



PROBE international

225 Brunswick Avenue
Toronto, Ontario
Canada M5S 2M6
Phone: (416) 964-9223
Fax: (416) 964-8239

E-mail: ProbelInternational@nextcity.com
Web: www.nextcity.com/ProbelInternational

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Dear Supporter:

In September, at the urging of the federal government, a group of Canadian companies voluntarily agreed to follow a new International Code of Ethics in their overseas activities. Though not legally binding, their attempt to raise corporate standards when it comes to human rights, the environment and corruption, endorses our belief that good ethics is good business. The new standard also helps groups like Probe International hold Canadian companies to account.

Incredibly, the federal government – though it endorses the code for the private sector – refuses to apply it to its own Crown operations. Instead, the government has decided to team up with some of the country's worst private sector violators to undercut companies striving to better themselves. Shamefully, the government recognizes that its own international businesses rank not with the best but with the worst practices of multinational corporations.

Take the Export Development Corporation, a federal patronage agency that greases deals too questionable for the private sector to handle alone. Its most notorious deal is the Three Gorges dam on China's Yangtze river, which violates just about every principle in the new code.

For example, the new code opposes human rights abuses and demands that local communities be involved in decision making that affects them. Yet EDC has teamed up with engineering giant Monenco-AGRA, and financed a supercomputer to coordinate the forcible expulsion of 1.3 million people from their land. Because of the Chinese citizenry's widespread concern about this dam, the government has militarized the region. It now jails anyone who challenges their impending resettlement.

The new code also requires corporations to practise sound environmental management, but EDC doesn't even have an environmental review procedure. The Three Gorges dam, whose reservoir will extend for 660 kilometres, is expected to become this century's worst manmade disaster, flooding 32,000 hectares of rich farmland, 13 cities, and hundreds of villages as well as priceless archaeological relics that date back to 10,000 BC. The dam will also

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threaten endangered species including the Siberian crane and Chinese river dolphin, and cause increased seismic activity and landslides that could cause a catastrophic breach of the dam. Experts don't even expect the dam to operate properly – as the massive silt load in the Yangtze river accumulates behind the dam, it will reduce flood control, navigation, and electricity generation.

Atomic Energy of Canada, another federal agency, also hasn't adopted the Code of Ethics because its deals can't stand up to scrutiny. Signatories to the code say "we should do business throughout the world consistent with the way we do business in Canada." Yet to push a sale of its nuclear reactors to China, the federal government bypassed its own environmental review procedures. For good measure, the federal government also backed this sale with \$1.5 billion from the EDC's coffers.

The code calls on corporations to operate in open, honest, and transparent ways. Yet AECL and the EDC are exempt from the Access to Information Act. When faced with public requests for details of its operations, EDC acts like a spy agency, refusing even to divulge which companies it has supported. In the case of the EDC-insured Cambior gold company, which spilled 3.2 billion litres of cyanide-laced effluents into Guyana's major river, the EDC blatantly misled Canadian parliamentarians and Canadian citizens when it claimed that a Guyanese inquiry into the catastrophe did not find the company responsible for the spill. In fact, the inquiry found that the Canadian-owned company did indeed have a "legal obligation to ensure that the substance did not escape."

Governments should represent the best in us, but somehow our federal government has found itself on a very slippery moral slope. In pursuit of business deals for itself and its corporate friends, our federal government is doing the dirty work that many multinationals refuse to do. If you believe that this is horribly wrong, and that government agencies should set an example of excellence instead of baseness, please make your views known. Tell your MP. Write letters to the editor. And to help us continue our work to promote good government in Canada and environmental protection throughout the world, please support us with a generous donation.

Yours sincerely,

A handwritten signature in black ink, appearing to read "P. Adams", with a stylized, flowing script.

Patricia Adams
Executive Director