



The Right Honourable Justin P. J. Trudeau
Prime Minister of Canada
c/o Office of the Prime Minister
80 Wellington St.
Ottawa, ON
K1A 0A2

Re: How to Move Forward on the General Dynamics Land Systems Contract with the KSA
Dear Prime Minister Trudeau:

First, allow me to say on behalf of our Board of Directors and the over 1,100 member businesses and organizations of the London Chamber of Commerce and their 58,000 employees, thank you for your deep concerns about human rights violations globally and for encouraging other nations to follow Canada's lead.

As the Voice of Business in London for over 161 years, our Chamber fully supports the advancement and protection of human rights nationally and internationally. As thought leaders in our community, we respectfully submit that there are a number of alternative solutions to this potentially catastrophic impasse that we offer for your consideration.

We use the word catastrophic quite carefully but the word is more than appropriate given the context and potential impact to our community, our region and critically to our nation's historic reputation as a trusted trader of goods and services.

We fully appreciate why many activists are distressed with this trade deal (General Dynamics Land Systems - GDLS \$14 billion value) with the Saudi Arabian Kingdom (the Kingdom or KSA) based on their well-documented human rights violations. And, they have a right to be upset. The human rights picture in the Kingdom is not good. But is it improving? Some closer to the ground indicate that it is indeed improving. Certainly not to the satisfaction of the Canadian government nor our Chamber. Nevertheless, in a country (by its various names over time) that has acted this way for centuries, not even the most optimistic among us can hope to change their historical bad habits overnight. It takes time and it takes diplomacy. And not the in-vogue, social media type diplomacy we are witness to on a daily basis by other world leaders, but real honest to goodness diplomacy. And crucially, it takes trade. Yes trade.

For centuries, indeed millennia, trade has been the measure by which other countries are willing to take on partners and establish international relations. It is this global infusion of goods, practices, policies and cultures that has formed the basis of the global marketplace and the cornerstone for most of the free trade and bi-lateral trade agreements that are in force

across the planet today. In short, trade is the shoulders on which most of our international partnerships stand. Does trade make things perfect? – of course not but it does give countries a chance to grow, to learn, to adapt, to conform and to improve.

Not to belabor the human rights concerns, but we find it odd that all of this focus seems to be on the Saudi Kingdom while Canada and Canadians generally seem not to mind trading with other countries who have been identified by **Amnesty International as among the 10 global hotspots for major human rights violations in 2017*. These include billions and billions of dollars in two-way trade with Turkey, Venezuela, Russia, China, Yemen, Syria, the EU, Australia and yes - our biggest trading partner of all, the U.S. (They are #1 on the list)

If Canada was to use 'Human Rights' as the barometer by which we will honour existing trade contracts, then does it not stand to reason that we should cancel all contracts, be they military goods or otherwise, based on this single principle? To do so would logically mean we would no longer have trade deals with either the U.S. or Mexico – two countries with a global reputation for some horrific human rights violations and yet two countries we spent over two years renegotiating a new NAFTA deal with.

And as uncomfortable as this may be for some to hear, in other parts of the world, Canada's own human rights record is viewed as less than stellar.

And while it seems unclear about what goes on in the Middle East on any given day, what is clear is that every country seems extremely concerned about what Iran is doing so to have a Saudi Arabia there as a counterbalance in the Middle East against Iran, seems to us to be a good thing.

So what are the real economic impacts involved with the GDLS deal and how might it impact us if it were to be cancelled. For starters GDLS-Canada has about 1800 to 2000 employees on average and contracts like this help to sustain those jobs in London. Of those over 650 are engineers, in other words the STEM-field jobs or knowledge workers we seem to covet so much.

GDLS supports over 260 suppliers in the London region alone and over 500 across Canada. That's a contribution of over 13,500 direct and indirect jobs. To date this plant has delivered over 11,000 light armoured vehicles, the same vehicles that have saved the lives of scores of our Canadian troops and those of our allies.

What continues to puzzle us about this latest round of anti-Saudi trade rumblings is the fact that GDLS has been exporting to the Kingdom since 1992, nearly 27 years. Furthermore, the deal that was struck back in February of 2014, the largest export deal in Canada's history, was vetted and contracted through the Canadian Commercial Corporation and underwent some of the most rigorous scrutiny and compliance testing ever undertaken by a Canadian company. So, while the battle continues on the human rights issues associated with Saudi Arabia and many, many other countries across the globe, we all need to keep in mind what the

consequences of cancelling this contract might bring. It's well known that these types of vehicles can and do get supplied from a variety of different sources other than Canada. We are led to believe that China or Russia could fill this order quite quickly. If that were to happen in this case, would Saudi Arabia's human rights record improve overnight? Of course not. That being said, using the threat of or the cancellation of existing contracts with KSA or any country simply doesn't work and all that is left in the wake of such actions is the loss of 1800 direct and 13,000 indirect, well-paying jobs and billions of dollars of lost economy not to mention our reputation as a trusted partner in trade universally.

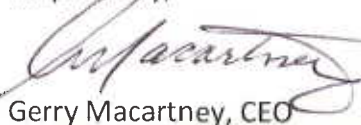
On the subject of the repatriation of U.S. owned companies, we are of the view that the Trump government needs no further help in achieving his well stated "*make America great again*" stance. One can only speculate if GDLS would remain in Canada if our government were to break this contract.

How to Move Forward:

There are a number of alternative solutions to this issue that would not have the catastrophic results an all-out cancellation would have. They include:

- 1. Continue to drive towards a diplomatic resolution using trade as the tried and tested universal lever towards resolution.**
- 2. Do as other global leaders have done and "suspend" any future trade with the KSA until diplomatic resolutions can be attained.**
- 3. Allow partial or incremental shipments of the GDLS contract to be delivered with the caveat that the balance of the contract "Will" be completely cancelled if any stipulations within the contract are breached – specifically using these vehicles against their (the KSA's) own people. A stipulation by that way that they have continued to abide by.**
- 4. Join in with other G8 and/or NATO countries to adopt a universal approach to dealing with the matter such that existing contracts can proceed but could be followed by heavy trade sanctions across the board if violations were to be discovered.**
- 5. Strengthen future contracts with the KSA by stipulating more specifically what a breach of a universal Human Right's Code are defined as.**

Respectfully;



Gerry Macartney, CEO

London Chamber of Commerce

Copies: The Board of Directors, MPs Fragiskatos, Young, Vecchio, Mathysen, Foreign Affairs Minister Chrystia Freeland, Doug-Wilson Hodge (GDLS), Mayor Ed Holder, Kapil Lakotia (LEDC)

*Amnesty's State of the World's Human Rights report, published Thursday, assessed human rights violations in 159 countries in 2017. It claimed a broad clampdown on human rights had created a "more dangerous" world.