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Chair: Mr. Tom Lukiwski



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• (1405)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Since we have a quorum, I will call this meeting to order.

This is meeting number 16 of the House of Commons Standing Committee on Government Operations and Estimates. Today, we will only be meeting for one hour. From 2 p.m. to 4 p.m. is our normal meeting time. Today, it will be a one-hour meeting, from 2 p.m. to 3 p.m., Eastern Standard Time. We have one witness, rather than three, as was originally scheduled. Our witness is Dr. Stephen Nagy from the Asia Pacific Foundation of Canada and the Canadian Global Affairs Institute.

Colleagues, we will continue with our normal protocols. We will ask Dr. Nagy to make an opening five-minute statement. Following that, we will engage in questions from committee members. Because we got off to a bit of a late start, we will have five-minute questions in the opening round, four-minute questions in the secondary round and two-minute questions in the third and final round.

Dr. Nagy, I would ask you, if you are presenting in English, that you continue your complete statement in English, rather than alternating between the two official languages. That would help our technicians greatly.

Colleagues, the same thing when you're asking questions. If you are asking a question *en français*, continue in that language without alternating back and forth, just to assist our technicians.

With that, colleagues, I think we're ready to go.

Dr. Nagy, I will ask you to deliver your opening statement of five minutes or less. The floor is yours.

Mr. Stephen R. Nagy (Fellow, Canadian Global Affairs Institute, Distinguished Fellow, Asia Pacific Foundation of Canada): Good morning from Tokyo. It's about three in the morning here, so I apologize if I yawn.

First of all, let me just thank you for the invitation to come and share my views on this important committee. It's important for us to be thinking about COVID-19, what its repercussions for Canada are and how we need to move forward as a country.

I'd like to also preface my comments by saying that I'm looking at this particular issue from my specialty, which is international relations and security. I am based in East Asia. I'm based in Tokyo and most of my research and policy-related work is related to China, Japan and South Korea, so I'm using this vantage point to pro-

vide some insight into how I think the COVID-19 pandemic is going to affect Canada.

My comments really are what I view as critical for Canada in the wake of the COVID-19 pandemic, and I have three take-aways that I'd like to convey to you. Most importantly, the theme of my discussion is what I call a new realism in building resilience through partnerships. That is the take-home I would like you all to have, this idea of resilience through new partnerships.

Today's discussion will be broken down into three points. The first point is related to—

The Chair: Dr. Nagy, if I could just interrupt, please hold your microphone a little closer to your mouth. Thank you.

Mr. Stephen R. Nagy: Thank you very much for telling me.

First, I'd like to begin with what I think are the four eye-openers for Canadians in terms of the COVID-19 pandemic; second, I'd like to talk about lessons for Canada; and third, recommendations for Canada.

Let me begin with the four important take-homes for Canada.

First, the COVID-19 pandemic, especially the initial Chinese government response in downplaying the severity of the coronavirus outbreak, but also the total lockdown of the city of Wuhan and the province of Hubei, revealed to Canada and the world that there is a systemic problem in the decision-making in the Chinese government that didn't allow for a transparent, accountable and rules-based approach at the outset of the outbreak.

This has broad implications in how we manage our bilateral relations with China, but it also has important implications in terms of how we move forward in dealing with some of the more difficult issues Canada and China face at this moment.

Second, and importantly, the total lockdown of both Wuhan and Hubei severely affected supply chains and dramatically highlighted the problems of the global production network being centred in one country. The goods that were needed for global export were unable to be produced and exported to other countries, including Canada, until China was able to get the domestic outbreak under control.

Third, the COVID-19 pandemic highlighted the degree of friction between the United States and China. This is really important because what we've seen is an inability of these two important states to come together and marshal their resources to combat the global pandemic. Both states have politicized the issue, and the global pandemic has no end in sight due to this politicization.

Fourth, and importantly, the COVID-19 pandemic has made middle powers like Canada more vulnerable to economic and other forms of coercion.

I think points two to four are magnified by the pre-existing Canada-China tensions associated with the Meng Wanzhou arrest and will continue to intensify as Beijing attempts to pressure Canada to change its decision related to her extradition to the United States.

Let me move on to the lessons for Canada and this idea of new realism in building resilience through partnerships.

First, in the context of the COVID-19 pandemic, it's extremely important to establish both domestic and diverse supply chains of personal protective equipment, medical equipment and pharmaceuticals, among other goods. The United States, Japan, South Korea, and even Taiwan and other like-minded states and regions should work together to form an Indo-Pacific emergency initiative to stockpile equipment, share best practices and establish an information-sharing mechanism as well as other areas of co-operation, to ensure that the next pandemic can be quickly understood, best practices shared, and medical equipment dispersed as soon as possible to countries and cities in need.

Second, a smart approach to selective decoupling must occur. What I mean by that is diversification of supply chains within and outside China. This is an important distinction. The supply chain that was disrupted within Wuhan and Hubei significantly affected exports out of that region. Canadian businesses shouldn't put all of their manufacturing sites in one area of China; they should diversify within China. That being said, the political difficulties we are increasingly experiencing with regard to China also mean we need to diversify our supply chains outside China as well. That's what I mean by a smart approach to selective decoupling.

Third, there's an important need for pandemic-sharing strategies. The key candidates here are Japan, South Korea, New Zealand and Australia. They're not perfect matches for Canada, but each has ideas to mitigate another COVID-19 wave or transnational disease.

Let me move forward with some recommendations.

One of the important areas Canada needs to think seriously about is what I call enhanced co-operation with other middle powers. Middle powers include Japan, South Korea, Australia and many European states. These states have shared values and a shared understanding of the rule of law and rules-based behaviour.

● (1410)

Through enhanced middle-power co-operation, Canada and other middle powers need to lobby the United States to return to multilateralism, and need to work more effectively with the United States in building more resilient supply chains, of course in North America, but also resilient supply chains with like-minded countries.

The Chair: I'll have to get you to wrap it up as quickly as you can, please.

Mr. Stephen R. Nagy: All right. Thank you very much.

I'll just end with two other points.

This middle-power alignment needs to work quickly to engage in WTO reform to ensure that economic coercion and other forms of coercion cannot be deployed against Canada and other middle powers.

Lastly, I'm advocating for something called a musketeer clause in trade agreements that would be a clause that required partners to collectively respond to economic coercion of one of its members, but also to come to the aid of its members when there is a pandemic occurring within the region or within their country.

Thank you.

The Chair: Thank you very much.

We'll now go to our first five-minute round of interventions starting with Mr. Genuis.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Thank you, Dr. Nagy. I appreciate your testimony.

It really is unfortunate that right now the Canada-China committee is not able to meet. We have a situation here where the government has worked to prevent the Canada-China committee from meeting. I think your testimony would be of great interest to that committee as well, especially during these times. I hope we'll be able to find an opportunity for you to come and share your perspective in more detail before the Canada-China relations committee.

To start off, you talked about how the COVID-19 response from the Chinese government demonstrated some significant structural problems. I note that the government's ambassador, Dominic Barton, told the Canada-China relations committee when he testified a few months ago, "I commend what China is doing in trying to contain this and the effort that's under way on that front."

Are you surprised that Canada's ambassador to China was praising the Chinese government's response to COVID-19? What do you think that suggests perhaps about the naiveté, or what does that suggest about the government's approach to China at the current time?

Mr. Stephen R. Nagy: We should understand that in the initial days of the outbreak of the coronavirus in China, the decision-making process was frozen due to systemic challenges within the Chinese government associated with the deepening authoritarian rule under Xi Jinping. This should be differentiated from the decision to lock down Wuhan and Hubei, and to marshal national resources to fight the virus in both Wuhan and Hubei. What we've seen is that once the decision was made to marshal resources, the Chinese government was able to effectively, if not in an inhumane way, control the spread of the virus within China.

I think that distinction is very important. I think the ambassador's comments are reflective of that distinction, rather than naïveté about the Chinese response. Again, I think we should emphasize that the initial response was a disaster, but once the decision was made to marshal resources, the Chinese government has been able to employ not only technology but also significant resources to curb the spread in China.

• (1415)

Mr. Garnett Genuis: I think that's a charitable reading of the ambassador's comments, but I appreciate the information you provided about that response.

In terms of Canada's engagement with China and the kinds of multilateral partnerships that are created, I know you've been critical of, for instance, the Asian Infrastructure Investment Bank. Canada is a member of that bank, spending hundreds of millions of dollars to be part of that bank, which is part of the wider belt and road initiative, BRI. I think it would be hard for a lot of Canadians to understand why we are funding a Chinese government-controlled development bank, which is part of an agenda to bring other countries into its sphere of influence, when perhaps we could be directing those resources through other development banks or partnering directly with developing countries.

Could you share your thoughts on the AIIB, on the wisdom of Canadian participation in it and on possible alternatives?

Mr. Stephen R. Nagy: I think there's a very important saying that we should keep in mind when we're thinking about Canadian participation in the AIIB: "If you're not at the table, you're on the menu." I think any participation by Canada in an international organization means that Canadian values and Canadian interests are represented. From the standpoint of Canada's participation in the AIIB, I think that Canada's participation provides a voice and allows the shaping of the AIIB so that it functions based on transparency, accountability and international standards.

The initial fear when the AIIB was founded by China was that it would be an instrument of the Communist Party of China. What we've seen is that the internationalization of governance at the AIIB is allowing it to be a much more effective institution in terms of deploying aid and loans to governments within the region that are interested in building infrastructure.

Mr. Garnett Genuis: Can I quickly follow up on that?

China controls, from what I understand, over 48% of the voting shares. Canada will have less than 1% of the voting shares. We've seen the way China has entered into these kinds of controlling debt

arrangements with countries like Sri Lanka. How is that consistent with what you just said?

The Chair: Answer very briefly, Dr. Nagy.

Mr. Stephen R. Nagy: You need to distinguish between the AIIB and the memorandums of understanding of the BRI, and these are very different. What we have seen in, for example, the ports in Sri Lanka was the debt trap diplomacy that many scholars and researchers are criticizing China for in the Sri Lankan case, which has been associated with the BRI and not the AIIB.

The Chair: Thank you very much.

Mr. Weiler, you have five minutes please.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Mr. Chair.

Thank you, Mr. Nagy, for joining our committee today and especially for joining so late in the evening for you. It's much appreciated that you're sharing your wisdom, and I really appreciate your opening and some of your take-aways.

I'd like to start with an overarching question. What do you see as an effective engagement strategy, or what would an effective engagement strategy with China look like?

Mr. Stephen R. Nagy: I think that Canada needs to work with like-minded countries to form a critical mass of diplomacy, economic resources and other resources to ensure that any kind of engagement with China is more symmetrical. A critical aspect of dealing with China is that there are asymmetrical advantages in terms of economic size, in terms of its diplomatic size and other advantages. That means that smaller countries are always in a position of disadvantage. Importantly, we need to move forward and work with like-minded countries to advocate for Canadian values and a rules-based approach to dealing with China.

Mr. Patrick Weiler: Mr. Nagy, do you have some similar examples of where like-minded, middle-power countries have come together in this type of a situation?

Mr. Stephen R. Nagy: I think we've moved into a very different period in terms of international affairs in which China is using middle-powers' relationships with the United States and its asymmetrical economic relationships with other middle powers to shape its decisions.

I think a very good example of that, of course, is the case of Ms. Meng Wanzhou, with the British Columbia government making the decision to proceed with the extradition case. We've seen the Chinese government use punitive economic measures against Canadian businesses and the Canadian agriculture community to try to shape Canadian behaviour.

Moving forward, and again this goes back to my proposition about a musketeer clause, Canada needs to forge partnerships, trade agreements and international agreements with other middle powers in which they agree to back each other when China is applying punitive economic measures. This is something more, looking forward, of what Canada can do and how Canada can exert a leadership position and bring together like-minded countries to pressure China but also protect Canadian interests.

• (1420)

Mr. Patrick Weiler: Thank you.

In your observations, you mentioned the ongoing conflict between China and the United States of America. How does a country like Canada avoid being caught in the middle of such a conflict?

Mr. Stephen R. Nagy: Well, as we know, the United States has turned in a different direction over the past three years under the current administration in the White House.

Our traditional relationship has, in many ways, become much less predictable, but moving forward, I think it's important for Canada to continue to strengthen its trade relationship with the United States, the trade relationship within NAFTA 2.0, and diversify and strengthen its relationships, not only with the United States, but with European Union partners and, importantly, with countries within east Asia, where I'm based: Japan, South Korea and parts of China such as Taiwan.

All of these countries share similar values and in many ways complementary economies that I think can strengthen Canada's position within the region, give it insight on how to deal with countries like China, and really start to build a collective approach to managing some of the challenges moving forward as the United States' and China's rivalry become more serious, which, unfortunately, is going to have a boomerang effect on countries such as Canada, Australia, Japan and others.

Mr. Patrick Weiler: Absolutely.

One of your recommendations coming out of this was that Canada should look to lobby the United States to return to multilateralism and to do this with like-minded countries.

Do you think it would be an effective and likely scenario that this type of engagement would lead the United States in this type of direction?

The Chair: Doctor, as we're basically out of time, I would ask that you provide your answer to that question from Mr. Weiler in written form and direct that as soon as possible to our clerk.

We'll now go to our third intervention, from Madame Vignola.

[*Translation*]

You have five minutes.

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you so much.

Good afternoon, Mr. Nagy. Thank you for being here so late. It looks like you'll be going to bed when I usually go to bed. You have a lot of expertise, and I have a lot of questions for you.

Ms. Wanzhou was mentioned earlier. Because she was imprisoned at the request of the United States, China imposed economic sanctions on Canada. One of the products sanctioned was pork, much of which is produced in Quebec.

What sanctions might China impose in retaliation for this week's ruling against Ms. Wanzhou?

[*English*]

Mr. Stephen R. Nagy: I think we should be expecting that China will likely continue to target our agricultural industry, and it will likely target it through questionable enforcement of domestic regulations, such as increasing the number of regulations on imports going into China. China also has a practice of complicating how the imports come into China. I think we should expect that for Canadian agricultural products, such as poultry, pork and other products.

I think we could also see that for visas to China for Canadian companies that want to start up businesses in China, the process and the paperwork could be complicated, making Canadian engagement a challenge in the Chinese context.

• (1425)

[*Translation*]

Mrs. Julie Vignola: Okay.

You talked about multilateral agreements. Should Canada consider producing more here at home rather than depending on everyone else?

[*English*]

Mr. Stephen R. Nagy: When we're thinking about how to manage selective decoupling, there are certain industries that I think we will have to seriously consider reshoring back to Canada. This could be personal protective equipment, other forms of medical equipment and some pharmaceuticals. However, we need to be realistic about the comparative advantages that Canada has.

Moving forward, perhaps we need to find more reliable partners to work with, not only in terms of being like-minded countries, but reliable partners.

The Chair: Doctor, I hate to interrupt you once again, but could you keep the microphone up? Thanks.

Mr. Stephen R. Nagy: We need to continue to work with reliable partners who can provide the essential medical equipment and other equipment that Canada needs in the case of COVID-19.

We need to be realistic that it's going to be very difficult to replace many aspects of the global production network that are centred in China in the short term, but over the mid- to long term—again, working with the United States and other like-minded countries—we need to start to diversify those supply chains within China, and also globally.

[*Translation*]

Mrs. Julie Vignola: Thank you.

In your remarks, you mentioned China's lack of transparency. We're hearing more and more about an independent investigation. Ms. Gould recently said that it's not up to the World Health Organization to launch the investigation; it's up to member nations.

How can Canada and its partners demand more transparency from China?

We also know that different countries have different ways of calculating COVID-19 data and assessing its repercussions, so what can we do to convince China to be more transparent?

[*English*]

Mr. Stephen R. Nagy: I think a focus on good governance is crucial in convincing China to move forward on some kind of international investigation to improve its responses to an emerging pandemic, as we've seen with COVID-19.

China does not respond well to shaming. Its response when it's shamed internationally is to double down. More effective ways for Canada to engage with China—

The Chair: Doctor, I know you've got more to say and I do apologize once again for interrupting, but if you could complete your thoughts in written form and send that answer as soon as possible to our clerk, I would appreciate it, as would Madame Vignola.

We'll now go to our next round of questioning from Mr. Green for five minutes, please.

Mr. Matthew Green (Hamilton Centre, NDP): Thank you, Mr. Chair.

I've been watching with interest what appears to be a Conservative about-face on China, so I'm going to put this to our guest, Mr. Nagy, and then ask for his response.

Former prime minister Stephen Harper's Conservative government signed an agreement between the Government of Canada and the Government of the People's Republic of China for the promotion and reciprocal protection of investments, commonly known as FIPA on September 9, 2012. They didn't even release the full text to the public. They ratified the agreement two years later, despite warnings from experts in labour and from human rights and environmental advocates that the agreement was detrimental to Canada's interests. Specifically, article 11 of the FIPA states that if Chinese firms in Canada suffer losses “owing to war, a state of national emergency, insurrection, riot or other similar events”, they can sue the Canadian government for compensation.

I wonder if you can comment on what impacts FIPA might have on a shift in the Canadian policy of procurement as it relates to China.

Mr. Stephen R. Nagy: Although I'm not a legal expert and my understanding of FIPA is probably not as strong as it should be, I think when we're looking at Canadian engagement with China, first and foremost we should understand that the legal environment within China is not rule of law, it's rule by law. That's an important distinction when we're understanding how Canadian governments are investing within China. They are subject to the legal system produced by the Communist Party of China, which is subject to shifts in the Communist Party. This is very different from the Canadian context where a rule of law system means the court system has

an independent decision-making process that can protect businesses and give them a predictable environment.

When we are looking at trade agreements with China and instruments such as FIPA, we should not be naive and think we will receive reciprocal treatment in China.

I'll stop there.

• (1430)

Mr. Matthew Green: I certainly appreciate that. I've been trying to balance the economic coercion that China has put on during this, but also the United States of America. I have yet to hear anybody speaking directly about that.

Would you care to comment on that? We've heard horror stories of the Trump government bribing people on runways to have shipments redirected.

Mr. Stephen R. Nagy: No, I'm not familiar with these kinds of rumours, but I think we should be aware as Canadians that we've already been victims of economic coercion from the United States in the renegotiation of NAFTA 2.0, with steel tariffs.

I think if President Trump is re-elected we should continue to expect this kind of behaviour from the United States. If we have a new president, President Biden, I don't think these tactics will disappear but I think they will probably be softened and couched within a more multilateral mindset of a potential Biden administration.

Mr. Matthew Green: I appreciate that feedback.

Again, I'm still trying to figure out the about-face by my Conservative friends. It says here that on September 16, interim Conservative leader Rona Ambrose said that if Trudeau is “not going to listen to British Columbians about LNG (liquefied natural gas) and the rest of Canada about how important our resource sector is, I hope he listens to the Chinese because they want those commodities and they want to see that energy infrastructure built.”

As it relates to selective decoupling and foreign influence on our national resources, what risk of economic coercion could Canada face without reliance on Chinese investment in the oil and gas sector, and if we rely on them to become a significant importer of Canadian oil?

The Chair: You have about 30 seconds, Doctor.

Mr. Matthew Green: I have my time at four minutes and 30 seconds. Are we doing only a five-minute round?

The Chair: We are. I mentioned that at the outset.

Mr. Matthew Green: My apologies.

Mr. Stephen R. Nagy: In the COVID-19 era, we've seen all economies slow down significantly. As a result, we've seen global oil prices also decrease. This is going to be a heavy blow for our natural resource industries in Alberta and Saskatchewan, and I think this is going to make your question somewhat of a moot point that China will not be able to invest profitably in our energy sector going forward.

The Chair: Thank you very much.

We'll now go to a four-minute round of questioning.

Once again, we will start with you, Mr. Genuis.

Mr. Garnett Genuis: Thank you, Mr. Chair.

It is a bit rich to hear a member from the socialist party talking about an about-face. They voted against bringing back the Canada-China committee a week ago, and then were telling the National Post something different about 48 hours later. I'll let Mr. Green explain that. I'm sure he'll be keen to.

Dr. Nagy, could speak about the possible implications of Chinese aggression outside of the economic sphere—what we're seeing in Hong Kong, what we're seeing across the border in India and I'm sure escalating fears related to that, and in Japan about possible action in the East China Sea and the South China Sea? What should we be tracking there? What should we be doing to prepare to respond?

Mr. Stephen R. Nagy: In order of priority, I would prioritize Taiwan and cross-strait relations. Second, I would prioritize the instability that's occurring in Hong Kong. Third, I would prioritize increased presence of Chinese naval ships in the South China Sea, the potential declaration of what's called an "air defence identification zone", and finally, some kind of potential friction between the Japanese and the Chinese over the Senkaku Islands in the East China Sea.

Taiwan has managed the COVID-19 crisis extremely well. They had a successful election in January. These are all challenges to the Communist regime in China, and it makes it more imperative, more than ever, to try to push reunification as soon as possible.

Hong Kong will have the 31st anniversary of the Tiananmen Square massacre this Friday, on June 4. I expect that there will be huge protests and violence commemorating the massacre but also protesting against the recently adopted national security act by the Chinese government. This will continue to be a problem. We're most likely going to see Chinese intervention in Hong Kong that will fundamentally disrupt Hong Kong's role as an international finance centre, going forward.

I'll finish with the South China Sea area. Again, China is expanding its presence in the South China Sea through consolidation of its territories or its artificial islands in the South China Sea. It is also deploying more and more resources on the surface of the South China Sea and on submarine and other resources to really dominate the underwater environment in the South China Sea.

• (1435)

Mr. Garnett Genuis: Thank you.

Just to follow up on the first round about the AIIB and BRI distinction, you said we're talking about two different things. Conceptually we are, but the AIIB is part of the BRI, or a relatively small part of it. Arguably, it's sort of the public relations part of it. Where the AIIB is a little bit more public-facing in terms of what it does, it's still very much dominated by the Chinese government.

Going back to your point about maybe having some Canadian influence on this, we're less than 1% of the AIIB, which is a relative speck in the larger sea of the BRI. We know what the BRI is all about. You talked about it. On what basis would we want to make the case to Canadian taxpayers that it's worth their money to be anywhere near these kinds of strategic vehicles?

The Chair: Once again, unfortunately, Doctor, we're out of time. While it was a very good question, I would ask you to answer it in writing at your first opportunity and deliver that to our clerk.

We will go to our next four-minute intervention.

Mr. MacKinnon.

Mr. Steven MacKinnon (Gatineau, Lib.): Thank you, Mr. Chair.

Actually, I'll allow Dr. Nagy to answer that question. What I'm taking from the Conservatives is that we don't need to have a relationship with one-sixth of the planet with a growing economy. We don't need to be able to sell our agricultural or other commodities into China. We should just hang up the phone and not deal with them at all—

Mr. Garnett Genuis: Mr. Chair, I have a point of order. Mr. MacKinnon is casting aspersions that have nothing to do with the substance of this. What he's saying is false. It's completely false and he should spend his talking about his position rather than making things up about other people's positions.

The Chair: Mr. Genuis, I will take that as a point of debate, not a point of order.

Go ahead, Mr. MacKinnon.

Mr. Steven MacKinnon: I'll welcome the member to the committee.

Dr. Nagy, what we've seen is that we absolutely, of course, need to have China in a rules-based international order. I take your point very seriously that Canada needs to work with other powers, maybe through the TPP and through other fora, in terms of engaging China, but China must be dealt with.

I wonder whether you want to answer Mr. Genuis' last question and perhaps address that point as well.

Mr. Stephen R. Nagy: The key aspect of your question is, do we continue engaging with China? I say, absolutely we need to continue to engage with China. As you mentioned, it is one-sixth of the population. If we're going to deal with global climate change or the next global pandemic, or if we're going to deal with North Korean denuclearization or the militarization of the East China Sea and South China Sea, we have to discuss things with the Chinese. We have to create crosswalks in terms of policy discussions and we have to develop a better understanding of what's happening within the party and what's happening within the country. To not do so would put Canada and other middle powers at great risk.

The question is, which I think goes to Mr. Genuis' discussion, what's the best way to engage in China? Going back to my initial comments, we need to do it collectively; we need to work with like-minded countries; and we need to have a strong, rules-based approach that is backed up by the United States. This goes back to one of my key points, that we need to pull the United States back from an America-first point of view.

• (1440)

Mr. Steven MacKinnon: Let me move on, if I might.

In terms of the infrastructure bank, Mr. Genuis' argument seems to be that we're too small to be bothered with this. Wouldn't you flip that argument on its head and say that this is cheap at twice the price for having influence in such a burgeoning and emerging series of investments where Canada can be present, be a participant and also get a front-row seat in terms of this growth?

The Chair: Sir, answer just very briefly.

Mr. Stephen R. Nagy: When we look at the governance of the AIIB, we should be clear that it's not just Canadians there and Chinese. There are British, French, Germans and others. We work as a force multiplier to push our views, and this is why Canada should be a part of this organization and why Canada should continue to work with other like-minded countries to ensure that it functions through international standards.

The Chair: Thank you very much.

We'll now go to a four-minute round of interventions.

Mrs. Block, I have you up first, but I understand you're going to be splitting your time with Mr. Genuis.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much, Mr. Chair. My apologies for joining the committee late.

I am going to start off my time by moving the motion that I put on notice last week. It's a lengthy motion. I do not intend to read it into the record, but I would just read the first part:

That, in the context of its study of the government's response to the COVID-19 pandemic and pursuant to Standing Order 108(1)(a), the committee send for the following documents to be provided by the government by Friday, June 26, 2020:

I believe all members have the 11 points that make up my motion. I acknowledge that it's a broader quest for documents, but transparency during this time is very important. It's important all the time, but certainly during this unprecedented time. There is a deadline that I think reflects the importance of that transparency. It allows for reasonable time for the documents to be collected.

I table that motion for consideration by the committee today, and then I will turn the rest of my time over to my colleague Mr. Genuis.

The Chair: Thank you.

Colleagues, the motion is in order. It is debatable, of course, if you have comments to make, and it is amendable. Therefore, I'm looking for anyone who might want to speak to the motion presented by Mrs. Block.

Mr. Drouin, you are first.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair.

We want to signal that as the motion is written right now, we will not be supporting it. There are a few issues that we recognize could be problematic.

Along the same lines as Mr. Green's motion last week, we note the timing. As you know, we proposed an August 30 timeline, and we would propose a friendly amendment to that. We also want to add the phrase "senior officials and matters of cabinet confidence".

Also, given the way the motion is written, we could potentially divulge the names of all of the commercial suppliers. I'm assuming that Mrs. Block wouldn't want to do that. As we know, personal protective equipment is not in abundant supply as we speak today, and we wouldn't want to potentially affect the supply chain to Canada. By Canada, I also mean the provinces. We know that 80% of the material that is currently procured for Canada is then transferred to the provinces.

I would like to propose a friendly amendment, and I will read it into the record. I propose, "That, in the context of its studies of the government's response to the COVID-19 pandemic and pursuant to Standing Order 108(1)(a), the committee send for the following documents from senior officials, and that matters of cabinet confidence, national security, commercial sensitivity and matters that could jeopardize Canada's ability to procure and distribute personal protective equipment and other life-saving medical equipment to provinces and territories be excluded from the request, and then to be provided by the government by August 30, 2020".

• (1445)

The Chair: Thank you very much.

We will now debate the amendment.

Mr. Green.

Mr. Matthew Green: Thank you very much, Mr. Chair.

I'm seeking clarification on what the extension of cabinet confidence is as it relates to legal opinions and the relationship this has with our parliamentary privileges as members of Parliament to be able to seek adequate clarification or adequate information to make decisions.

Does the amendment exclude any type of legal opinions, and if so, on what basis?

The Chair: Are you asking a question of Mr. Drouin, Mr. Green?

Mr. Matthew Green: Yes, if he has an answer, but I suggest the clerks might be better positioned to answer. I don't know if there's....

The Chair: I'll go to Mr. Drouin first, and then we'll turn to—

Mr. Matthew Green: I think I know what his answer is going to be, but that's okay; we can hear it.

Mr. Francis Drouin: I'm sorry. I missed part of that, Mr. Green. Are you wondering if the amendment we are proposing excludes legal advice?

Mr. Matthew Green: That's correct. I'm testing what the extension of cabinet confidentiality is as it relates to legal opinions versus our parliamentary privileges as members to have access to adequate information to be able to make decisions.

Mr. Francis Drouin: Mr. Chair, as I don't have the initials LL.B. at the end of my title, I would defer to the clerks. However, I imagine that there is a client-solicitor privilege here. Normally when legal advice is provided to any client, which in this case would be the government, that may be excluded, but I'm not sure.

Mr. Matthew Green: I don't know if Milliken has some jurisprudence on this, but I would like to know.

The Chair: Madam Vignola.

Mr. Matthew Green: Mr. Chair, on a point of order, I think the question was referred to the clerk for a response. I haven't received one. I got a personal opinion from Mr. Drouin, not a legal one.

The Chair: I have not referred it to the clerk for any response yet, Mr. Green. We're going to hear all comments first and then we'll come back to that.

Madam Vignola.

[*Translation*]

Mrs. Julie Vignola: If Mrs. Block is okay with extending the deadline, that's fine by me.

Obviously the confidentiality of some elements concerns me too because of the last-minute problems. Brown envelopes and brown suitcases were left lying around and, all of a sudden, our documents disappeared at the airport.

If there were some way to get the information while ensuring security, I would be fine with this motion.

[*English*]

The Chair: Thank you.

Mr. McCauley.

Mr. Kelly McCauley (Edmonton West, CPC): Thank you very much.

It would be perhaps fine if we maybe delayed it to the end of July. I would like to see these documents before the House rises for the full summer. I understand we are going to have a couple of August sessions. It would be nice to have this information to perhaps debate even in the fake House of Commons that's going on.

I see nothing wrong with bringing to light the names of these suppliers. Let's be blunt here. These suppliers overseas have ripped off Canadians. They've sold us bad product that could put Canadian lives at risk, and we've seen PSPC repeatedly defending these suppliers. In fact, in our first meeting, in defending these suppliers of contaminated goods, Mr. Matthews said that they have long-standing relationships with them.

Canadians have every right to know who these companies are that are putting Canadian lives—nurses, doctors, seniors—at risk. I have no idea why the Liberal Party would decide to choose secrecy and protect these frankly disreputable companies instead of standing up, again, for the health and safety of Canadians and health care workers.

● (1450)

The Chair: Mr. Drouin.

Mr. Francis Drouin: Perhaps I could just provide some clarity to Mr. McCauley. I know he's been a member of OGGO for quite a long time. Obviously, as he knows, all government contracts are normally published online. Everyone can go and see them.

In this circumstance it's not as if we're buying McDonald's hamburgers. They're not everywhere across Canada and the whole world is trying to procure them. There are successful suppliers. I don't think it's very prudent for us to publish the suppliers'...right now, as it stands, so that we tell the whole world we have a great supplier in China, or wherever it may be, so others can procure them and potentially increase the prices Canada is currently buying at. I just don't see that as a prudent approach.

The Chair: Mr. McCauley, once more.

Mr. Kelly McCauley: I'll just respond to that.

If you were watching the virtual Parliament today, the fake Parliament, you saw Minister Anand go on and on about how many great Canadian suppliers are already producing N95 masks. I don't believe that's true, but she states it's true. She listed off so many that, frankly, if this information is provided to this committee by the end of July, according to Minister Anand we'll have more than enough domestically producing suppliers that we won't have to worry about the one or two odd ones in China getting stolen from us.

Frankly, we're not getting any decent PPE masks out of China. I don't know why we're continuing to try to cover up and hide the names of these disreputable suppliers, especially when the minister herself today bragged on and on about how many great companies in Canada were producing PPE and masks right now. Surely if they're doing so at the beginning of June, they'll ramp up enough by the end of July and we won't have to rely on disreputable or dishonest foreign suppliers.

The Chair: Mr. MacKinnon.

Mr. Steven MacKinnon: I just want to respond briefly to Mr. McCauley. I haven't had a chance to review the transcript that he cited in terms of Mr. Matthews' testimony, but I think he may be conflating two issues.

Mr. Matthews did talk about potential problems in the supply chain and did talk about long-standing relationships. I don't think he ever necessarily combined the two, but I would want to reserve the ability to review his testimony, and I will begin with the assumption that Mr. McCauley didn't mean to quote him out of context or even paraphrase him.

The second issue is, I don't think the Minister of Public Services and Procurement has ever maintained that we can entirely replace Asian, Chinese or other international supply arrangements with entirely Canadian industrial capacity.

I think very much the point that she makes is that we are succeeding in bending that curve, in diversifying our supply arrangements and then creating some very real success stories here in Canada with respect to PPE and other commodities, which we are obviously proving to be very adept at producing here in Canada.

I think on the larger point, and I'll finish on this, Mr. Chair, is that the motion that is before us—speaking now to the main motion even though I think technically we're still on the amendment—is very broad and very all-encompassing and would involve all of the same people in replying to it who are involved precisely in securing supplies of personal protective equipment for Canadians and essential workers as we speak.

It is an unreasonable timeline; in fact, I think even an August timeline is an unreasonable timeline for the amount of information that's been requested.

No one is disputing Parliament's right or ability, of course, to examine all of this information in the fullness of time, but it will take a considerable amount of time and effort on the part of senior people to compile it all.

Understanding that must be done, I would call upon the reasonableness of my colleagues across the way in affording more time and in somewhat limiting the scope of the request so that we can give them the information they're looking for, and do so in a reasonable amount of time and not imperil the very considerable efforts that we have under way to secure this incredibly important equipment for Canadians.

Thank you.

● (1455)

The Chair: Thank you.

Mrs. Block, please.

Mrs. Kelly Block: Thank you very much, Mr. Chair.

I appreciate all of the interventions made by my colleagues. Of course, I would view the amendments that were put forward by Mr. Drouin as friendly.

I think there's probably still some debate between my colleague Mr. McCauley and Mr. Drouin when it comes to the deadline, but I would see both of these amendments as friendly.

I guess I have one question that I would want to put to the clerk: Can we request that commercial sensitivity be assessed by the Law Clerk and Parliamentary Counsel of the House of Commons?

The Chair: Perhaps I will break from tradition here and go to Paul now on this specific question before we go to Madam Vignola.

The Clerk of the Committee (Mr. Paul Cardegna): Thank you, Mr. Chair.

With regard to the competing privileges that exist, for example, Mr. Green mentioned the privilege that parliamentarians hold versus the privilege that cabinet confidentiality holds. For another example, Ms. Block also talks about the sensitivity of commercial information that may not be permissible for a committee to ask, but what constitutes that?

These are questions that—I'm being very honest—to some degree are in a legal context and outstrip my specific expertise. What I would say to the committee is that the committee can always ask for the documentation; the committee may not receive it.

In the event that the committee, having sent for documents, does not receive the documents, the only thing the committee can do at that point is report to the House and allow the House to pursue this. Some members may remember in 2009-2010, this was what happened with the Afghan detainee issue that led to a seminal ruling by Speaker Milliken.

My best arguments to the committee would be, if you're not sure in this case of knowing whether one privilege applies or not, to put it forward and see what documents are presented back to you. At that point the committee can then decide, if it doesn't receive the documents it wants, how it wishes to proceed further.

Aside from that, if you want a more definitive answer, I would have to check the law clerk's office. At that point, I would have to say that I can't give you an answer right at this moment before you decide.

I hope that's clear. I'm not entirely sure it is, but that's what I can offer you at this time.

Thank you.

The Chair: Thank you, Paul.

Madame Vignola, please.

[*Translation*]

Mrs. Julie Vignola: I'm not sure if it's up to me to make this suggestion, but I'd just like to know if we can let Mr. Nagy go get the rest he needs, because we're debating and will probably still be going after 3 p.m.

[*English*]

The Chair: Thank you very much.

I would like to try to adhere to our deadline of 3 p.m. eastern time.

Mr. Drouin.

Mr. Francis Drouin: Mr. Chair, could I make a recommendation? I'm not sure whether Mrs. Block would agree, but perhaps given that there's one minute left to our official time, can we take it off-line and have a discussion so that all parties can agree to something and actually move forward on that particular motion?

The Chair: If Mrs. Block agrees to that and temporarily withdraws her motion for discussion, that would be a pretty valuable compromise.

Mrs. Block.

Mrs. Kelly Block: Thank you very much, Mr. Chair. I appreciate the suggestion by my colleague, and I agree to withdraw my motion temporarily so we can get that clarification and have those conversations.

• (1500)

The Chair: Mr. Green.

Mr. Matthew Green: Mr. Chair, I don't know if this is the appropriate time, but is it possible for us to actually invite the parliamentary law clerk to the committee?

The Chair: If you're talking about inviting the law clerk to discuss this particular motion, now would not be an appropriate time to do that. We would have to deal with the amended motion first.

Mr. Matthew Green: It's not this motion in particular, but generally speaking.

The Chair: Mr. Green, the committee now has full restorative powers. That was decided a couple of weeks ago. Whether it's to discuss COVID-19 or any other matters, this committee certainly has the power to invite any witnesses it wants, including the law clerk.

With that, colleagues, seeing that we have an agreement between Mrs. Block and Mr. Drouin for Mrs. Block to temporarily withdraw her motion so a discussion can be held off-line and she may want to reintroduce that motion after that discussion takes place—

The Clerk: Mr. Chair, on a minor point of procedure, it does require the unanimous consent of the committee to withdraw a motion. May I ask you to canvass that? Alternatively, I can put that to a question by recorded division to ensure that all the members of the committee are in agreement with withdrawing the motion.

The Chair: Thank you, Paul. I would ask that you put that to a recorded vote.

Colleagues, that is, of course, as discussed, for Mrs. Block to temporarily withdraw her motion.

(Motion withdrawn: yeas 10; nays 0)

The Chair: Thank you very much.

Dr. Nagy, we thank you for your appearance here today. Unfortunately, your testimony was cut short somewhat because of our discussion regarding this motion. However, on behalf of the entire committee, I want to sincerely applaud you for staying awake until 3 a.m. or 4 a.m. Tokyo time to discuss your views and opinions with our committee. It is very much appreciated, and hopefully we'll have an opportunity to question you again sometime in the near future.

Colleagues, with that, we are now adjourned.

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