



HOUSE OF COMMONS  
CANADA

**CANADA AND THE NORTH AMERICAN CHALLENGE**  
**Managing Relations in Light of the**  
**New Security Environment**

**Preliminary Report of the**  
**Standing Committee on Foreign Affairs and**  
**International Trade**

**Bill Graham, M.P.**  
**Chair**

**December 2001**

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# **THE STANDING COMMITTEE ON FOREIGN AFFAIRS AND INTERNATIONAL TRADE**

has the honour to present its

## **FIFTEENTH REPORT**

In accordance with its mandate under Standing Order 108(2), your Committee has undertaken a study of Canada and the North American challenge in the light of the new security environment.





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## CHAIR'S FOREWORD

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The tragic terrorist attacks of September 11 have had a profound impact on citizens in North America and around the world and have changed the context within which we must approach key questions of domestic and foreign policy. The Standing Committee on Foreign Affairs and International Trade had already planned to undertake a study of the issues facing Canada within North America before September, but events have highlighted urgent security and other concerns in the short-term, and their long-term impact remains to be seen.

This preliminary report highlights key issues we heard in our first series of hearings on these issues, and effectively outlines the parameters of the study the Committee will complete over the next year. We are grateful to the experts and officials who made the time to meet with us to help us identify the key issues which the Government of Canada must address both in the immediate aftermath of the attacks and in the longer term.

The Committee has decided to release this preliminary report for two reasons. First, it allows us to highlight key issues raised in our hearings to date that the government must address on an urgent basis, particularly in respect of resources available to the Department of Foreign Affairs and International Trade and the intelligence community. Second, it can essentially serve as a framework for the hearings we will hold across the country next year. The issues we will consider over the next year are both complex and important, and we will benefit greatly from our discussions with Canadians.

Bill Graham, M.P.  
Chair



# MANAGING RELATIONS IN LIGHT OF THE NEW SECURITY ENVIRONMENT

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## Preface

It has become a truism of Canadian foreign policy that there is no more important bilateral relationship than that with the United States, and that the effective management of this relationship must be a constant priority for Canadian policy-makers. Yet apart from occasional consideration within general foreign policy reviews, there has been no wide-ranging parliamentary examination of Canadian-American relations in recent times. Moreover, in the decade since Canada joined Mexico and the United States in the NAFTA negotiations, there has yet to be a thorough parliamentary inquiry into developments at the rapidly evolving North American level that could have a large foreign policy impact. One aim of the Committee's study of Canada-U.S. relations and the North American challenge, which was envisaged prior to the tragic events of September 11, is to fill that gap.

The aftermath of the unprecedented terrorist attacks on the United States, in which Canadian citizens also died, has reinforced the timeliness and high salience of such a study. In light of the new security environment, with public safety being, as one witness put it, "the overriding issue in the United States," it is more important than ever to get the key Canada-U.S. relationship right. Similarly, it is time to start exploring more broadly the implications for other emerging areas of North American cooperation. There are not only the short-term trade-related and economic impacts to deal with on an urgent basis, but extremely complex issues of a long-term nature that will need to be addressed.

**This report is therefore only preliminary to a much larger study which will continue through next year. The Committee will want to hear from Canadians in all regions of the country, and to engage directly with important actors in the United States and Mexico, before presenting a final report in 2002.**

What follows draws on an initial phase of testimony from hearings in late November when the Committee held seven panels and received testimony from 30 witnesses. In addition to presentations from senior officials representing seven departments and agencies with bilateral responsibilities, the Committee benefited from the views of leading Canadian and American experts. They have helped to illuminate policy priorities and Canada's approach to both day-to-day bilateral relations and the evolving North American agenda.

The Committee has also had the advantage of building on the excellent work done by its Sub-Committee on International Trade, Trade Disputes and Investment, which was able to hold three meetings on Canada-U.S. border delays during the latter half of

October when the Committee was occupied with government legislation. Drawing on that testimony, the Sub-Committee adopted a report, *Towards a Secure and Trade-Efficient Border*, on November 21. That report's recommendations, as reviewed by the Committee and presented in the House on November 30, primarily address the immediate trade and economic aspects of border-related concerns which have been a target of intense scrutiny since September 11.

It is clear that important bilateral policy issues such as these will remain under active, ongoing consideration by the governments of both countries, responding to an unconventional and uncertain security situation of extraordinary proportions. We cannot anticipate all of the potential developments of the coming weeks and months. However, at this preliminary stage, the Committee's purpose is to highlight some key points taking into account that challenging environment. In doing so, we also hope to begin to frame a foreign policy agenda capable of advancing Canadian interests and values within a changing Canada-U.S., Canada-Mexico, and trilateral North American context. **The Committee is also inviting the Canadian public to participate in the process of developing the future North American agenda which is so crucial to our shared security and prosperity.**

## I. MEETING THE FOREIGN POLICY CHALLENGE AFTER SEPTEMBER 11

It is clear that the terrorist attacks have had a large impact on the conduct of international relations which will continue to be felt for a long time. Canadians especially are acutely aware of this, and nowhere is this effect more apparent than in the Canada-U.S. relationship itself. As James Wright, Assistant Deputy Minister for Global and Security Policy in the Department of Foreign Affairs and International Trade (DFAIT) underlined to the Committee: "...after the USA, the impact on Canada was probably the greatest, our national response the most comprehensive, and the identification between our peoples the strongest. The sheer physical proximity of the events, the interdependence of our peoples, cultures and economies are phenomena that are not replicated in other parts of the world. ... The net result is an even closer relationship across the board".<sup>1</sup>

Other witnesses observed this intensification and acceleration of bilateral intergovernmental ties. The fact that Canada is again on Washington's radar screen is seen as presenting Canadian policy-makers with both opportunities and challenges. Christopher Sands, Fellow and Director of the Canada Project at the Center for Strategic and International Studies in Washington D.C., while praising Canadian actions to date, suggested that U.S. foreign policy is undergoing a fundamental reordering and that "a similar revolution in Canadian foreign policy is required. The key to this is to reconcile

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<sup>1</sup> Wright, written text of remarks, "Canada and the Future of the North American Relationship: The Foreign Policy Context of Continental Security," 20 November 2001, p. 1.

Canada's bilateral relationship with the United States and its policies regarding the rest of the world, such that they complement one another better."<sup>2</sup>

There are nevertheless aspects of the current crisis, arising out of the more narrowly continental implications of the United States's national security preoccupations — in which “homeland defense” is linked to the security of North America — that revive some long-standing cautionary considerations in Canadian foreign policy. As Professor Stephen Clarkson put it in a written submission to the Committee: “Canada finds itself once again in the familiar position of sitting directly on the superpower neighbour's defence perimeter.”<sup>3</sup> The sudden U.S. decision of December 3 to deploy some military resources to the Canada-U.S. border, even if only of a limited and temporary nature, sharply underlines that position. To the extent that suspicions have been raised in the American public mind about the security of their northern border, whether fairly or not, these will need to be addressed directly and the overall border relationship managed more carefully with a view to strengthening bilateral cooperation and rebuilding mutual confidence. At the same time, as Professor Denis Stairs advised the Committee, it is important to maintain perspective and proceed with due deliberation — “Making long-term policy in circumstances of short-term high drama will produce mistakes.”<sup>4</sup>

It seems obvious that governments on both sides of the border were not prepared for circumstances of the magnitude of September 11, and have been scrambling to respond and to improve internal as well as external coordination. Federal officials have assured us that comprehensive efforts are underway to address the policy challenges, and that on matters involving a bilateral dimension, a sophisticated dialogue is taking place with U.S. counterparts. The Committee will want to monitor that in more detail as its study proceeds, and ensure that Canadians are kept fully informed of developments.

How much has changed in global terms? Without question, the new security discourse in the United States could have enormously significant effects, including those of a collateral nature for Canada.<sup>5</sup> We are seeing, at least for the foreseeable future, the image of an activist state in Washington that is engaged in projecting its power abroad, so far in ways that have been sensitive to seeking multilateral allies and partnerships. There are opportunities for Canada to exert a positive influence. As Professor John Kirton argued in testimony on November 22, it is not necessary for Canada to adopt a new set of foreign policy priorities in order to do so. But we need to set clear objectives and

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<sup>2</sup> Sands, “The Canadian Policy Response to the United States after September 11, 2001,” statement of 27 November 2001.

<sup>3</sup> Clarkson, “Canada's Position After the Catastrophe of September 11, 2001,” University of Toronto, 18 November 2001.

<sup>4</sup> Stairs, Statement to the Committee, 27 November 2001.

<sup>5</sup> An indication of that new discourse and resolve can be found in a major taskforce study, *To Prevail: An American Strategy for the Campaign Against Terrorism*, which was tabled with the Committee by Christopher Sands at approximately the time it was being released in Washington on 27 November 2001.

demonstrate an effective capacity to deliver on them. He urged Canada to be proactive in proposing solutions and not simply wait to react to U.S. policy initiatives.

Other witnesses, too, observed the desirability of Canada being able to bring to bear its own approach to the situation confronting the international community. Maintaining a multilateralist perspective globally while supporting North American cooperation was counselled by Professor Houchang Hassan-Yari of the Royal Military College of Canada and by Jean Daudelin of the North-South Institute during the November 22 panel. The Committee accepts the prudence of such balanced assessments and notes Mr. Wright's affirmation that: "We take a broad view of security which seeks to address root causes of instability and conflict. We have a voice in international affairs that is unburdened by a colonial past or by superpower politics."<sup>6</sup> The best way to show that is through example by action. Moreover, Canada has indeed developed diplomatic skills and foreign policy instruments which can make a distinctive contribution internationally — if the requisite resources are there to implement our commitments.

Several witnesses, notably Andrew Cohen of Carleton University, cited Minister Manley's recent public remarks acknowledging a decline in Canada's international capabilities as a result of the effects of cumulative cutbacks over the past decade. There was broad agreement that, as Canada prepares to host the next year's G8 summit, it needs to reinvest in such capacities — ranging from defence to international assistance, to intelligence gathering, staffing within DFAIT and more — if it wants to have its voice taken seriously in international forums. Foreign policy "on the cheap" will not suffice to safeguard and project Canadian interests and values in this more dangerous world. In short, Canada cannot continue to "punch above its weight" and play the vigorous internationalist role that Canadians expect of it without having adequate tools for the job.

**The Committee will continue to examine the precise instruments that should be brought to bear in developing a distinctively Canadian foreign policy response within the North American context and globally. We are nevertheless convinced that the Canadian government must clearly indicate in its next budget a sustained commitment to building up Canada's foreign policy capabilities, so that we can fully address the goals of international security in its broadest dimensions over the long term. That is an underlying consideration which is our primary message at this preliminary stage.**

**Accordingly:**

**The Committee recommends that the government use the December budget to outline a concrete plan for providing the substantial resources needed to bolster Canada's foreign policy capabilities in order to meet**

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<sup>6</sup> Wright, Statement to the Committee, 20 November 2001.



**the challenges and expectations of the new international security environment.**

## **II. IMPLICATIONS FOR MANAGING CANADA-U.S. RELATIONS EFFECTIVELY**

As Jon Allen, Director General of DFAIT's North American Bureau, told the Committee as its lead-off witness on November 20: "The pervasive economic security and environment linkages between our two countries have always made the management of the Canada-U.S. relationship a critical domestic and foreign policy challenge for us." If this was the case before the terrorist attacks of September 11, it is even more so now. Indeed, Denis Stairs further underlined this point to the Committee on November 27 when he concluded that: "Maintaining an effective relationship with the United States is the only true imperative in Canadian foreign policy."<sup>7</sup>

The challenge for the Government of Canada is to take the immediate actions necessary to both protect Canadians and provide appropriate reassurance to the United States. As expressed by Foreign Minister John Manley to the Committee:

It will require an extraordinary effort on our part to demonstrate that not only are we not a threat, but we are an asset and our friendship, our neighbourliness and our cross-border commerce are assets to them that they need to take into consideration in deciding how to deal with their own sense of vulnerability.<sup>8</sup>

Yet while proactive action is necessary given the asymmetric nature of the relationship and the priority which Canada must assign to it, so is maintaining an overall foreign policy balance that also reflects a considered Canadian perspective of our international interests. In his testimony, Professor Stairs repeated his written suggestion to: "Slow down. September 11 was a dramatic event. But it did not change the world. There is no need to rush to melodramatic responses. We need to get, and keep, a grip on ourselves." He added that while Canada may now have unique leverage in its relationship with the United States, "You have to know what you want."<sup>9</sup> A principal aim of the Committee's final report will be precisely to help Canadians and their government decide what they want in the North American context.

In the short to medium term, one of the things we obviously need to do as well is to address any misinformation or misperceptions that average Americans may have been exposed to. Beyond that, Canada will also have to act to demonstrate that it is part of the solution. With respect to getting the Canadian message out, the Committee notes that the last of the 77 recommendations in the report released on December 3 by the Coalition

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<sup>7</sup> This was also literally underlined in Professor Stairs' written statement so as to reinforce its highest priority.

<sup>8</sup> *Evidence*, 6 November 2001.

<sup>9</sup> Stairs, Statement to the Committee, 27 November 2001.

for Secure and Trade-Efficient Borders calls on the federal government to: "Provide leadership in developing a communications strategy to build support in the United States and Canada for a unified Canadian position that addresses economic and physical security."<sup>10</sup>

In future, we will need to think about a more concerted and sustained effort to inform American legislators and citizens of our policies and strengths, thereby contributing to what Thomas d'Aquino of the Business Council on National issues called a "zone of confidence" between our two countries. We note that U.S. Ambassador Paul Cellucci has also used this term, arguing that the goal is not the Americanization or even harmonization of Canadian policies, but rather building mutual confidence.<sup>11</sup> Dr. Charles Doran, Director of Canadian Studies at Washington's Johns Hopkins School of Advanced International Studies reinforced that point when he stressed to the Committee on November 29 that Americans do not expect Canada to adopt identical policies; what counts is the equivalent "efficacy" of Canadian policies in the effort to prevent further terrorist incidents within North America.

Given the widespread lack of solid information about Canada in many parts of the United States, as alluded to by Professor Doran's Washington colleague, Christopher Sands of the Center for Strategic and International Studies, there was some support among our witnesses for Denis Stairs' suggestion that: "We need a major public relations/advertising campaign in the U.S. to deal with such inconvenient misconceptions as we think they have of us. ... Properly done, the job would be worth every penny."<sup>12</sup>

The Canada-U.S. relationship has traditionally been managed on a day-to-day basis by the professional foreign service bureaucracy of the Department of Foreign Affairs and International Trade, with high-level political direction when needed. As the Committee heard in its first series of briefings, the "front-line" response of Canadian DFAIT and other officials to the tragedy of September 11 itself, and the need to coordinate more closely with American officials soon after, was immediate and appreciated by Americans.

In the weeks after September 11, the Canadian government increased the resources devoted to key departments and agencies dealing with security and related matters. But as the Committee has noted earlier, similar investments must be made in Canada's foreign service, which includes those dealing with Canada-U.S. relations in Ottawa, at our Embassy in Washington and in consulates elsewhere in the United States. Beyond improving morale and rebuilding the core capabilities of the Department of Foreign Affairs and International Trade, this will allow the development of a more holistic foreign policy, in which our North American preoccupations are not divorced from our

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<sup>10</sup> *Rethinking Our Borders: A Plan for Action*, p. 26.

<sup>11</sup> F. Abbas Rana, "Cellucci Hails 'Extraordinary' Political Efforts," *The Hill Times*, 19 November, 2001, p.23.

<sup>12</sup> Stairs, Statement to the Committee, 27 November 2001.

global ones. Since the number of Canadian foreign service personnel posted in the United States has remained relatively constant over the past decade, even as trade and economic linkages have expanded greatly, it may also be necessary to consider increasing the number of Canadians posted there.

High-level political interest will certainly not be lacking in the immediate aftermath of September 11, although the lack of effective bilateral structures at this level was noted by a number of witnesses. The creation of the Ad Hoc Committee on Public Security and Anti-Terrorism, chaired by Foreign Minister, John Manley, helped reassure the Americans that Canadian political attention was focused on common security as well as other issues. The challenge for Canadian political leaders will be to channel and sustain American political interest over time. Since, as Denis Stairs pointed out,<sup>13</sup> “We can satisfy the executive branch in the U.S. with solid work-a-day cooperation,” the test will be to generate and sustain interest in the U.S. Congress.

In addition to the suggestion of an aggressive information campaign, Professor Andrew Cooper of the University of Waterloo proposed the idea that to get out a clear and compelling message Canadians might have to “rebrand” such venerable pre-September 11 touchstones as “the world’s longest undefended border.” The advice of Professor Maureen Molot, Director of Carleton University’s Norman Patterson School of International Affairs, in her November 27 testimony, was to concentrate on building effective coalitions at many levels (private sector as well as governmental) between counterparts on both sides of the border. Witnesses also emphasized the need to approach Congress based on a realistic understanding of the American political system.

**The Committee takes the view that renewed creativity and perseverance are called for in managing our most important foreign policy relationship. We also strongly believe that Canadian legislators must have the resources to contribute to this endeavour individually and through our parliamentary institutions. In addition to revisiting the way in which parliamentary resources are allocated for this work, parliamentarians may also wish to explore the creation of new mechanisms for cooperation with their U.S. counterparts.**

### **III. ENHANCING SECURITY, INTELLIGENCE AND COUNTER-TERRORISM COOPERATION**

Governments have no greater responsibility than ensuring the security of their citizens, and the September 11 attacks have changed the context of Canada-United States cooperation on this issue dramatically. Structures are in place to increase the already close cooperation that exists between the two countries on security, intelligence and counter-terrorism issues, and in the first instance attention has focused mainly on our shared border. Beyond technical questions, the challenge, once again, is at least partly to

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<sup>13</sup> *Evidence*, 27 November 2001.

ensure that citizens and political leaders in both countries recognize the extent of this cooperation, and how it contributes to our shared security. Whatever the objective risk, the perception of security is key. As Dr. Stephen Flynn of the Council on Foreign Relations pointed out to the Committee, it is when people feel insecure that they are most likely to accept overreactions in the name of security which may threaten civil liberties.

Over the decades before the attacks, Canada and the United States had already developed extensive cooperation on the military defence of North America, and on counter-terrorism and other public safety issues. On the military side, since 1940 the two countries have signed over 2,500 agreements to strengthen joint defence — the most high profile of which relate to the Permanent Joint Board on Defence (PJBD) and the aerospace defence of the continent through the North American Aerospace Defence Command (NORAD). Major-General Cameron Ross of the Canadian Forces, the senior military representative on the PJBD, highlighted the truly integrated nature of this cooperation when he pointed out to the Committee on November 20 that, in addition to a Canadian being the Deputy-Commander-in-Chief of NORAD, a Canadian sailor was the senior duty officer at Cheyenne Mountain on September 11.

In regard to the nature of future bilateral cooperation in the defence of North America, Canada will have to continue to carve out effective niche roles that demonstrate our readiness and reliability as an alliance partner. As Professor Albert Legault, Director of the Forum on Security and Defence at Laval University's Institut québécois des hautes études internationales, told the Committee on November 22, the only reasonable strategy for Canada is to explore, through discussions with the United States, specific areas where our contribution could make a difference. We also need to ensure that these issues receive regular high-level Canadian political attention. For example, testifying on November 29, Professor Wesley Wark of the University of Toronto recommended that there should be Canadian ministerial participation in the work of the PJBD. Canada needs to ensure that it has its house in order, and that domestic deficiencies are addressed, if it is to maintain a credible seat at the table internationally.

At the same time, the external challenge for Canada and other states is to ensure that the United States remains engaged on the global scene, yet the terrorist attacks have hastened America's adoption of a strategy of "homeland defense." On a global scale, this may have an impact on its pursuit of missile defence systems, although more low-tech requirements are already competing for resources. It remains to be seen what the full implications of this U.S. "homeland defense" strategy will be for the joint defence of the continent, and in addition to calls for Canada to increase the amount it spends on defence, the two countries have already begun to review bilateral military arrangements and structures.

Intelligence is the basis of security, and the attacks on September 11 were widely seen as a failure of American, and even allied, intelligence. Professor Wark told the Committee that, whatever the nature of the intelligence failure on September 11, it contains "political dynamite." In-depth reviews will certainly follow, yet the immediate

effect has been an emphasis on increasing resources devoted to these agencies, increasing efficiency within them, and ensuring greater cooperation among them. As the authors of a major report by the Center for Strategic and International Studies in Washington noted in November 2001: “With good intelligence, anything is possible; without it, nothing is possible.”<sup>14</sup> In that regard, a number of issues calling for increased political attention were identified by the other witnesses on the Committee’s November 29 panel on Canada-U.S. security intelligence cooperation, Professor Martin Rudner, Director of the Canadian Association for Security and Intelligence Studies and Mr. David Rudd, Director of the Canadian Institute of Strategic Studies. Dr. Rudner also made a strong point, which the Committee fully endorses, about the imperative of having informed public support for, and adequate parliamentary oversight of, the necessary intelligence gathering and sharing operations which are put in place as a follow up to September 11.

Canada’s major foreign policy contribution to the international campaign against terrorism before September 11 was largely in obtaining wide consensus in global and regional forums such as the United Nations, the G8 and the Organization of American States (OAS). Canada’s hosting of the next G8 summit provides an obvious opportunity to continue this work in that forum. In terms of intelligence, Canadian agencies, such as the Canadian Security Intelligence Service (CSIS) and the Communications Security Establishment (CSE), have never been as large as their American (or British) counterparts, yet they have cooperated closely with them and played a role in allied intelligence and counter-terrorist cooperation before the attacks. The government moved to increase the resources devoted to them somewhat in the weeks that followed, yet resources are not the whole answer. As Professor Charles Doran of Johns Hopkins University pointed out, “...much of the problem of information sharing is internal to each country...knowing these are problems, each government must ‘get its own house in order,’ because failures now have international not just national consequences.”<sup>15</sup>

A number of witnesses, such as Professor Wesley Wark and Professor Andrew Cohen argued strongly that more must be done in the area of Canadian intelligence, including a reinvestment of further resources, internal and external reviews, and even consideration of the development of new capabilities — such as the creation of a foreign secret service. Arguing that Canada’s worthiness as an ally in this area was at risk, Professor Wark recommended focusing in the first instance on a review of our intelligence capabilities, and an improvement in our liaison system with allies.

**The Committee agrees with Professor Wark’s recommendation that, in order to establish a sound basis for further allied cooperation, the Government of Canada should begin an urgent review of its intelligence capabilities and liaison systems to meet the challenge of the new security threats facing North America.**

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<sup>14</sup> Kurt M. Campbell and Michele A. Flournoy, *To Prevail: An American Strategy for the Campaign Against Terrorism*, Washington, Center for Strategic and International Studies, November 2001, p.78.

<sup>15</sup> Doran, “Canada-U.S. Relations at the Onset of the 21st Century”, Statement to the Committee, 29 November 2001.

**The government should also indicate a commitment that adequate resources will be made available for that purpose and that Canadians will be kept fully informed of any measures undertaken to enhance shared security.**

Canada and the United States have long cooperated on intelligence sharing and counter-terrorism. American Ambassador Paul Cellucci has noted in a recent interview that “the law enforcement and intelligence cooperation which had been very good even before September 11 can be characterized by the word ‘extraordinary’ right now.”<sup>16</sup> Paul Kennedy of the Department of the Solicitor General outlined for the Committee the major bilateral consultative mechanisms for counter-terrorist cooperation between Canada and the United States — particularly the Cross-Border Crime Forum and the Bilateral Consultative Group on Counter-Terrorism. While valuable, new mechanisms created to focus attention on these areas and highlight their urgency could also complement the work of existing agencies.

Another interesting idea that might be pursued over the longer term was put to the Committee by Professor Doran, who suggested that “a joint Canada-U.S. Commission ought to be set up in two years composed of independent members to review the procedures on anti-terrorism established and implemented by each government so as to determine problems and areas for additional attention or reform.”<sup>17</sup> More can and must be done to improve this cooperation, although as Professor Doran added, the “bottom line” is that: “Harmonization of rules and procedures for dealing with terrorism on each side of the border need not imply that these rules and procedures must be identical in technique or approach. But they must be identical in terms of efficacy.”<sup>18</sup>

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<sup>16</sup> Interview in *The Hill Times*, 19 November, 2001, p.22.

<sup>17</sup> Doran, Statement to the Committee, 29 November 2001.

<sup>18</sup> Ibid.

#### IV. FURTHER THOUGHTS ON SECURING AN OPEN CANADA-U.S. BORDER

*The border is no longer just a line — if it ever was. But whatever form it takes, the border exists to protect us, not to inhibit us from achieving what we want as nation and as a people. ... Working together, could we push the North American border away from where a terrorist or other security threat might land, to identify them before they get on a plane and come to this continent? This would mean working together toward a greater convergence of policies and procedures. Can we create new efficiencies and reduce duplication by having international zones? And, in the same way that we pre-clear passengers bound for the United States at Canadian airports, can we not pre-clear goods at the factory shipping room? Using technology and improved infrastructure, could we also create North American trade corridors? Such approaches do not limit our sovereignty. They are an exercise of our sovereignty in our own enlightened self-interest. We have the tools. We have the will. The test may only be the limits of our creativity.*

— Hon. John Manley, Minister of Foreign Affairs, Address to the Public Policy Forum Conference on Managing Our Border with the United States, Toronto, 28 November 2001

*The international community has no credible way to routinely detect and intercept illegal and dangerous people and goods intent on crossing international borders. Our border management systems are broken.*

— Dr. Stephen Flynn, Senior Fellow, National Security Studies, Council on Foreign Relations, New York, *Preserving Open Borders in the Post-September 11 World*, Testimony of 27 November 2001

*There is no doubt that we need to look at a broader North American perimeter policy rather than an exclusively Canadian one. There is no logical reason why there should not be total Canada-U.S. collaboration on border issues, but it is going to be difficult to protect the autonomy of Canadian immigration and human rights.*

— Dr. Stephen Randall, Dean, Faculty of Social Sciences, University of Calgary, Testimony, 29 November 2001

*Without endangering its traditional rights and freedoms, and without impairing the free flow of goods and persons across the Canada-U.S. border, Canada and the United States must strengthen their own rules, procedures and institutions such that terrorists and criminals are not allowed to endanger the security of the citizens of either country.*

— Charles Doran, Professor of International Relations and Director of Canadian Studies, Johns Hopkins School of Advanced International Studies, Washington, D.C., Testimony, 29 November 2001

*Current cross-border arrangements for the management of common trade, security, and immigration issues are inadequate to the demands being place upon them. Canada and the United States now require a new design for new circumstances... Any initiative to tackle border and related trade, investment, immigration, and security issues needs to come from Canada... [and] needs to be comprehensive in scope and its results need to be enshrined in a formal agreement.*

— Michael Hart and William Dymond, *Common Borders, Shared Destinies: Canada, the United States and Deepening Integration*, Paper released by the Centre for Trade Policy and Law, Ottawa, 27 November 2001

As mentioned earlier, our Sub-Committee on International Trade, Trade Disputes and Investment has just reported to the House and made nine recommendations to address in particular the economic concerns which were greatly aggravated by the

Canada-U.S. border delays following September 11. Recent reports by the House finance and industry committees have also looked into this situation and recommended a range of timely remedies. A large consensus has emerged, certainly among business and industry groups, that the status quo ante was not satisfactory, and that the current extraordinary circumstances should bring forward the political will necessary to implement thoroughgoing solutions to both old and new problems — solutions which would work for Canada, be able to meet American expectations, and be closely coordinated between the two countries. Some Canadian analysts, such as Hart and Dymond, authors of the just-published study cited above, argue that there is a “window of opportunity” in the next six months for such a bilateral arrangement to be concluded.

The Committee appreciates that the Government of Canada has been engaging in discussions on border issues with federal counterparts in Washington at the level of ministers and senior officials. We note, too, the recent announcement that each country would appoint “border coordinators” to facilitate that cooperation. As Jon Allen told us on November 20, Canada has designated a Privy Council official, Robert Fonberg, Deputy Secretary to the Cabinet (Plans and Consultation) as the Canadian lead on border management issues. His U.S. counterpart is expected to be someone under Governor Tom Ridge, Director of the new Office of Homeland Security.<sup>19</sup> Moreover, Minister Manley has indicated that the special ad hoc Cabinet committee on anti-terrorism, which he chairs, will continue its work into next year, with a focus on border-related concerns.

There is a lot of activity and advocacy taking place on both sides of the border. On December 3, the Coalition for Secure and Trade-Efficient Borders, representing over 45 Canadian business associations and companies released a second working document, *Rethinking Our Borders: A Plan for Action*, which made 77 recommendations for improving all aspects of Canada-U.S. border management and security. The same day, U.S. Attorney General John Ashcroft was in Ottawa to sign a “Joint Statement of Cooperation on Border Security and Regional Migration Issues” with Canada’s Solicitor General Lawrence MacAulay and Minister of Citizenship and Immigration Elinor Caplan. Other agreements were signed to exchange electronic fingerprint data and to expand the Integrated Border Enforcement Team (IBET) program. Each country reaffirmed respect for the sovereignty of the other and committed to making the Canada-U.S. border a “model of cooperation.” Concerns have nevertheless been raised that certain Canadian policies may become too closely aligned with those of the U.S. Questions are also being asked about the U.S. decision to move some National Guard personnel and military helicopters to its border with Canada.

With regard the future border relationship, considerable unease and uncertainty remain extending to certain concepts being promoted, such as a “common security

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<sup>19</sup> As of the end of November it was not certain who the U.S. lead would be but a likely choice was Richard Falkenrath, the Office’s senior director for policy and plans. He was previously a biological and chemical terrorism expert at Harvard University’s John F. Kennedy School of Government.



perimeter”. For example, Professor Andrew Cooper<sup>20</sup> saw risks that this might reinforce “fortress” North America tendencies in which the margin for a creative multilateralist Canadian foreign policy would be constrained. Hence, if there is to be a “rebranding” of the bilateral relationship, he argued it would be much better to “move beyond perimeter notions. ... the emphasis should be something like smart borders because, not only does this allow for security and an economic dimension, at the same time it focuses on technical issues, in some of which Canada is ahead of the United States”.<sup>21</sup>

The selected citations from our testimony highlighted at the beginning of this section also indicate to the Committee that further analysis is needed of some thorny issues which could have important longer term implications, for domestic public policy as well as for foreign policy. We have alluded to the extent to which an ever closer bilateral Canada-U.S. alignment might end up diminishing Canada’s traditional multilateralist role beyond North America. In terms of domestic impacts, in addition to sovereignty reservations (which might arise as powerfully in the U.S. Congress as on the Canadian side), pressures to increasingly share information of a sensitive nature are likely to raise serious concerns about controls over the use of such information, protection of privacy rights, civil liberties and so on. Where these pressures may lead was already a provocative subject before the September attacks.<sup>22</sup> Hence, the importance of proceeding carefully in policy terms and of Canadians being kept fully informed.

More broadly, if Stephen Flynn is right about the “globalized” nature of the border problem — a view which was strongly endorsed by Thomas D’Aquino of the Business Council on National Issues, and also supported by the research presented by the Conference Board of Canada — then we should not expect a few quick fixes along the 49th parallel to resolve the situation. Certainly there are immediate steps which can be taken to relieve critical border blockages. But Canada will also need to develop a medium-term and long-term strategy for border management involving direct and sustained high-level approaches to the United States.

This collaboration might eventually be expanded to include our other NAFTA partner, Mexico. The Committee looks forward to exploring such possibilities with Mexican representatives in the next phase of our study. At this stage, we note that most industry spokespersons and expert witnesses appeared to concur with the clear preference expressed to the Committee by Minister Manley and senior DFAIT officials for pursuing, as a first priority, a fast-tracked and concentrated bilateral Canada-U.S. approach to fixing the northern border. Dr. Flynn observed that, post-September 11, the

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<sup>20</sup> Cooper is the author of “Waiting at the Perimeter: Making US Policy in Canada”, in Maureen Molot and Fen Hampson, eds., *Canada Among Nations 2000: Vanishing Borders*, Oxford University Press, Toronto.

<sup>21</sup> *Evidence*, 27 November 2001.

<sup>22</sup> Notably in a June 2001 speech “What’s After NAFTA?” by David Zussman, President of the Public Policy Forum, to an Industry Canada conference in Calgary on North American economic integration, in which he stated: “Given the U.S. preoccupation with national security, the U.S. would undoubtedly require that an element of any ‘perimeter’ discussion would involve changing many of our Canadian laws concerning terrorism, refugees, immigration, drugs, the Charter of Rights, to name a few items”.

Canada-U.S. relationship has proved “robust” compared to the Mexico-U.S. relationship which remains a “work in progress.” He also noted that the hardening of the Mexico-U.S. border has in fact made that border more insecure, chaotic, and difficult to police, making it a poor model to recommend.<sup>23</sup> A similar point was made by Dr. Randall in warning that: “Our bilateral trade is simply too valuable to have the kind of traffic snarls and conflicts that have long characterized the Mexico-U.S. border.”<sup>24</sup> That said, we would hope that Mexico could be invited to join in a wider North American arrangement at an appropriate future date.

**Beyond the need for immediate attention to alleviating critical delays at the Canada-U.S. border, the Committee accepts the argument made by Stephen Flynn that the vulnerability of many international systems to terrorism cannot be reduced through a narrow focus on control activities along national borders. We agree that efforts to achieve a successful Canada-U.S. prototype for border management will also need to be multilateralized in some sense in order to become effective. One vehicle suggested to the Committee was the G8 process in which Canada could provide leadership as its chair and summit host during 2002.<sup>25</sup>**

## **V. APPROACHING THE FUTURE NORTH AMERICAN RELATIONSHIP IN THE NEW SECURITY ENVIRONMENT**

Finally, but not least, there is much to speculate about in terms of the impact of the galvanizing events of September 11 with respect to the ongoing processes of North American integration, or the possibilities for the sort of multi-dimensional “North American community” cooperation suggested by former Foreign Affairs Minister Lloyd Axworthy several years ago.<sup>26</sup> Proponents of a “deepening integration” agenda, which include many academic economists and business community leaders, have argued the merits of continuing to move towards a more efficient and interlinked North American economy. And they now tend to see success in cooperation on North America security as connected to the strength and health of an integrated North American economy. Enthusiasts for a trilateral approach to North American regional cooperation are also expectant. For example, Robert Pastor has stated that: “September 11 was not only a

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<sup>23</sup> *Evidence*, 27 November 2001.

<sup>24</sup> Randall, Statement to the Committee, 29 November 2001.

<sup>25</sup> Dr. Flynn proposed as a priority for G8 adoption, “standards for advancing point of origin controls and enhancing security integrity within our international transport network system”. *Evidence*, 27 November 2001.

<sup>26</sup> Cf. Hon. Lloyd Axworthy, *Global Action, Continental Community: Human Security in Canadian Foreign Policy*, Address to a Meeting of the Mid-America Committee, Chicago, 9 September 1998.

tragedy, it was an opportunity to rethink the relationships between the three countries of North America and to accelerate the process of integration.”<sup>27</sup>

The early testimony before the Committee both raises some important caveats and indicates potential avenues of Canadian leverage. Professor Clarkson emphasized in his written submission the preponderant economic power of the United States which makes further North American integration problematic without some countervailing mechanisms. As he put it: “there are high risks to any economy built on the principle of continental economic integration without equivalent continental political institutions”.<sup>28</sup> At the same time, as Mr. D’Aquino acknowledged, pushing some grand design at this point might provoke years of debate, however worthwhile, whereas initiatives taken on a smaller practical scale might bear more fruit. The Committee will be looking to the imagination and creativity of Canadians as it identifies opportunities to move the North American relationship forward.

Several witnesses remarked on the relative lack of such institutions or structures (certainly none of a supranational nature similar to those of the European Union) in the trilateral North American context. Former Secretary of State for External Affairs Barbara MacDougall described instead a set of three bilateral relationships operating with as yet varying, and in the case of Canada-Mexico very limited, degrees of integration among them. Christopher Sands outlined the differences between the NAFTA partners as follows: “What can be done with Canada can not yet be dreamt of in U.S. relations with Mexico.... We will now have a North America at two speeds: developed countries (yours and mine) setting the pace, with the developing country (Mexico) participating and pledging eventual convergence by a certain date with new standards and protocols”.<sup>29</sup>

A rather different trilateralist perspective was presented by Professor John Kirton of the University of Toronto, who urged that one of Canada’s post-September 11 foreign policy priorities be to: “activate the North American advantage rather than cast the past decade aside and try to return to a previous world of a separate Canada-U.S. relationship in which we go off to war together overseas and leave the Mexicans behind. That is, I think, a real temptation. Let me suggest that it’s wrong and there’s much that could be done with the NAFTA institutions.” He cited as an example the NAFTA’s transportation subcommittee working party on the transportation of dangerous goods. He also underlined, as did several other witnesses, the potential to move towards continental energy security arrangements.<sup>30</sup>

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<sup>27</sup> Professor Pastor, who was a member of President Carter’s National Security Council, is the author of *Toward a North American Community: Lessons from the Old World for the New*, published by the Washington-based Institute for International Economics on the eve of the Bush-Fox presidential summit in early September 2001.

<sup>28</sup> Clarkson, *Canada’s Position after the Catastrophe of September 11, 2001*, p. 15.

<sup>29</sup> Sands, Statement to the Committee, 27 November 2001.

<sup>30</sup> *Evidence*, 22 November 2001.

Whether or not the trilateral approach is fully operational or still premature in important respects, most witnesses saw a not-to-be-missed opportunity to further the Canada-U.S. partnership, even if that means Canada must take the lead, and be ever vigilant in evaluating its terms from a Canadian public interest point of view. On border control issues, for example, we need to see how best practices can be implemented, effectively and efficiently, so that the mutually beneficial movement of people on which our economies and societies increasingly depend, can be facilitated not impeded. We need to look for solutions not scapegoats.

In surveying the present security environment from an American perspective that is exceptionally well-informed about Canada, Professor Charles Doran concluded with the following thoughtful appeal:

This would be a good time to show that opening up the border to freer movement of professionals, skilled workers, day-shoppers, and employed workers beyond that envisioned in the NAFTA is desirable and possible. This action could be the first step to an FTA-Plus arrangement that takes advantage of the natural harmony of interests on these questions between Canada and the United States. But for a variety of political reasons, the initiative must be seen to come from Canada.<sup>31</sup>

So it appears that the ball could be in Canada's court, at least for a time. But to recall the cautionary counsel of Professor Stairs to the Committee, cited earlier — first, you have to know what you want. Which means the Canadian people have to be asked what they want. And that is never a simple question.

The Canadian national interest in the North American project, whatever it turns out to be, is still to be defined. It should not be assumed, or stampeded in one direction in the heat of the moment. The Committee appreciates the sage advice given by Professor Stairs in that regard.

**The Committee takes this opportunity to announce that in the subsequent phases of our study we intend to listen to the ideas contributed by citizens in all parts of the country on the extremely important policy options that affect our most important relationships with the United States and within North America as a rapidly evolving region. We acknowledge a growing North American challenge which awaits. But we would add that Canada's course ought not to be determined narrowly, in haste, or only by a few. Securing Canada's future within a more secure, outward-looking North America must ultimately be a shared enterprise that involves all Canadians.**

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<sup>31</sup> Doran, Statement to the Committee, 29 November 2001.

## APPENDIX A LIST OF WITNESSES

| <b>Associations and Individuals</b>  | <b>Date</b> | <b>Meeting</b> |
|--|-------------|----------------|
| <p><b>Department of Foreign Affairs and International Trade</b></p> <p>Gaëtan Lavertu, Deputy Minister of Foreign Affairs</p> <p>Hon. John Manley, Minister of Foreign Affairs</p> <p>James R. Wright, Assistant Deputy Minister, Global and Security Policy</p> | 04/10/2001  | 30             |
| <p><b>Canada Customs and Revenue Agency</b></p> <p>Denis Lefebvre, Assistant Commissioner, Customs Branch</p>  | 20/11/2001  | 42             |
| <p><b>Citizenship and Immigration Canada</b></p> <p>Joan Atkinson, Assistant Deputy Minister, Policy and Program Development</p>   |             |                |
| <p><b>Department of Foreign Affairs and International Trade</b></p> <p>Jon Allen, Director General, North America Bureau</p>   |             |                |
| <p><b>Industry Canada</b></p> <p>Andreï Sulzenko, Senior Assistant Deputy Minister, Industry and Science Policy</p>  |             |                |
| <p><b>Solicitor General Canada</b></p> <p>Paul E. Kennedy, Senior Assistant Deputy Solicitor General</p>   |             |                |
| <p><b>Transport Canada</b></p> <p>Christine Nymark, Assistant Deputy Minister, Policy</p>  |             |                |
| <p><b>Department of Foreign Affairs and International Trade</b></p> <p>James R. Wright, Assistant Deputy Minister, Global and Security Policy</p>  | 20/11/2001  | 43             |

| <b>Associations and Individuals</b>  | <b>Date</b> | <b>Meeting</b> |
|--|-------------|----------------|
| <b>National Defence</b><br>Mgen. H. Cameron Ross, Director General, International Security Policy  | 20/11/2001  | 43             |
| <b>Canadian Institute for International Affairs</b><br>Hon. Barbara McDougall, President   | 22/11/2001  | 44             |
| <b>Carleton University</b><br>Andrew Cohen, Professor, School of Journalism and Communication  |             |                |
| <b>Laval University</b><br>Albert Legault, Director, Forum on Security and Defence, "Institut québécois des hautes études internationales" |             |                |
| <b>North-South Institute</b><br>Jean Daudelin, Senior Researcher, Conflict Prevention  |             |                |
| <b>Royal Military College of Canada</b><br>Houchang Hassan-Yari, Professor, Political Science  |             |                |
| <b>University of Toronto</b><br>John Kirton, Professor, Political Science  |             |                |
| <b>Carleton University</b><br>Maureen Molot, Director, Norman Paterson School of International Affairs                                     | 27/11/2001  | 45             |
| <b>Center for Strategic and International Studies (Washington)</b><br>Christopher Sands, Director, Canada Project                          |             |                |
| <b>Dalhousie University</b><br>Denis Stairs, Professor, Political Science  |             |                |

| <b>Associations and Individuals</b>   | <b>Date</b> | <b>Meeting</b> |
|---|-------------|----------------|
| <b>University of Waterloo</b><br>Andrew Cooper, Professor, Political Science  | 27/11/2001  | 45             |
| <b>Business Council on National Issues</b><br>Sam Boutziouvis, Vice-President, International Trade and Global Economics<br>Thomas d'Aquino, President and Chief Executive Officer | 27/11/2001  | 46             |
| <b>Conference Board of Canada</b><br>Gilles Rhéaume, Vice-President, Policy, Business and Society<br>Andrew Shea, Research Associate  |             |                |
| <b>Council on Foreign Relations (New York)</b><br>Stephen Flynn, Senior Fellow, National Security Studies   |             |                |
| <b>Canadian Institute of Strategic Studies</b><br>David Rudd, Executive Director  | 29/11/2001  | 47             |
| <b>Carleton University</b><br>Martin Rudner, President, Canadian Association for Security and Intelligence Studies  |             |                |
| <b>Johns Hopkins School of Advanced International Studies)</b><br>Charles Doran, Professor of International Relations, Director of Canadian Studies                               |             |                |
| <b>University of Calgary</b><br>Stephen Randall, Dean, Faculty of Social Sciences   |             |                |
| <b>University of Toronto</b><br>Wesley Wark, Professor, International Relations Programme   |             |                |





# MINUTES OF PROCEEDINGS

Thursday, December 6, 2001  
(Meeting No. 49)

The Standing Committee on Foreign Affairs and International Trade met at 9:08 a.m. this day, in Room 308, West Block, the Chair, Bill Graham, presiding.

*Members of the Committee present:* Jean Augustine, John Duncan, Bill Graham, John Harvard, Stan Keyes, Diane Marleau, Pierre Paquette, Bernard Patry.

*Acting Members present:* Deepak Obhrai for Brian Pallister; Roy Cullen for Hon. George Baker.

*In attendance: From the Parliamentary Research Branch of the Library of Parliament:* Peter Berg, James Lee, Research Officers.

*Witnesses: From the Department of Foreign Affairs and International Trade:* Don Stephenson, Director General, Trade Policy Bureau II, Services, Investment and Intellectual Property Bureau; Catherine Dickson, Director, Information and Technology Trade Policy Division; Johanne Forest, Consultant, Trade and Environment Policies, Environmental Relations Division. *From Agriculture and Agri-Food Canada:* Suzanne Vinet, Chief Agricultural Negotiator, International Trade Policy Directorate, Market and Industry Services Branch. *From the Canadian International Development Agency:* Tim Miller, Trade Team Leader, Economics Policies, Policy Branch. *From the Department of Finance:* Darwin Satherstrom, Chief, Trade in Goods, International Trade Policy Division.

Pursuant to Standing Order 108(2), the Committee commenced consideration of issues relating to the World Trade Organization Ministerial Conference in Doha, Qatar, November 9-13, 2001.

Don Stephenson and Suzanne Vinet made opening statements and with Tim Miller and Catherine Dickson answered questions.

By unanimous consent, at 10:50 a.m. the Committee proceeded to discuss its future business.

It was agreed, — That in relation to the study this day on issues relating to the World Trade Organization Ministerial Conference in Doha, Qatar, November 9-13, 2001, witnesses representing non-government organizations be called to appear on Tuesday, December 11, 2001.

On a motion by John Harvard, it was agreed, — That a request, contained in a letter of December 5, 2001 to the Chair from the Minister of International Trade, for the Committee to consider and hold hearings on the Doha Development Agenda of the World Trade Organization be referred to the Sub-Committee on International Trade, Trade Disputes and Investments.

AT 10:52 a.m., pursuant to Standing Order 108(2), the Committee resumed its study of North American Integration and Canada's Role in the Light of New Security Challenges.

The Committee considered a draft report. It was agreed,

— That the Committee adopt the draft report, Canada and the North American Challenge: Managing Relations in Light of the New Security Environment, as amended, as its Fifteenth Report to the House;

— That the Chair be authorized to make such typographical and editorial changes as may be necessary without changing the substance of the Report;

— That 1000 copies in bilingual format be printed;

— That the Chair be authorized to present the Report to the House;

— That after the Report is tabled, a news release be issued.

At 10:55 a.m., the Committee adjourned to the call of the Chair.

Stephen Knowles  
*Clerk of the Committee*