‘Unfair’ to blame lone GAC official as ‘process failure’ led to Russian embassy visit, say analysts, former diplomats

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With Canada’s prime minister and top diplomat denouncing a Global Affairs official’s participation in a national day event at the Russian Embassy, foreign affairs analysts say the saying the convoy protests posed a “real economic threat.”

“It was clear to me that with each passing hour, our economic reputation with the United States as a reliable trading partner and as a reliable investment destination was being damaged,” said Freeland (University-Rosedale, Ont.) during her appearance before the Special Joint Committee on the Declaration of Emergency on June 14. “That was a real economic threat.”

Freeland said she was “deeply concerned” that the illegal convoy blockades at the Coutts, Alta., and Windsor, Ont., border crossings would provoke a new wave of American protectionism and erode Canada’s trading relationship.

In her testimony, Freeland referred to comments made by Michigan Congressional Rep. Elissa Slotkin after protesters blocked the Ambassador Bridge in Windsor suggesting the disruptions called for more “Buy American” policies.

Maryscott Greenwood, CEO of the Canadian-American Business Council and Crestview Strategy’s managing director of the U.S., said that while she can’t comment on the legality of the invocation of the Emergencies Act, she’s keenly aware of the damage that was done to Canada’s reputation as a trading partner, and the doubt it sowed in American consumers.

“The closure of the border during COVID and the blockade of the border during the trucker protests were both warning shots across the bow of the seamless, integrated economy,” Greenwood said. “If your main objective is to sell into the U.S. marketplace, it creates an incentive to locate on the U.S. side of the border, and that is of great concern to Canada.”

Coupled with the recent “asynchronous” reopening of the Canada-U.S.border, Greenwood said American producers and consumers continue to have concerns about the border, and while the kind of doubt such events can create is not as easily quantifiable, she argued even short-lived events can have long-lasting impacts.

As an example, Greenwood pointed to a recent winery tour some of her Canadian colleagues were invited to in Charlottesville, Va. She said the Canadians had admitted to their American hosts that they were apprehensive about travelling there, as they believed it was “dangerous.”

“It’s a bucolic university town in the Blue Ridge Mountains. It’s absolutely gorgeous,” Greenwood said. “The only thing they knew about Charlottesville...
was that god-awful, terrible protest with the hate groups.”

Greenwood said she wouldn’t be surprised if there were American business owners who now had a similarly “dangerous” view of Canada.

“If that’s the only thing you know, as a business person who is investing a lot of money in Canada, is it worth the risk of dealing with the border?” Opposition MPs slam Freeland’s testimony. Opposition party members of the joint committee have criticized Freeland’s testimony for lacking specific data from the time the act was invoked to show that the protests were sufficiently damaging to the national economy.

“I’m not sure you’ve brought any additional facts,” NDP MP and committee joint-chair Matthew Green (Hamilton Centre, Ont.) told Freeland on June 14, noting he was the fourth member of the committee to question her.

Green said the committee needs to know what relevant economic data the Finance office used to influence its decision, and that “feelings” and reputation don’t matter when it comes to government decision-making.

After multiple failed attempts to get an answer as to whether or not Freeland took notes during her meetings with the heads of Canadian banks and FINTRAC ahead of the invocation, Green called her refusal to answer the question close to “contemptuous.”

Conservative MP and committee vice-chair Glen Motz (Medicine Hat-Cardston-Warner, Alta.) had equally harsh words for Freeland’s testimony when he spoke to The Hill Times.

“She had a whole lot of nothing to say,” Motz said. “I was embarrassed for her.”

Motz said Freeland’s responses were another example of a “nuance shift” and a pattern of testimony, including from Public Safety Minister Marco Mendicino (Eglinton-Lawrence, Ont.), that “dances around the issues and leaves one to believe that they are even more untrustworthy than they were before.”

 “[Freeland’s] saying this had a huge economic impact, but she couldn’t provide the numbers,” Motz explained. “It was like, ‘take my word for it,’ but Canadians don’t trust you or the government. We’re not going to take your word for it.”

Joe Jordan, a former Liberal MP and current lobbyist at Bluesky Strategy Group, argued everyone, on both sides of the committee table, performed as expected.

“There’s a whole lot that goes on in those hearings, the least of which is the responsible study of whether or not the act should have been invoked,” said Jordan. “I’m not criticizing. I understand that you take advantage of whatever the politics of the day are, and the politics of the day are trying to tear people down.”

Jordan said MPs from each party bring their own agendas—none of which are a sincere examination of the justification for invocation—and, in his view, Freeland “did fine.” He called Freeland’s explanation that the economic and reputational threats posed by the blockades were sufficient to invoke the act, “very legitimate.”

“Everybody was getting kicked in the wallets,” said Jordan. “Those concerns were very real.”

Border blockades cost auto industry more than $870M: Volpe Motz also took issue with the feds’ claim that the economic impact of the border blockades was sufficient enough to warrant invocation of the act, citing a Statistics Canada report that stated cross-border trade in Ontario and Alberta was up 16 per cent in February, compared to the same month last year.

According to the report, while traffic at the blockaded border crossings was down 8.8 per cent, the decline was partially offset by an increase in traffic at other crossings. At the same time traffic at the Ambassador Bridge was brought to a near standoff, truck traffic along other Ontario border crossings shot up 72 per cent compared to the previous week.

However, Flavio Volpe, president of the Automotive Parts Manufacturers Association, said those numbers don’t tell the full story of the impact the blockades had on cross-border trade, particularly in the automotive sector.

“If you read that exact same report, Statistics Canada says vehicles, aircraft, and vessels were down by about 470 million [units],” said Volpe.

Once the increase in volume previously predicted by Canadian and American automobile dealers associations was factored in, and considering that 2021 saw a particularly constrained market due to a shortage of semiconductors, Volpe argued those losses are even greater.

“In Canada, the predicted volume increase was 5.4 per cent, and in the U.S. it was 3.4, so if you just increase it by four per cent, then the total shipments should have been 7.92-billion [cars] instead of
7.62-billion,” Volpe explained. “That by itself gets us to $870-million in lost revenue.”

Volpe also took issue with the assertion that the court injunctions used to clear out the blockades, like the one obtained at Ambassador Bridge (for which Volpe was a lead plaintiff), were proof that the Emergencies Act wasn’t needed.

“That was a temporary order that was going to expire in 10 days,” Volpe explained. “What were we going to do on the 11th day if these guys hung around?” Emergencies Act ‘all about deterrence’: Mendes

If the blockades were a warning shot to industries that rely on cross-border trade, University of Ottawa professor and lawyer Errol Mendes said he sees the invocation of the Emergencies Act as the government returning fire against any individuals or groups who may be planning a similar protest in the future.

“It was all about deterrence,” Mendes explained, pointing to a second planned blockade at the Ambassador Bridge that was thwarted by police before it arrived as an indication that the initial court injunctions were ineffective at permanently solving the problem.

“It became apparent that, with the money coming in, [the protesters] had the resources to continue doing this for a long time,” Mendes said, adding that it was his “absolute conviction” the reason why the government finally triggered the Emergencies Act “was because of the money coming in from the U.S.”

Convoy and blockade organizers had raised millions of dollars through crowdfunding sites like GoFundMe and the Christian site GiveSendGo. Under the Emergencies Act, crowdfunding platforms and the payment service providers they used were required to register with the Financial Transactions and Reports Analysis Centre (FINTRAC) and report large and suspicious transactions to the national financial intelligence agency.

In February, the CBC reported that hundreds of the GoFundMe donations to the Ottawa convoy protest came from donors outside Canada. During testimony before the House Public Safety Committee on March 3, GoFundMe president Juan Benitez told MPs 88 per cent of donations to the convoy originated in Canada and 86 per cent were from donors in Canada.

“The illegal blockades have highlighted the fact that crowdfunding platforms, and some of the payment service providers they use, are not fully captured under the Proceeds of Crime and Terrorist Financing Act,” Freeland said when the Emergencies Act was initially invoked on Feb. 14. “We are making these changes because we know that these platforms are being used to support illegal blockades and illegal activity, which is damaging the Canadian economy.”

Canadian financial institutions were also given the power to temporarily cease providing financial services if the institution suspected a personal or corporate account was being used to further the illegal blockades and occupations.

Mendes said he believes that the “untold story” surrounding the invocation of the act is the government’s realization of how vulnerable Canada was to the influence of the far-right in the U.S. and particularly the far-right’s money.

“They decided that we had to have a unified form of deterrence,” Mendes said. “It’s a warning that now we have this precedent.”

Mendes argued that the financial powers that were enabled through the Emergencies Act should be made into regular law.

“Hopefully they’ve learned their lessons now,” Mendes said. “Then they can essentially say to the people coming on July 1, ‘if you guys try it again, we can remove you again.’

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