

Statement

Secretary of
State for
External Affairs



Déclaration

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STATEMENT BY

**THE HONOURABLE BARBARA McDOUGALL,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
ON THE SECOND READING OF BILL C-53,
AN ACT TO PROVIDE FOR THE IMPOSITION
OF SPECIAL ECONOMIC MEASURES,
IN THE HOUSE OF COMMONS**

**OTTAWA, Ontario
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Affaires extérieures et
Commerce extérieur Canada
External Affairs and
International Trade Canada

Canada

Madame Deputy Speaker

I am very pleased to lead off the debate today on Bill C-53, an Act to provide for the imposition of special economic measures.

Now that the "Cold War" is over, we are living in a period of unprecedented opportunity to enhance international peace and security. Countries are rethinking the way they have conducted international relations for the past 45 years. The international community is looking for new and effective ways to maintain international peace and security with minimal recourse to military force.

The responses of the United Nations and the Organization of American States (OAS) to the Gulf and Haitian crises have highlighted the new opportunities for collective measures to suppress acts of aggression and respond to internationally unacceptable behaviour. It is in this context that the government has introduced Bill C-53, an Act to provide for the imposition of special economic measures.

The purpose of Bill C-53, is to enable Canada to impose a broad range of economic sanctions against a state, or a part of a state, whose actions pose a serious threat to international peace or security, or fail to conform to accepted standards of behaviour. The Act will improve Canada's ability to join other states promptly and effectively in the application of economic sanctions.

The application of economic sanctions will remain an exceptional measure, but it is an essential foreign policy instrument. There are occasions when other peaceful means, such as diplomatic representations, public condemnations, various *démarches* will not bring a delinquent state or a rogue regime to modify its behaviour. In these circumstances, the ability to join promptly in the application of multilateral economic sanctions is both valuable and necessary.

The use of economic sanctions, of course, is not new to Canadian foreign policy. On a number of occasions over the past 25 years, Canada has joined like-minded states in resorting to economic sanctions for one reason or another. For example, comprehensive sanctions were applied against Rhodesia in 1968 and against Iraq in 1990. A United Nations mandated arms embargo against South Africa was established in 1977, and more extensive economic measures were applied in 1985 and 1986. Limited sanctions were applied against Iran and the Soviet Union in 1980, Poland and Argentina in 1982, Libya in 1986 and Haiti in 1991.

These instances have revealed that our domestic authority to impose sanctions is not appropriate to the current situation. We have seen, for example, that disagreement among the permanent members of the UN Security Council regularly made it impossible to use the United Nations Act to apply sanctions. The Export and Import Permits Act only permits restrictions on trade in goods. Moreover, the requirement for an inter-governmental arrangement or commitment in order to control imports for foreign policy

reasons has occasionally made use of that Act cumbersome and difficult. The passage of special legislation, such as the Iran Economic Sanctions Act, takes time. Opportunities to effectively influence the outcome of a crisis can thus be lost. Other legislation, such as the Emergencies Act, was never intended for the application of international economic sanctions and is in fact of very little use. Measures that are within the discretion of the government can be useful in some circumstances, but they would likely be neither a sufficient nor an appropriate response to the unacceptable behaviour of another state.

In the past, we have been able to make do with a limited ability to impose international economic sanctions, but that is no longer the case. The world has changed. Not only has the end of the Cold War created these new opportunities for concerted international action that Canada and other countries must seize, the character of international economic relations and the structure of economic transactions have also changed. In the past, relatively effective sanctions could be applied by merely controlling trade in goods. Today, however, trade in services accounts for an ever larger part of international transactions. In addition, in an age of electronic banking, huge sums of money and other assets can be moved from one country to another almost instantaneously. Bill C-53 addresses these new developments and in its provision for controlling trade in technology, for example, a very important element in today's international exchange, it tries to anticipate others yet to come.

When I speak of these changes, I am referring to situations that are very real. After the coup d'état in Haiti, the ad hoc meeting of Ministers of Foreign Affairs of the Organization of American States urged OAS member states to embargo trade with Haiti and to freeze Haitian state assets. Canada, however, found itself with only limited authority to block financial transactions involving Haiti and to freeze Haitian state assets in Canada. Had the Special Economic Measures Act been in force when the coup took place in Haiti, Canada would have been better placed to respond quickly and effectively to the OAS request. Indeed, Canada had led the OAS in calling for strong economic measures against Haiti, and it is therefore, of course, doubly important that we are in a position to follow through.

With the legislation in place, we will be able to better respond. Embargoes are not always easy to apply. That said, we are concerned that some OAS members, including the United States, apparently appear to be backing away from giving full effect to the OAS resolutions. That reluctance can undermine the effectiveness of sanctions, and it makes it difficult for countries like Canada to sustain the sanctions when others are not sharing the burden. We want to implement measures that will contribute to the return of constitutional government in Haiti. We urge our fellow members to do likewise, as well as other countries. This action was a breakthrough for the OAS, and, in our view, it is very important that we act as member states in concert.

I have spoken about why Canada needs the Special Economic Measures Act; now I want to talk about the Bill itself.

This is enabling legislation. It will allow, but not require, the government to apply international economic sanctions. Bill C-53 signals no intention to apply sanctions either more or less frequently than we have in the past. Canadian decisions to use sanctions will be guided by established policies, and the need for sanctions will be dictated by developments in international relations. I can, however, assure you that Canada will continue to work hard with the objective of ensuring that sanctions will be called for only on rare occasions. When the government does decide to apply sanctions, the Act will give it the flexibility to choose those measures which are best suited to the situation at hand.

The essence of the Bill is found in Section 4, which describes the conditions for the application of sanctions and the types of measures that may be applied. Sanctions may be applied following a determination that, in the opinion of the Governor in Council, a grave breach of international peace and security has occurred which is likely to result in a serious international crisis. Sanctions may also be applied in response to a decision, resolution or recommendation of an international organization or association of states of which Canada is a member, calling for the application of sanctions.

Under the Act, the government will be able to seize or sequester the property held in Canada by the sanctioned state or persons associated with it. The government will also be able to make orders or regulations restricting or prohibiting a variety of activities such as trade in goods and services, the execution of financial and commercial transactions, the transfer of technology, and the operation of air and maritime links.

Bill C-53 is fully consistent with long-established Canadian foreign policy that has always treated the application of international economic sanctions as a very serious and exceptional measure. In applying economic sanctions, Canadian governments have been guided by three principles: Canada has sought a broad international agreement on the necessity and usefulness of sanctions; Canada has insisted that the burden of sanctions be shared among the countries imposing them; and, Canada has made every effort to avoid placing Canadian business and workers at a disadvantage in relation to their foreign competitors. Nothing in this Bill requires departure from these long-standing principles of Canadian foreign policy, and they will indeed continue to guide us.

Every situation in which sanctions will be imposed will, of course, be different. To be effective, international economic sanctions should be used in pursuit of very precisely and clearly defined objectives. Sanction measures must be carefully conceived, because those that would be effective in one set of circumstances may be totally inappropriate, perhaps even costly

in another. Decisions to impose economic sanctions will involve a complex balancing of many considerations. The kinds of measures to be taken, their likely effectiveness and their potential cost to Canadians will need to be addressed every time a proposal is made to impose sanctions. Consequently, Bill C-53 does not dictate the policy considerations that would determine whether or not to apply sanctions in any particular situation, nor does it dictate the types of measures to be used when the government decides to apply sanctions.

The flexibility that must be granted to the government in Bill C-53 warrants parliamentary scrutiny. In applying sanctions, as the Iraqi invasion of Kuwait demonstrated, the government must be able to act quickly. However, once the government has acted, every order and regulation made in application of sanctions must be laid before each House of Parliament within five sitting days of its making. If 50 Members or 20 Senators move that any order or regulation be revoked, the motion must be debated and brought to a vote.

When Canada applies economic sanctions, every effort must be made to minimize the cost to Canada's business community and to Canadian workers. Where possible, restrictions should be applied in a prospective manner, thereby permitting the execution of existing contracts. Where costs to Canadians are unavoidable, existing government programs might be adapted to assist those in Canada who bear the burden. This was done in 1980 when the existing grain price support programs were used to relieve farmers affected by depressed cereal prices that resulted from Canadian participation in the grain embargo against the Soviet Union. In the Canadian experience with the application of economic sanctions, there has been little call for direct compensation. Nonetheless, we do not exclude the possibility that, in certain circumstances, the government might want to consider the need for a program of compensation for Canadians and persons in Canada adversely affected by the application of economic sanctions. Section 6 of the Bill provides for that eventuality.

Bill C-53 is timely legislation that responds to changes in international circumstances. It reflects changes in the character of international business. The Special Economic Measures Act will fit within long-standing Canadian policy that seeks multilateral solutions to international problems. And, it will be a valuable addition to the peaceful options available to the government to respond to threats to international peace and security.

I hope that all honourable Members will see the value of this important legislation and allow for quick passage so that additional options can be considered for addressing effectively the Haitian situation in particular. It is of most immediate concern, but, of course, to others in the future.

Thank you.