



House of Commons
CANADA

Standing Committee on International Trade

CIIT • NUMBER 063 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Tuesday, May 15, 2007

Chair

Mr. Leon Benoit

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on International Trade

Tuesday, May 15, 2007

• (1100)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)):
I'd like to call to order meeting 63 of the Standing Committee on International Trade.

Before we get to the business before the committee today, there is an issue that requires our immediate attention, I believe. I was asked by several members of the committee to deal with this at the start of the meeting today.

You all know there's been a motion of non-confidence proposed by Mr. Julian. I know there's been some discussion, both among the committee members and in the press, regarding my actions at committee on Thursday, May 10. I'd like to take a few minutes to explain my actions and lay out the procedural groundwork for them.

Section 117 of the standing orders reads as follows:

The Chair of a standing, special or legislative committee shall maintain order in that committee, deciding all questions of order subject to an appeal to the committee, but disorder in a committee can only be censured by the House, on receiving a report thereof.

You will also find on pages 827, 856, and 858 of the English version of Marleau and Montpetit the relevant sections dealing with the chair's role in maintaining order. Page 858 states:

In the event of disorder, the Chair may suspend the meeting until order can be restored or, if the situation is considered to be so serious as to prevent the committee from continuing with its work, the meeting may be adjourned.

During the meeting the witness, Mr. Laxer, spoke on a subject that was not relevant to the agreed-upon topic of the security and prosperity partnership. He was instructed on several occasions to tie his argument into the subject at hand, which in my opinion he did not do.

I was repeatedly challenged by both members and the witness, all of whom were speaking out of order. I tried to regain control around the table; however, opposition members and the witness himself would not allow for this. As well, I was overruled for the second time in as many meetings on procedural rulings that were clearly within the Standing Orders. At that time, and as is within my authority as the chair, I decided that I'd lost control of the committee meeting and adjourned.

I will remind the committee of the events of meeting 61 on Tuesday, May 8, 2007. I will read from the official minutes of the meeting:

Peter Julian moved, — That the question be now put.

The Chair ruled that according to the Procedure and Practice of the House of Commons the question cannot be put.

Whereupon Guy André appealed the ruling of the Chair.

The question: "Shall the decision of the Chair be sustained?" was put and the decision was overruled.

I'll also read from the minutes of our last meeting, meeting 62, on May 10, 2007:

Gordon Laxer made an opening statement.

The Chair ruled that the statement was not relevant to the Order of the Day.

Whereupon Peter Julian appealed the ruling of the chair.

The question, "Shall the decision of the chair be sustained?" was put and the decision was overruled.

Committee members can read on page 786 of the English version of Marleau and Montpetit that putting the question or, as it is also known, the previous question, is clearly out of order within the committee structure.

I will also cite Standing Order 11(2), which says:

The Speaker or the Chair of Committees of the Whole, after having called the attention of the House, or of the Committee, to the conduct of a Member who persists in irrelevance, or repetition, may direct the Member to discontinue his or her speech, and if then the Member still continues to speak, the Speaker shall name the Member or, if in Committee of the Whole, the Chair shall report the Member to the House.

Members can find the application of this standing order to the committee on page 857 of the English version in Marleau and Montpetit, which reads:

The Chair may, at his or her discretion, interrupt a member whose remarks or questions are repetitious, or not relevant to the matter before the committee. If a member's comments continue to be repetitious or irrelevant, the Chair may recognize another member. If the offending member refuses to yield the floor and continues speaking, the Chair may suspend or adjourn the meeting. A point of order calling attention to a departure from the Standing Orders or from the customary manner in which a committee has conducted its proceedings may be raised at any time, by any member of the committee. In doubtful or unprovided cases, the Chair may reserve his or her decision.

• (1105)

I would also invite committee members to remember that shortly after 11:30 at meeting 62 last Thursday, I called to order Mr. Menzies, who had proceeded with a line of questioning that was not relevant on the topic of the day.

That same courtesy was granted to Mr. Laxer. I cautioned Mr. Laxer that he needed to establish a connection between his opening statement and the topic at hand. I provided him the opportunity to respond to my concerns, I even allowed him to continue his statement. He did not draw a connection between his opening statement on energy security to the security and prosperity partnership. He made no reference to the impact of greater regulatory synchronization between Canada and the United States. Instead, he made numerous references to foreign countries and was in the process of talking about Russian imports of natural gas when I cut him off for the final time.

If committee members are not going to follow the Standing Orders, then I, as chair, will not be able to ensure that this committee is able to fulfill the mandate the House has granted us. As a committee, we cannot pick and choose what Standing Orders we wish to follow on a selective basis. The Standing Orders exist as they do because they've been proven to ensure that Parliament functions properly. Exceptions may arise from time to time that require us to step outside the Standing Orders, but those times should be exceptional in nature.

Both of these recent cases where I was overruled clearly do not require the exceptional response of overruling the Standing Orders. As a direct result of the failure of this committee to uphold the Standing Orders and the prevailing disorder at the committee, I decided that I could no longer claim to have control over the proceedings of this committee. Therefore, I did the only thing that I have recourse to do, which is to adjourn the meeting.

Now Mr. Julian has introduced a motion of non-confidence in me as a result, and I am fully answerable for my actions. I do not hesitate to stand behind them for the previously mentioned reasons.

I believe that until this question of confidence is settled, the committee cannot proceed to other business, as it would be foolish while there is a question of confidence hanging over us.

Therefore, I would ask, Mr. Julian, if you would move your motion now so that we can deal with this issue and put it behind us. Mr. Julian.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you very much, Mr. Chair.

I would like to state at the outset that I disagree completely with your interpretation of events last Thursday. Very clearly, Mr. Laxer was on topic and actually presenting important information for this committee. There is absolutely no doubt that he was speaking directly to the energy provisions of the security and prosperity partnership. However, it is also clear that you did not agree with what he was saying, and that is essentially the difficulty we had last Thursday. He was stating in very unequivocal terms how bad the SPP agenda would be for those Canadians who are concerned about energy sovereignty.

There was absolutely no doubt he was on topic, absolutely no doubt that what he was saying was not something that was agreed to by Conservative Party representatives around the table, but he had certainly the right to speak, and this committee very clearly indicated that it wanted him to speak. So I deplore the fact that you shut down that committee hearing because you disagreed with an Albertan who

was testifying on behalf of many Albertans who may disagree with Conservative Party policy.

That being said, we have two important items of business that have not been brought before this committee, which we have been trying to bring before the committee for a number of weeks: one is the motion by the Bloc on water, and the other is the motion by Mr. Bains on the issue of committee procedure and having in place an agenda subcommittee of this committee.

So I would move now that we consider Monsieur Cardin's water motion.

• (1110)

The Chair: Of course, Mr. Julian, it's up to Monsieur Cardin to bring forth a motion, if he chooses to, at this committee, not up to you.

I do want to respond by saying, Mr. Julian, I'm sure you would agree that I have been more than fair as chair of this committee. You've commented to that effect many times or on many occasions. I certainly would never cut off a witness because I disagreed with what he or she was saying. That's not my job, and I certainly would not do that. I wanted to make that comment.

We do have orders of the day here and we do have witnesses to hear. I would encourage the committee to hear from the witnesses. We could certainly allow time at the end of the meeting to hear both of the motions, if those members choose to bring them up. It's up to those members to decide whether they want to bring them up at that time.

Certainly, we do have it on the agenda to deal with committee business. I will ensure that happens, if it's what the committee wants and if that's the members want.

Monsieur Cardin.

[Translation]

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Chair, you started talking about the work that the committee has to do. I would like the agenda to proceed in the same way, and I would like us to consider the notice of motion on water that I submitted recently. It will not take very long if the rest of the members cooperate. I move that we consider this motion immediately.

[English]

The Chair: You know, I have opened this committee up to committee business, and I think it would be appropriate to deal with that motion, if that's what you choose, Monsieur Cardin.

Is there anything else to be said on the motion?

Mr. Temelkovski.

Mr. Lui Temelkovski (Oak Ridges—Markham, Lib.): While we're on the topic of what happened last meeting, Mr. Chair, I think it is fitting to move a motion to accept the witness testimony that had taken place after you vacated the chair—

The Chair: Mr. Temelkovski, I believe we have a motion on the floor, so we can't bring another motion to the floor.

Monsieur Cardin, did you not move your motion and ask us to deal with that right now? That's what I understand.

[Translation]

Mr. Serge Cardin: Yes, Mr. Chair.

[English]

The Chair: Yes, so we're dealing with another motion, Mr. Temelkovski. You can bring this business up afterwards if you choose.

Are there any further comments on Monsieur Cardin's motion? We were dealing with it at the committee meeting before last.

Mr. Allison, and then Mr. Cannan.

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

I think pretty much everything that needs to be said is on the record, but I just want to state once again that I think that if this committee is going to have any credibility at all, as we move forward, we should look at the facts before us that we've already discussed for the last three meetings about how NAFTA is not part of anything we're looking at. And I ask the members to consider again why we would look at something, something that the Liberal government over many occasions supported, in terms of disagreeing with this motion.

So I'll just say that one more time. For the credibility of this committee to move forward, I think it's important that we consider all the things that have already been said.

The Chair: Thank you, Mr. Allison. Your comments were completely in line. I just want to remind members that we did deal with the amendment two meetings ago. We are now dealing with the amended motion of Monsieur Cardin.

Mr. Cannan, go ahead, please.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

I wanted to allude to the extensive report that was provided by the Library of Parliament to all members, and it was at the request of this committee to bring this forward. It's the 33 pages that Mr. Johansen had prepared in February 2001, revised in 2002, and then there was an additional revision in May 2007, talking about bulk water removals and Canadian legislation.

It exemplifies even more clearly in my mind why this whole motion is out of order, in the sense that we're going beyond the scope of this committee, for one. I guess the most egregious part of the motion is where it asks the government to open up talks on water.

I think it has been clearly stated that the government isn't interested in opening up negotiations on water. We've had the 1993 statement that has been clarified by the three leaders of the Canadian, U.S., and Mexican governments, the senior levels of government. We have the International Boundary Waters Treaty, which has been clearly indicated, and Monsieur Cardin has had an opportunity to review that. I have record of those questions in the House that Mr. Cardin has asked Minister Emerson, and Mr. Emerson has clearly stated that Canadian law has built into NAFTA that water in its natural state is not covered by NAFTA—full stop. It's not covered. We heard from witnesses it isn't covered.

The most interesting part for me from Monsieur Cardin is that he wants the federal government to negotiate Quebec's and other provinces' rights to protect their water when those rights are already assured in the International Boundary Waters Treaty Act.

I guess I'm even more concerned that urging the government to open up negotiations on water will put our water at risk. I can say this is something that our government is simply not prepared to do.

Finally, I find it ironic that the member from the Bloc would want the federal government to take away provincial powers from his own authority, which is looking for sovereignty within the province. It just doesn't make sense, and I won't be supporting the motion.

Thank you, Mr. Chair.

• (1115)

The Chair: Thank you, Mr. Cannan.

Are there any other comments?

Monsieur Cardin. Actually, Monsieur Cardin, if you want to speak as the last speaker, Mr. Julian also wants to make comments, and I'll come back to you.

Mr. Julian.

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

The Library of Parliament report very clearly indicates what has been the concern all along. If the members of the Conservative Party had actually listened to the witnesses, they would have understood what the problem was.

On page 7, there's a quotation from *The North American Free Trade Agreement: A Comprehensive Guide* that indicates what the problem is. The final sentence reads: "Once a resource is exploited by being extracted or collected, it becomes a product and is subject to these and other NAFTA provisions."

So essentially water is not a good, now, until bulk exports begin. Once bulk exports begin, then it is subject to NAFTA. That is what has been very clear from testimony all along. Hopefully members of the Conservative party will now understand what the dynamic is. It is not protected by NAFTA. If it becomes a product, essentially a resource that is extracted or collected, it would then fall under the NAFTA agreement.

[Translation]

So, when this comes down to a question of Quebec jurisdiction, the problem...If another province, like Newfoundland and Labrador or British Columbia, decided to export water, it would have an effect on all other provinces. This is why I believe that Mr. Cardin's motion is very useful for the Canadian federation as a whole. If we export water, water becomes a commodity under NAFTA. This is why I think that this motion is valuable and important. A few little improvements have been added, and I hope that it will have the support of all four parties at this table, at least those parties that understand the dynamics and the repercussions that are to be expected once exports begin.

[English]

The Chair: Thank you, Mr. Julian.

I see Mr. Lemieux—and again, we'll allow Monsieur Cardin to wrap up at the end.

Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): I would like to speak about some of the discussion we've had around the table, and that is that bulk water is not covered by NAFTA. We've had one or two witnesses speculate that it might be—no more concrete than that. We've heard lots of witnesses speculate about a lot of non-concrete-type issues. This is the concern that I brought forward last time.

We are the international trade committee. We should be sinking our teeth into reality and into real things that affect trade for Canada. So we have speculation. It's not proven. It's a fear. Fine, but that doesn't mean we should be jumping into this with both feet, particularly because we have had witnesses testify that bulk water is not covered under NAFTA. We also have the International Boundary Waters Treaty Act, which covers bulk water, particularly as it pertains to boundary waters.

What I'd like to do is look at my Liberal colleagues across the way, because they've been sitting there rather quietly in all of this debate, and yet the position we're advocating here on this side is the position they advocated when they were the government.

So I'm wondering if you could explain to everybody here—particularly to me, because I'm the one posing the question, but I think everybody here would like to know—how it is that you had the same position as government when you were the government, and now you don't? Or do you not, actually? I don't know. I don't know where you're coming from. Could you elaborate on where you're coming from, as the Liberal members?

• (1120)

The Chair: Of course, Mr. Lemieux was speaking through the chair.

Mr. Pierre Lemieux: I was. Thank you.

The Chair: Of course, he cannot require that any member of the committee speak, but it was a request.

Mr. Brison.

Hon. Scott Brison (Kings—Hants, Lib.): Mr. Chair, I was very impressed with the quality of his questioning, and I'm looking forward to when, in a few months, he has the opportunity to pose those questions to a Liberal government once again.

The Chair: Is there anybody else before I go to Monsieur Cardin to wrap up?

Monsieur Cardin, go ahead, please.

[Translation]

Mr. Serge Cardin: Thank you, Mr. Chair.

In the report prepared for us by the Library of Parliament, one element is clear, and jumps off the page. We worry for several reasons. Several reasons because we have proof that we cannot be absolutely sure that water cannot become a commercial product, and therefore come under NAFTA.

When we say that water is excluded from this agreement, we are talking about water in its natural state. But water in its natural state is moving water, water we find in our water sources. That is clear. But when it is no longer there, it is no longer water in its natural state. So all the possibilities of forced export now arise. In the last line of the report's conclusion, we read:

The debate concerning bulk water removals, water exports and the NAFTA continues. Neither the public nor a number of credible organizations are certain that water will not end up as a commodity that can be traded, and that, as a result, will come under the NAFTA.

If government members are so sure that no problem exists, why not then ask for water to be formally excluded from NAFTA?

You will also see that this is spelled out in the motion. The recommendation to the government is to:

[...] begin talks with its American and Mexican counterparts to exclude water from the scope of NAFTA [...]

The text specifies “water” and not “water in its natural state” because that makes all the difference. We cannot allow ourselves to be one day forced to export water. Water is more than a natural resource, it is an essential resource. One day, perhaps it will provide us with the opportunity to save lives, but without being forced to export it in any shape or form. Of course, we cannot export water in its natural state. But once it has left the watershed, it becomes an exportable commodity.

Regarding boundary waters, I agree that is different, but only boundary waters. The water my motion refers to is all the water in our territory, not just boundary waters. Boundary waters are one thing, all the water in Canada and Quebec is another thing.

I would like to reply to Mr. Cannan. At the moment, it is Canada that participates in NAFTA discussions. But when we have a sovereign Quebec, we will protect our resources ourselves. Meanwhile, I feel that it is wise to protect them in the interests of the entire population of Canada.

Mr. Chair, let us now proceed to vote on the motion. Thank you.
[English]

The Chair: We will go to the vote.

I want to remind the committee that the committee agreed to have legal opinions brought to the committee. There were two. There was the one you referred to, Monsieur Cardin. You referred to the recommendations at the end of the report done by David Johansen, of the law and government division, on February 20, 2001, and revised on January 31, 2002. You referred to the recommendations in it. It's entitled “Bulk Water Removals, Water Exports and the NAFTA”.

The same researcher also made a revised version, which was done May 11, 2007, at the request of the committee. I think it would be important to look at these two reports together. This is entitled “Bulk Water Removals: Canadian Legislation”.

I would ask whether the committee would agree that we deem that we have these two reports read into the discussion on this motion. The committee did ask for these legal opinions, in the evidence.

•(1125)

Mr. Peter Julian: I'm sorry, Mr. Chair, I'm not sure what you're asking for.

The Chair: I'm asking that we either append or deem that these reports have been read into the discussion on this motion; that they be considered part of the evidence presented in the debate on this motion.

Mr. Menzies has moved it. We have a seconder.

Is it agreed, just by agreement? The committee did ask for this at the last meeting, as you will remember.

Mr. Cardin.

[*Translation*]

Mr. Serge Cardin: Mr. Chair, this makes me smile, considering how similar our requests are. As chair, you have to assume that members at this table receive their documents, and take the time to read them and consult them before making decisions. In this case, you did not assume that we had done our homework. The same goes for the motion. We assume that there are still doubts that water could become an exportable commodity. So I smile when I see that I am asking much the same thing in this motion, to protect water. The government side claims that it already is protected, but, better safe than sorry, as they say. So I would specifically state that water is not a commodity covered by NAFTA.

[*English*]

The Chair: *Merci, monsieur Cardin.*

That's exactly my point. The committee asked for these legal opinions. We received them for the sake not so much of committee members but of anybody reading the information that led to this decision being made by the committee.

The motion has been made and seconded that we include these legal opinions that we asked for. The motion is on the floor. Is there any further discussion?

We'll go to the question. Those who support the motion, please raise your hands.

[*Translation*]

Mr. Serge Cardin: I request a recorded division, Mr. Chair.

[*English*]

The Chair: I'm sorry. I have recognized Monsieur André.

[*Translation*]

Mr. Guy André (Berthier—Maskinongé, BQ): I request a recorded division, Mr. Chair.

[*English*]

The Chair: You want a recorded division? Sure.

We'll go to a recorded division on the motion. The clerk will read it off.

Mr. Ron Cannan: To clarify, Mr. Chair, this recommendation for the legal opinion was brought forward from the last committee by the Liberals; is that correct?

The Chair: That is correct. It was requested and was agreed to by all members.

(Motion agreed to: yeas 11; nays 0 [See *Minutes of Proceedings*])

The Chair: It is unanimous.

Gentlemen, let's move ahead, then. Now we go to the question on Monsieur Cardin's motion as amended.

[*Translation*]

Mr. Peter Julian: I request a recorded division.

[*English*]

The Chair: Okay, we'll go to a recorded division. It has been requested.

(Motion as amended agreed to: yeas 7; nays 4 [See *Minutes of Proceedings*])

•(1130)

The Chair: Now, was there another order of business that someone had requested? We want to get on to the witnesses.

Mr. Bains, we'll hear your motion.

Hon. Navdeep Bains (Mississauga—Brampton South, Lib.): Thank you very much. I'd like to move my motion. It's a motion that we've discussed in the past. It's a very straightforward motion written to deal with witnesses being brought forth and to develop a process that would be deemed acceptable by all members. This was in light of some of the confusion or potential problems that existed in the past.

I believe this motion is relatively straightforward. Everyone has been given a copy of the motion. Basically it outlines a way to include all the potential witnesses in the subcommittee. The motion is there for the members to read, and if any discussion or issues need to be raised, I'd be more than glad to address them.

The Chair: I'll give the members a minute to read the motion. Then we'll go to discussion on the motion.

Is there any discussion on the motion before we go to the question? Mr. Julian.

Mr. Peter Julian: Mr. Chair, this makes very good sense. I'm glad that Mr. Bains is proposing this. We've had it for the last couple of weeks. It simply is a type of procedure that allows all four parties to have input into choosing witnesses coming before us and allows us to provide for balanced appearances—from the business community, but also from labour, from civil society, from individuals.

This is extremely important. Because trade has such an impact on people from coast to coast to coast, Canadians, I think, are intensely interested in the direction of trade policy: where we should be going, where we have gone. It hasn't been to the advantage of most Canadian families, which is why we've seen this income crisis, with 80% of Canadian families actually having their income fall over the last 18 years. This is a good way of ensuring that all views are heard around the table and that all parties can contribute to selecting the witnesses who are brought before us.

I fully support this motion.

The Chair: Mr. Allison.

Mr. Dean Allison: Yes, I figured that my friend from the NDP would.

I would like to add an amendment to this, that the witnesses be balanced both for and against.

Unfortunately, Mr. Julian is a very persuasive member of Parliament. He seems to be wagging this committee more than he should. He only has one vote out of thirteen, but he seems to have an awful lot of power in this committee.

I believe we should be having for and against, not just three opposition members versus one government member. I think I'd like to see that those invited to appear as witnesses be divided as for, against, and balanced.

The amendment would be after the second line, to read: "That the committee or the subcommittee on procedure and agenda decide on who will be invited to appear, and that the number of witnesses be balanced both for and against".

The Chair: Monsieur André.

[Translation]

Mr. Guy André: Mr. Chair, I appreciate the importance you give to both official languages. I do not know if you have noticed, but the Liberal motion has a major error in the French. It reads "Avis de motion par le Parti libéral", but the word "parti" has no "e". If both languages are official, the French has at least to be correctly spelled.

[English]

The Chair: There is on the clerk's version now. So could you all correct that "e" as noted?

Is there any other discussion before we go to the question and then to our witnesses?

Mr. Cannan.

Mr. Ron Cannan: Just to clarify, the subcommittee has always been coming back to the committee as a whole to make decisions. In this case, is that going to be the procedure? Or are we just going to abolish the subcommittee? It hasn't functioned very well in the past.

• (1135)

The Chair: You gentlemen have heard the question from Mr. Cannan.

Monsieur Cardin.

[Translation]

Mr. Serge Cardin: I am waiting for the answer too, but I can speak next, if someone wants to clue Mr. Cannan in.

[English]

The Chair: It's up to the committee to clarify. I certainly can't do that. I'm not certain what the committee wants.

[Translation]

Mr. Serge Cardin: So, let me move to another question. No one can oppose the suggestion to try to invite witnesses who take different positions, some in favour of a proposal and others against. Ideally, all points of view should be expressed, and sometimes, we should hear not just from two opposing positions but from a range of positions. Given that proposals made by the government often do not find universal acceptance, we should not hold it against the government if it cannot maintain the balance between pro and con. What counts is the intent, and I do not want us to feel locked into an

exact balance between two possibly divergent positions. We must also be ready to welcome witnesses who want to meet us.

[English]

The Chair: *Merci, monsieur Cardin.*

Before we go to Mr. Lemieux, I would say that amongst ourselves, the clerk, the researchers, and I have tried to present a balanced slate of witnesses and thought we had done it. But we'll deal with the motion on the floor right now.

Mr. Bains.

Hon. Navdeep Bains: I just want clarification on this. The amendment that was brought forth says that "the number of witnesses be balanced for and against". How does one determine "for and against"? How is this criterion established? Ultimately, that's my concern: in whose viewpoint? It's very subjective. From what perspective are we talking? Is it on the subject matter? Then who determines "for" and "against"? I have some concerns about that amendment.

The Chair: You understand now, Mr. Bains, some of the issues the chair, the clerk, and the researchers deal with when we're looking at witnesses for the committee.

Mr. Brison.

Hon. Scott Brison: To expand on my colleague's concern, most trade issues are fairly complex in that there's not necessarily a "for" or an "against". When you hear from witnesses, they are experts who offer us their advice. It's possible for the same expert to offer nuanced advice with some arguments for and some against. It's almost impossible to demarcate among witnesses who is for something or against something when questions are not that simple. Maybe we're dealing with a wording issue as opposed to an intention issue.

But every member of the committee has the opportunity to submit names to the clerk. If the committee wants to meet after that to review those names and select from them, it's always possible that there are some that are redundant. For instance, there may be an industry organization that represents individual companies, and as such you may not need to hear from each company; you can simply hear from the industry organization. But it's impossible to do that procedurally and structurally. It is possible once you have names, when the committee is determining the schedule.

I just don't see issues as being so simplistic that we can divide witnesses for and against on every issue. It's pretty tough to do that.

The Chair: We have witnesses waiting. We've cut about 10 minutes of their time from them already and from the committee.

(Amendment negated)

The Chair: Mr. Cannan.

Mr. Ron Cannan: I'd like to make an amendment to the main motion to strike the word "subcommittee". So just the committee will be reporting it.

The Chair: Is there any discussion on the amendment?

Mr. Julian.

Mr. Peter Julian: I just have one word—absurd. This makes absolutely no sense. Mr. Cannan knows full well that Mr. Bains' motion is attempting to achieve some more balance, which we haven't necessarily had with committee witnesses. For him to try to refer it back to the committee simply puts us in the same situation we're in.

Mr. Bains' motion is very helpful. It allows us to move forward and have some discussions at subcommittee meetings. I hope we'll have one scheduled as early as this week. So his amendment is absurd.

• (1140)

The Chair: Mr. Lemieux.

Mr. Pierre Lemieux: I don't think it's as absurd as Mr. Julian would have us believe. I remember many meetings when the subcommittee met and determined the list of witnesses, but when it came back to committee we had to debate it all again. In fact it's highly inefficient, and MPs' time is short. We have a subcommittee meeting and then all the business comes back here anyway and we just restart the whole debate.

I don't understand the efficacy of having a subcommittee if we don't respect its decisions. I don't think it's as absurd as you say, Mr. Julian.

The Chair: Thank you, Mr. Lemieux.

Mr. Temelkovski.

Mr. Lui Temelkovski: Once we have voted on the amendment we cannot go back and amend the main motion again. Any amendments should be put forth prior to voting, all amendments, not after one amendment has been defeated or passed, so you can have an amendment to the motion.

The Chair: I've been asked a question. This motion can be amended any number of times. It's required that you deal with subamendments first, then amendments, and then the main motion. If another amendment is presented we deal with that. That's exactly what we're doing here.

Mr. Cannan.

Mr. Ron Cannan: Just to clarify, I did check with the clerk before I made the amendment. So Mr. Temelkovski can rest at ease.

The Chair: Monsieur Cardin.

[Translation]

Mr. Serge Cardin: Thank you, Mr. Chair.

The problem is rather at caucus level. If people in one party cannot have confidence in their representative on a subcommittee, all they have to do is name another representative. I do not see why the same members of the same party are always challenging their subcommittee representative. I do not see the relevance of this motion, Mr. Chair.

[English]

The Chair: Okay, is there any other discussion on the proposed amendment? We'll go to the question.

(Amendment negated)

The Chair: We'll now go to motion unamended. Those in favour of the motion of Mr. Bains.

(Motion agreed to [See *Minutes of Proceedings*])

The Chair: Yes, Mr. Temelkovski.

Mr. Lui Temelkovski: My motion is basically to include the testimony given in the second half of the previous meeting or include all of the testimony as the official testimony of the committee.

The Chair: As you know, Mr. Temelkovski, when the chair gavels, the meeting ends, and anything said after the time of the gavel is not a part of the meeting.

Mr. Lui Temelkovski: Mr. Chair, I spoke to the Clerk of the House in regard to this, who advised me that the witnesses' testimony after the gavel, when we carried forth with the meeting, was basically in courtesy to the witnesses, as opposed to having them come from Calgary, or wherever in Canada, and not be heard from. They were here and we continued.

There were members from each party here, the researchers were here, the clerk was here, and the meeting took place and it was recorded.

I move that this testimony be accepted into the record.

The Chair: The committee, of course, is master of its own destiny, as is stated so often.

So you're asking that the informal comments after the gavel, or after the meeting ended, be included in some fashion as if they had been part of the meeting?

Mr. Lui Temelkovski: That's right.

Mr. Peter Julian: No, he said that they be circulated as part of the minutes of the meeting.

• (1145)

The Chair: Was it your motion that they be part of the minutes? Could you read your motion again, Mr. Temelkovski.

Mr. Lui Temelkovski: I think they should be included, Mr. Chair. The clerk and the researchers can help us with the wording of this, but I think you got the main message.

The Chair: That's the intent, then, is to have the—

Mr. Lui Temelkovski: The intent is to have the entire meeting, from its start until 1 o'clock, from 11 to 1 o'clock, so that all of the testimony be admitted as official testimony.

The Chair: Okay, of course I would ask the clerk, but I.... The testimony after the gavel can't be included as if it happened before the gavel, but maybe it could be appended in some fashion. Is that good enough?

Mr. Lui Temelkovski: I will leave it in your capable hands.

The Chair: The clerk certainly can deal with that.

Okay, you've heard the motion.

Mr. Cannan.

Mr. Ron Cannan: Thank you, Mr. Chair.

Speaking to the motion, as a member who was there, I was told there was no meeting when the gavel hammered, that there was no record of the information and that there wouldn't be any way of including it as minutes of a meeting that didn't take place. It would be like sitting around afterwards in a bar and talking about what happened at a meeting that never took place.

So how can you keep a record of a meeting that was never officially a meeting?

I'd maybe like to get a record from the clerk, because I was told there wasn't a meeting.

The Chair: I will ask the clerk whether there is a record, in fact, of what happened after the meeting.

Mr. Clerk, we will maybe have a little discussion. Are you ready to answer that?

The Clerk of the Committee (Mr. Normand Radford): There is an unofficial transcript of the evidence of this unofficial meeting.

The Chair: Okay, you've heard the clerk.

Mr. Lemieux, you had your hand up.

Mr. Pierre Lemieux: I just wanted a clarification on the motion we're discussing right now. Do we require 48 hours' notice of a motion such as this? It's not dealing with the business of this particular meeting.

An hon. member: That was my question too.

Mr. Pierre Lemieux: So I think we should have had 48 hours' notice on that.

The Chair: It's a fine question, and I think I'll take a minute to consider that. I'm not certain. I'm trying to think of what else we've discussed here. The issue is whether it's relative to the meeting of today.

I have consulted with the clerk, and he has commented—and I agree—that because I made an opening statement on this subject matter, this motion is in order. We will deal with the motion now. Are we ready to go to the question?

Mr. Menzies, then Mr. Cardin, and Mr. Julian.

Mr. Ted Menzies (Macleod, CPC): If I may make a comment, I think Mr. Temelkovski's motion is procedurally incorrect. The meeting was adjourned, and we would have had to reconvene a new meeting to hear those witnesses.

May I make a suggestion, a friendly amendment if you will, that those witnesses be recalled to appear before this committee to have an opportunity—

An hon. member: Oh yes, that's a brilliant idea.

Mr. Ted Menzies: Did you have the microphone or did I?

The Chair: Order!

Mr. Ted Menzies: I think that is well within order. It will clear up a huge misunderstanding and provide them an opportunity to provide an appearance on topic.

The Chair: We have a motion on the floor. I don't think that's an amendment, Mr. Menzies. It may be something you want to bring up later. Certainly, include it in the discussion.

Next is Mr. Julian.

Mr. Peter Julian: I support Mr. Menzies' amendment. I would love to have two hours with Gordon Laxer in televised hearings. I think that would be important in the public domain, important for the Canadian public, so I can't help but support it. However, it does run counter to the Conservative ideal—

• (1150)

The Chair: Mr. Julian, just as a reminder, of course, that was not an amendment. I didn't accept it as an amendment. Let's keep the discussion to the motion, please.

Mr. Peter Julian: Bringing witnesses back to testify a second time at the taxpayers' expense because the Conservatives refused their first testimony is quite bizarre, to say the least. What we have is a motion from Mr. Temelkovski to recognize the transcripts that we already have that indicate the testimony that has already been given, and to circulate that as part of the committee minutes. If the chair wants to put “unofficial” in brackets, that is something we will have to fight in the House of Commons. As far as Mr. Temelkovski's motion is concerned, it is in order. It is the logical thing to do.

We cannot censor witnesses we disagree with, however much some members around this table would like to do that. His testimony and the testimony of Common Frontiers is valuable and should be circulated as part of the committee minutes. If the chair wants to put “unofficial” in brackets, we will go to the Speaker of the House and seek clarification on that.

But there is no doubt that the meeting took place, that members from all four parties participated, including Mr. Cannan, who certainly wasn't embarrassed in asking questions of the witnesses. So I'd like to blow up this myth that somehow the meeting didn't happen. It did. To pretend anything else is censorship.

The Chair: Mr. Julian, as you know, the meeting ended when the gavel was used, and from that time forward what happened was not a part of that meeting. We certainly will include any testimony from the time before the meeting was gavelled.

Monsieur Cardin.

[Translation]

Mr. Serge Cardin: Thank you, Mr. Chair.

I heard one of the Conservative members on the other side say that discussion after the gavel was no more valid than if it had taken place in a bar. Mr. Chair, I have to say that this was not particularly considerate to the witnesses who took the trouble to remain and provide their testimony for all that time. Anyway, there is no problem with having a discussion in a bar if those whose judgment is impaired have already left.

So I have to ask the member to apologize to the witnesses, and above all, that they should be given access to the evidence provided after the Conservatives left.

Of course, I will be voting for the Liberal motion.

[English]

The Chair: I will remind all members that we do have witnesses waiting for us, again.

We'll go to Monsieur André, then Mr. Bains, then Mr. Cannan, and I hope we can go to the question.

[Translation]

Mr. Guy André: Mr. Chair, of course, I am going to vote for this motion. We have indeed asked resource people from outside to come before us, and there are costs related to that. What happened is antidemocratic in my opinion, and has resulted in public funds being wasted. I have never seen antics like it.

Because of the antics and to show respect to the witnesses in question, I think that their evidence should be part of the official record.

[English]

The Chair: Thank you, Monsieur André.

Go ahead, Mr. Bains.

Hon. Navdeep Bains: Mr. Chair, I'd like to echo what you said. We do have witnesses, and I'd like this discussion to proceed very quickly so we can move to the vote and get on with the witnesses.

The Chair: We'll have Mr. Cannan.

Mr. Ron Cannan: Thank you, Mr. Chair.

I just need to have on record the fact that it wasn't disrespectful of the witnesses. I did stay behind. I was told that there was no meeting, so I stayed behind because I wanted to hear from that one gentleman. I did a lot of reading on him, and talking about absurd, that was the information he was bringing forward. I wanted to hear it with my own ears.

I think each one of us has a responsibility when witnesses come to have them talk on topic. I think that as Mr. Julian brought the witness, he should inform his witnesses to stay on topic.

It's not disrespectful of the discussion—we have information all around—if we have an informal discussion, whether it's inside the room or outside the room. It's not an official meeting and you don't have it on record. So I think the member from Quebec should understand that it wasn't disrespectful that I stayed behind...and get the facts, and don't let the facts interfere with the truth.

Thank you, Mr. Chair.

• (1155)

The Chair: Can we go to the question?

Mr. Menzies.

Mr. Ted Menzies: I just have a suggestion.

Could we have this tabled until we ask for a ruling from the Speaker? Can it be tabled as a report to the Speaker and we can let the Speaker rule on this?

The Chair: You could bring a tabling motion. There's no debate on that. We would go to a vote on it.

Mr. Ted Menzies: I sense that most of us here are unclear about what the actual procedures would be. The last motion that we just

passed.... I'm concerned, embarrassed for this committee. I don't want to be embarrassed anymore. So I would like to suggest that we table this until we have a ruling, an accurate ruling, on whether it is admissible as evidence.

The Chair: Thank you, Mr. Menzies.

A suggestion isn't going to get us anywhere, but I do appreciate your comments, of course.

Mr. Ted Menzies: I'll make a motion to table.

The Chair: We'll go to the question on the motion to table.

(Motion negated)

The Chair: Can we now go to Mr. Bains' motion? Sorry, it was Mr. Temelkovski's motion.

Do we have the motion in form? We have to know exactly what we're voting on here.

Mr. Lemieux, the clerk is writing up the motion.

Mr. Pierre Lemieux: That's fine.

While he's doing that, there's something that I don't quite understand about the way this committee is functioning, and that is, while I see a big book called *House of Commons Procedure and Practice* by Marleau and Montpetit, and we have another book on parliamentary procedure and committee procedure, we seem to be able to override them at will. I think part of the problem we've had with this committee is that policy and procedure don't seem to matter. If the opposition wants it a certain way—if they want to say that black is white and white is black—they just vote, and so be it.

So I have a problem with this. I'm a new MP. In the House we follow policy and procedure. Why aren't we doing that here in committee? Why is it that it's cast aside so easily? I'm wondering if someone can explain that to me. It could be you, it could be the clerk, it could be—

The Chair: Mr. Lemieux, of course I've expressed a similar concern in my opening comments. I can't answer that and I really don't think anyone can. It's up to the members to be responsible for their actions at committee, and I don't think we want to get into a discussion on that. I hope the rules of procedure will be respected in the future.

The clerk will read the motion.

The Clerk: It reads as follows:

That, the testimony provided at the unofficial meeting attended by members of the committee be appended to the evidence of the committee's official meeting of Thursday, May 10, 2007.

The Chair: You've heard the motion. Those in favour of the motion—

Mr. Peter Julian: Mr. Chair, “appended” is different from what Mr. Temelkovski said, which was “circulated as part of the minutes”. It was not “appended to the minutes”, but “circulated as part of the minutes”.

The Chair: Mr. Julian, if you want that to happen, then we will go to the Speaker of the House to make a ruling on that. I don't believe that would be in order. I'm not certain. I would need some further help. I certainly need time to consider it. So if you would like to go that way, I will put this aside. I will take time to consider it and I'll bring it back to the committee.

● (1200)

Mr. Peter Julian: Mr. Chair, it is exactly what Mr. Temelkovski requested and what the clerk has read. The difference between its being appended to the minutes, marked "unofficial", and being circulated with the minutes unofficially is that the circulation of the minutes unofficially is something that takes place on a regular basis. I don't want minutes, and I don't think Mr. Temelkovski wants minutes circulated that do not contain that valuable testimony from the second part of the meeting. Unofficial as it may have been—and that's for the Speaker to clarify—we're not contesting the fact that it would be marked "unofficial". But I think what we are pressing for on this side of the table is that it be circulated with the minutes. "Appended" could mean circulated or not, depending on the choice of the chair. We're not suggesting that. We're suggesting it be part of the minutes and circulated, though marked "unofficial".

The Chair: Mr. Julian, if it's appended to the evidence, then it will be circulated any time evidence is circulated.

Mr. Peter Julian: My question is to the clerk then.

How would that appear—

The Chair: Mr. Julian, I make the decisions at this committee. I consult the clerk if I choose to.

Mr. Peter Julian: Mr. Chair, I will ask you the question then. How will that appear, as it is circulated to the Canadian public, who are very interested in the SPP plans of the government and want to learn more?

The Chair: I've been told by the clerk it will be circulated any time the evidence of the committee meeting is circulated.

Mr. Peter Julian: The full transcript.

The Chair: It'll appear as an appendix. It'll be appended to the evidence.

Mr. Peter Julian: As a full transcript.

A voice: Yes.

The Chair: So can we go to the question?

Yes, Mr. Menzies.

Mr. Ted Menzies: On a point of order, can we have a clarification from the clerk if this is procedurally correct, when we're using terms like "non-meeting"? Is it within procedures to even consider a motion like this?

The Chair: Mr. Menzies, I've already discussed this with the clerk. This is something that we have discussed, and it is in order. As you know, Mr. Menzies, the committee is the master of its destiny. This can happen. This motion is in order.

Could we go to the question on the motion?

(Motion agreed to)

● (1205)

The Chair: Now, if we could have the witnesses come forward, please, we will deal with the business before us.

We still have an hour with the witnesses. It's not much time, but we certainly look forward to their presentations.

We will continue with our study on the machinery of government and the implementation of Canada's trade policy, looking at the various departments and agencies and so on, that deal with trade in the Government of Canada.

We have as witnesses, from Export Development Canada, Eric Siegel, president and chief executive officer, international trade; from the Canadian Commercial Corporation, John McBride, president, and Marc Whittingham, vice-president, strategy and organizational development; from the Business Development Bank of Canada, Edmée Métivier, executive vice-president, financing and consulting, and Jacques Simoneau, executive vice-president, investments.

We will have the presentations by each group in the order listed, starting with Export Development Canada.

You have up to eight minutes, Mr. Siegel. We're looking forward to your presentation today.

[Translation]

Mr. Eric Siegel (President, & Chief Executive Officer, International Trade, Export Development Canada): Thank you very much, Mr. Chair. I am happy to appear before the committee again.

[English]

The committee is examining how the machinery of government is delivering on trade and investment services for Canadian business. I must say, I'm glad to have this opportunity to share my views on where we are today and where we expect to be tomorrow. I'm also looking forward to your comments and your findings and to be able to integrate them into our own research and planning.

If there is one position that I think all committee members share, it is that trade is key to the continuing prosperity of Canada. EDC plays an important role in sustaining the health of Canada's trade. To be effective, we have to be strongly connected to our partners within the international trade portfolio, and more specifically, International Trade Canada, both at home and abroad, as well as the sister corporations, the Canadian Commercial Corporation and the Business Development Bank of Canada, which share our interest.

If I could, I'd like to recap briefly our 2006 performance. Last year, our combined insurance and financing volumes topped \$66 billion. We work with over 6,000 Canadian companies of every size, from every industry sector and from every corner of the country. We work with them in over 184 markets around the world, and almost one-quarter of that business, some \$15.2 billion, is in emerging markets. Those are the opportunity-rich but riskier markets where Canadian business knows it has to increase its presence if it is to remain competitive.

EDC now participates in 30% of Canada's trade with emerging markets, and we expect that to continue to grow as Canada's interest in those markets continues to grow. Markets like Brazil, Russia, India, China, and Mexico are the priority emerging markets for Canadian companies because of their growth rates, their importance to supply chains, and the alignment of their markets with Canadian strengths.

EDC's business volumes in these key markets totalled more than \$6.8 billion last year, up 26% from the year before. Growth was particularly notable in Mexico, with a 60% increase to \$2.6 billion; in Russia, a 50% increase to \$750 million; and in India, where business nearly doubled in 2006, to \$730 million. Overall, transactions facilitated by EDC in 2006 are estimated to have generated \$44.6 billion of Canada's GDP, or about 3.9% of the total. All of that activity is also associated with sustaining some 546,000 jobs.

EDC is a key element within the government's international trade portfolio. We provide finance and risk management services to Canadian exporters and investors and complement the trade promotion activities of International Trade Canada and other trade players. Our responsibility in financial services is heightened because the market for trade finance in Canada is much weaker than in many of our competitors. This simply reflects the size of our economy and the limited number of Canadian transnationals. Smaller companies, particularly those intent on growing their business in riskier markets, have comparatively fewer financial institutions available to them than their foreign competitors.

As a public agency, we have to bridge that gap to provide Canadian companies with the breadth of financial services that is internationally competitive. This is particularly the case for SMEs, for young high-growth firms, for firms that do not have a long-standing relationship with their financial institution, and for business that carries a higher risk profile, like emerging markets. To reach that group, we have to work closely with other government partners to raise awareness and increase access to those services among all companies that could use them to succeed abroad.

Within government, we have to share information with each other so we collectively better identify the needs of Canadian exporters. We at EDC can then use that information to not only improve our own services, but understand how and when they can be leveraged with those of others to better meet exporters' needs. Given our public mandate, it is vital that EDC's activities and planning are solidly aligned with and support the government's global commerce strategy. We work closely with DFAIT and other agencies to ensure our objectives match government goals, our strategies work effectively with theirs, and that contact at both operational and leadership levels is constant.

EDC regularly consults and exchanges information with all levels of government, from the working level to the ministerial level, as required formally by the provisions of the Export Development Act and the Financial Administration Act. It is the informal day-in, day-out contact, however, that deepens those relationships and generates the understanding that makes those partnerships work.

● (1210)

In Ottawa, we constantly share market information. The country desks of International Trade Canada are well connected to our own international business development teams. Our group that assesses market and political risk relies on the most up-to-date reports and information that are available from Canadian missions abroad. We work together not only through our headquarters in Ottawa, but also in the 12 other cities across Canada where EDC has offices.

That connection continues overseas in 10 key centres in strategically important markets where we have permanent EDC representation. All of our representatives are co-located with Canada's Trade Commissioner Service in Canadian embassies, high commissions, or consulates. This has proven particularly effective in those key strategic markets I mentioned earlier, the BRICM countries. What we have found is that our financial relationships with key buyers and borrowers combined with the experience and knowledge of the Trade Commissioner Service has enabled both of us to better match buyers' needs to the best products and technology that Canada has to offer. This in fact creates new opportunities.

In Brazil and Mexico, our work with Canada's trade team in those countries has led to an EDC business development plan that is completely aligned on the priority sectors in those markets for Canadian involvement. Joint research with DFAIT has also enabled us to take our strategies to a new level. In Mexico, for example, we have just jointly funded a study focusing on the needs of Mexican affiliates of Canadian companies that are engaged in manufacturing. The results will enable us to move beyond broad economic and trade statistics to specific strategies to help Canadian companies grow their business in that market.

In Russia, our collaboration with DFAIT and with CERBA, the Canada Eurasia Russia Business Association, directly led to that 50% growth in EDC business that I referenced earlier. It also led to our posting of our first permanent representative in Moscow in January of this year, and has led to some very specific programs targeting Russian agriculture, mining, energy, and telecom needs.

EDC is also a key participant in the government's global online services committee, which has been mandated to determine how the government's online trade and investment services can be better leveraged to enhance productivity and improve Canada's competitiveness. EDC has some unique capabilities in government. Close working relationships mean that they can be fully utilized when fast-breaking events occur.

An excellent example is EDC's role in managing the softwood lumber duty deposit refund process for the government last fall. Once the Canada-U.S. Softwood Lumber Agreement became into effect, the government wanted refunds paid out as fast as possible. EDC had the contractual expertise, the experience in making disbursements, and the ability to manage a complex program within strict costs and do so quickly. We stepped up to the plate, providing an accelerated payment process that fast-tracked refunds. The process handled nearly 900,000 transactions involving 829 companies, with a total disbursed value of \$3.1 billion. Canadian producers and sawmills began to receive those refunds just three weeks after the agreement took effect, and 99% of those refunds had been effected by the end of the year, more than half of them just within the first month.

You cannot anticipate these sorts of requirements, but it's an excellent example of how knowledge, content, and relationships can lead to original thinking and overcome complex problems and deliver results when needs arise.

Let me then conclude by briefly outlining some of our future plans.

We have adopted a very ambitious business strategy that focuses on responding quickly to the evolving needs of Canadian companies. The strategy has three basic pillars: connecting with Canadian exporters and investors, facilitating integrative trade, and leveraging the organization. This strategy also supports the key initiatives set forth by the Minister of International Trade, which are to actively support Canadian direct investments abroad and facilitate equity investments, to work in partnership with the private and public sectors, to increase representation abroad, and to focus on how EDC can enhance Canada's position in the United States and in emerging markets. We will continue to strengthen our links within government.

I'm pleased to advise you that we are about to sign a memorandum of understanding with the Department of Foreign Affairs and International Trade and the Canadian Commercial Corporation. The objective of this agreement is to develop systematic means for the exchange of market sector and company knowledge.

In closing, section 24 of the Export Development Act requires that the Minister of International Trade in consultation with the Minister of Finance initiate periodic independent reviews of EDC's mandate. The next review must be initiated in 2008 and will involve consultations with an extensive number of stakeholders, including Parliament, government departments, Canadian business and their associations, financial institutions, academia, and civil society.

• (1215)

We at EDC look forward to working with more financial partners in more creative ways to meet our clients' needs. We also look forward to working with the government to fulfill our mandate and to increase our contribution to growing Canada's trade.

[Translation]

Mr. Chair, I am at your disposal to answer any questions.

Thank you.

[English]

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

We will now go to the presentation from the Canadian Commercial Corporation, Mr. McBride.

If you want to bring your colleague into the presentation, feel free to do so. Just go ahead, please.

[Translation]

Mr. John McBride (President, Canadian Commercial Corporation): Good afternoon. I thank the members of the committee for inviting my colleague Marc Whittingham and myself.

[English]

I understand that you've received a copy of our corporate plan, which was tabled in Parliament two weeks ago, on May 1, and it amplifies many of the comments that I'll make today.

At CCC, since we are a smaller crown corporation employing only 100 people, the interrelationships between us and other government departments and agencies are paramount to our success. Before I speak about these linkages, let me tell you a bit about CCC and how it helps Canadian exporters.

The Canadian Commercial Corporation's focus is to increase trade by helping foreign governments to benefit from Canada's export capabilities through CCC's procurement and contracting expertise. It works in areas where there is a clear role for government intervention in the procurement and contracting process. In practice, this means CCC focuses on two main markets. The first is defence, which comprises approximately 75% of the contract billings of the corporation, or about \$1 billion a year. The sensitive nature of defence products and the significant role played by governments in this market necessitate a government-to-government contracting mechanism to inter-mediate trade.

The second business line for CCC is emerging and developing country markets. In particular, the corporation works with countries that do not have the capacity to undertake effective contracting and procurement efforts on their own. This latter part has been part of CCC's focus since it was created in 1946 to assist with the reconstruction of Europe after World War II by connecting Canada's export capabilities to European needs after the war. To enable its work, CCC was given broad legislative powers to develop trade between nations by exporting or importing.

[Translation]

Now I am going to compare the two main business lines, government-to-government contracting and supply officer services. In government-to-government contracting, the CCC signs a contract with a foreign government buyer and another contract with a Canadian exporter. As the middle man, the CCC makes sure that the contract with the exporter is carried out in accordance with the terms of the contract reached with the international buyer.

We transfer the contractual obligations to the Canadian exporter. This results in a secure government-to-government contract reached under the best of conditions for all parties. As well, the CCC manages the payment cycle between the foreign government buyer and the Canadian exporter. This allows a predictable and regular schedule of payments to be established and maintained.

As regards the supply officer services, the CCC accesses goods or services on behalf of public buyers or a multilateral organization for final use abroad, and manages both the contracting process and the purchasing cycle. In 2006-2007, the CCC worked with almost 200 Canadian exporters in 25 countries and conducted business worth in excess of \$1 billion.

[English]

Let me talk a bit more about CCC's defence business line.

Since 1956, CCC has been responsible for helping Canada meet its commitments under the Defence Production Sharing Agreement. The DPSA is an important part of the Canada-U.S. relationship. For Canadian companies, the agreement has ensured that they are able to compete on equal footing with American defence companies when bidding on American military contracts. For the U.S. and Canadian governments, the DPSA has ensured a strong North American defence industrial base. It remains the single largest element for the corporation, and between \$650 million and \$750 million of business with the U.S. DOD annually.

In addition, CCC facilitates procurement for NASA from Canadian sources, in a similar type of arrangement as that under the DPSA. While it remains optional for NASA to work with Canadian exporters through CCC, over 90% of all NASA work from Canadian sources is managed through the CCC, demonstrating the corporation's value to NASA and Canadian exporters.

Going forward, CCC will continue to strengthen the relationship with the U.S. government and examine other ways to work together to achieve a strong North American defence industrial base.

CCC has also leveraged its relationship with Canada's Department of National Defence. This has two distinctive elements.

First, the corporation leverages the Canadian Forces' traditional relationship with other militaries to learn about opportunities for Canadian suppliers in markets abroad.

Second, CCC leverages domestic equipment procurement internationally to the benefit of Canadian exporters. As Canada and our allies consider purchasing or upgrading equipment, changes in military operations require highly sophisticated capability and quality over quantity.

The cost of acquisition for highly complex equipment in very small quantities is often prohibitive for many militaries. CCC is well placed to provide to like-minded countries the ability to join with Canada in programs that DND has initiated or is considering. The combination of two or three buyers has the potential to provide economies of scale and make a program more affordable for both Canada and allied forces.

Let me talk a little bit about CCC's work in emerging and developing country markets. In these countries, where there is often

insufficient capacity within local government to conduct efficient and transparent contracting activities, this can be an impediment for Canadian exporters and for achieving effective international development results. CCC employs unique relationships and contracting expertise to address these issues and generate benefits for both parties. CCC's government-to-government contracting and procurement services offer a valuable competitive advantage to Canadian companies operating in these complex public sector markets.

CCC contracts with a foreign government in an emerging or developing country to ensure due diligence and a fair and reasonable transparent proposal from Canadian exporters.

CCC also works with international funding and financing institutions to provide transparency in contracting and procurement in order for them to deliver their official development assistance programs.

On average, CCC's work in emerging and developing countries and markets represents about 25% of our business, or \$250 million to \$350 million per year.

I'm also very proud of CCC's contribution to wider Government of Canada policy goals, which have made a real difference to Canadian exporters and help foreign governments access Canadian solutions. For example, because of CCC's excellence in contracting and procurement, we were brought on board to Action Canada's contribution to promoting peace in the Sudan.

CCC is also making a tangible contribution to stabilization and reconstruction efforts in Afghanistan, for example, through our organizing and executing delivery of equipment for the Afghan National Police force. The dedication and professionalism of CCC personnel has made this possible.

With the Canadian International Development Agency, CCC is well positioned to work with companies that use CIDA Inc., a cost-sharing program that provides financial support to Canadian companies to carry out feasibility studies or provide implementation support in developing countries. With CIDA Inc.'s financial support at project inception and completion, CCC's role as a final contractor fits squarely in the middle and acts as a complement to CIDA Inc. to support Canadian firms wishing to undertake development infrastructure projects.

With EDC, the focus has been on connecting CCC's government-to-government contracting and procurement service options with EDC's finance and insurance offerings for the benefit of Canadian exporters. Joint EDC-CCC missions to Asia, Africa, and the Caribbean have proven to be valued tools for Canadian exporters wishing to advance and secure contracts in emerging and developing country markets.

Finally, CCC was recognized by the Treasury Board Secretariat with the award of excellence for outstanding teamwork in developing online client-centric service. Specifically, the award commended the electronic client relationship management and the virtual trade commissioner services created through a partnership with CCC, DFAIT, EDC and Agriculture and Agri-Food Canada. This initiative underlines the collaborative approach that exists throughout the federal government to better coordinate service offerings to Canadian exporters through a single point of entry.

• (1220)

As Ken Sunquist, the assistant deputy minister for global operations and Canada's chief trade commissioner, mentioned when he was here to speak to you last week, CCC has recently signed an MOU with DFAIT to implement a pilot project in Montreal. Officers in the regions will do the front-line work of promoting and counselling for the corporation. CCC will also sign an MOU with EDC and DFAIT to enhance business development and information-sharing activities.

[Translation]

In summary, the CCC works in collaboration with several departments and federal government agencies. This year, our goal, as our business plan shows, will be to work even more closely with the Department of Foreign Affairs and International Trade, Export Development Canada, the Department of National Defence, and the Canadian International Development Agency to develop more sophisticated partnerships in order to better serve Canadian exporters and to increase Canada's international trade.

Thank you for the time that you have kindly granted me and I am at your disposal to answer all your questions.

• (1225)

[English]

The Chair: Thank you very much for your presentation.

We'll go to the last presentation of the day, from Ms. Métivier. You have up to eight minutes. Go ahead, please.

Mrs. Edmée Métivier (Executive Vice President, Financing and Consulting, Business Development Bank of Canada): Mr. Chairman, thank you very much. This is the first opportunity BDC has had to meet the members of this committee formally.

An hon. member: How are we looking so far?

Mrs. Edmée Métivier: It's pleasant. So thank you for allowing us a few minutes, actually, to share our story with all of you.

We welcome your examination of the roles and responsibilities of the departments, agencies, and crown corporations that deliver our government support for entrepreneurs. We welcome any discussion and all ideas that will help us continue to meet our one goal: to make the most relevant, helpful contribution we can to the health of Canada's small and medium-sized businesses in Canada.

Our president and CEO, Jean-René Halde, could not be here today. He sends his regrets. Respectful of prior engagements, he is visiting our operation and clients in B.C. and Alberta. Jacques, my colleague, will answer any questions on venture capital later on, as it is his area of responsibility.

On behalf of BDC, we would like to share with you who we are and what we do to help entrepreneurs meet the competitive challenges of globalization. BDC has been helping SME exporters since 1944. We have much to offer, and I trust that you will find our contribution helpful to your work.

As you know, BDC is a business development bank. Parliament created us to support entrepreneurs and to promote entrepreneurship. We do this by offering financing, consulting, and venture capital services to SMEs. We offer these services on a pan-Canadian basis. Our employees work from 92 offices across the country, from St. John's to Vancouver, from Rimouski to Whitehorse.

We use partnerships to reach entrepreneurs who do not live in cities and towns. The best example of this would be our work with Community Futures development corporations, a network of more than 200 centres in mostly rural areas. Every day, about 600 BDC employees visit hundreds of SMEs. This direct access places BDC in a privileged position with SMEs.

At present, more than 27,000 Canadian entrepreneurs are BDC clients. To support them, we have invested over \$10 billion in committed financing and venture capital. We have close to 200 companies in our venture capital portfolio, and through our investment in 17 funds, we have an equity position in more than 65 other companies. In total we have \$770 million committed to about 250 companies in Canada.

Last year alone we also provided more than 2,400 business consultations. These were in areas like strategic planning, productivity improvement, and so forth. Of our 27,000 clients, more than 6,000 are exporters. In value, this is almost 40% of our portfolio, or a little over \$4 billion.

As you know, BDC is commercially viable. The main thing to remember about our ability to be profitable is that this dictates the mode of operation that makes us constantly anticipate and meet SME needs. As the needs of SMEs evolve, so do our services. Indeed, we resemble SMEs ourselves in that we have to stay relevant to be profitable.

If we do not evolve with them, we will not be able to attract them as clients. It is as simple as that. Relevance is the key to our success. One has to remember that we succeed even though we price our loans at a higher interest rate than do other financial institutions to compensate for the greater risk we take.

In recent years we have been actively looking for ways to help SMEs deal with globalization and constant changes triggered by new market forces. The key to competitiveness is adaptation. Simply put, SMEs have to change to sidestep threats and seize opportunities.

•(1230)

[Translation]

To show the support provided by the BDC in assisting entrepreneurs to achieve success in global markets, I am now going to give you two examples of BDC clients. The first is a traditional client, a manufacturer who adapted, and the second is quite a different client, one who understood globalization from the beginning and who is transforming an innovation into a product and service successfully sold around the world.

Client One is a company that produces slate roofing tiles. Its manufacturing processes are rooted in the traditions of European master quarry workers. But in a global market, its competitors are not the ones in the next quarry. They are in Spain, in Brazil and in China. Wishing to remain competitive, this company has invested in research and development in order to improve its productivity and the quality of its products. At the same time, it clearly realizes that reaching new markets needs excellent preparatory work.

So its owners came to BDC for help in developing a strategic plan for the company's future growth. Our consulting services helped them to objectively analyze the strengths and weaknesses of their company, with a view to identifying a successful structure. Today, the company exports its products to Europe, to the United States and to Australia. It has increased its production twentyfold, and it now employs 300 people.

[English]

Client two is different. It sprung from the results of almost a decade of research and development in welding, metallurgy, and artificial intelligence. This R and D produces a niche product, that is, highly specialized high-tech robots that do sophisticated welding on production lines. Ninety percent of client two sales are exported to the United States, Europe, and Asia. To most firms, this percentage would be astonishingly high, at least for an SME. To our client, it is all they have ever known.

You will not be surprised to hear that these entrepreneurs were also global in outlook when they decided to open branches. They did so in Asia and the United States. This is in part because their competitors are as globalized as their clients: a handful of specific companies in England, Germany, the U.S., and Japan.

As I said, client two is a special breed of entrepreneur that deserves close attention for a minute. These entrepreneurs are the ones who are trying to create the globally competitive companies that must be part of Canada's long-term recipe for prosperity. When they succeed, Canadian society benefits.

In the case of client two, our support will help build operational and management capacity here in Canada. Three-quarters of their employees are highly qualified engineers, software specialists, and physicists. The company's annual revenues are in the range of \$4 million. I think it's important to remember that this breed of entrepreneur embraces a degree of risk and complexity that most people would actually shun or flee.

To turn a new idea or innovation into a globally successful company takes several years and a range of separate sophisticated skills. Every step of the growth cycle requires learning and

financing. There's no simple recipe here. Supporting venture capital clients takes great skill and patience. These are qualities that BDC has developed over its 30 years of experience in the venture capital sector. Increasingly, supporting them also requires support of a more aggressive kind, such as trade missions to Asia for the companies into which we invest, to help them break into these new markets.

So if we start with the premise that globalization is pushing our SMEs into a more knowledge-based, innovation-driven economy, forcing them to climb up the value chain, it follows that part of Canada's response to globalization must be support to SMEs. I would suggest that BDC, a cross-country, flexible instrument of public policy, with a hard-wired focus on SME needs, six decades of experience with exporters, and three decades of experience in venture capital, is an important part of that response.

To remain relevant and of value to our customer, we will have to support a rising number of clients facing a rising number of tough challenges. Part of our strategy to do so is to find or create collaborative partnerships that can increase our impact and that of our peers. For example, we are working to get closer to NSERC and the National Research Council. We give NRC employees training sessions on venture capital, how it works and what the rules of the game are. Indeed, we also have some of its employees positioned in some of our offices. We have begun discussions with the international trade department about stepping up our support to SMEs and about how to help finance foreign direct investment in Canada. We have also started discussions with EDC to see how we might bring our existing cooperation to the next level.

With this partnership-seeking mode in mind, the question is, how do we ensure that departments, agencies, and crown corporations that support Canada's interests in international trade provide the most effective and collective contribution? We think a good start would be to leverage rather than replicate each others' trends. That is why we are here. BDC has deep knowledge of SMEs, and expertise in venture capital and other types of financing, and we are happy and willing to contribute within our means and our mandate.

•(1235)

We welcome your deliberation, Mr. Chairman, and we look forward to your report.

Thank you.

The Chair: Thank you, Ms. Métivier.

We'll go now directly to questions. Mr. Bains, for seven minutes.

Hon. Navdeep Bains: Thank you very much.

Mr. Peter Julian: On a point of order, Mr. Chair, since there's only 24 minutes left, might I suggest that we do six minutes per party?

The Chair: We'll continue with the seven-minute round, as the chair is instructed to do.

Go ahead, please, Mr. Bains.

Hon. Navdeep Bains: Thank you very much.

Again, I want to thank the witnesses for their patience. As you witnessed today, we had a little bit of housekeeping to do, and we greatly appreciate the fact that you had an opportunity to see that first-hand, at times, some of the housekeeping items that need to be addressed in the committee.

Mr. Siegel, I appreciate your remarks initially, because I did have some questions with respect to the softwood lumber agreement, and I think with respect to machinery of government, that's a very important issue that has come forth. You outline in your remarks some of the achievements with respect to that agreement and the processes involved around it.

As you know—I just want to give you some background, but you're probably fully aware of this—we are in consultation and possibly might go to arbitration with respect to the softwood lumber agreement. So I've received a lot of calls and concerns and e-mail from many people regarding this agreement.

The question I have is with respect to the implementation—and you alluded to this—the process of how EDC got involved with respect to these duties. These duties were held by the United States, and now these duties are being dispersed to Canadian companies, and EDC has helped facilitate that. Have the full amounts been returned to the companies that were owed the moneys?

Mr. Eric Siegel: Mr. Chairman, I thank the member for the question.

Let me clarify a couple of things. Obviously EDC was not involved in the negotiation on the agreement. That was handled by the government directly with the U.S. government. We were asked to develop and implement a process such that once the agreement had come into effect, rather than exporters having to wait what was estimated potentially to take up to two years for the U.S. government to actually liquidate the duty refunds, it would allow for those moneys to flow to exporters much faster. Our involvement was merely to develop and implement that process. It was voluntary as to whether companies chose to participate in it or not, and that was their assessment as to whether they felt that they were better off waiting for the refund from the U.S. government as opposed to following the process that EDC provided.

About half of the overall eligible recipients participated in the program. Of the total \$5 billion, roughly, of rebates, \$3.1 billion is what I said was the amount that was liquidated by EDC through the 829 participants in the program. All of those liquidations have taken place now. Actually, all but one of them were completed by the end of the year. The vast majority of them were completed within the first four weeks of the program.

We have now completed the program. We are also in the process of completing an audit. The Auditor General will, in conjunction with its normal Canada Account audit, audit the process to ensure that it met all the requirements and conformed to all the processes. So it is now complete.

• (1240)

Hon. Navdeep Bains: So the refund has been provided to the companies.

In terms of EDC, has it received the moneys from the United States government?

Mr. Eric Siegel: Yes. When I said “complete”, I meant we have made the disbursements and we have subsequently got back the reimbursements. We have remitted those funds to the Government of Canada. We have also completed all costs that we have incurred. It was under budget from what we had initially anticipated. It is now complete, save for the Auditor General completing, in their normal course, the Canada Account audit.

Hon. Navdeep Bains: You say “costs incurred”, so I assume that's bridge financing or some sort of financing.

Mr. Eric Siegel: No.

Hon. Navdeep Bains: What kind of costs are you talking about? Could you elaborate?

Mr. Eric Siegel: Mr. Chairman, the costs I'm talking about are just the costs of EDC to actually administer the program. We had to set up a call centre. We had staff at that call centre. We had to develop legal documentation, because we were actually purchasing the right that the exporter had to receive the refund, paying them out, and then ultimately taking that right and collecting from the U.S. government. So we had a number of administrative-related costs to operate that program. Ultimately the rebates themselves then had some interest earning on them, because they bore interest until such time as the U.S. government liquidated them. So the net of those two would be the cost that was incurred for the program itself.

Hon. Navdeep Bains: What was the time span from when you disbursed the amounts to the companies and when you received the funds from the U.S. government? What was the time period, roughly, or the difference between the two?

Mr. Eric Siegel: Roughly, the U.S. government started to liquidate the rebates within about three to four weeks of the actual agreement coming into force. They were doing a certain number per week.

This is why it was very important for us to ensure in all cases—which we did—that those who chose to participate in the program received their money faster through EDC than they would have had they waited for the rebate from the U.S. government. So we were very concerned that we could do that, and we were able to accomplish that.

Hon. Navdeep Bains: Why would certain companies decide not to get involved in this particular process? It does seem to be very efficient, in your viewpoint, and a timely transaction, as you illustrated. Why would they decide to deal directly with the U.S. government? Why would they not participate in this program? What feedback did you receive from those companies?

Mr. Eric Siegel: It was just a choice some companies made. Some companies obviously were very concerned about receiving the funds immediately, or before their year-end. Other companies were not as concerned. There were some very large rebates associated with large companies. They each made their own business decision on whether or not to participate in the program.

Hon. Navdeep Bains: What will the timeline be, in your opinion, for when they receive the funds if they decide not to go through EDC?

Mr. Eric Siegel: I don't know exactly, but I would expect that the majority, if not all, of those players who didn't participate have now received their rebate from the U.S., if they were entitled to receive one.

Hon. Navdeep Bains: How am I doing with time?

The Chair: You have a minute, Mr. Bains.

I am questioning the relevance of a lot of your questions. Perhaps you could get to the business at hand.

Hon. Navdeep Bains: Sure, Mr. Chair.

Just to reiterate, this is the machinery of government. When government develops policy, I ask questions about implementation. So I feel this is completely relevant because it has to do with the implementation of a very important policy. Is that...?

The Chair: Go ahead, Mr. Bains.

Hon. Navdeep Bains: Again, the reason I ask is that some of these concerns have been brought to me. And as you've indicated, this is something that is going to be audited, as well.

Is there any timeline for when that audit will take place?

Mr. Eric Siegel: The Auditor General does a normal Canada Account audit in the course.... I don't have the exact expected date, but we could provide the chair with it.

It's not a special audit; it's a normal course audit that they would do of Canada Account, since this was administered through that program. So I can provide that information.

The Chair: Thank you, Mr. Bains.

Monsieur Cardin, for seven minutes.

[Translation]

Mr. Serge Cardin: Thank you, Mr. Chair.

Thank you, madam, gentlemen. I would particularly like to greet Mr. Simoneau, whom I got to know in Sherbrooke when he ran the Société Innovatech du sud du Québec. I would like to congratulate him for the work he has done.

I will be brief, because we are unfortunately short on time.

You have 27,000 clients, of whom 6,000 are exporters and make up 40% of your portfolio of \$10 billion, I believe. Among your exporter clients, there are categories, as you say. You mentioned innovation, knowledge, research and development. I do not think that I am wrong in saying that this is the foundation we need if we want to be competitive on a global scale.

But this takes two business directions; either companies must develop a product, a niche, something special, that therefore becomes easily exportable around the world, or they have to increase productivity tremendously in order to be as globally competitive.

How does this break down in your portfolio among the companies with whom you work? Perhaps there are others, but those are the ones that I can see most clearly.

•(1245)

Mrs. Edmée Métivier: I will answer the first part of your question, and I will let Jacques answer the second part because the two business directions are very different.

The venture capital companies in Jacques' group operate globally, for all intents and purposes, on the day they are formed. In our 6,000 companies — of course, the number changes each year because we have new companies who leave us for all kinds of reasons — we find a little of everything. We have many manufacturers in the export business, service companies, and self-starting companies with an interest in global markets. The more traditional of these companies require a little more attention these days, especially those in manufacturing.

A company that wants to start investing in global markets overnight must do a number of things. It must invest in its equipment in order to become more productive and it must invest in its know-how. So we help these companies with management consulting, as well as by providing them with working capital with which they can research new markets and products. In fact, we support them throughout this period. This is what BDC does best. We are the only financial institution in Canada whose only clients are SMEs.

About a third of our 6,000 rapidly growing companies have the potential to become even bigger. We are following them closely.

Mr. Jacques Simoneau (Executive Vice President, Investments, Business Development Bank of Canada): In the venture capital portfolio, the nature of the investment means that they are all high-tech companies that are in the process of building technological platforms and products that they will then sell. Sometimes they have started selling them already, sometimes the sales come later.

These are global companies from the outset. Their competition is global, but so is their potential to attract customers. These are the companies to which, as Edmée said earlier, we have committed \$770 million.

They are divided into four large groups: life sciences, information technology, telecommunications, and another group that we call advanced technologies, including the environment, energy, and all kinds of other areas that are perhaps a little more industrial than the others.

Mr. Serge Cardin: Thank you.

I am going to share my time with my colleague.

[English]

The Chair: Go ahead, Monsieur André.

[Translation]

Mr. Guy André: In the climate of globalization and wider and wider commercial relationships, some sectors in Quebec and in Canada are being undermined by competition from Asia, as you well know. The job losses in these areas are enormous. They have to change course and improve their technology and their production. I am one who believes that manufacturing still has a place in Quebec and in Canada.

I would like to know what your business relationships and work relationships are with local organizations out in the regions. Do you have targeted, strategic approaches to support and develop sectors that are being weakened by global influences?

Mrs. Edmée Métivier: That is an excellent question. In fact, the question has two parts.

First of all, we have 600 people in the field, people who visit SMEs every day. Local people of influence work with us. At BDC, we do a lot of community work. We have 92 community offices. We work with people on-site. In places where EDC also has a presence, we often visit SMEs together.

As for targeted activities, this is a very good question because, of course, globalization is a concern for us too. Manufacturing makes up a third of our portfolio. That is quite significant.

Our Canadian manufacturers are important, and they must change course. To do so, we realized that we needed two distinct approaches. One is a little more general, to raise awareness of globalization and what it means for our SMEs in Canada. The other is more individual, one on one. So we are working on two strategies at once. One targets a selection of growing manufacturers who are encountering challenges but who, in our opinion, have the potential to make the course correction relatively quickly. Since the beginning of April, we have been meeting with these people one on one, to see what their needs are and how we can help them align their strategic thinking with what they have to do to be more competitive on a global scale.

Our second approach is more general in the sense that we bring SMEs together in their own communities. We did it recently in Longueuil and we will be doing it in two other places very soon. We bring together 50 or 60 businesspeople who are working on a somewhat smaller scale, and we brief them on the reality of emerging markets like China, Vietnam or India. We have an on-the-spot discussion with them that takes a couple of hours, and afterwards, we meet them individually. Then our consultants sit down with those who decide that they are ready, and who want to have, for example, a discussion in greater depth to examine their strategic plan. First of all, we want to know whether they have one, what it means, where the weaknesses are, and if their present business model is competitive.

We have a third approach that is also very focussed. We are currently taking a look at our own portfolio. With 27,000 clients, we have a significant sample, we can do good work. We are looking at the SMEs' business models, the way in which they are structured to achieve global success. I feel that we will end up with three or four, or perhaps four or five different business models that a manufacturer could implement. Once that is done, our consulting involvement will be even more specific. We are trying to learn along with our clients, and to identify successes that we can pass on to those who are having a harder time. That is what we are doing.

• (1250)

[English]

The Chair: *Merci, monsieur André.*

Mr. Allison, for seven minutes.

Mr. Dean Allison: Thank you, Mr. Chair.

Thank you once again to the witnesses for being here today.

I have just a couple of questions.

I am certainly familiar with BDC and EDC. CCC, for the first time.... That's one of the nice things about being in this job; as a member of Parliament, you learn new things every day.

We're talking about crown corporations or government agencies. Can you talk about the continuum, how you guys work together—or maybe you don't work together—in terms of the overlaps of products and services? I understand, Mr. Siegel, what you guys do at Export Development a little bit, in terms of financing. So maybe you could just talk about where you guys are in the continuum of working with businesses.

Mr. John McBride: Thank you very much for the question. I appreciate that.

CCC is contracting and procurement. BDC is financing and risk products; we're contracting and procurement.

We work for foreign governments to help them buy things in Canada by either acting on behalf of Canadian exporters to sell products to foreign governments or helping advise foreign governments on how best to procure things in Canada.

Sometimes I say we're like the international Public Works. Public Works contracts for the Canadian government when it's buying things; we work with foreign governments to help them contract and procure. We do that in very specific markets, because in general exporters should be able to do contracting and foreign governments should be able to do contracting and procurement themselves.

Of our two focuses, one is defence, because the nature of the business and the nature of the product is very government dominated, very sensitive kinds of products. We work in defence, government-to-government defence contracting, and in developing countries. And I really mean developing countries, countries that don't have the capacity to undertake complex procurements.

Maybe it's best to illustrate it through an example: we're currently contracting on behalf of Acon, a Canadian supplier, to build an airport in Quito, Ecuador. We're the contractor. We subcontract with Acon. We have a relationship with the Government of Ecuador to secure that contracting. EDC is providing part of the financing to the project and providing many of the risk products. They're providing risk products for the export transaction, they're providing financing for the export transaction, and we provide the contracting and procurement mechanism where necessary. We fit in very specifically in contracting and procurement.

• (1255)

Mr. Dean Allison: Mr. Siegel.

Mr. Eric Siegel: In simple terms, EDC is really associated with facilitating foreign transactions, be they export or be they investment abroad. We're doing that with a variety of products, insurance products and financing products. In that way we're helping Canadian companies to build up, but we're not really involved, except to a very limited extent, in the formation of new companies here in Canada. I'll let BDC speak to that.

EDC has a small equity program, which is focused both on foreign markets and trying to help, with equity, leverage companies into those markets, and potentially at the later stages in helping companies that are going into the export market to be able to be active participants or expand their reach in those markets.

Primarily we are a financier and insurer, facilitating trade transactions associated with companies.

Mr. Dean Allison: Thank you.

Mrs. Edmée Métivier: BDC, as my colleague was suggesting, is involved in the creation of companies. So we do, actually, venture capital. The business of venture capital is to commercialize research and development from university and other research labs in Canada.

We are involved in the creation of companies, but we're also involved in the growth of these companies. We do support globalization of these companies in one way or another. When it comes to the more traditional financing, it's financing projects. Usually an entrepreneur has a project they want to expand, they want to buy a new piece of equipment, or they want to invest in researching a new market, a new product. So we call ourselves project financing.

We also provide management support, consulting services, because with an SME, there are two things that are growing at the same time. There's the business and there's the management that has to evolve, and we have to invest in that. So that's why we have those three lines of business. Venture capital is in the creation and formation of companies. Traditional financing for us is more the support and the growth of these companies.

At the higher end, when these companies become more global, we do work with EDC.

Mr. Dean Allison: I'm assuming you cooperate right now. Is there any way to make those synergies better?

Mrs. Edmée Métivier: Yes, we do. That's why we're engaged in discussion to see what would be the next level of cooperation.

But as we speak, the representative of EDC in the field and our people are working together. We do refer business to EDC when we see the need with our SMEs, and we are engaged in discussion to actually collaborate even more.

Mr. Eric Siegel: Yes, I would just build on that. I think there has always been a level of collaboration, but I think in the world we're now facing—we've talked before to the committee about integrative trade and more difficulty in drawing boundaries—it is even more important that we step up the dialogue and the collaboration, and that's happening.

We mentioned the memorandum of understanding that is being signed with DFAIT and CCC and EDC. It's all about that. We regularly plan with the department. We're engaging in the same level of dialogue with BDC, and it's followed out in the operational engagement as well, which Ms. Métivier has spoken of.

So it's going to even yet another level of intensity.

Mr. Dean Allison: Good. Thanks.

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

Thank you all for coming today. I do appreciate it immensely. There was a bit of a holdup, but I think you got a lot of information into a short time.

So thank you very much. I'm sure we'll talk to some of you again.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.