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The Honourable Rob Merrifield

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**●** (1530)

[English]

The Chair (Hon. Rob Merrifield (Yellowhead, CPC)): We have a quorum.

We want to thank our witnesses for coming in. We are continuing with our study on the comprehensive economic partnership agreement between Canada and India.

We want to thank...Mr. Dhesi, is it?

Mr. Gian Dhesi (President, Pacific Exotic Food Inc.): My name is Gian Dhesi.

The Chair: Thank you.

We also have Mr. Ghuman.

I murdered it, but that's okay. I murder a lot of names. I'm consistent that way. I don't pick favourites.

I want to thank you for coming in to give us your expertise with regard to the study. We will yield you the floor respectively, and then we'll open it up for questions and answers.

We'll start with Mr. Dhesi.

Mr. Gian Dhesi: Thank you.

Chair and members of the Standing Committee on International Trade of the House of Commons, I, Gian Singh Dhesi, wish to share with you information on the potential benefits of doing business with India.

I would like to inform you that I moved to Canada from India in 1969 after graduating in Civil Engineering in India. I had a wonderful opportunity to share my engineering knowledge while working as an engineer for B.C. Rail Ltd. I also contributed to enhancing business ties between Canada and India while acting as general secretary of the B.C. chapter of the Canada-India Business Council from 1993 to 2005.

I would like to share information on the potential benefit to the Canadian economy of the growing demand of the Indian economy. Since big multinational corporations already have a presence in India, the key focus is on doing business with India.

In Indian culture, guests are treated—this is an important part—as gods, and that's one of the reasons India has been attracting foreign traders and trading with other countries for many centuries. Since India was ruled by the British for nearly three centuries, the Indian economy is just like the North American and British economies. The Indian economic system has a basis similar to that of the British

system. Through this report, I would like to share key information on the various sectors of the Indian economy and on how serving these sectors by meeting their demands can benefit Canada.

The following is my submission to the chairman, covering key information on the various sectors of the Indian economy. I won't read everything, but I will outline the information I want to share with the committee.

In the history of trade, India was a closed economy until 1991 and there were stringent restrictions on foreign investment. On July 24, 1991, the first step towards liberalization of the Indian economy was taken by then finance minister and current Prime Minister Dr. Manmohan Singh when he proposed a liberalized industrial policy and economic reforms to open Indian markets and allow opportunities for foreign investors by offering investment licensing and by organizing their active participation in trade fairs.

I would like to speak about the demographics of India.

In 2011 the Indian population was 1.241 billion compared to the North American population of 346 million. Out of the total Indian population, 623 million are males and 586 million are females.

India's workforce is expected to rise so that those between 15 and 64 will go from representing almost 64% of the population in 2009 to 67% in 2020. This is the projection. Meanwhile, China's population is expected to start declining in 2014 resulting in a labour shortfall by 2050, according to some estimates. The labour force in India is expected to increase by 32% over the next 20 years, until 2031, while that in industrialized countries will decline by 4% and in China by nearly 5%.

Between 2006 and 2011, consumer spending in India almost doubled from \$549 billion U.S. to \$1.06 trillion U.S. There are 250 million people set to join India's workforce by 2030. As a big chunk of the population shifts into the working age group, the offshoot will be an increase in disposable incomes and conspicuous consumption. India's favourable dynamics, accompanied by the population's growing propensity to spend, have lured investors.

• (1535)

There are 200 million people between the ages of 18 and 25 in India, and manufacturers of fashion wear to motor vehicles, all are targeting this group.

India's growing middle class is acting as a great fuel in demand for consumer goods. The increasing middle class is adding demands on housing, infrastructure, transportation, electricity, banking services, consumer goods, mobile phones, Internet, electronic devices, and many other much needed services.

India's middle class is expected to reach 267 million by 2016 while the Canadian population is 34 million plus. Canadian companies and the Canadian economy can benefit from the growing Indian middle class by offering products and services catering to this growing segment of India.

I will talk briefly about the economy, but it is detailed in my report.

India's trade-to-GDP ratio increased from 15% to 35% of GDP between 1990 and 2005, and the economy is now among the fastest growing in the world. India's GDP growth in 2011 was 6.8% and was \$1.84 trillion U.S. India's GDP growth is forecasted by the IMF to be 6% in 2013.

There are other things, but I don't want to take your time.

According to world figures, India is encouraging private participation in infrastructure development.

While agriculture's share in the country's economy is progressively declining, India remains a global agricultural powerhouse. It has the world's largest area under wheat, rice, and cotton, and is the world's largest producer of milk, pulses, and spices. Based on this information, a growing economy always has a growing demand for raw material products, services, and technology. Canada can benefit from India's growing economy by meeting the demand of the Indian industrial sector.

Now I will talk briefly about all the sectors.

The Indian telecommunication sector is the second largest in the world after China. As per the TRAI, the Telecom Regulatory Authority of India, report covering the quarter from April to June 2012, the total number of telecom subscribers was 965.52 million, which was an 1.49% increment over the previous quarter. A majority, 61.89%, of wireless users live in urban parts of India. Whereas the population is one-third urban, the telecom users are two-thirds of the total population.

Total Internet subscribers, excluding Internet access by wireless phone subscribers, were 23.01 million, a 0.66% change over the previous quarter.

Regarding broadcasting and cable services, there are 831 private satellite TV stations presently in India, 184 pay channels, and 245 FM radio stations.

For the manufacturing of telecom equipment, foreign direct investment, or FDI, is allowed up to 100%. At present, 74% to 100% FDI is permitted for various telecom services, and 100% FDI is permitted in the area of telecom equipment manufacturing and the provision of IT-enabled services. This has made telecom one of the major sectors attracting FDI inflows in India.

There is potential business for Canadian telecom sector companies that offer research and development services and products in Canada to offer the same to Indian companies.

**●** (1540)

In the area of the Internet, IT and ITES, in 2011 India had 110 million Internet users and Internet commerce business worth \$10 billion U.S. By 2013, India is expected to have 273 million Internet users and a potential \$30 billion U.S. in Internet commerce business. That means a threefold increase in Internet commerce business, making India a potential market for Internet and related services businesses.

It is a great opportunity for Canadian companies offering online advertisement and value-added services in Canada to target such a huge Internet market in India.

The Chair: I can see all of the numbers you have—

**Mr. Gian Dhesi:** That is why I am just taking one or two lines out of this, and then you will have everything in the report to read.

Further, I want to say that there is an opportunity in real estate.

The Chair: We can see the numbers. We have your text here.

My problem isn't your content; my problem is the time. You will be able to expand on some of your numbers and some of your documentation as you get into the questions and answers.

**Mr. Gian Dhesi:** I just want to outline where Canadian companies have the potential to do business in India.

**The Chair:** I loved your presentation. I am a numbers person, so I like this.

**Mr. Gian Dhesi:** Finally, I would like to say that India is one of the fastest growing economies in the world at the moment. There is a great opportunity for Canadian companies to offer products and services to Indian companies.

The Chair: I agree.

We will now go to Mr. Ghuman. Please go ahead, the floor is yours, sir.

**Mr. Jas Ghuman (As an Individual):** Chair, and committee members, good afternoon. I came to Canada in December 1977, 35 years ago. I came here and liked it for a few days and then after a few days I really wanted to go back to India, because I thought, no, no, I don't think I want to live here.

The Chair: You must have come in the winter.

Some hon. members: Oh, oh!

Mr. Jas Ghuman: Exactly. December 25, Christmas Day.

When my sister took me shopping, I had to carry the cart, and it was a very different experience for me because we used to have a servant in our house and here I'm carrying the cart behind my sister. So I told my sister I wanted to go back. My father hid my passport and told me I could not leave until I became a citizen.

Fortunately I got a very good job with PWA, Pacific Western Airlines. My very first night experience, again in the winter, I got an evening shift, so I was done by one in the morning and there was no bus leaving from the airport. I had to walk in the snow in my shoes almost 9 or 10 miles. I didn't know how to catch the bus or which bus to catch or anything. So another bad experience, crying to my father that I wanted to go back. "No".

My father was an ex-army officer, from the British Army, by the way, and his rules were it and you had to listen to him. So, fine. Finally I settled myself here and got into some other business, such as driving a taxi. Then I got into the taxi business and bought my own taxis in 1980. At that time I was only 23 years old. Then I got married. I have three wonderful children and a lovely wife. Then I started enjoying myself here.

I lived in a very small room where I was really enjoying my life back in India. Here I lived in a small room and from there I grew up and I did excellent. I got into some business. I worked for the B.C. government. Finally about 13 or 14 years ago I started doing business back and forth with India, real estate, buying property and developing that into resorts. That is the experience I am going to share with everybody, and a few other experiences back in India, for the last 14 or 15 years. That's me.

Anyway, I'm going to talk about India. Everybody is talking about India as booming. Yes, but we do have some problems. There are problems everywhere, not only in India but in Canada and America. Everywhere. But some countries know how to resolve the problems and some countries don't. India is one of them.

I am aware that running a business in India is not an easy task because that was my own experience, especially for us Canadians. It is difficult, no doubt, but not impossible. Running a business is one thing, but running it successfully and maintaining that success is another story altogether, for the reason that you never know when some top-notch politician is going to come along and demand a piece of the pie from you. They want to have a share, and they would like to give you some money—or they might not give you the money. It is not only politicians but some bureaucrats also. They will demand this if you are doing very well.

I know this from my own personal experience and that of some of my good friends. One of my close friends is a Canadian citizen and he also came in 1976. He invested almost \$1 million in India in 2002. He ended up having this problem of this kind and finally he had to leave the country, take his money out, and he came back with \$500,000 less.

**●** (1545)

These are the negative things we have in India. As Canadians, we are used to getting things done systematically. When no system works in India, or it is manipulated, it leads to a lot of frustration and unwanted stress, which I have gone through from time to time myself in the last 13 or 14 years.

When you enter India, no matter where you go, corrupt people will find you. You will come across them everywhere. But to find good people...yes, there are some good people. Even in politics there are some good people.

An hon. member: On this side of the table.

Voices: Oh, oh!

**Mr. Jas Ghuman:** You have to make a really good effort. There are definitely good people, but you will have to look for them and establish a bond with them.

Mr. Shory and Mr. Sandhu know how it is there.

Your foundation for success is established when these good people become a part of your business life. They are definitely big assets to you.

Any concerns or issues we might have with regard to corruption or the system in India are still not reason enough for us to not consider investment in India. There are several investment opportunities there. Real estate is probably right at the top of the list, followed by import and export opportunities, education, and many more.

Real estate is really doing very well. Whatever we invest in India in real estate we can double or triple in less than five years. That is the investment in real estate. Unfortunately, there are a few problems. We can only buy commercial properties. We can only buy houses, residences. That is not the only thing. If the Indian government allows us to buy agricultural land for Canadian investors, then we can do a lot. In greenhouses we can get everything done our way, systematically, and we can make a lot of money from that.

What do we make there? We invest money there. We make a profit there, and we can bring the profit back here. In India there is consumption; there is the population. Any concerns for issues that we might have with regard to corruption or the system in India, they are still not reason enough for concern about investing in India.

In terms of involvement by the Canadian government, a lot of Canadians are interested in investing in India, and we can make good profits. These profits will be brought back to Canada, which will have a positive effect on the Canadian economy in the long run. But we would like to stress some kind of assurance or security by the Canadian government so that we can comfortably move ahead. This can be established by negotiating with the Indian government to give us incentives and to safeguard our investments.

**●** (1550)

The Chair: You have about 30 seconds or so.

**Mr. Jas Ghuman:** Importing from India is a big business. There is no limit as to what can be imported from there, ranging from spices to clothes and furniture, and the list goes on. And since labour is relatively inexpensive in India, we can expect prices to be at a level giving us a reasonable profit margin on our goods sold in Canada. Again that will have a positive effect on our economy.

I also propose that Canada export of a lot of commodities to India. These are commodities in abundance here that can easily be consumed or absorbed by the Indian population, such as lumber, lentils, coal, and a few other things.

There is one hitch, as freight is very expensive. If the Canadian government could talk to the Indian government and the latter could give us some sort of subsidy, which they always give, we could compete with the Asian market in terms of freight.

Another issue I would like to stress is investment and investors from India. If investors from India are given the opportunity to invest in Canada, it will surely boost our economy. There has been a relatively low visa rate for genuine investors, which is one thing that our officials at the Canadian High Commission in India need to pay a lot of attention to. It seems as if people don't obtain investment visas on genuine grounds but that some sort of pick-and-choose method is used instead. We need to fix this so we can encourage investment from India

I'm going to give another small example.

**•** (1555)

The Chair: Your time is gone. I'll allow a 10-second example.

**Mr. Jas Ghuman:** Last year a friend of mine came on a business visa. He invested \$750,000 and this year he's bringing \$1 million. It's all official money. We do need these kinds of investors.

There are a few more things, but anyway....

**The Chair:** Very good. You'll have a chance to expand on them when we get into questions and answers. Those were very good presentations and a very good introduction in the time we have.

We'll start with Mr. Davies. You have seven minutes.

Mr. Don Davies (Vancouver Kingsway, NDP): Thank you, Mr. Chairman.

Thank you, Mr. Dhesi and Mr. Ghuman, for taking time out of your busy lives to be here with us and for your expertise.

Mr. Ghuman, part of the benefit that we have as committee members is hearing from people such as yourselves who have long experience dealing with the Indian business environment. I'd like you to continue what you were saying about the importance of attracting business investment here and any experiences you have with the visa system.

Maybe I could ask you this directly. Do you have any personal knowledge of Indian investors or business people who've had trouble obtaining visas to come to Canada?

**Mr. Jas Ghuman:** Yes, I do know a few people. They really want to invest here but for some reason their applications are either on hold or are in process. Some people who applied after them have received a visa. I won't name them but people who received business

visas had some connections in the embassy. Definitely it's not working properly in Chandigarh and the Canadian embassy there.

**The Chair:** The Canadian embassy?

**Mr. Jas Ghuman:** Yes, in our Canadian embassy there are a few problems such as favours being granted. I think the Canadian government should look into that and shuffle the local people working there.

Mr. Don Davies: Is this a recent problem?

**Mr. Jas Ghuman:** It's been going on for a long time. It's not only that; even people there are openly saying, "Give us this much money and we'll get you the visa".

None of my relatives have come here or want to come. This is a general situation back in India that I have heard about and seen. Genuine people are not getting visas. People should be screened properly and should be looked after to determine whoever is genuine or whoever is paying the proper taxes. They should be allowed to come, rather than picking and choosing....

Mr. Don Davies: Mr. Ghuman, I want to move to the issue of how business is conducted in India, and I'll put a word on it: corruption.

We already have evidence before this committee that India ranks 184th out of 185 countries in terms of contract enforcement, and it is ranked by the World Bank as being a fairly difficult place to do business.

You've already commented on some of the difficulties we have. Do you have any suggestions on what Canada can do? If we're sitting at a trade table with India, how can we address that issue or improve the situation for business people?

**Mr. Jas Ghuman:** The Canadian government should definitely talk to the Indian government. When any investor is investing money, they should be protected by the bureaucrats, by the police. They are harassed when they're doing fine and are successful. Even in the beginning they are harassed, but when they are very successful, then they are definitely harassed.

In the past, I built a couple of resorts and made a good profit on them, but now I'm having second thoughts on whether I should do that again. One of the governments—the state government, I'm talking about—is very corrupt, and you have to watch.

People are doing business, yes, in certain states. Gujarat is one of the best for commercial relations. I can say that's a safe place to do business today.

Another problem in India is that our federal government—in India we call it the central government, not federal—should have the say, not the state government, because when somebody does business in the state, the state government is the one that starts bothering or harassing the investors.

**●** (1600)

Mr. Don Davies: You want more central control.

**Mr. Jas Ghuman:** Yes. Today, if one government gives a commitment, an agreement is written, and everything is done, and in the next term a different government is in power, they'll cancel all of it. This is how foreigners are being harassed.

Mr. Don Davies: Thank you, Mr. Ghuman.

Mr. Dhesi, I want to get your view on this. You said in your paper—and thank you for the very well-researched paper that you've given us—that there's an investment gap, with an estimated \$1 trillion U.S. required to meet India's resource needs over the next five years. Accordingly, India is encouraging private participation—I would assume investment—in infrastructure development.

Given the difficulties of contract enforcement and, as Mr. Ghuman has said, some of the precariousness of investment, what do you have to tell us about how we can better protect Canadian investors?

Mr. Gian Dhesi: In terms of my experience doing business with India—I've been importing products from India since 1988, and still continuing—there should be one window where all the approvals come from. India has many levels of these things. As Mr. Ghuman told you, the police are involved, bureaucrats are involved, and provincial politicians all want to keep their share.

When the Canadian government wants to talk to the Indian government, these questions should be asked and brought to one table. There should be one window where the approval comes from, not various levels. If you want to acquire land, then you have to go to what we call revenue officers. They have a percentage; otherwise, they won't give demarcations, which means you can't acquire the land.

I can keep talking like this, but it's very important for the Canadian government to look at all these issues, at how the Indian government works to give you a permit to start a business. These are the important issues for people who are hesitating to invest—particularly Indian-origin people, because they have the local experience as well as the Canadian experience.

The Chair: Thank you very much.

Mr. Keddy, you have seven minutes.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman.

Welcome to our witnesses.

It's a great immigrant success story, coming to Canada in the middle of the winter and surviving to tell about it. Thank goodness your father had the foresight to hide your passport.

And thank you for your presentation here, Mr. Dhesi. This is very thorough and complete.

I have one question for both of you. What we often take for granted in Canada is not the norm in many countries of the world, and that is a very highly respected, well-educated civil service that plays by the rules, that understands the rule of law, and quite frankly is not corrupt. That sometimes puts us at a disadvantage in other locations. I'm certainly not saying that all other jurisdictions suffer

from corruption, but we know there is corruption in some other jurisdictions.

So here's my question to you. We have been aggressively working on a FIPA, a foreign investment promotion and protection agreement, with the Indian government. We felt several times that we were nearly there, and every time we get pushed back a little bit. How important is it to actually sign this FIPA to protect not just Canadian foreign direct investment and investment on the ground in India, but also Indian foreign direct investment here in Canada, and to nurture and enhance that?

Whichever one of you wants to go first, please do.

● (1605)

**Mr. Gian Dhesi:** First, in my experience, before the Canadian government signs an agreement, like other businesses, the Canadian government should also take a delegation over there to the business people, not to the governments, as I did when I went with the Prime Minister and trade ministers in 1996.

To hear the real story, you have to go to the local people, the real doing-business people, not the bureaucrats or the politicians. Politicians aren't going to force. Let's do business. We need business. We need FDI.

My suggestion is that the Canadian government should consult the local Canadian business people and sit down at the table with Indian business people and find out about their process and their difficulties, such as corruption.

I want to back up for a point. In India there are educated people also, but 10 years back their salaries were very low and their living standard was very high. They could send their kids to private schools, colleges, universities. There are no other means except corruption.

Now salaries have been increased at every level. I go every year to India and talk with the bureaucrats. My family members are in the bureaucracy back home. But these are the issues. Not politician to politician or upper-level bureaucrat to upper-level bureaucrat; they should go to the middle levels, the real business people and find out their solutions, what they want. Then they should make conclusions before they sign this FIPA. Those are my suggestions.

**Mr. Jas Ghuman:** I agree with Mr. Dhesi. Our officials should go to the business people, but not with a big bang. I think our government should choose delegates who should go and talk to the government. There should be some meetings, and not at one place in Delhi only. They should be in major cities where the businesses are, and we should invite all the business people there. Then individually they should make small groups and go everywhere and talk to them, and bring everything back on the table and have a discussion.

Mr. Gerald Keddy: This may be a point of clarification. The principle behind a FIPA is exactly what you gentlemen have been talking about. When you invest in the country, you have to be treated by the same rules as any Indian company. So there can't be any unfair advantage from domestic business in India. I just want to finish explaining here because that should prevent...and it gives you access to the courts and a level playing field.

There's been a lot of consultation and a lot of work leading in to this already, but what I'm talking about is a clear set of rules that are equal both to domestic business in India and to foreign investment, investing in India. Canadian investment, of course, in this case.

**•** (1610)

Mr. Jas Ghuman: The Indian government used to be very strict. If anybody foreign wanted to invest, Canadians or whomever, they used to keep it to a maximum of 49% foreign investors and 51% used to be the Indian government. But now it is open. Now the system is totally the other way around. The Indian government used to protect their interests, but now they do protect foreigners. They are still not protecting foreigners; they are not going to protect Canadian investors unless the Canadian government puts some pressure on them

The law is there, but the law in India is not the law. They make their own laws. They can make and break...I'm not talking about the government, I'm talking about the bureaucrats or anybody. We have to look at that. We are more concerned with those laws.

The Chair: That's more on the state level, is what you're saying.

**Mr. Jas Ghuman:** Not only the state level; even in the centre, but bureaucrats.

Mr. Gian Dhesi: I'll make one point.

The Chair: Very quickly and then we'll go to another question.

**Mr. Gian Dhesi:** India is adding a fast-track court system, but the Indian counterpart knows if a foreigner goes there for a week or two weeks, then they will pick another date. Then frustrated people come back home and leave everything there.

Consideration should be given to how the cases should be resolved.

The Chair: Okay, go ahead Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Thank you. I don't know where to start, Mr. Chair, to be honest. I take it that you both are in favour of an FTA with India.

Given what you both said—which is rather worrisome—what has to be done to ensure, to put in place the necessary protections before we sign an FTA with India?

Mr. Jas Ghuman: Could you repeat your question, please?

Hon. Wayne Easter: In terms of the negotiation... I might as well tell you where I'm coming from. I'm of the opinion the Government of Canada is signing FTAs for the sake of signing them and not looking at the underlying problems that we have with some of the free trade agreements that we already have. We are increasingly seeing deficits in trade, we're not adding value in Canada the way we should be, and we're not creating the kind of economy in Canada to benefit the Canadian people the way we should be.

I believe in free trade agreements, but we need to do more within the country to ensure that more benefits stay here. Before we get down to the nitty-gritty of signing a free trade agreement with India, what do we basically have to get assurances on from India before we do that, to prevent the kinds of things that are happening at the business or bureaucratic level in India, to protect our Canadian investors and Canadian businesses that do business there?

**Mr. Jas Ghuman:** I don't know how we can protect that. That is the government's part. The Canadian government has to work on it and how it can be protected.

I myself am an investor, I'm going to invest my money there, or my ancestor property's there, I'm going to invest that, which I did in the past. I sold some of my property and invested there and I did excellent.

I'm going to go off track from your question.

Hon. Wayne Easter: That's okay.

Mr. Jas Ghuman: Of course, I'm a Canadian citizen, but I was born in India. I do have ancestral property. Many Indians have lots of property there. They don't want to go back and settle themselves. They don't want to go back and invest money there. If their properties have been held by some bureaucrats, some politicians, or some gangsters, and if somehow the government can get that property out that can be sold, the people will sell their ancestral property and bring that money to Canada to boost our economy. It won't come in millions. It will come in billions and billions.

Honestly, if I'm not protected in India, I'd love to sell my properties and bring all my money back here where I can sleep peacefully at night and get up in the morning to do my business over the phone. I'm sorry but that is our government and we can tell you where the problems are and how to prevent that.

**●** (1615)

Hon. Wayne Easter: I appreciate your answer.

If we're going to be negotiating with India, then we go into the negotiation with our eyes wide open. There's no sense saying that laws are all abided by and everything is going hunky-dory when it isn't. We need to go in with our eyes wide open. You are raising some very valid points that the Government of Canada has to look at seriously. How do we implement an agreement where it's one thing to have a law and it's another to have a law that nobody enforces? That's the critical point.

Mr. Dhesi, do you have anything to add?

**Mr. Gian Dhesi:** It's very hard for common people like us, as businessmen, to know how to solve these things. Consideration should be given. There are so many levels of government. If there's any dispute, it starts with the FIR and a report there. It keeps going. At every step, if you don't know the bureaucracy and the local people, your file will not move to this day. These sorts of points have to be brought to the government before signing an agreement. That's my personal view.

The government can do whatever it wants. Consideration should be given on how to save Canadian investments. I have to renegotiate some policies with the government from level to level. Some fast-track system has to be developed instead of going to 15 different departments. An answer may be given in one department and the other says no. Then it comes back down again. There should be one window where a foreign investor can go and solve these problems. That's my personal suggestion.

The Chair: You have 20 seconds.

Mr. Jas Ghuman: It could get better but it still needs to be corrected

**The Chair:** That's actually what the government is trying to do with the FIPA and we're doing this with many countries. It's a third-party arbitrated settlement on disputes.

Mr. Shory, you have seven minutes.

**Mr. Devinder Shory (Calgary Northeast, CPC):** Thank you, Mr. Chair, and thank you witnesses. You have touched so many points and raised so many issues that I don't have enough time, but I'll share some of the information that I have.

For example, Mr. Ghuman, you talked about that which is a very serious issue: you talked about corruption in the High Commission in Chandigarh. I'll tell you about my experience. I have heard it lots of times, but with no substance or evidence. I represent the riding in which 80% of the people from the state of Punjab live, and 90% of my casework is immigration. We deal with Chandigarh. I hear all these stories. Unfortunately, to date I have not found any evidence. Definitely, not everyone gets a visa, and improvement is required, there's no doubt about it. But corruption is honestly a serious matter.

Let me also respond to what my colleague Mr. Wayne Easter said, that we signed the agreement for the sake of signing. Let me assure you of this: this government has not signed and will not sign any trade agreement that is not for the net benefit of Canada, just so you know.

Some hon. members: Hear, hear!

**Mr. Devinder Shory:** You also talked about allowing the buying of agriculture land. In Canada, we do not allow any foreign individual to buy agricultural land in chunks.

Then you also talked about delegations to India, saying particularly that we should meet the business people. I want to share this also, that during my four and a half years, we have had more than 30 ministerial visits, and they do not meet all other delegations. We were there last year, and not only in Delhi. We were in Kerala, we were in.... I have been to Gujarat five times. I attend every Vibrant Gujarat. We meet the business people separately also.

**●** (1620)

The Chair: Finish quickly.

Mr. Devinder Shory: I'll ask the question.

When we talk about business and business-to-business people, first, are the people within this community in India excited that an FTA should be signed between Canada and India?

Second, because you both have businesses in India and Canada, have you ever used trade commission services? If you have, were they helpful in connecting you with the right people?

Mr. Jas Ghuman: I did not, but....

The Chair: We'll get an answer from both of you. That's fine.

Go ahead.

Mr. Jas Ghuman: Can I ask a question to Mr. Shory?

The Chair: Yes, you can very quickly, sure.

**Mr. Jas Ghuman:** Mr. Shory, you've been to India so many times in the last four or four and a half years. Who made the arrangements for the meetings when the delegates went there?

**Mr. Devinder Shory:** Is it okay for me to answer?

**The Chair:** Go ahead, if you want.

Mr. Jas Ghuman: I'm talking about from the Indian side.

**Mr. Devinder Shory:** No, it's not the Indian side. It's basically our high commission that organizes all these meetings.

By the way, let me add that I'm not saying your comments have no validity. I myself, with our trade commission offices, presided over one meeting, which was held in Ludhiana. It was attended by all CEOs. There was talk about the money, talk about Oswal, talk about Hero Group industries. This was in 2009.

It's not that India doesn't have issues; India has huge issues. I understand that.

**Mr. Jas Ghuman:** You already answered me. You met only the top-notch people—whoever the high commissioner wants to meet.

I think it should be open to the public, to businessmen. In that way, you can approach the people who are.... Vardham and these other people don't need to invest money in Canada. The people who can invest millions are ready, not the people who can invest billions. They will not come here; they will not leave the luxury life they're living there to come here. But people who are high-middle-class investors can come and invest millions and millions here.

The meetings should have been set up by.... Our government should tell the high commissioner to put in the newspaper that whoever qualifies, whoever is genuine should be allowed, or everybody should be allowed, to meet the delegates, not only Vardham or Hero Honda or these other people.

The Chair: Go ahead.

Mr. Gian Dhesi: Mr. Shory, I have written in my report that all the corporations have their set of offices—across the world, not only in Canada. They don't need to come in on these agreements. Whether this government is going to sign or not, their presence is already in Canada and the U.S.A.

I have experience going back to India since 1996, being a general secretary of the Canada-India Business Council. I met the delegation.

By the way, my name is known as a virtual trade commissioner all across the world by the Government of Canada; I meet with the trade commissioners—all of these things. Our point is to say in front of the chair that big corporations have their roots in every part of the world; there, the economy starts from small and medium-sized businesses. Those people should be involved. High CEOs are going to come to every function with every party that they invite there, as they did while I was there, too.

(1625)

Mr. Devinder Shory: Thank you.

I just want to clarify that when we go as a delegation, whether it is through the CEPA or for any other trade mission, we do not meet all these CEOs all the time. Primarily we meet the SMEs—small businesses, and all local businesses. They are invited to those meetings, and we have enough time to talk one to one as well.

The Chair: Thank you.

Mr. Sandhu.

Mr. Jasbir Sandhu (Surrey North, NDP): Thank you, Mr. Chair, and thank you for being here today.

I want to start out by saying that Mr. Shory talked about any trade agreement that the Conservatives have negotiated as being to the net benefit of Canada. But the facts are pretty clear in the last seven years, that when the Liberals were in power we had a trade surplus, and now we have the largest trade current account deficit under this government.

Having said that, I'm going to come back to you, Mr. Ghuman—

**The Chair:** You should stay with the witness, before you start arguing with members.

**Mr. Jasbir Sandhu:** I'm going to come back to you, Mr. Ghuman. You were talking about properties and about how a number of Indo-Canadians have properties in India.

Can you elaborate on that? Is the property safe there? What are the concerns locally here?

**Mr. Jas Ghuman:** They are not safe. I'm going to talk only about the state government of Punjab. There are other spheres also, where everybody has their properties. They have now started designating people as NRIs—non-resident Indian—people who are Indian but are now Canadian citizens or foreigners, citizens of whatever.

That state government is trying to help them locate their properties, if somebody has taken them over or whatever. But in reality they are not doing that. In reality, the state government is collecting the information from all these NRIs, and this new government—I mean, the previous government, which came back into power, as Mr. Sandhu and Mr. Shory know—is offering peanuts for those properties to the foreigners who are owners of those properties, and they're saying take it or leave it, because these properties have been occupied by their own people.

So this is how it is, Mr. Sandhu. I'm talking about people who, if they get hold of their property, can sell it. They don't want to invest money there; they don't want to stay there; they don't want to go back, even. They want to bring their money into Canada.

That was my concern.

Mr. Gian Dhesi: I want to share my personal experience.

By the way, I was vice-president of the NRIs of the Sabha in Jalandhar for the last two years. Now the election is done again and I might go there and do it. I have heard hundreds and I can say up to thousands of complaints about my district where I live back home in the Punjab. People left their property, worth \$5 for \$1. Or they got 5% of the value of it. When NRI people go there, there's no protection under the law. So someone makes a complaint against them that they have done various things, and goes to the police, and then their passport is seized.

This is a practical example. Mr.—should I give the name of the person—

An hon. member: Sure, yes.

Mr. Gian Dhesi: —to verify this situation?

Mr. Jas Ghuman: You can be general.

Mr. Gian Dhesi: Okay, I'll generalize.

There are so many names I could put on the table. People are losing their property and leaving and they don't want to go back home as NRIs. I'm talking about agricultural properties over there. The law is there, but nobody is implementing it. That's the thing. When negotiations are done or are on the table, this point should be brought up again and again: there should be protection for foreigners, whether they are American, Canadian, or you name it. Whoever the foreigners are, from wherever, there should be protection for them. When there are complaints, they should go through our government licensing office over there. If someone has a complaint there, it should go through them so they can look after the people who come back to their home.

The Chair: You have 30 seconds.

**Mr. Jasbir Sandhu:** We have a large Indo-Canadian population, over one million. You've highlighted some of the concerns that they have when it comes to investing in India. If we have an agreement signed, do you think that's going to change anything right away?

• (1630

Mr. Gian Dhesi: I think so.

Mr. Jas Ghuman: I think it will change. There's a big change in the Indian system. Whatever it was 20 or 25 years ago, there were lots of hurdles. It is a little bit better, not better. But if the Canadian government insists to the Indian government and they put something there on the table, I'm sure when Manmohan Singh looks at it, for their benefit, as well as for Canadians' benefit, it should work; it will work. But we have to put in the effort. We have to put the right things on the table.

The Chair: Thank you very much.

Mr. Holder.

Mr. Ed Holder (London West, CPC): Thank you, Chair.

I'd like to thank the guests for being here today.

You know, it's rather interesting that when you come this late in the discussion you hear some comments from others. There's a mantra coming from my Liberal colleague who says constantly that signing agreements for the sake of signing them seems to be what we are doing. But I have to say—and I'd like to remind our colleagues—Mr. Easter and Mr. Sandhu both—lest we forget, that the world economy just absolutely got decimated in the worldwide recession in 2009. In fact, the WTO's estimate is that global trade fell by 12%. That's unbelievable. So when I hear some of the testimony that you two gentlemen have given—and I appreciate your candour and your forthrightness—it strikes me that if there was ever a reason to have a trade agreement with India....

And, by the way, Mr. Dhesi, you trade with India.

Mr. Gian Dhesi: Yes.

Mr. Ed Holder: Mr. Ghuman, you do business with India.

Mr. Jas Ghuman: Yes.

Mr. Ed Holder: So what is wrong with having a rules-based system that sets out the obligations between countries at the state level so that we can ensure that when you want to do business in India or when Indians want to do business in Canada, because to be fair, it goes both ways...? Does it not make sense to both of you that we have a rules-based system that sets out what the obligations are for all the parties?

Yes or no would work really well for me right now.

Do you agree? Yes?

Mr. Jas Ghuman: Yes, I do agree.

Mr. Gian Dhesi: Yes, yes.

**Mr. Ed Holder:** I'll stop right there for just a moment because we're making progress.

Now, when you add a couple of other things, such as labour laws and environmental laws, which were put into all of our trade agreements—again so that we can help set standards—I would think that it's fair to say, gentlemen, that Canada's standard of living is very high. That's a broad comment. You've come here to stay, and I think that's good for Canada, and hopefully good for you and your families. It certainly sounds like it.

What we do with environmental and labour laws is that I think we help make other countries better. You've heard the expression—I

think my Cape Breton mother made it up—that a high tide raises all ships. It's very much that if we can help India do more business, it's better for them and better for us.

Here's the other obvious thing. Mr. Dhesi, when I received your comments here, I felt that it was like a DFAIT briefing. It was very thorough. There was a lot here. If I can imagine one of the reasons why we want to do this deal, just imagine the population of India from 2011. You've said 1.2 billion, and Canada is at...?

Mr. Gian Dhesi: It's 34 million.

**Mr. Ed Holder:** Thirty-four million: so you can imagine that there might well be some opportunities for Canada to do this.

One thing I thought you might focus on and that I was surprised at was the reference to your company, which is the Pacific Exotic Foods company. Briefly, what do you do?

**Mr. Gian Dhesi:** I started my company by importing and exporting Indian groceries. I was the first one to start making natural juices and tropical juices. That's why it was given the name: Exotic Foods. For the natural fruit juices, I deal with major chain stores here, such as Sobeys and Save-On-Foods, and all kinds of things, plus some exporting to the U.S.

**Mr. Ed Holder:** You'll forgive me because I don't know: do you experience tariff barriers when you bring products from India to Canada?

**Mr. Gian Dhesi:** I bring them from India to Canada and I manufacture here. I bring raw material here from India.

Mr. Ed Holder: In your specific business, is it fair—

● (1635)

Mr. Gian Dhesi: And also-

Mr. Ed Holder: No, it's my turn to ask the questions.

Voices: Oh, oh!

**Mr. Ed Holder:** I don't mean to be rude, because I think you have a propensity to dialogue. I think you would make very good in politics, but it strikes me—

Voices: Oh. oh!

Mr. Ed Holder: And I say that respectfully.

An hon. member: You're an example.

Mr. Ed Holder: I rest my case.

Mr. Gian Dhesi: Next time I will stand—

Voices: Oh, oh!

**Mr. Ed Holder:** Respectfully, would a free trade agreement help your business, yours specifically?

Mr. Gian Dhesi: Yes.

**Mr. Ed Holder:** For you, Mr. Ghuman, just so I can understand it better, because you're in real estate. Could you imagine that a free trade agreement, or at least one that establishes clearer rules between two sovereign states, would help your business?

Mr. Jas Ghuman: To some extent, yes-

Mr. Ed Holder: I'm getting some positives.

You're dying to say something, Mr. Dhesi, I sense that.

**Mr. Jas Ghuman:** —to some extent yes, but what about my investment? The government should be there to protect me—

**Mr. Ed Holder:** Perfect. Again, it's the importance of a rules-based system to help protect investment, to help protect your business interests, and also to lower tariff barriers in your case, Mr. Dhesi—

Mr. Jas Ghuman: By the way, I want to add one thing.

Mr. Ed Holder: Yes, please.

**Mr. Jas Ghuman:** Just like Mr. Dhesi, I have done the import-export business with India from Canada. It was about eight or nine years ago, and I had some problems. It happened to be my partner, who was from India and really did an excellent job ripping me off. After one year or so, I said "thank you very much". I lost some money, not very much, and I closed my business.

Mr. Ed Holder: So it isn't just the bureaucrats and politicians.

Well, good luck to you in business, both of you, and thank you very much.

Thank you, Mr. Chair. **The Chair:** Thank you.

Mr. Morin.

**Mr. Marc-André Morin (Laurentides—Labelle, NDP):** Mr. Ghuman, thank you for your personal story. Though it must have been pretty hard for you at the time, that was pretty interesting and entertaining.

Mr. Jas Ghuman: Thank you.

**Mr. Marc-André Morin:** It seems that there's a big difference between India's central government and those of the states. Is there or should there be an involvement from the state governments in those negotiations?

Mr. Jas Ghuman: Yes, there can be, and there has been in the past. The problem is this. In the state government, if there is a congress, things will go well, but if in the state government it's a different government, then there's a problem. Not only that, the central government has bureaucrats who work in the centre and they are the ones who implement rules there and everything for the state. They are the main people who can tell the state secretaries and ministers what to do or this is how it is. Actually, the main strings are in the central government's hands, not in the states'. In the states there are no laws. There are no rules. They do break the rules. They do make their own laws and they can do whatever they want to do. That is our concern. That is what Mr. Dhesi also said. They will take our passports away in case there is some problem.

There are no inquiries. There are no investigations. One gentleman can say, "Mr. Ghuman, he swore at me" or "He threatened me."

There's an FIR, a first information report. Immediately they will say, "Okay, Mr. Ghuman, give us your passport", or they'll take me aside, "Mr. Ghuman, give us 10,000 rupees or 50,000 rupees, and we'll take care of this gentleman. Don't worry." This is how it is. This is what we're talking about.

**Mr.** Marc-André Morin: Do you think it's our duty, as government, when we sign an agreement to make sure it applies with the country with which we sign an agreement?

**Mr. Jas Ghuman:** It is our government's duty to protect Canadian citizens and their investments. Or even if I'm not an investor, if I'm going to visit there and there are some problems, the Canadian government, or the Canadian embassy should protect Canadian citizens from any wrongdoing whatsoever.

**Mr. Marc-André Morin:** If a Canadian citizen goes to India with \$10 million or \$15 million to invest and he gets ripped off, should there be protection for that?

Mr. Jas Ghuman: The government cannot protect all the \$10 million or \$15 million. A person should have a sense about investing where he is investing; he should know. What I meant is the harassment. In the long run, it's the harassment. And I'm talking about not only the harassment, I'm talking about when people are very successful, that is where some bureaucrats or some state minister—or their right-hand or left-hand—you know what I mean—they'll approach you and say, "Here, Mr. Ghuman." I can give you so many examples. I can give you the latest example. A person who was doing so well has been threatened with, "Take me as a partner in the business or we will close it." It's not only one place, but three places where I know them very, very well.

**●** (1640)

The Chair: Thank you.

Mr. Jas Ghuman: I'm going to add one more thing. Just as an example, I won't name anybody, but that businessman has about 500-plus people working for him in that state. The state deputy chief minister threatened him. Now he is moving his business from this state to another state, and he was going to expand his business by hiring another 1,000-plus people. He has been doing business there for over 40 years. Now they have decided to move from this state to another one, and that state will give them some subsidies to bring the business into their state. Gujarat or Himachal Pradesh provide subsidies. Even we as foreigners invest there. They will give us a break on so many things.

The Chair: Thank you very much.

Mr. Hiebert.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): In the limited time that I have I'll ask a number of questions, and I'll try to have you keep the answers as brief as possible.

Mr. Ghuman, you talked a lot about corruption and abuse of power in India. Have you been operating your businesses in multiple states, or mostly in one state?

Mr. Jas Ghuman: We have businesses in two states.

Mr. Russ Hiebert: Which states are they?

Mr. Jas Ghuman: They are Punjab and Himachal.

**Mr. Russ Hiebert:** Is it your belief that the problems you have been outlining are rampant beyond those two states, or is it really centred in those areas?

Mr. Jas Ghuman: No, no, in other states there is a problem too—in Haryana, for example. If you go anywhere there are problems. Only a couple of states are good, such as Gujarat. Gujarat is good; you don't have to pay too much money to move your files. It is there, but it's not as bad as in Punjab.

I'll give you another example, a small one. A Caucasian friend of mine, a white Caucasian, went with me from here to India to set up a winery there. We spent almost four weeks there. The moment he found out that the bureaucrat said, "Okay, I need under the table this much money", that gentleman, my friend cum partner, said, "No, no, Jas, I can't do this."

We have a system here, and people don't like to do that. That was about 12 years ago. There was no winery in that state, and....

Go ahead.

**Mr. Russ Hiebert:** On the subject matter of labour standards, when Canada negotiates agreements with other countries, there's often a clause or subsection that deals with labour standards. We had that with Jordan.

I know that the Indian constitution has outlawed discrimination and the caste system, but I'm wondering, from your experience more practically, if that is something that the Canadian government needs to be concerned about—discrimination in labour issues.

Mr. Jas Ghuman: No, I don't think so; not to my knowledge.

Mr. Russ Hiebert: Mr. Dhesi.

**Mr. Gian Dhesi:** The laws are there. The question we are trying to explain on our side is that all kinds of laws are there, but the bureaucrats and the politicians in all the regions don't follow the law.

Today I seek protections. My main discussion with this committee lies there: how can we be protected when we do business in India, from here to there?

Mr. Russ Hiebert: Okay.

You also mentioned, Mr. Ghuman, in your opening remarks, that you've done some investment in commercial properties. We've had previous witnesses tell us that Canadian companies cannot invest in real estate. Individuals can, but Canadian companies are restricted, at least on a portfolio basis.

Can you elaborate on what available opportunities there are for Canadian companies or individuals in real estate?

(1645)

**Mr. Jas Ghuman:** Canadian companies can invest in India, yes, and some of them, if I'm not mistaken, have.

**Mr. Russ Hiebert:** Perhaps you could elaborate on some of the businesses that you've done. You said you did resorts—in Punjab, I presume?

Mr. Jas Ghuman: No, in Himachal. I had a partner from India. That's why it was easy for me do things, because he was already

there. If I'd had to start on my own, I knew it would have been a big hurdle. I'd have to have gone through lots of hurdles.

So yes, I did invest my money. I sold my ancestral property and invested my money with my partner.

**Mr. Russ Hiebert:** The same challenges that you've been speaking of in terms of having to pay bribes, do they exist within that same ministry?

**Mr. Jas Ghuman:** In that state, not that much, no. But in the other one, in Punjab....

Unfortunately, I am from Punjab. For my education, I was in boarding school in Himachal. That's why I love that state, and that's why I invested my money there.

**Mr. Russ Hiebert:** Mr. Dhesi, I'll give you one last opportunity to make any further comments before I wrap up my time.

**Mr. Gian Dhesi:** Well, we have said everything. There is a lot of opportunity between Canada and India, which I reported on in my brief.

The only point is that we can talk, talk, talk as long as we want, but the law is there. Everything is there. The law should be implemented. That agreement should be made with whatever government level the negotiators are at—federal, provincial, or otherwise.

**The Chair:** I think your testimony is actually very valid, and it's something that I think the committee will certainly take heed of. It's one thing to put a law in place, and another thing to make sure it's adhered to. I think that's what you're saying. Laws are there, but they're not adhered to. That's something to consider.

I want to thank you for coming forward. We appreciate your testimony.

That takes us to the end of this segment of our meeting.

We will pause for a minute as we go in camera—

**Hon. Wayne Easter:** I have a point of order, Mr. Chair, before you go in camera.

**The Chair:** Is this with regard to the witnesses? I'll just say goodbye to them first.

Hon. Wayne Easter: Okay, say good-bye to them first.

**The Chair:** I want to thank you, Mr. Ghuman and Mr. Dhesi, for your testimony. You've done very well.

Okay, you had a point of order.

Hon. Wayne Easter: Yes, I did.

I'm wondering why we're going in camera. Is there other committee business other than the motion?

**Mr. Gerald Keddy:** Actually, I do have a point that I want to raise in camera, Wayne.

Hon. Wayne Easter: In camera?

Mr. Gerald Keddy: Yes.

**Hon. Wayne Easter:** That's fine. But really, on a motion, in terms of the one that Gerald put forward, Mr. Chair, I really don't see why we're debating that in camera. I really don't see why.

The Chair: I realize that, and that's a point, but not a point of order.

We'll suspend now and go in camera.

[Proceedings continue in camera]

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