



Presentation to

The House of Commons

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

***Study on Bill C-300: An Act respecting Corporate
Accountability for the Activities of Mining, Oil or Gas in
Developing Countries***

by

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Please check against delivery

Thank you, Chairman Allison. My name is Shirley-Ann George and I am Senior Vice-President, Policy of the Canadian Chamber of Commerce.

It is a pleasure to appear before this committee again on Bill C-300. We have resubmitted the presentation we gave when we appeared last November and I will not take you through it all again. My presentation today will outline the key reasons why our views on this bill have not changed since we last appeared before you.

In fact, we feel more strongly than ever about the harm this bill would cause while, at the end of day, giving no more protection to people in developing countries where Canadian extractive companies operate.

C-300 would:

- cut off companies from government resources when they are alleged, not proven, but alleged to have behaved badly and when they need help the most,
- leave the situation unresolved,
- leave the allegedly injured parties no better – and potentially worse – off,
- leave the company in no position to take any measures to make things right if that is proven to be necessary, and
- leave the reputation of Canada, the Canadian government and one of our most important industries and economic contributors in tatters.

Also, we cannot ignore the impact of reducing the activities of our large extractive companies on the hundreds of smaller firms that serve them including companies in your ridings. With the projects of the larger companies curtailed, the spillover effects in Canada will soon be felt.

Canada is a world leader in the extractive sector and the Toronto Stock Exchange is the world's largest mining sector capital market. Bill C-300 would change that. It would drive Canadian extractive companies - the vast majority of which behave responsibly and are considered to be globally social responsible leaders - to move their bases of operations outside of Canada. Their motivation would not be to escape the punitive measures of Bill C-300, but to allow themselves to operate on a level playing field with their international competitors. Competitors which will not have to be constantly looking over their shoulders to see where the next accusation is coming from.

Mining is similar to building a new highway across the middle of your home town. No matter how much it is needed, and how diligent you are in your preparations, there will be a group that will remain bitterly unhappy. There are anti-mining groups who make heresay accusations without the needed due diligence.

This bill provides a taxpayer-funded platform for organizations whose existence depends upon their ability to make allegations against extractive companies and to those who wish to cause mischief to Canadian companies. Our extractive companies' international competitors could use the C-300 process to damage the reputation of our companies, tie up their financing arrangements as well as delay their entry into new projects and/or the takeover of existing ones.

If Bill C-300 were passed, many Canadian corporations would not take the risk of pursuing new ventures in weak governance countries. This could be devastating to countries that depend heavily upon the economic contribution of Canada's extractive companies. In Africa, for example, Canadian mining companies had more than \$19 billion in assets in 2008. The impact upon this region of the closing down of projects - or even their curtailment - would be hard and swift to the world's most vulnerable.

Canadian companies would also shy away from taking over operations where companies are behaving inappropriately to bring them up to international standards. Why would they do so when the prospect of penalties and reputation damage lay before them? And who would lose most? It would be those very people the bill means to protect; the citizens of developing countries who would have to settle for companies from countries with lower human rights, environmental and labour norms.

The sanctions proposed in this bill could be very serious and potentially devastating for Canadian extractive companies and their employees at home and abroad. It would also harm the projects - and people - in the developing countries. To be cut off from EDC financing and political risk insurance, as well as being blacklisted for Canada Pension Plan investment, would mean the canceling of projects and the cutting of jobs.

The view of the Canadian Chamber is that Canada shows true leadership by working with companies to give them the tools to prevent getting into difficulties and, even more importantly, to continue working with them to help remedy the situation and preserve Canada's reputation if they do. Cutting and running is not the answer.

Some have alleged that Canada's extractive companies want to cling to the status quo. This is not the case. Canada's extractive companies know the competitive advantage afforded to those having solid reputations for responsible conduct. What this is about is measuring companies competing internationally by the same existing high performance standards and not putting Canadian companies at a competitive disadvantage. It is also about the reputational and economic harm of a process that invites allegations against Canadian companies without any risk to those making them.

C-300 is a classic example of a well intentioned bill that causes massive unintended consequences. Because this bill was written by those who do not understand the extractive industry it will also not achieve its intended consequences

It is our recommendation that you take a step back and look at what should be done. This Committee can meaningfully contribute to improving socially responsible behaviour. You can:

- better understand the industry, this could include visiting Canadian company's site,
- understand and contribute to international CSR guidance tools, such as the updating of the OECD Guidelines for Multinational Enterprises,
- review and support more CIDA projects that help build good governance in areas where Canada has mining interests, and
- make the CSR Counsellor report important by giving it your priority review and ensuring the department provides adequate resources to that office.

These measures will make a positive difference.

As we have said, while well-intentioned, Bill C-300 cannot live up to those intentions and would cause significant harm to Canada's world-leading extractive companies, the broader business community and Canada's overall reputation and economic competitiveness.

The Canadian Chamber of Commerce asks each of you to vote against this bill.

Thank you. I would be pleased to answer your questions.