

Statement to the Standing Committee on Foreign Affairs and International Trade on Canadian Foreign Policy Objectives, by John J. Noble, retired Canadian diplomat and Director of Research and Communications at the Centre for Trade Policy and Law, Carleton University.

March 27, 2003

Mr Chairman and Members of the Committee,

It is a pleasure for me to appear before you this morning and to renew acquaintances with several members of the committee, whom I have known as members of the Canada/Europe Parliamentary Association and their participation in the Canadian Observer delegation to the Parliamentary Assembly of the Council of Europe (PACE) in Strasbourg, France. The PACE is composed of members of the national parliaments of the 44 member states of the Council of Europe. It is not to be confused with the European Parliament, which is made up of members elected directly to that body from the member states of the European Union. The participation of a Canadian Parliamentary delegation of MPs and Senators at the PACE was valued by many members of the PACE. The annual parliamentary review of the OECD is conducted by the PACE with the addition of parliamentarians from Canada, Mexico and South Korea as full members for that debate. The Hon. Charles Caccia has served as rapporteur for the OECD debate on several occasions and his work is highly valued, as was the active participation of Mrs. Aileen Carroll and Mme. Francine Lalonde. As Observers to the PACE, Canadian parliamentarians can participate fully in the debates in committee on almost every subject, but they have some difficulty getting on the speakers list for debates in plenary. Membership does have its privileges and Canada doesn't meet the geographic criteria necessary for full membership in the PACE, even though on most issues the views of individual Canadian parliamentarians was very much in harmony with most of the members of the PACE.

This is the first time I have addressed a parliamentary committee as a private citizen and not as a public servant. That provides a certain degree of greater flexibility since public servants are always obliged to defend government policy. I will try to address the overarching questions prepared for witnesses by Dr. Gerald Schmitz, but first I would like to mention some of my reflections on where Canada has come from and where we are going.

During my 35 year stint in what is now DFAIT, I witnessed several foreign policy reviews and many differences with our neighbour the United States. I have chronicled some of these in the article which appeared in the February 2003 issue of *Policy Options* entitled "Getting the Eagle's Attention without Tweaking Its Beak," which I have made available to the Clerk and which is accessible on the IRPP Website (<http://www.irpp.org.org/po/index.htm>).

Let me now turn to the challenges of the future. In doing so I must congratulate this Committee and you, Mr. Chairman, for your report of last December 12 which called for Canada to advance a strategic North American vision. Given the timidity of the current government in wanting to discuss some of the issues which your report raises, it is not surprising that your report was not as ambitious in setting out prescriptions as it might have been. But you did identify many of the key issues which need to be examined and you have expressed the need to look at Canada's interests and not just sentiments in the development of such a strategic vision. Your report also includes many comments by critics of any further rapprochement with the United States. Many of them are sore losers from the free trade debate of the 1980s and don't reflect the attitude that most Canadians have towards wanting closer relations with the United States, as shown by the most recent polls. But the naysayers will always grab the headlines, which is why I have been suggesting to people that we need another Royal Commission on Canada's Economic Prospects, to ensure that everyone gets their say and that there is a firm analytical basis on which to make a political decision. That is what Pierre Trudeau did when he created the MacDonal Royal Commission. I should also remind the Committee of something which Pierre Trudeau said in May 1983 in an open letter to Canadians regarding the testing of the cruise missile: "the knee-jerk anti-Americanism of some Canadians verges on hypocrisy."

Relations with the United States have to be the top foreign policy priority of any Canadian government. North American economic integration is happening whether governments like it or not, and unless the Canadian government does more to limit the impact at our border of the uncertainties created by the post 9/11 situation, we are putting Canadian jobs at risk and all that entails for the maintenance of our social welfare system. The naysayers worry that economic integration is a step towards political integration, which is arrant nonsense on both sides of the border. The Americans have long since abandoned any pretence to "Manifest Destiny" and certainly the Republican Party would be most wary of having the political balance in the Senate and House upset by those "liberal/extremist" Canadians. Canadians for their part have a long history of not wanting to become part of the United States but of wanting to share in the economic benefits of a close association.

The US Ambassador to Canada has stated recently that US security concerns trump Canadian economic concerns. The challenge for Canadian policy makers is how to find a way to mesh these two objectives in a manner which both sides find acceptable. Your Committee has heard from many witnesses in the preparation of your December 2002 report and I will not repeat their proposals except to say that you were right to call for a strategic vision, which deals with all aspects of the matter and not simply tries an incremental ad hoc approach. There are some difficult choices ahead and not making them will allow others to make them for us, with consequences which could be very negative for Canada's interests.

First of all I would suggest that we need a Canadian national security strategy, which will put in one place our objectives, the challenges and how we propose to deal with them. Last September President Bush issued his National Security Strategy, which included the

doctrines of pre-emption and unilateralism, but which also had a lot of strategy and policy for multilateral action, including such words as: "no nation can build a safer, better world alone" and that "alliances and multilateral institutions can multiply the strength of freedom-loving nations." Most Canadian commentators and indeed Minister Graham failed to comment on Chapter VIII which mentioned Canada as a centre of world power and included the statement that "there is little of lasting consequence that the United States can accomplish in the world without the sustained cooperation of its allies and friends in Canada and Europe."

The validity of that statement didn't get buried in the sands of Iraq or in the failure of our efforts to promote a compromise proposal at the UN on Iraq. It means we have to engage the US on a variety of issues and be prepared to discuss their concerns as much as our own. That is how Canada's commitment to multilateralism can be combined with efforts to exert influence with the United States. Take them at their word and engage, rather than constant carping from the sidelines.

I am not sure that Minister Graham's reference to an International Policy Framework in his speech to this Committee two days ago covers what I have in mind in a national security strategy.

A Canadian national security strategy would not deal just with relations with the US, but with the world at large, and with issues ranging from defence spending to the environment, trade, energy and aid, as does the American strategy.

Getting back to relations with the United States, let me highlight just a couple of the many key issues: First, do we seek a North American security perimeter or do we want the Canada/US border to be the point where US security concerns have to be satisfied? Second, what are the implications for foreign direct investment in Canada as a result of the continuing uncertainties of the border?

The concept of a North American perimeter is not new and the idea was considered in Chapter 3 of your report and your Recommendation 28 which recommended looking at the implications of such an idea. We have had NORAD for over 45 years, which created a North American perimeter against the Soviet bomber threat, which no longer exists. Equally in a reverse sense we created a North American perimeter to control the export of sensitive technologies outwards.

The new threat to Canada and the United States comes not so much from states but non-state actors and the most significant response to that threat comes not from massive new spending on defence but from changed policy in other areas. I agree we need more spending on defence, but I do not see it as dealing with the threats to North America posed by terrorist activities.

First and foremost we need to plug the holes in Canadian policies and practices which permit potential terrorists easy access to our shores under our refugee policy or visitor policies. I do not think that our regular immigration programme, which ensures full

security screening before applicants arrive in Canada, is an issue with the Americans. Their concern is with the administration of our refugee policy, which encourages queue jumpers and opens the possibility that terrorists will try to slip in under its provisions, with a view to slipping into the US.

The two governments have recognized the need for some actions not only on a perimeter basis, but others which extent to trying to control high risk people and cargoes before they reach our shores in elements of the Smart Border Plan.

Canada has negotiated a safe third country agreement with the US to deal with the two thirds of refugee claimants who come from the US. That leaves another third of refugee claimants coming from other countries, mainly European, for whom our standards are among the most generous or lax in the world. The British have declared Canada to be a safe third country and will return any refugee claimants from Canada to us. Heathrow is the largest single transit point in Europe for refugee claimants coming to Canada. The government should declare all European countries as being safe for refugees and that we will return all such claimants to those countries for determination of their claims. There is no need to negotiate such agreements with the countries; it can be done unilaterally as the British have done vis-à-vis Canada. My understanding is that DFAIT is baulking at such an approach on the basis of concerns for political relations with certain of our European partners rather than looking at the issue in terms of satisfying American security concerns. This is bad policy formulation within DFAIT and perhaps elsewhere in the government, which ignores our basic interests for sentimental reasons.

I am not advocating a reduction in the numbers of legitimate refugees that Canada takes in. However, we need some fundamental adjustments to the administration of that policy to satisfy American security concerns. It makes no sense to go to Windsor and proclaim the weaknesses in the American system to justify the weaknesses in the Canadian system. We don't need to adopt the American system, but we need a system which we can convince the Americans is just as secure as theirs. We don't have it now and until we do, this will be a major impediment to reducing the uncertainties of our bilateral border.

My second point relates to the negative impact which the uncertainties of the border have on foreign direct investment. I couldn't find much on this issue in your December 2002 report other than a comment by the Deputy Minister of Industry, Peter Harder, and there is no reference to this issue in any of the recommendations. Last November the Conference Board of Canada produced its report "Canada 2010: Challenges and Choices at Home and Abroad." One of its major findings was: "border management is critical to Canada's economic and physical security. Without assured access to US markets, trade flows will be at risk. Moreover, future investment decisions will be made that locate plants and equipment outside of Canada" (page 10). A key policy choice suggested in the same report was that "Canada should start to debate the merits of various options for securing access to the U.S. market that range up to, and include, a North American customs union" (page 10). In January 2002, the Center for Automotive Research in Ann Arbor, Michigan produced a report for DFAIT entitled "The Canada-US Border: An Automotive Case Study." The report concluded that the "border crossing is an integral

part of approximately C\$1000 of Canadian components in US-built vehicles and approximately US \$7,400 of US content in Canadian-built vehicles. It appears that Canadian assembly and component parts are most exposed to any decay in the reliability and dependability of the border crossing... In particular seating operations that require absolute adherence to a JIT (just in time) production schedule discipline and engine and transmission plants that are key capital intensive and require full utilization for profitability are at the greatest risk to any decay in the border's ability to deliver dependable crossing times." The key point is that any foreign investor looking to invest in the North American market will be concerned about the uncertainties of the border and more likely to invest on that side of the border where he sells most of his product, which in almost every case is not Canada.

Investment Partnerships Canada issued a report earlier this month (Policy Advocacy Report March 2003) which shows that Canada's share of incoming foreign direct investment (FDI) from outside North America has declined from just below 10% to just below 6%, in the period 1988 to 2000. In the same period the US share of inbound FDI has increased from 88% to just under 92%. In other words we are losing out on FDI to the United States, not to Mexico. This despite all the efforts employed by the Government Ministers, senior public servants and Ambassadors and Trade Commissioners to show that Canada is the best place to invest to deal with the North American market. I suggest that one of the key reasons why our message is not getting through relates to border uncertainty and the myriad of differing regulations on either side of the border. That appears to be the conclusion reached in the IPC Report too.

In terms of the overall management of our relations with the United States several Canadian sources have suggested a comprehensive approach dealing with both trade and security concerns. The CD Howe Institute launched its suggestion of a strategic bargain in a paper by Wendy Dobson last April. Others including Hugh Segal and Alan Gotlieb have supported this idea. The Canadian Council of Chief Executives launched its own proposal for a "North American Security and Prosperity Initiative" in January 2003, and my colleagues Bill Dymond and Michael Hart at the CTPL have complementary ideas in their paper for the CD Howe Institute "Canada and the Global Challenge: Finding a Place to Stand". All of these proposals suggest a comprehensive agreement which deals not just with trade issues but also with security issues in a manner which ensures that security will not trump trade. They also present what I believe is a convincing case about the dangers of not proceeding in such a comprehensive manner.

Canada has never placed its security in the hands of the United Nations in a practical sense. When he was foreign minister, Louis St. Laurent was a prime instigator in the founding of NATO, which together with NORAD were the prime security instruments for Canada during the Cold War and in the 1990s. While peacekeeping came to be a vocation, our soldiers were trained to fight wars and for over almost forty years we had troops and fighter aircraft in Europe as part of the NATO deterrent to Soviet aggression. Any ideas that the end of the Cold War might see the United Nations finally come into its own as an effective instrument for international peace and security, as espoused in former UN Secretary General Boutros Boutros Ghali's "Agenda for Peace," have proved illusive

for a variety of reasons, including an American unwillingness to put its security in the hands of such a diverse group of countries who have different value systems. One of the early actions by the Chrétien government was to almost declare war unilaterally on the EU for 3,000 tonnes of a fish which most Canadians had never eaten. Gordon Smith can tell you just how close we were to such a unilateral action. Prime Minister Chrétien tried to mount an international military effort to stop the atrocities in the Congo, but struck out with the Americans in the mid-1990s and Canada didn't have the capacity to do anything on our own except offer to lead such a mission. As late as 1999, when faced with seven years of Serb aggression in the Balkans, NATO countries finally decided to resist the latest atrocities in Kosovo, by starting an air war. A conscious decision was taken not to seek a Security Council mandate, because we knew the Russians would veto it. This was a time when Canada was on the Security Council. Our CAF aircraft dropped ten percent of the bombs on the Serbs. By default Canada long ago placed its security in the hands of the United States and our NATO allies. Canada and the United States are tied together by geography and many more things. Lloyd Axworthy took the decision to proceed with the highly successful anti-personnel land mines convention outside the UN process because he feared and rightly so, that the UN process would kill it. We kept the proposal for an International Criminal Court out of the Security Council because we knew that the Americans would veto it. The idea espoused in what Alan Gotlieb has called the "Chrétien Doctrine," that the UN must henceforth endorse any military action against known tyrants, is the height of folly and is unlikely to last beyond the mandate of the Prime Minister.

One of the reasons why Canada is valued on the world scene is our ability to speak frankly to the Americans and to influence their positions. I am concerned that the rising level of knee-jerk anti-Americanism within the Liberal Party and its elected members, and in other parties too, is putting at risk a lot more than our economic interests, but also our ability to bear influence with the Administration and Congress on foreign policy issues as well. The Prime Minister appears to have taken a page out of the Alliance Party's populist credo that politicians must always bow to the collective wisdom of the electorate, rather than providing leadership. That is one of the reasons I have always felt that the Alliance Party was unlikely to provide the type of leadership that a country like Canada needs. On the other hand, I must admit that Stephen Harper has abandoned his party's credo that the electorate are always right and has taken a position of principle on the Iraq war even though Canadian public opinion is against him. If press reports from a senior source in the government are to be believed, that only two Ministers expressed concerns about the position on Iraq, we are in deeper trouble than I thought. The idea that Canada and Mexico decided this course because they had got nothing from the Bush Administration on issues of concern to them is the height of folly, since it suggests that our so-called principles have a price which hasn't yet been paid. Furthermore the reality is that we have more troops in the region providing support to the US, even if indirectly, than most members of the coalition. That means we could have supported the American action without involving any more troops than are already involved. This is not Vietnam, where Canada's role was to represent the West and the Americans on the ICC; Poland represented the Communists; and India the non-aligned. This is about what the United States perceives as a fundamental threat to its security. We are no longer America's best

friend and ally. We may find that come May 5, President Bush has better things to do than to come to Ottawa and may chose to visit one of his real allies elsewhere.

I am not saying we cannot differ with the United States. But we have to choose our battles carefully and appearing to side with Saddam Hussein puts us in bed with a tyrant. Siding with the United Nations puts us in bed with a process rather than a concrete objective. As I understand the Canadian compromise, it would have led to armed intervention in the event of non-compliance, which was all but certain.

There are many other aspects of Canadian foreign policy which deserve attention. I have devoted most of my time to those which I think are the most important. I am sure there are many others who will want to divert your attention elsewhere. I will say that we need a foreign policy that accurately reflects Canada's interests and is not based on a need to differ for the sake of being different or sentiment. That was a practice which Paul Martin Sr., my first Foreign Minister, used with Dean Rusk, his American counterpart. Because the Canadian family is so diverse, there is a constituency for almost any issue anywhere. That doesn't mean that fundamental Canadian interests are involved everywhere. Successive Canadian governments have failed in efforts to develop a list of countries of concentration for our development assistance. During the Chrétien years Canadian aid policy has been developed in focus groups in the Department of Finance. We need a somewhat more enlightened view of development assistance than that and we need to increase our aid figures. We need to ensure that our military has a capacity to perform the new type of peace enforcement operations which are more likely in the future than the traditional peacekeeping operations.

The Liberal Party and the NDP were on the wrong side of history with respect to the free trade debate in the 1980s. I am concerned that if current trends continue they will be on the wrong side of history with respect to how to deal with the realities of increasing North American integration. I hope for Canada's sake that I am wrong.

Thank you for your attention.