned about the welfare of their family and friends. Many have asked us whether or not Canada could participate with its international allies in some kind of a mission in Syria similar to the mission that occurred in Libya.

You were involved very significantly, obviously, in the preparation for the Libya mission, and you are very involved in Canada's response to the crisis in Syria. Could you lead us through the issue and the differences between those two situations? Could you tell us what differences there are, and why the situation may not lend itself to a military solution, as it did in Libya?

I also note that at least one Canadian senator has called for some kind of an intervention.

● (1745)

**Hon. John Baird:** A number of people have called for military action. I think we have to be very cautious. Every time there is a situation like this, sending the Canadian Forces, sending a foreign military into a country, should not certainly be the first response, and shouldn't be necessarily the response in every situation. Just because we did it...we can't do it everywhere; it doesn't mean we should do it nowhere.

There are many differences, I think, between Libya and Syria. The geography is very different. Obviously it's in a very hostile part of the world. You can stand on the Golan Heights on a clear day and see the suburbs of Damascus. Obviously you have Lebanon, Iraq, and Jordan as neighbours as well.

In terms of the United Nations Security Council, we can't even get a resolution of condemnation of Assad's violence, let alone United Nations sanctions against the regime. So a resolution authorizing military force is just.... At this standpoint, it's unimaginable.

**Mr. Bob Dechert:** How coordinated and cohesive is the opposition in Syria compared to the...?

**Hon. John Baird:** I think they're showing no united resistance, as we saw in Libya.

I have met with a good number of Libyan Canadians. I have met with our former colleague, Omar Alghabra. I have met with Canadian representatives who are serving on the Syrian National Council. I have met with other Syrian Canadians. They have a wide range of views. The one thing they all share, obviously, is wanting the violence to stop, and, in the absence of that, getting unfettered humanitarian aid there.

I would continue to have, at this stage, real concerns about outside military intervention. It goes beyond just the lack of United Nations cover. I just think we have to be very cautious. We can't be undertaking military intervention everywhere.

**Mr. Bob Dechert:** Okay.

Could I change the subject to the United Arab Emirates for a moment? I know you met recently with the foreign minister of the United Arab Emirates, and Canada is cooperating with the UAE on a nuclear cooperation agreement. I also wonder if you could give us a general overview of the foreign relations between Canada and the UAE.

**Hon. John Baird:** Sure. Just before I do that, I'd like to go back to the first point. I did speak earlier today with the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, Valerie Amos. The Government of Canada has offered \$1.5 million. The Americans offered \$10 million. So you can see we're punching above our weight in terms of per capita, but certainly Canada will do everything we can to support either the UN or the Syrian Arab Red Crescent on the humanitarian side.

We're deeply concerned about that, and I asked for us to be advised if more needs to be done, if there is a channel that can effectively deliver it. Obviously we're concerned about the refugees. I've spoken to my colleague, Mr. Davutoglu, in Turkey. I understand there are about 12,000 refugees in Turkey. They can handle that. If it were to rise to 40,000 or 50,000, they would begin to need extra support, so we're going to watch it on a day-by-day, week-by-week basis to see what else Canada can do.

With respect to the UAE, I think the relationship has improved a great deal over the past year. I've visited the Emirates. Sheikh Abdullah visited Ottawa last week. I think it's well known that the relationship had deteriorated. I would say that it's recovered and is on a very good trajectory. It's an important country. It's one of the largest trading partners for Canadian firms in the Middle East. It's also been a good political partner—for example, the mission in Libya.

The UAE and the Arab League have been great partners for Canada on Syria. We've worked quite well with them, and I think that speaks well. It's been a good year, I think, for the Arab League, and some of the UAEs have provided a lot of leadership, and not just in the Gulf Cooperation Council and the Arab League. I think the relationship is sound.

• (1750)

**The Chair:** Thank you very much, Ministers, Deputy Ministers. Thank you very much for—

**A voice:** That's it?

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

**Hon. John Baird:** Did you have more questions?

**The Chair:** An hour goes by quickly. You guys are going to have to grab a coffee, I think.

I want to thank you for taking the time to be here today and for staying past the committee time.

**Ms. Hélène Laverdière:** Mr. Chair, given the fact that I think we always have such interesting exchanges, may I suggest, if the ministers are available, that they come back and see us after the tabling of the budget.

**Hon. John Baird:** I'm always at the beck and call of this committee.

**The Chair:** Consider yourself invited.

Thank you. With that, the meeting is adjourned.

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