

## Hoping for a warmer aid budget

Oxfam Canada, RESULTS Canada want aid unfrozen; brand-name, generic drugs battle continues over EU talks.

SNEH DUGGAL (feat. COLIN ROBERTSON)

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Some non-governmental organizations are asking the government to unfreeze its aid budget in the lead-up to this year's federal budget, while other groups are targeting spending in areas like trade and defence.

The House of Commons finance committee launched its pre-budget consultations last June, allowing Canadians to submit recommendations for the government's federal budget that is likely to be released next month.

More than 300 groups or individuals made submissions to the committee covering a range of topics from education to the economy, trade and defence. The committee asked for submissions on how to achieve sustained economic recovery and a balanced budget, how to create quality, sustainable jobs and how to ensure low rates of taxation.

The government is on a belt-tightening mission and is trying to balance the budget by 2014-2015. Its spending review aims to find at least \$4-billion in annual savings from \$80-billion of direct program spending. In 2011, the government decided to freeze its aid budget at \$5 billion starting in 2011 for four years.

RESULTS Canada, an organization trying to reduce extreme poverty, recommended the government reassess flat-lining the aid budget beyond 2012.

"Even in an era of fiscal restraint, it is imperative that the burden of economic recovery not fall on those who can least afford to shoulder it," the organization wrote in its submission to the committee.

As well, Oxfam Canada suggested the government allocate \$5.6 billion for its aid budget this year.

Aid analysts, however, are not optimistic about the future of foreign aid.

"It is highly unrealistic to expect the government to increase the foreign aid budget," said Stephen Brown, an associate professor of political science at the University of Ottawa who studies Canada's aid policy, in an email to *Embassy*.

Instead, the government will likely cut aid, Mr. Brown said, adding that if that happens, Canada will compare poorly to countries like the United Kingdom. He said the UK, which has a more urgent need to cut expenditures, is maintaining its current levels.

Nipa Banerjee, who headed Canada's aid operations in Afghanistan between 2003 and 2006 and is now a professor at the University of Ottawa's School of International Development and Global Studies, also said in an email to *Embassy* that she does not expect the government to unfreeze the aid budget.

She said she strongly supports higher volumes of aid, provided that both the donor and recipient countries meet certain conditions including "conducive policies, strategies and investments."

"In my view, lessening of the aid budget is not the primary problem; in fact, it is a good idea to cut the volume of aid if aid is not being given effectively by the donors and foreign assistance is not being used effectively by the aid receiving countries," she said.

Donors often provide aid the way they see fit without supporting the development strategies of recipient countries, she added, and this results in ineffective development aid.

Many also question the government's ability to reach a United Nations target of spending 0.7 per cent of Canada's gross national income on aid. Oxfam said in its submission that the upcoming budget would be a good opportunity for the government to outline its plan to meet this target.

## **Trade**

The Harper government has repeatedly identified the economy and creating jobs as key priorities. The Canadian Chamber of Commerce noted in its submission to the committee that one of the government's focuses should be on pursuing policies consistent with trade openness.

"Ensuring the dynamism of Canadian businesses and Canada's economy requires an ambitious, comprehensive and forward-looking strategy focused on boosting our country's trade and investment ties with other nations," the chamber wrote.

Pushing trade deals seems to be a focus for the government as well.

Currently Canada is in trade talks with the European Union, India, Korea and Ukraine, to name a few. Some deals are moving faster than others—officials expect Canada and the EU to seal the deal by this summer. The fourth round of talks for the Canada-India deal wrapped up in February; the two sides say they want to see a deal completed next year.

Canadians remain divided on trade issues, including the Canada-EU Comprehensive Economic and Trade Agreement. Both the Canadian Generic Pharmaceutical Association and the Canada's Research-Based Pharmaceutical Companies included in their submissions their views on Canada's intellectual property laws when it comes to drugs.

Extending patents for brand-name prescription drugs is a want for the EU in its trade talks with Canada. While the latter of the two associations supports this, the generics companies oppose the idea.

The Canadian Generic Pharmaceutical Association asked the government to "ensure the comprehensive economic and trade agreement (CETA) between Canada and the European Union does not include the EU's proposed extensions to pharmaceutical patent monopolies."

The association suggested this would increase prescription drug costs in Canada by almost \$3 billion annually.

At the same time, the Harper government is trying to pass a new copyright bill, making some wonder whether this could eventually pave the way for further protection of intellectual property when it comes to drugs.

Meanwhile, Canada is trying to get into the Trans-Pacific Partnership talks; nine countries, including the United States, Australia and Malaysia, are already part of the group.

The Harper government has been meeting with TPP member countries during the past few months to try to gain support for its entry into the talks. Canadian and US officials met Feb. 13 to talk about Canada's

interest in joining. That same week, Trade Minister Ed Fast traveled to Malaysia, Singapore and Brunei to do the same thing.

At home, stakeholders and analysts have been talking about what this could mean for Canada's supply management system. The government's support for protecting its dairy and poultry industries was often seen as the reason for Canada not joining the talks previously.

Mexico and Japan have also said they would like to join the talks. Meanwhile, the Canadian government announced in February last year that it would be doing a joint economic study with Japan on the possibility of an economic partnership agreement between the two countries.

The Japan Automobile Manufacturers Association of Canada, which focuses on trade and economic issues in the auto industry and promotes cooperation between Canada and Japan, called on the government to finalize the joint study so that a deal could be finished as soon as possible. The association said trade deals with the EU and South Korea could put its members at a disadvantage if only imports from those regions are duty free.

## **Education**

Many Canadian universities submitted proposals calling for the government to secure Canada's place as an innovation partner on the world stage.

The University of Toronto, like others, recommended the government reinvest in the Canada Foundation for Innovation a federal government initiative that funds infrastructure such as equipment, laboratories or computer software, for research.

Its submission stated that CFI awards averaged about 19 per cent of funding given to the granting councils (the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council and the Social Sciences and Humanities Research Council) from 2005-06 to 2010-11. The amount is expected to drop to less than 10 per cent by 2013-14.

"We recommend that Budget 2012 include a reinvestment in CFI to bring it up to 15% of Granting Council funding," reads the submission.

The University of Alberta and McGill University also called for continued investment in the foundation.

## **Defence**

What cuts to the defence department will look like remains to be seen, but the Rideau Institute is advocating for reduced defence spending that would eventually return to pre-9/11 levels.

The institute, a non-profit that does independent research, advocacy and consulting on international issues, wrote in its submission that after 9/11, Canada joined other countries in military operations and "embarked on a long list of equipment and weapons acquisition or modernization programs."

"A decade later, the great threats to Canadians' security are not military, but economic...governments are now preoccupied with addressing the global financial crisis and ensuring an economic recovery for their citizens."

Colin Robertson, former Canadian diplomat and now the vice-president of the Canadian Defence and Foreign Affairs Institute, said he doesn't think this government would push back spending to levels before 9/11, and that it would be unrealistic to do so.

Countries cannot predict international security situations, and therefore, Canada has to be prepared, he said.

The CBC has reported that the defence department is one that could take accelerated cuts.

Philippe Lagassé, assistant professor with the University of Ottawa's Graduate School of Public and International Affairs, previously told *Embassy* that he expects to see savings on infrastructure costs and civilian personnel and their programs.