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## **Standing Committee on International Trade**

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**EVIDENCE**

**Thursday, December 6, 2012**

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**Chair**

**The Honourable Rob Merrifield**



## Standing Committee on International Trade

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•(1530)

[English]

**The Chair (Hon. Rob Merrifield (Yellowhead, CPC)):** I call the meeting to order.

I want to thank our witnesses for coming forward. We are dealing with a study on the comprehensive economic partnership agreement with India. We want to thank them for their interventions.

We have with us, in the first hour, from the Forest Products Association of Canada, David Lindsay and Isabelle Des Chênes. Thank you for being here. From Canadian Manufacturers and Exporters, we have Jean-Michel Laurin. You're no stranger to this committee.

Actually, Mr. Lindsay is new. Welcome. We look forward to your intervention. The floor is yours, sir.

**Hon. Wayne Easter (Malpeque, Lib.):** Is he the only one welcome here, Mr. Chair?

**Some hon. members:** Oh, oh!

**The Chair:** The rest are all welcome. Actually, you're welcome too.

**Mr. David Lindsay (President and Chief Executive Officer, Forest Products Association of Canada):** I get the impression that the welcome wears off relatively quickly.

**Some hon. members:** Oh, oh!

**The Chair:** That's okay. We're two swords' length and a couple of tables away, so we're okay.

[Translation]

**Mr. David Lindsay:** Thank you very much, Mr. Chair.

[English]

Thank you very much, members of the committee, for the opportunity to present to you for the first time. I have been pleased to be the president of the Forest Products Association of Canada for 92 days, not that I'm counting. It's a great experience and a great organization.

The work that you're doing at this committee is quite important to us. It's a pleasure for me to be here to make a few comments and engage in a dialogue with you about trade and the forest products sector and India, in particular. I will begin with an overview of the forest sector in Canada.

Coast to coast, it's a very large employer. We have some 230,000 direct employees and spinoffs in excess of 600,000 well-paid jobs in

rural and northern communities across this country. Some 200 communities depend on the forest sector for their major source of income. It's a major source of local taxes and a large economic driver in a lot of communities, in a lot of your ridings across the country.

As you would also know, the forest sector did face a number of very difficult years prior to the 2008 economic meltdown, the Lehman Brothers issue and the challenges that were faced in the financial sector. The housing market in the U.S. was dropping for a number of years before that. The forest sector was feeling a reduction in product demand in the United States on the lumber side. Of course all of you who now read your morning news on the Internet, or your iPad or follow it on Twitter can appreciate that the newsprint sector was dropping quite significantly in North America. We were taking a lot of hits as a sector. In the meantime, the Canadian dollar was continuing to appreciate, so our products that were going to the United States were becoming more expensive.

The industry and the members of the Forest Products Association realized we needed to have a really deep think on where we were going and create a transformational agenda and a renewal agenda for the forest sector. I'm pleased to quickly highlight that earlier in the summer we launched Vision 2020, as we're referring to it. It is available on our website. It has three ambitious goals to help us transform the forest sector into a productive, continuing to be job-creating opportunity in the next decade and beyond.

Vision 2020 has set three ambitious goals of increasing our products, the markets we sell to—and we'll speak specifically about India today—and the types of products we make, the value-added products we want to produce in the forest sector, to the tune of some \$20 billion of additional economic activity on a base of about \$54 billion to \$55 billion today. That's ambitious, almost twice the growth of GDP between now and 2020.

In order to do that, we will need some 60,000 additional employees. We will need 40,000 because of demographics, to replace the aging baby boomers, and there will be another 20,000 employment opportunities across the forest sector. I'm not even speaking to the indirect employment. That's the direct employment we estimate by 2020. Skilled workers in the forest right through to the sales force in our international markets will be required.

The third leg of our stool to continue to advance the forest sector as a key economic driver and employer in the Canadian economy is to make sure we continue to have a good social licence so we can continue to sell our products internationally. Europe and other markets want to know that we're green and we're a clean renewable resource. In our Vision 2020 we are committed to continue to improve our environmental metrics: our NOx, our SOx, our greenhouse gas emissions, our water and our effluent, and our forest management practices by an additional 35% by the year 2020.

Those are the three legs of the stool: improve our products, improve our processes, and add to our people. To do that, we're going to need new customers. India is an important potential opportunity for us in the forest products sector.

● (1535)

For example, we've already done quite well in China. In 2001, we were selling \$32 million of product to China. One decade later we're selling \$1.5 billion of product to China. I can't do the math off the top of my head, but it's in excess of a forty-fold increase. There is huge growth potential in China yet to be realized. While we've had exponential growth for this last decade, there's still much more opportunity there.

We're at the beginning stages in India of what I will present to you as a similar growth trajectory and a similar opportunity.

The government has been a very important strategic partner to us over the last decade. It will have to continue to be an important partner to us into the future, not just for free trade agreements, but because we need people to help open doors in those domestic markets. The trade officials, the trade offices, and the embassies in China and elsewhere around the world have already been incredibly helpful to us. As we discuss free trade and trade opportunities, we should also not forget the importance of the infrastructure on the ground to help us relate to those markets and connect with the customers we need to connect with.

We can talk more about those details in the Q and A, I'm sure, but let me take a few minutes to speak specifically about India as my time is running by quickly here.

In 2011 the forest products sector exported about \$400 million of pulp, paper, and wood products to India. That's actually our fifth largest global market already so we're quite involved in India right now, but as I suggest, there's much more potential going forward.

We believe the pulp, paper, and wood products are about the second largest export, by dollars, we send to India. We're a big part of the trade story with India already, but there are lots of possibilities. For example, a study we commissioned about a year and a half ago, and we'd be glad to make copies of this study available to your staff as they prepare your report, estimated that newsprint demand in India, unlike in North America, is expected to increase by a rate of about 8% a year over the next couple of years. There's great potential there, but there are tariffs on newsprint right now. A free trade deal would help unleash that opportunity.

On the paper side other than for newsprint, in 2009 India passed a piece of legislation, the right to education act. I don't have the exact numbers, but there will be roughly 200 million young people in India

who are going to be getting an education as a result of this piece of legislation.

Not all of those communities, not all of those schools have electricity, or reliable electricity, so iPads and the Internet are not necessarily going to be their first source of learning tools. Books, which some of you around this table might have learned from, will be an important commodity for the education system in India. Some of our members are keen to get into that market in India as well.

I could speak about lumber, but maybe we can save that one for Q and A, because it doesn't have as great a potential in India right now. There are some issues with it that we have to work our way through.

One that is quite interesting is dissolving pulp. For those of you who are not familiar with it—after my vast 90-day experience I cannot pretend to tell you the details either—it is an important input into rayon and the production of fabric. Those of you who remember your history will remember Gandhi weaving cotton. The textile industry is an important industry in India.

Indian innovators and entrepreneurs are trying to figure out how to use textiles and their textile technology and knowledge to create flexible tubing. So much more than just clothing, they are making industrial products through their textile production.

The use of dissolving pulp to create rayons and other fabric material stronger than steel is a growth opportunity in terms of innovative new forest products that we can use to help the growth of the Indian economy.

As I said, the Indian market faces a number of barriers. Tariffs range from about 5% to 12% on various value-added products. We have details if you want them. A free trade agreement would be incredibly important to help us break down some of those barriers.

● (1540)

To access those markets, we need the help of people on the ground and government-to-government dialogue. There are lots of issues at the state level and at the local level we need to address, and not just for a trade deal. We actually need staff on the ground to help navigate our way through some of those barriers.

Conscious of the time, Mr. Chairman, I'll just finalize my comments. I can't let the opportunity go by without pointing out that you cannot actually sell a product into China or into India if you can't get it off the loading dock at your mill. I understand that the government has committed to bring forward some legislation to deal with some issues we have with the railway service agreements. Although that's not the subject of discussion today, my employers would not want me to let an opportunity go by without at least mentioning that.

I will conclude with that. I look forward to a dialogue.

**The Chair:** Very good.

If you have been watching question period, you will know that you will see that legislation before December 21.

You said that a 7.5% to 12% tariff is being applied to Canadian forest products. Is that the same for Australia, New Zealand, and other countries?

**Mr. David Lindsay:** Yes. I don't think it's country specific. I think it's for all forest products coming in.

**The Chair:** That's just the way it is. Fair enough. If you could get that report to our clerk, that would be great.

**Mr. David Lindsay:** Yes. I'd be glad to share it.

**The Chair:** Jean-Michel, the floor is yours.

**Mr. Jean-Michel Laurin (Vice-President, Global Business Policy, Canadian Manufacturers and Exporters):** Thank you very much, Mr. Chair. Good afternoon, everybody.

[Translation]

Thank you for inviting our association to appear before your committee once again. This time, we are here to take part in your consultations on the Comprehensive Economic Partnership Agreement with India.

I believe you are familiar with the association that I represent. Canadian Manufacturers and Exporters has been Canada's largest industry and trade association since 1871, so we've been around for some time now.

Thanks to our various initiatives, in particular the Canadian Manufacturing Coalition, CME represents more than 10,000 manufacturing and export companies in the country, and a number of businesses in the services sector that support manufacturing, innovation and international trade.

More than 85% of our members are small and medium enterprises. On the whole, they represent each industry sector in Canada.

The manufacturing sector is the largest industry sector in the Canadian economy. Last year, it generated \$571 billion, 13% of GDP and over 1.7 million direct jobs.

Our members export most of their production. Manufacturers alone are responsible for nearly two-thirds of all goods exported from Canada. Our members compete with Canadian and foreign businesses, both on domestic and foreign markets.

The more our members become specialized, the more they can distinguish themselves by being agile and able to innovate in niche markets. This makes it more important for them to develop networks of clients, factories, suppliers and business partners around the world, in countries like India.

[English]

As our annual management issues survey conducted a few months ago indicates, more and more companies are looking at India as a place to grow business. In fact, 16% of our members responded that they expect to source from India in the next three years, up from 9% currently. The proportion of companies looking to export to India should also almost double in the next three years. Currently it's about

7% of respondents who sell to India, but in three years 13% expect to have customers in that market.

Our survey also indicates there is support for the comprehensive economic partnership agreement with India. A quarter of the companies expect it will have a positive impact on their business. The survey also shows there are 30% of companies that are not quite sure of the impact this agreement may have on their business, so I think we need to make some education efforts there.

CME is therefore supportive of the negotiations, to the extent that Canadian negotiators can deliver an agreement that will deliver a net benefit to Canadian manufacturers and exporters.

We have been having regular meetings with our chief negotiator and members of his team to ensure the needs and expectations of our members are being met in these negotiations. With regard to some of the issues we have raised with them, I think David mentioned some of them earlier in his remarks. Tariffs are frequently quoted as a significant barrier to growing Canadian exports to India.

In the case of our membership, market access for goods, especially for industrial goods, is a priority for us. India has generally applied what could be labelled as relatively high tariff rates. Most industrial tariff lines are currently around 10%, but in some sectors, such as the automotive or aerospace sectors, tariffs can be as high as 19%, and even higher if we're talking about processed food products.

Dealing with tariffs is important, but dealing with regulatory and non-tariff barriers to trade is also important. India is a rapidly growing market, and it's critical for companies doing business over there that there be more transparency, better predictability, and alignment on things, such as product standards, regulations affecting products, and following best regulatory practices. This includes pre-publishing new regulations, for example, such as is the standard here in Canada.

Another major issue for us is around government procurement. We have been told that India has not yet been willing to discuss government procurement in the context of these negotiations. Given Canadian business expertise in infrastructure projects, in engineering, manufacturing, construction and services, all those aspects of what you would call an infrastructure project, ensuring that Canadian businesses have guaranteed open access to government procurement contracts and ensuring more transparency in India's tendering process are also very important for our members.

Investment is also important. Canada has been engaged in separate discussions on a foreign investment protection and promotion agreement with India, and we hope those negotiations can conclude as soon as possible. It's somewhat separate from the CEPA, but it's also an important aspect of our trading relationship with India.

Finally, labour mobility, which our negotiators refer to as temporary entry, is another important chapter in these negotiations, and I understand it is one of India's main offensive interests. We support having this issue included as part of what would be a comprehensive agreement.

India has many suitors, and Canada is one of several countries trying to negotiate a trade deal with that country. While the CEPA could potentially eliminate barriers to trade, investment, and labour mobility, we support the government continuing to seek closer and deeper political and economic ties with India beyond the conclusion of this agreement.

The Prime Minister was visiting India recently with a group of CEOs, and our president and CEO, Jay Myers, was on this delegation. This is exactly the kind of forward-looking economic diplomacy that many of our members are looking for the government to provide. We hope these high-level meetings will continue to happen on a regular basis. We're willing to provide whatever support is needed to make those happen.

As for the pace of the negotiations, we support the objective of concluding the CEPA by the end of next year, although this probably means that the pace at which these negotiations are going will have to increase in the coming months. There is strong support from both Indian and Canadian business, as far as I am aware, for this agreement, so we hope that both governments will show the same level of political commitment and conclude negotiations sooner rather than later.

I'll end my comments on that note and will be pleased to answer any of your questions.

• (1545)

**The Chair:** Thank you very much.

We'll start with questions.

Mr. Davies, seven minutes.

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

Thank you to both organizations for being with us and giving us the benefit of your expertise.

It's an axiom in Canada trade history that we're trying to move from being hewers of wood and drawers of water, and here we have the Forest Products Association, so we've got an opportunity to pick your brain about how we move to that value-added chain. As you're a member of the Forest Products Association, I take it that's one of the main objectives of your members.

I think all members of the House want to see an increase in our value-added exports. I don't think anybody wants to be just exporting raw materials or barely processed materials as a foundation of a modern economy. We want to be increasing value.

First you, Mr. Lindsay, and then Monsieur Laurin, do you have any suggestions about how we can improve our performance and improve our exports of value-added goods?

• (1550)

**Mr. David Lindsay:** It's an excellent question. It's not unique to the Indian market, obviously. At the risk of sounding like I'm repeating myself, the whole premise behind the Vision 2020 exercise of our members in the Forest Products Association of Canada is to move to that next level of value-added products.

The fibre in a tree can be used for many more things than just logs and timber. None of our members exports raw logs. That's not something we do. We have value-added as simple as two-by-fours, but as complex as the nanocrystalline technology, going right down to the cell level in a tree. Those complex carbon molecules that are in oil which are used to make polymers and plastics can also be extracted from trees to make door mouldings for auto parts. That sheen you see on hummingbird wings, and in lipstick as used in cosmetics, that comes from the forest fibre. On flat screen TVs, the nanocrystalline shimmer and sheen that you see, can come out of that nanocrystalline product of the tree.

Pulp mills are becoming chemical refineries and are further refining the raw material coming out of the tree to make many products. It's only the limits of our investment in innovation and our imagination that would impede us from going even further.

**Mr. Don Davies:** Could you give me one suggestion for what the federal government could do that might assist in the development of that process?

**Mr. David Lindsay:** The government has been very helpful in the past number of years already and we're on a journey. Not to get too technical, but in IFIT, the investments in forest industry transformation program, the first \$100 million went out to the marketplace and companies were encouraged to apply to invest in going to the commercialized level with new products and new technologies. The Department of Natural Resources received, I believe, about 35 proposals that would be what you and I might refer to as world firsts, new ideas, new technologies that have never been tried or used anywhere else in the world. That was in the first round. We have asked the government to continue this for the next couple of years—

**Mr. Don Davies:** Have you got an answer yet about whether they're going to continue that?

**Mr. David Lindsay:** We actually have made this request as part of our budget submission to the Minister of Finance in his round of budget consultations right now. The first \$100 million has not been fully announced yet. We understand there are very exciting projects in there, but because of commercial sensitivities they're not ready to release those yet.

**Mr. Don Davies:** I'm going to go to Mr. Laurin just quickly, because I'm running out of time. Thank you for that. That was very helpful.

Mr. Laurin.

**Mr. Jean-Michel Laurin:** I would say two things. On the one hand, as David was saying, you might just be seeing wood products being exported. Whether it's processed natural resource products or any other manufacturing product, increasingly what we're seeing is you're delivering value through that tangible good, but a lot of the value that's embedded in that product is the design work, the engineering work, the logistics management work that sort of gets embedded in that product. We're moving up the value chain in many ways, in the way we do business, in the way we process our natural resources, in the way that we're manufacturing things. Countries like India are not only interested in resources, but also in getting that technology because they're trying to move up the value chain as well.

I would add that the fact that countries like India have a huge appetite for natural resources and the fact that we have a rich natural resource endowment gives us leverage to negotiate free trade agreements. We can show that we can be a trusted, reliable source of natural resources for their market, and at the same time negotiate an agreement that deals with some of the market access barriers, so that manufacturers in other sectors, which you might call higher value-added, also enjoy greater market access as a result of our capacity to show that we're a trusted and secure source of natural resources.

• (1555)

**Mr. Don Davies:** I want to get into really quickly, and you touched on this earlier, the fact that getting our goods to port is critical. We can talk all we want about trade, but if we can't get our goods to port, then that's not going to help much.

A statistic came out recently that 80% of rail customers have service complaints. I think we've heard something about legislation, but I'd like to know how long this has been a problem for your members. As well, what exactly do we need to do to fix this problem?

**Mr. David Lindsay:** It has been a problem for a long time. By the very nature of the forest product industry, as you can imagine, the trees are not close to urban centres. Like grain and mining materials, they tend to be at the end of railway lines, or far out in remote areas.

The phrase we use is that we are captive customers. If you want to get resources like lumber and pulp out of a community, there may be a highway close to town, but the volume we're talking would take hundreds and hundreds and hundreds of trucks.

**Mr. Don Davies:** The canola industry met with me recently and said they have the same problem.

**Mr. David Lindsay:** Yes. Rail is important. Some of our friends would say that if you have a highway close to town, then you're not a captive customer. Well, that may be theoretically correct, but 8,000 trucks coming out of Kapuskasing on Highway 11 in Ontario is just not practical.

**Mr. Don Davies:** What do we need to do—

**The Chair:** No, I think that's it for time.

I really like this questioning, though, for two things. If your program gets put into the next budget, it sounds like we're going to get unanimous support for that budget, so that's great. It sounds like the legislation coming forward next week is going to be supported, which is very good.

Mr. Keddy.

**Mr. Gerald Keddy (South Shore—St. Margaret's, CPC):** Thank you, Mr. Chairman, and welcome to our witnesses.

Mr. Shory wanted one question. Rather than run him out of time, I'll let him ask his question first and I'll take the rest.

**The Chair:** Oh, such kindness. It must be Christmas.

Go ahead, Mr. Shory.

**Mr. Devinder Shory (Calgary Northeast, CPC):** Thank you.

I have one quick question for Mr. Lindsay.

You touched on newsprint. As a matter of fact, a few of the business entrepreneurs who are interested in supplying newsprint to India have been juggling for years. There is such a huge demand today, even with all the tariffs, they were willing to invest hundreds of millions of dollars into some sick plant here, and they could not find any opportunity.

If the tariffs were reduced, would you be able to meet the supply? I mean, you are not meeting the supply today.

**Mr. David Lindsay:** The short answer is that if it's not economic to ship, our shippers won't ship it. If the customer is willing to pay a price to extract and process the newsprint, certainly we can meet much more demand than we're meeting right now.

The initial national tariff on newsprint coming into India is 10.3%, and then each province adds its own tariffs, and then each city. Mumbai has an access fee. It's not just the national tariffs that are causing the increase of prices.

The demand for newsprint is wonderful. We want to respond to that demand, and I believe we can respond to that demand. But it becomes so expensive to bring it from Canada, and to add all those tariffs, that if they're not willing to pay the price for it, then our companies won't be supplying it if they can't get the price to pay the costs.

**The Chair:** Go ahead, Mr. Keddy.

**Mr. Gerald Keddy:** Thank you, Mr. Chairman.

One of the great challenges with negotiations with India you just touched on, Mr. Lindsay, and that's the federal level of negotiations, and then the state and city levels, is the overlapping and overlaying of the tariff and regulatory regime.

One of the great assets we have in the forest industry in Canada I think is often overlooked. It doesn't matter whether we're looking to export product or plastics or cellulose or pulp to India or the European Union, but for years we suffered a lot of pain in the forest industry to go through and verify our log and our timber stream, whether it came from Atlantic Canada or whether it came from western Canada.

We were very successful in doing that. We know the origin of all the logs. We did that deliberately in Atlantic Canada, because that way we avoided countervailing tariffs. That should bode well for us in increased timber exports to the European Union. They make a lot of noise about.... You used the words "green", "clean", and "renewable". Part of that sustainability is proving that you have sustainable practices, and proving where that piece of two-by-four or pulp came from.

How important is that to future negotiations? Perhaps you could expand on that a little.

• (1600)

**Mr. David Lindsay:** That's an excellent question.

I have neglected—and it's totally my fault—to formally introduce you to Isabelle Des Chênes. She is our vice-president responsible for the trade file. She worked with our member companies and the government to help promote, through the LEAF program, the good story we have to tell. We thank the government for its help in telling the good story about the forest practices in Canada.

As an association, I believe ours is the only forestry association in the world that requires its members to commit to have a certification process for their forest management practices. There's a number of certification processes. In regard to Canada, I believe, and Isabelle is going to help me with the exact number, that something like 41% of the certified forests in the world are here in Canada. We have a brand. The Canadian brand for forest products is among the best in the world.

That's just in managing the forest. There's the chain of custody, which you referred to. Where did that tree come from? Is it from a certified forest? Is it processed in such a way that you don't have effluent going into the rivers and you don't have pollutants and NOx and SOx going into the atmosphere? It's not just what's happening in the forest; it's what happening right through the value chain.

As I said, as part of our Vision 2020, we're committed not only to promoting the good practices we have, but also to increasing those by some 35% so that we continue to have that brand.

**Ms. Isabelle Des Chênes (Vice-President, Market Relations and Communications, Forest Products Association of Canada):** If I may quickly add to that, illegal logging is an issue in India. Protecting and conserving the forest resource over the years is something that India has been very faithful to. It has even implemented government policies which suggest that any new government buildings cannot use wood in terms of their construction in order to help conserve that resource.

From our perspective, we think Canada presents a terrific opportunity in being able to provide certified, legal, and sustainable supply because of those traceability requirements that we do hold.

**Mr. Gerald Keddy:** Thank you.

**The Chair:** You have about 30 seconds, if you want it.

**Mr. Gerald Keddy:** Just thank you to the witnesses for their answers.

**The Chair:** Very good.

Mr. Easter.

**Hon. Wayne Easter:** He gives me the 30 seconds, right?

**Mr. Gerald Keddy:** That 30 seconds—

**Hon. Wayne Easter:** Thank you, folks.

**The Chair:** You don't want 30 seconds...?

**Hon. Wayne Easter:** On the railway service agreement on which the chair indicated there was a response in the House, it's coming forward, but at the end of this session, sadly, because it will be February before we're back. In my view, as Don said, we are getting a lot of complaints from the agriculture industry and from the mining industry on the service.

We'll see what the legislation looks like, but at this stage, I almost think the railways have the government like a puppet on a string. That's a concern to me, because the railways have not provided the service, and I'll say it on the record, CP especially has not provided service this year, from what I'm hearing.

To go to the Vision 2020 proposal, this question would be for all three of you. I think you indicated that trade is more than trade. There's the whole question of 60,000 people being needed with certain skills.

One of my pet peeves with the way that trade agreements are being handled.... Let's get an agreement, but I think we need much more than an agreement. What's the industrial strategy behind the agreement, from the government side, that's going to add the value in Canada, whether it's education at the provincial level or skills training at the federal level, whatever it might be, and design the industry in Canada so that it can take advantage of the agreements that are signed? What would some of those areas be in the realm of India from the perspective of your industries, both manufacturing and forestry?

• (1605)

**Mr. Jean-Michel Laurin:** I can start.

That's a very good point. When it comes to trade deals, it enables companies to grow their business in international markets. It opens up the space, but companies need to be able to take advantage of it.

One of the big concerns we have in some ways, you can almost see it as a nice problem. Many countries would like to have this problem right now. We have all these investments, for example, in the natural resource sector, but also in other parts of the Canadian economy, that are going to be driving economic activity in the next few years. We're in a situation where we already know what the demographic curve looks like. We know there will be a considerable number of Canadians retiring and leaving the job market, and we don't have a sufficient number of people filling those jobs.

So the skills aspect is very important. We have members telling us that it's great we're opening up all these markets, but they're quite concerned that they're not going to be able to find the people they need to grow business in Canada. Some companies have been looking to invest in other countries partly for that reason, because they know they can source the labour they need to staff their operations. Ensuring we have a forward-looking skills development policy in Canada is very important.

There are a lot of positive measures that have been undertaken by this government, and provincial governments as well, to make sure.... Especially for us, it's mostly around skilled tradespeople. We're having a really hard time finding skilled tradespeople. There are some initiatives that have been under development. Some of them have been in place. I think the government has been improving the temporary foreign workers program which a lot of companies have been using. That is a stopgap solution.

There's no silver bullet, but that is one of the top issues, if not the top issue, Canadian companies will be facing in the next five to 10 years. We're already seeing some pretty acute skilled-labour shortages. In fact, half of our members who responded to our survey indicated they are currently facing skilled labour shortage, so it's already an issue for a lot of companies.

**Mr. David Lindsay:** That's an excellent question, Mr. Easter.

There are so many avenues I could pursue, but the skills challenge is one. Jean-Michel has covered that, so I won't go there.

I didn't get a chance to fully talk about transportation and some of the challenges there in getting our product out of the forest to the mill, from the mill to the ports, and from the ports to the markets, whether it's India, China, or elsewhere. Transportation infrastructure, and the governance of the transportation infrastructure, is a challenge.

The best way to tell that story is with an anecdote. One CEO I was speaking with just the other day told me they had their product sitting on the loading dock waiting to go. It was going to a B.C. port. Because the railway—I won't name the company—had a lot of cars from its other customers already coming by, and they were a couple of hours late, they thought in order not to slow down the process they would just go right past the loading dock of this forest company, because they wanted to make up time. That is referred to in the railway industry as the public good. You must give consideration to the public good, because we have all these other customers on our railway cars.

I don't disagree that we always need to be conscious of the public good. However, what if you were the mayor of a town and the bus was running a little late and the bus happened to have on it some people who were tired and wanted to get home from work and the bus driver decided to leave a little old lady standing at a bus stop, because for the greater public good, he was going to take everybody else to their destination? Why does the little old lady bear the burden of the public good and not the person who is running behind schedule?

I know this is not the railway committee, but I thought I would tell you that story.

• (1610)

**Hon. Wayne Easter:** It definitely does tie in, because you can't do the trade unless you have the ability to deliver the product on time and are reliable.

How is my time?

**The Chair:** You have less than 30 seconds.

**Hon. Wayne Easter:** The only other thing I wanted to ask was on the investment agreement. One of the concerns we have on the China investment agreement is that it's not reciprocal. How important is reciprocity on these investment agreements with the countries when they're negotiated?

We don't debate them here; they're just tabled.

**The Chair:** That's a question on China, not India.

**Hon. Wayne Easter:** No, you're negotiating one with India too.

**The Chair:** If you have an answer, I'll accept a short one if you want.

**Mr. Jean-Michel Laurin:** In terms of reciprocity, in the sense of the benefits we give companies based in the other countries, yes, it's important. Obviously, we want those agreements to be fair and equal, but we're especially interested in Canadian companies getting protection for their investments in India.

**The Chair:** Thank you very much.

I could go on about the rail. I probably know a little more about it than the opposition, but nonetheless, let's.... I could rail away, yes.

Mr. Hiebert, the floor is yours, for seven minutes.

**Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC):** Suffice it to say I've also heard about the railway service issues, and I look forward to what the government provides in terms of addressing that issue.

My question relates more to the nature of the exports. You've both spoken very optimistically about the potential for increased exports to India.

I'll start with you, Mr. Lindsay. You talked about paper, dissolving pulp, but you said that lumber had some issues. I am wondering if you could elaborate for us on the issues related to lumber exports.

**Mr. David Lindsay:** Thank you, that's an excellent question, Mr. Hiebert. I set you up well for that.

There are a number of issues with respect to lumber in India. We had similar challenges in China. The first is receptivity. If it's not part of the culture to build with wood, first you have to get people familiar with the use of wood and wood products in building homes. A very large and growing middle-class opportunity is coming in India, but building the kind of wood-frame construction that we do is not traditional in India.

Even if it were traditional, because it's a tropical climate the issue of termites and how that wood is sustained in that climate is also problematic. Again, speaking of value-added, we would change the way we prepare and pressure-treat our wood. Dimensional lumber can be modified to be termite resistant, but if the culture is not to build with wood and they are suspicious of softwood lumbers in particular—they've had some problems in the past—then we have barriers of acceptance to overcome.

The next problem is one of cost. Shipping, getting it there, is obviously a cost. India is a long way away, but when you add the extra barriers of tariffs and every municipality adds their additional cost, it becomes prohibitively expensive. There are technical issues in the building culture and tradition.

We have wonderful success stories in China. The government, working with some of our member companies, Canfor and others, have gone to Shanghai and built buildings and subdivisions. They have trained architects and builders in China on how to work with wood and how to build with wood. Now we're starting to create a market for wood products in China. That started 10 years ago. It takes about 10 years, first to get the architects and the designers and then the construction companies comfortable with using the product before they start to make large volume purchases. This isn't an overnight success.

With respect to the use of dissolving pulp, we have Indian companies investing in Canada now to access our fibre for dissolving pulp for rayons and textiles. They are a mature customer for dissolving pulp. They're not a mature customer yet for the use of lumber.

I hope that answers your question.

**Mr. Russ Hiebert:** It does. It relates to my next question on the dissolving pulp and rayon products.

You mentioned what appears to be a fascinating use of that technology to create flexible tubing. Would that be Indian technology being exported to Canada, or is that Canadian technology going in the other direction?

•(1615)

**Mr. David Lindsay:** I'm about to bump up against my knowledge and competency on this because it was a story that was relayed to me by one of our CEOs. A group of researchers in India is working now with how to bring their textile competencies and capacities together with industrial products.

One of the ideas is... Those of you who have had to change a pipe in the back of your toilet will know that if it's a flexible tube, you can move it and manipulate it, but if it's a stiff tube you have to cut it to a certain size. The textile people are working with the engineers to figure out how to create large industrial piping for manufacturing equipment and other processing equipment. We're at the early stages of that being an opportunity. If that takes off, they're going to need a lot more dissolved pulp to create those fibres for that equipment.

**Mr. Russ Hiebert:** I'll shift my questions to Jean-Michel.

You talked about the survey you do with your members, doubling exports from 7% to 13% in three years, and Canadian companies sourcing up to 16% more within three years.

Do you follow up with your surveys? These are forecasts, predictions, but do you ever check their accuracy? Do you ever look back and ask if they did what they thought they might do three years ago?

**Mr. Jean-Michel Laurin:** I didn't do it before coming here. We haven't done a survey in about a year and a half. I'd have to check back against our previous one, which was done right in the middle of the recession. It would be interesting to compare, yes.

**Mr. Russ Hiebert:** I'm just curious to know about the accuracy.

**Mr. Jean-Michel Laurin:** I haven't done it, but we could certainly do it and share the data with you.

**Mr. Russ Hiebert:** If it's true that there has been a doubling of exports, that's fantastic, and sourcing is good as well.

You represent a very large segment. Forest products is a very specific market, but in your area, it could be any number of things. Do you have any idea which markets are looking to expand to India?

**Mr. Jean-Michel Laurin:** In terms of expansion, I think you have to consider both direct exports or direct imports, which show up in our trade statistics, and investment, which is a little harder to calculate. You also have to consider services.

I know, for example, in terms of our membership, the sectors that I think have the greatest level of interest. You have forest products represented here. I know that companies in the pharmaceutical sector and those that are supporting that industry are looking at India as a growing market as well.

You have everything related to infrastructure, especially in the water and waste-water treatment sector. We have a lot of Canadian manufacturing companies that make specialized equipment for that sector. I understand that India has some pretty significant and ambitious plans to invest in that kind of infrastructure in the future. They're interested in that market.

You have aerospace and rail products. I think you've heard from Bombardier. They've told you what India means to their business. Other companies in the supply chain are looking to position themselves in those sectors. I think a lot of companies in the food and food products supply chain are already present in India but are looking to establish a stronger presence.

On the auto parts side, I think there's already strong cooperation, but I think there could be more trade and more investment between the two sides.

I should also mention steel. India has already invested in the steel and mining sector in Canada. That's another area where we see a lot of growth potentially happening as a result of an agreement.

**The Chair:** Thank you.

We'll go to Mr. Davies.

**Mr. Don Davies:** Thank you.

We've had a lot of testimony on trade deals before this committee. A common message I hear is that Canadian businesses and exporters want a level playing field.

Mr. Lindsay, you've already talked about the quite impressive work that's been done in our forestry sector to get environmentally sustainable certification and to lead the way. We heard from department officials last week that India has thus far been resistant to even including an environmental side deal in our trade deal. I know that this has been a standard feature of Canadian trade agreements.

I'm just wondering what your views would be and what advice you'd give us. Would you suggest that Canada sign a trade deal with India that does not include an environmental side deal that ensures that India will commit to not lowering its environmental standards to attract investment?

**Mr. David Lindsay:** I think in the forest sector, there are layers in that question. I won't speak to basic manufacturing and effluents and particulate matter in the atmosphere.

I think where India is more sensitive on the logging side is that they are losing their forests, and they are concerned. As Isabelle pointed out, they are concerned about illegal logging and inappropriate or non-sustainable use of their forests. That's why they brought in a law to not use wood in government buildings.

• (1620)

**Mr. Don Davies:** I need to know whether we should or should not sign an agreement that does not have an environmental component. That's what I'm interested in.

**Mr. David Lindsay:** I can't answer that question right now.

**Mr. Don Davies:** Can you, Monsieur Laurin?

**Mr. Jean-Michel Laurin:** It depends on what's in the environmental agreement. I think, as I—

**Mr. Don Davies:** India so far is saying that it's resisting having any environmental side agreement component.

**Mr. Jean-Michel Laurin:** We haven't taken a position on it. I could consult my members. Nobody wants those trade agreements to lead to a situation such as the one you're describing. There's increasing talk about things such as carbon leakage. There's some debate, even within our own membership, on whether trade agreements are the right place to deal with such matters. I understand that it's an important issue. I could get back to you with a position on it.

**Mr. Don Davies:** It would seem to me, Mr. Lindsay, that if your members are conscious of being environmentally sustainable and are already investing the money and the resources in making sure that their products are produced in an environmentally sustainable way, they would not want to sign an agreement with another country that allows goods produced there which do not have to meet the same standards to come into our country. That's the purpose of my question.

I want to move to the FIPA. Apparently, Canada and India have negotiated a FIPA but have not yet signed it. Do you agree that the FIPA, covering the investment component is an important part of our economic relationship with India? If so, do you think we should have some study of that at this committee?

**Mr. Jean-Michel Laurin:** I think the challenge is when you're in negotiations such as trade negotiations or negotiating a FIPA, you always like to come here and share your views and some of the key asks that you've made to your negotiating team, but as you're in the middle of negotiations, you always have to be careful. Each country has its own negotiation agenda, so making that public is not necessarily the wisest thing to do.

I don't know if you get, for example, briefings from trade officials in camera, but in the case of the FIPA, I understand that the negotiations have been going on for quite some time. They were

very close, and I would not have been surprised if a deal had been announced.

**Mr. Don Davies:** I think we heard, if I'm not mistaken, that a deal has been concluded, but not yet signed.

**Mr. Jean-Michel Laurin:** Yes, my understanding is that the unions are reviewing the way they've negotiated those. We're certainly in favour of transparency once the agreement is concluded.

My personal advice would be for the committee to share with our negotiating team before or when we enter FIPA negotiations with another country, to say, for example, that we'll support a deal that includes *x*, *y* and *z*. That's how the Americans do it. Congress typically tells the administration, under a fast-track authority—they don't have it right now, but they've had it in the past—that they'll support a deal that includes the concerns *x*, *y* and *z*. Once a deal is tabled, assuming that it meets the concerns of the committee, in the case of Congress, it's the ways and means and finance committees, and the Senate....

To us, that kind of approach would be more constructive than, once we've concluded a deal, to say, “We don't like that part. Why don't you renegotiate it?”

That makes for what we think is a very efficient situation.

**The Chair:** Time has expired. Thank you very much.

Mr. Holder, to finish this off.

**Mr. Ed Holder (London West, CPC):** Thank you, Chair, and I'd like to thank our guests for being here today.

It's rather interesting and always a little bit fun being recognized after some of our colleagues opposite. It gives me a chance to reflect more thoughtfully about what's been said.

It's interesting, Mr. Lindsay, that you are with the Forest Products Association of Canada and you mentioned that railway service agreements would be helpful. It makes me think of what my Cape Breton mother used to say, that the best time to plant a tree was 20 years ago, and the next best time is today. It's rather interesting, as I reflect on the last 20 years, it seems to me, as I heard my colleague from the Liberal Party talk about his concerns about railways and he seems to harangue the current government on this issue, that for two-thirds of the last 20 years this has been a problem there was a Liberal government in power that might well have fixed the problem and didn't.

The good news, though, is that in fact we will be fixing it, because we recognize that the rail service is critical, so take some confidence in that. I'm confident that when that comes forward as legislation we will get unanimous support from all colleagues opposite to make that work.

I have a question for you, Mr. Laurin. You talked about skills development being a challenge. You've been in front of this committee before, and it's rather interesting that in a few minutes we're going to hear from the Association of Universities and Colleges of Canada. What's the responsibility of the CME in this? I ask this because when I was in Chile not so long ago there was a Canadian corporation there that does a very good job in terms of corporate social responsibility, and they decided, as a result of the lack of skilled labour, that they would establish their own basic school to train people very technically.

It's always interesting that there's some comment about where governments fit in. Where is your organization's responsibility in ensuring that the skills development challenges that you discuss are resolved favourably?

•(1625)

**Mr. Jean-Michel Laurin:** That's a very good question. What's our responsibility? I think it's a shared responsibility. I think we're always being careful. It's easy to criticize government, and we're certainly never shy to do it when it's needed, but in the case of skills, it's as much a responsibility of the provinces, the federal government, industry, colleges, universities. It's really a shared responsibility.

**Mr. Ed Holder:** I'm going to stop you there.

Does the CME take a formal position in terms of how they proactively support colleges and universities for this purpose, to deal with the skills shortage issues?

**Mr. Jean-Michel Laurin:** Yes. We've actually done quite a few reports over the years on this issue. We have some recommendations as to how companies, the education sector, governments, can better work together to ensure that we have more.... I think there are two issues here. One is looking at making sure we have a talent pipeline that's going to fill our needs going forward. The other thing is—

**Mr. Ed Holder:** Mr. Laurin, I'm sorry to interrupt, but I am a little limited for time. Does the CME put financial skin in the game in this?

**Mr. Jean-Michel Laurin:** Meaning...?

**Mr. Ed Holder:** In terms of supporting, say, colleges in terms of programs and the like.

**Mr. Jean-Michel Laurin:** Some of our members do. I know some sector associations have their own initiatives.

In our case, we're facilitating some of those linkages, but we're not necessarily directly involved as an association.

**Mr. Ed Holder:** It would be very interesting to see maybe your most recent report, the one that's most thorough. I'd certainly be interested in seeing that. If I could ask you to send that through the chair, I think it could be very useful.

Mr. Lindsay, I have a question for you, and perhaps for Ms. Des Chênes, as well.

Congratulations on our certified forests percentage. It's interesting, I heard another member opposite talk about giving the perception that all we do is export raw resources, but I think you made it very clear that it's a lot more sophisticated than that. In fact, you said nothing comes from Canada raw, whether it's a two-by-four at its

simplest level, or exporting—what did you call it—cell-level molecules in a tree, and quite frankly, I have no idea what this is, but the scientists around this table might well know.

**Mr. Don Davies:** I have a point of order.

**Mr. Ed Holder:** My question for you is—

**Mr. Don Davies:** I have a point of order.

**Mr. Ed Holder:** It's one thing to—

**The Chair:** Just a minute. We'll see if it's a point of order.

**Mr. Don Davies:** Mr. Lindsay said that there was nothing coming from his members. We've already heard other testimony from other witnesses on raw logs, but not from his members.

**The Chair:** That's fine.

Go ahead, Mr. Holder.

**Mr. Ed Holder:** I think it's important when you talk about the forests in terms of the trees that you harvest, do your members have a very formal reforestation commitment to Canada? I'm very concerned about that, because from an environmental standpoint, what we take away, we must give in another fashion.

Could you help us to understand better how you do that, please?

**Mr. David Lindsay:** Again, that's a very good question.

One of the fundamental tenets of third party certification is that a third party auditor comes in to validate that you are harvesting with the most benign or least damaging footprint, protecting the streams and the contours of the land. Your reforestation practices come in right after that. You must maintain those for at least a period of five years until, as the foresters will tell you, they are free to grow. You don't just throw on a bunch of seeds and walk away. You actually have to maintain it until it's in a growing state, and that's part of the certification process. It is not just that the companies do it; they are audited by third party auditors to make sure they're doing it.

It's in the interests of the companies to make sure they have product in years to come.

**The Chair:** Thank you very much. That closes off our first hour.

I want to thank you for coming and sharing your information with us. It was very interesting. We look forward to a deal that will be comprehensive and quite timely. Thank you for your intervention.

With that, we will suspend and bring forward our next panel.

•(1625)

\_\_\_\_\_ (Pause) \_\_\_\_\_

•(1630)

**The Chair:** I want to thank the witnesses for coming forward. It's our second hour.

We have some committee business at the end of this, but we will start with our witnesses.

We have Mr. Paul Davidson, from the Association of Universities and Colleges of Canada. From Export Development Canada, we have Todd Winterhalt and Mark Bolger.

Thank you for coming forward.

Mr. Davies, do you have something?

**Mr. Don Davies:** Yes, Mr. Chairman, I have two motions for the committee.

I'm concerned about running out of time at the end of the meeting, so I'm going to move one of the motions now and then one at the end of the meeting. The motion I'm going to move right now is:

That, notwithstanding any previous order adopted by the Committee, the Standing Committee on International Trade invite the Minister of International Trade to provide a comprehensive briefing on the negotiations towards the Comprehensive Economic and Trade Agreement with the European Union before Friday, December 14, 2012.

I'll just speak very briefly to the motion, Mr. Chairman.

We of course are running out of time in this committee. We only have next week. The minister has said on a number of occasions that he hopes to have an agreement concluded with the EU by the end of the year. This agreement has been referred to by people, including you, as the most ambitious trade agreement Canada has ever signed; making NAFTA look like a relic have been your words, Mr. Chairman.

We know there are a number of very important issues. A leaked document prepared by the European Commission for its trade policy committee indicates that perhaps some very serious concessions from the Europeans' point of view might be made on supply management, intellectual property, government procurement, and possibly investor-state provisions.

The minister has said in the House that the CETA negotiations are in his words "the most open and transparent in Canada's history", and he has said that he's given briefings to the municipalities of this country.

I would assert that before this deal is signed, we should receive a briefing at this committee as parliamentarians. However, as a parliamentarian who sits on the trade committee, I would note the minister has not appeared before this committee since March of this year and has never appeared before this committee on CETA since I've been here. I stand to be corrected if he's ever come before the committee on that, but certainly he has not since March.

I would move that this committee ask the minister to appear before this committee before the House rises on December 14 to give us a comprehensive briefing. The briefing may be done confidentially if there are steps and measures that are confidential at this point. I know the U.S. Congress and the European Union's trade policy committee have received much more information than we have as parliamentarians on this trade committee.

I would move that motion and ask that we call the minister to provide that very important briefing that's critical to our country and to this Parliament.

•(1635)

**The Chair:** Okay.

Mr. Keddy, it's your turn.

**Mr. Gerald Keddy:** First, on the process, I'm not going to ask to go in camera. We've got witnesses waiting. This is absolutely disrespectful to our witnesses.

The motion is strictly hypothetical. It's deleterious. It's frivolous. It involves briefing parliamentarians on negotiations that are done in secret. It involves a complete misrepresentation of the fact that the provinces and municipalities have been at the table during this whole process. We'll let Mr. Easter speak and we'll vote on this. If it goes any longer than that, then we might as well go in camera.

**The Chair:** Okay, Mr. Easter, it's your turn.

**Hon. Wayne Easter:** First, Mr. Chair, I certainly support the motion. I disagree with the parliamentary secretary's points, but at least he's allowing the committee to stay in public for the moment. This has become a sore point with opposition members, Mr. Chair, on the point Mr. Keddy raises, on committees debating motions in secret.

I looked at the record for when Gerald and I were both on the fisheries committee. There were 30 motions and none of them were debated in secret. Motions should be debated in public, and we should continue to debate this one in public.

I'm just making that point.

**The Chair:** But this one is so if you would make your comments, I'd appreciate it.

**Hon. Wayne Easter:** On the motion specifically, Don is right. The government has said that it's going to complete this agreement by the end of this year. You said that it is one of the most ambitious agreements ever undertaken and will make the NAFTA look like a relic.

There are some concerns with some of the things that could potentially be happening under these negotiations. We're seeing press reports that claim.... I know when I asked at committee if there was any analysis done, the minister said, yes, there was analysis done but they're not making it available to the committee.

There is a report out there that claims that pharmaceutical costs could be as high as an additional \$1.9 billion. I think we need to know this so that we determine our position on whether we recommend that the minister sign or not sign, or what should be negotiated on the pharmaceutical side. I think it would be an advantage to the government if they have a study showing that the costs are not that high, they might gain some more favour with the country. Even if they are that high, if they have an analysis that shows there is going to be greater R and D in Canada and better drugs as a result, you never know, we might agree.

The minister put out propaganda, or a paper that talked about the myths. He made very clear that one of the myths was that the drug costs would go up. Everything we're hearing from leaked EU reports, from news reports, is that the costs are going to be higher.

Did the minister misinform us? I hope not, but I think it's our right to ask the minister to come before the committee and explain himself.

The last point I would raise is that the minister has made it very clear in the House, in response to what we have raised on the supply management issue, that there would be no concessions on supply management. The EU restricted report, which talks about what they're saying on the EU side, and I'll quote it, says, "products under the supply management regime: dairy, poultry, and eggs (98 lines) for Canada". There is agreement that these products will not be totally liberalized and new market access will be granted in the form of TRQs.

• (1640)

**The Chair:** Mr. Easter, just hold on.

On a point of order, Mr. Holder.

**Mr. Ed Holder:** Is it appropriate now to move that we go in camera? I'm asking the question because this is an elongated session and—

**The Chair:** You can't do it on a point of order.

Go ahead, Mr. Easter.

**Hon. Wayne Easter:** Mr. Chair, I'm concerned about those two points. If we're going to do our job for the agricultural industry, we need to know roughly what's on the table. We're not asking the government to state line by line on the agreement, but we have a responsibility as members to find out what the parameters of the agreement are so that we have that information over the Christmas break.

As I've said a number of times, we support the trade agreements. We support moving to trade agreements, but we want there to be a net benefit for Canada. We're beginning to question some of the things the minister told us, or answered in the House, or told us when he appeared before this committee a long time ago for about an hour.

I think Don's motion is the proper motion. I think it shows that we're in fact doing our job to try to find out where the government really is on this agreement that they claim will be signed by the end of December.

**The Chair:** Mr. Keddy.

**Mr. Gerald Keddy:** Mr. Chairman, I move that the debate be now adjourned.

**The Chair:** We have a non-debatable motion.

(Motion agreed to)

**The Chair:** Sorry about that.

Mr. Davidson, the floor is yours.

**Mr. Paul Davidson (President and Chief Executive Officer, Association of Universities and Colleges of Canada):** Thank you very much, ladies and gentlemen.

[*Translation*]

I am very happy to be here today.

I will give my presentation in English, but if you have questions, feel free to ask them in French.

[*English*]

This is the first time that I've appeared before the trade committee. It's a great pleasure to be with you.

It's important that higher education be considered a matter for the trade committee, because higher education, as a service that we provide to other students around the world, represents an \$8-billion contribution to Canada's economy every year. We have the potential to double that in the next few years. Whether it's a question of labour markets, a question of immigration, or a question of global commerce or science, technology, and innovation, Canada's universities are playing a vital role in meeting the needs of a new kind of Canada. In fact, Canada's universities are assets in achieving virtually every public policy goal that Canada will have over the next decade.

I'm particularly pleased that you're focusing on the question of Canada's relationship with India. I have just returned from a mission to India with the Prime Minister, where he noted that the higher education sector is the fastest growing aspect of the Canada-India relationship.

I want to speak for a moment about this opportunity again. It's a little-known fact that the value of international students in Canada is \$8 billion a year. That's larger than the export of softwood. That's larger than the export of wheat. It's larger than the export of aluminum. It's important that the higher education sector be considered as we look at new economic relationships.

The benefit of international students extends beyond large communities to include communities such as Nanaimo, Kelowna, Kamloops, Brandon, Sudbury, Chicoutimi, Moncton, and Wolfville. This is a benefit that's felt widely across the country. In addition to the \$8 billion economic contribution, there are about 86,000 direct jobs and about half a billion dollars a year in tax revenue raised. We have as a goal the doubling of the number of international students to come to Canada so we can double that economic impact.

But it's about more than economic impact. It's about the benefit for Canadian students. By living and learning from international students, Canadian students have the opportunity to acquire the global skills that employers are demanding. Moreover, the presence of international students on Canadian campuses alerts Canadian students to the intensity of global competition that awaits them upon graduation, and it creates lifelong networks that will span the world and will continue beyond their time on campus.

I talked a little bit about economic impact and about the benefit for Canadian students. We also have to look at the changing research landscape globally. Canadians can be very proud of the record of investments over the last 10 or 15 years in research in Canada. The result of that investment by a number of governments has been that Canada is now considered in the top four in the world in terms of research capacity. Imagine that. We talk about Olympic champions reaching the podium or getting near the podium. How often have you heard that Canada's research capacity has now moved up to number four in the world?

Higher education and research activities such as the flow of students, academic exchange, knowledge exports, and international research collaboration are an essential underpinning to a successful overall economic partnership with the new economic superpowers like India, and ultimately they are drivers for Canada's international competitiveness.

I want to situate what Canada's universities are doing with regard to three of the big challenges that Canada is facing. The first is the global competition for top talent. Over the years to come, we are going to have to compete on our wits. We need to attract the best and brightest from around the world, and we need to make sure that our students are learning among the best and brightest.

In terms of links to the global commerce strategy, Canada has relied for too long on established markets. We have to develop our reach into new and emerging markets. In terms of science, technology, and innovation, the work that's going on in Canada is contributing directly to new jobs and prosperity for Canada.

By virtue of history, Canada's universities have strong links with Europe, England, and France. By virtue of geography, we have strong links with the United States. But we join Mark Carney and others in saying that we have to be more intentional in pursuing relationships with emerging economies. That's why for the last three years Canada's universities have been focused particularly on India, Brazil, and China. Let me turn to India specifically and just underscore a few points.

First of all, consider the size of the market: 550 million people under the age of 25. That's a university-age population that is larger than that of Europe, Australia, and the United States combined. India

has one of the world's fastest growing middle classes, and that means there are huge unmet needs for higher education.

● (1645)

India's own studies suggest that they will need 1,000 new universities in the next decade and 40,000 new colleges. That's not going to happen, so there is huge pressure for Indian students to find places internationally. In India there are hundreds of thousands of students annually of a quality that would see them gain admittance to MIT, Stanford, or Harvard. They're looking for places to come, and we want Canada to be a welcoming place for them.

In 2009, the United States received about 83,000 students from India, the U.K., about 38,000, Australia, about 27,000, and Canada, 4,000. We can get more of those students. I do want to say there has been some good news. Because of some concerted effort on the part of Canada's universities, enrolment from India is up about 40% in recent years, but you can see there's still a long way to go.

I've talked about the global research environment, but in terms of India's research environment, it's making strides. In fact, Thomson Reuters predicted in 2009 that India's research productivity would be on par with most G-8 nations within seven or eight years—now three or four years—and that by 2020, which is not too far away, it will overtake the G-8 nations. That's why Canada's universities, with their increasing activities in international research collaboration, are well positioned to link with this network of Indian researchers and their innovative capacities to work with the world's best minds to solve the world's biggest problems.

Both in Canada and in India, there's a shared interest in work between universities and industry to foster innovation. For universities and industry both in Canada and in India, fostering the global circulation of ideas and gaining access to knowledge faster are key components of a new competitive innovation strategy. For these two countries, which are focused on innovation, the commercialization of research, and addressing capacity challenges in our workforce, there is an immense opportunity for university and private sector stakeholders from both countries to collaborate across borders.

For the last three years, AUCC has been working on a strategy that is sustainable, scalable, results oriented, and aligned. It's generating results, but we have to go further faster. The two areas I want to draw the committee's attention to in particular are: building the Canadian brand and investing in international research collaboration at scale.

Recently there have been media articles saying that international students aren't interested in Canada because it's cold, or that we're not on the map. Well, there's a reason others are doing a better job of marketing themselves, and that is that their governments stand with them in that marketing effort. The Government of Australia has been spending about 20 times what Canada has for about 15 years, and that's generating results for Australia. The United Kingdom is just completing a five-year £35-million initiative to promote itself as a leader in international education, and this is on top of the core funding to the British Council.

The governments of Australia, the United Kingdom, and the United States have supported a sustained branding effort. That's why AUCC and others in the education sector have together formed a marketing consortium that could be a vehicle for such investments.

I hope you're all familiar with the study commissioned by the Minister of Finance and the Minister of International Trade to look at Canada's international education strategy. It was completed this summer under the leadership of Dr. Amit Chakma from the University of Western Ontario. Fourteen recommendations have been placed in front of the government for consideration. AUCC strongly supports those recommendations and looks to the government for a sustained, sophisticated, and sector-led international education strategy.

I've talked about the need for education branding. I would also like to talk about the need to invest in international research collaboration at scale. Again, the U.S., the U.K., and Australia are all significantly outspending Canada to develop the research linkages with India that will lay the foundation for cooperation over the next 50 years.

I will give you a couple of examples. The Australia-India strategic research fund is a joint investment of \$66 million over 10 years to enable Australian researchers to participate in leading-edge scientific projects and workshops with Indian scientists. The Obama-Singh 21st century knowledge initiative which was launched in 2009 has a shared commitment of \$10 million over five years to support partnerships between U.S. and Indian universities to advance research in areas of mutual priority.

In this connection, I want to signal and salute the Government of Canada's investment of \$15 million over five years for the Canada-India research centre of excellence, which was recently awarded to the University of British Columbia in collaboration with the University of Toronto and the University of Alberta as a working consortium.

To close, Mr. Chair, I have a few key messages.

The first is to keep in mind that Canada's universities are under-leveraged assets in promoting international partnerships.

Second, Canada's universities are working together with the broader education sector to promote Canada's brand.

• (1650)

Third, our work is meeting Canada's need for top talent. It is advancing Canada's global commerce capacity and strengthening Canada's ability in science, technology, and innovation on a global scale.

Real progress is being made in the Canada-India relationship through universities, even while the trade negotiations continue. There's an opportunity to achieve much more. It will require government support.

I want to thank you for the opportunity to be with the committee today. I look forward to your questions.

**The Chair:** I want to thank you for your intervention. It sounds like a very exciting opportunity as we move forward on education.

With that, Mr. Winterhalt, the floor is yours.

**Mr. Todd Winterhalt (Vice-President, International Business Development, Export Development Canada):** Thank you very much, Mr. Chair, and honourable members, for inviting EDC to appear before the committee today. We certainly appreciate your interest in Export Development Canada's activities in support of deepening Canada's trade agenda with India.

[*Translation*]

Over the past seven years, we have seen Canada's annual bilateral trade with India grow almost 80% to reach \$5.1 billion as of the end of 2011. That's up from approximately \$2.9 billion in 2005. This growth has been driven by a 140% increase in Canadian exports to India during this time period. At the same time, Canada's imports from India have increased 40%.

[*English*]

In 2011, bilateral trade was largely balanced. Canadian merchandise exports to India totalled \$2.6 billion, while imports from India reached \$2.5 billion. Despite recent global economic slowdowns in other parts of the world, Canada's merchandise exports to India over the first three quarters of 2012 showed year over year growth approaching 5%.

India, indeed, is one of EDC's top strategic markets worldwide. In recognition of the importance we place on India as a country of rising trade and overseas investment opportunities for Canadians, we opened our first international representation in New Delhi in 2005. This was followed soon after by a second opening, in Mumbai, in 2007.

EDC has achieved some success in India since establishing our first local market presence. The volume of Canadian business we help facilitate has grown from less than \$400 million in 2005 to well over \$1.7 billion in 2010. Growth in Canada's trade and the number of Canadian companies exporting to India and establishing affiliates in the market have consistently kept India as a top strategic priority for EDC. Furthermore, the market's potential, particularly the development needs in India's infrastructure sector, features prominently in our five-year corporate plan.

That said, the business environment in India remains challenging for Canadians. India is a complex and very cost-competitive market. India's ranking by the World Bank in terms of the ease of doing business has remained largely unchanged over the past several years at 132nd out of 185 markets. Relativities are important here. Compared to similar lower middle income peer countries, India ranks 34th out of 53 nations.

From our perspective, some of the top challenges include, first, the notable bureaucracy that is endemic across government and the public sector. This is clearly apparent when looking at the time required to obtain permits and approvals.

Second, India's lack of reliable infrastructure means that everything from access to electricity to the entry of goods at port and the subsequent distribution are also hurdles.

Third, doubts about the enforcement of contracts and the ease of resolving disputes reflect a concern about the efficacy of India's legal system. A court decision and obtaining due process can often take more than a decade.

Finally, access to credit remains an ongoing concern for many companies looking to operate in India. Central Bank restrictions limit foreign borrowing. As well, there is a preference in the domestic bank sector for providing shorter-term capital at higher interest rates. This means that planning a financing strategy at the outset of establishing investment in India is absolutely critical.

Despite some very real challenges in doing business in India's business climate, it would be wrong to paint them as insurmountable. We believe that it is possible to mitigate a number of these risks.

To capitalize on India's growing consumer demand, we often counsel companies to establish a local presence, to be willing to adapt their products and business models to Indian norms, and to show that they are committed to staying for the long term. Partnerships between business and financial players, public and private, foreign and domestic, significantly increase the chance of the long-term success of an export transaction or an investment.

● (1655)

Canadian firms that take the time to understand the market, to develop these needed partnerships, and to adapt their products and processes to accommodate India can be successful. There are a number of real examples: McCain Foods, Sun Life Financial, TaraSpan, SENES Consultants Limited, Woodbridge, and many others. Indeed, at EDC, we are currently aware of more than 160 Canadian affiliates in India that are conducting business in the market across a wide range of sectors.

With respect to investment,

[*Translation*]

the stock of Canadian investment in India as of the end of 2011 was \$587 million, significantly less than the \$4.4 billion of Indian investment in Canada.

The stock of two-way investment between Canada and India has actually been declining since its height in 2008 (\$7.2 billion in 2008 down to \$5 billion in 2011). Dampening the enthusiasm expressed for India by foreign investors over the last couple of years has been the inability of India to move forward on needed government reforms to improve its investment climate. The general global economic downturn has also weakened investor confidence and withheld injection of capital into the market.

[*English*]

That said, hopes have been bolstered by a surprise slate of recent policy adjustments by the Indian government to open previously closed sectors to foreign investors, such as retail—you may be aware of Walmart's involvement now in India—and the relaxation of regulations surrounding the inflow of capital.

Sectors such as infrastructure, retail, and services are expected to create investment opportunities for foreign interests as additional reforms are implemented.

Indeed, overall there is great potential for trade and investment for Canadian companies across a wide range of sectors in India. Niche opportunities exist for Canadians, particularly in the sectors of telecom, health care, education—in strong agreement with Mr. Davidson—automotive, and infrastructure, including clean tech.

For certain, the sale of commodities such as grains and pulses, pulp, as well as metals, for example, iron ore, will continue to rank high in Canada's exports to this market. Where Canadian companies have achieved the most success is through the pursuit of business with India's leading private sector and privately held companies. These companies have rapidly been expanding their global operations, and are stepping forward to develop private sector solutions to some of India's infrastructure constraints.

To accelerate Canadian opportunities in India, EDC is focused on the following strategies: to develop and deepen relationships with reputable private sector buyers and borrowers in India; to strengthen our financial partnerships in the region, with particular emphasis on enhancing our suite of financial services that support small and medium-sized enterprises; to help match Canadian capabilities to Indian market opportunities through targeted, planned matchmaking events with EDC strategic private sector Indian clients;

• (1700)

[Translation]

continuing EDC's efforts in reaching out to Canadian investors and exporters to discuss their strategic interest in India and promote suitable opportunities; deliver on services with bank partners that create financial capacity for Canadian affiliates in India; continued close engagement with Canada's trade commissioner service, bank partners, the Canada-India Business Council and the Indo-Canada Chamber of Commerce on delivering advisory services and tools for Canadian companies seeking to conduct business with India;

[English]

and finally, by leveraging EDC's project finance and structured finance expertise and our relationships with multilateral agencies, to capture more Canadian procurement opportunities in India's infrastructure sector as it evolves.

In conclusion, I would underscore four key points.

First, despite India's many challenges, the country's continued growth presents very significant trade and export opportunities for Canadian business.

Second, partnerships are and will remain absolutely critical to success in this market.

Third, India's private sector companies are playing an increasing role in the development of the country. These companies' supply chains now reach beyond India's borders to present additional opportunities in a range of global markets.

Fourth and last, Canadian companies that are willing to make the effort to better understand India's needs and adapt their products and processes will be the longer-term winners of these business opportunities.

I thank you again for the opportunity to be with you this afternoon.

**The Chair:** Thank you very much.

We'll now move to questions and answers. We'll start with Mr. Sandhu, very quickly.

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

I have a question for Mr. Davidson.

I'm really amazed at the number of students who are actually going to the United States from India, some 83,000. You pointed out that 38,000 are going to the U.K., and 27,000 are going to Australia. Some 4,000 are coming to Canada. What are the reasons for that?

**Mr. Paul Davidson:** There are a number of reasons for that.

First of all, as I mentioned, Australia has been investing heavily in a coherent marketing effort to attract students from India. With regard to the United States, it is the global research leader and will always be seen as a destination. With regard to the United Kingdom, there are historical linkages between the U.K. and India, and students and their families think of those locations before they think of Canada. That's why a sustained, sophisticated international strategy that's nuanced to India is going to be pretty important for Canada.

I should add that these figures are changing and they're moving in the right direction. The number of university students from India has increased by 40% in the last couple of years. The number of college students has increased quite dramatically because of a unique program between Citizenship and Immigration Canada and the ACCC, a colleague organization, which has increased the number of students from India quite dramatically.

The bottom line is there is a lot more we can do together.

• (1705)

**Mr. Jasbir Sandhu:** What sorts of challenges have we had in attracting students from India? What are some of the issues? You certainly talked about investment, but are there any other challenges that we need to look at?

**Mr. Paul Davidson:** Promoting Canadian excellence is really an important factor. Students and parents in India think of the United States. They think of the U.K. They're incented to go to Australia. These patterns take place over time and over generations.

The opportunity does present itself, because of the number of outstanding Indian students who are looking for a place, to raise Canada's profile in key markets within India, to develop a social media strategy, to develop word of mouth, to be more effective in promoting a coherent brand of Canadian excellence in India and other emerging economies.

**Mr. Jasbir Sandhu:** I'm going to ask Mr. Winterhalt something.

I'm going to jump on the train here. We've heard previous testimony from the canola industry, from the beef industry, from the agricultural industry that the response from the railroads in regard to providing service to them is very poor. We've heard of a recent survey where 8 out of 10 people who use trains are having difficulty getting their goods on time or they're not satisfied with the rail service.

I understand your role in developing export development in other countries, but I think it's also important for us to make sure that our goods are able to get to the other countries in a timely manner.

Would you agree that we need to have infrastructure or a mechanism in place to make sure our products are delivered in a timely manner? What sort of remedy would you recommend to help us convince the railway companies to deliver these products on time to our ports?

**Mr. Todd Winterhalt:** Thank you very much, honourable member, for the question.

I would start my response by saying I think it is absolutely essential that both ends of the equation are considered here. We do tend to focus on the opportunity side of the equation, the target market or the destination for a Canadian exporter or investment, and essentially try to bring that opportunity back and match it up with a Canadian capability. I would agree that absent a well-developed infrastructure to be able to deliver those products and services it's very difficult to fill orders at the end of the day.

That said, I would defer in terms of offering a suggestion on what needs to be done. We truly focus on the international space rather than look at what is required in the domestic environment in terms of infrastructure development and things of that nature.

**Mr. Jasbir Sandhu:** What sort of non-tariff barriers are in place in India that are hindering the export of our goods? I mean, \$5 billion is not a lot of money in trade there. It's peanuts compared to some of the other countries we're trading with. What are some of the non-tariff trade barriers that are in place? What can we learn from the last 15 or 20 years in regard to expanding that trade opportunity in India? Will this trade agreement alone help expand trade in India?

**Mr. Todd Winterhalt:** In terms of non-tariff barriers, it probably won't seem all that surprising to you. Certainly, what we encounter most often, and what we see our Canadian clients faced with most often, are things like the bureaucracy. That is, as I mentioned, endemic in terms of trying to obtain permits to conduct business. In particular sectors, it is particularly challenging, infrastructure investment, for example, or resource development in India, or things surrounding real estate development. Anything that has a land element to it is very challenging in terms of working through the Indian bureaucracy. The time and expense that are required to get to an outcome, to get a permit, is certainly something that's a disincentive to Canadian companies, be they exporters or investors.

The other thing I would mention is around the regulatory environment attached to the bureaucracy comment I made earlier, but here it's not either the simple lack of the regulation or the complexity of the regulation. It's a predictability issue. I think that's the key word for many Canadian companies. If there are clarity and predictability in what to expect from a regulatory perspective, that's something that can be mitigated and planned against. It's the changeable nature of the regulation, in some respects, that does make it very challenging to know from one day or year to the next what's required in terms of permitting and in terms of regulatory compliance in India.

I think we would be sugar-coating things, frankly, if we didn't say there were corruption concerns and issues still present in India at multiple levels and in multiple locations in the country, as there are in many emerging markets, to be fair. This is very much something which I would classify as a non-tariff barrier and that often dissuades Canadian companies that have a choice of where to put their hard-earned capital. For example, do they look elsewhere in the region, elsewhere in South Asia or Southeast Asia, where returns may be as strong and where there's not as much of either corruption or bureaucratic delay?

Those would be the top three that I would mention. I would hasten to add, though, that I think over the last 5 to 10 years we have seen the numbers greatly increase. Trade has picked up. Investment has picked up. Even with these constraints in place, we do see the

numbers continuing to grow. We're certainly looking at a continued 7% growth in the overall economy in India, even as a slowdown, so we would see greater opportunities there.

• (1710)

**The Chair:** Thank you very much.

Mr. Shipley.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you, witnesses, for coming here.

Mr. Winterhalt, not only do we always talk about the significance and the importance of transportation and all those infrastructure issues, but we also talk about building partnerships. You talked about that. I'm wondering how you fit into that. Where do you fit in with assisting Canadian companies that are looking for relevant, strong, productive partners there who will help them move through what you call the bureaucracy over there, which is a concern to Canadian companies, or through some of those non-tariff barriers to trade?

**Mr. Todd Winterhalt:** Thank you for the question.

I might actually turn to my colleague, Mark Bolger, who has been present and active in working with EDC in Asia, and South Asia in particular, for the better part of the last 15 years, if not slightly longer.

Mark, perhaps you could add some comments.

**Mr. Mark Bolger (Regional Manager, Asia, Export Development Canada):** Sure.

Thank you, honourable member.

The role that EDC plays is one small part of a much bigger set of partnerships that are required to do trade with India. For us, we utilize our network, whether it's our bank partners that can assist Canadian exporters in understanding the financial regulations that exist there, or entities such as the Canada-India Business Council, the Indo-Canada Chamber of Commerce, and the diaspora that exists within Canada, which have a very real and tangible understanding of how to do business in India.

I'd be remiss if I also didn't mention the trade commissioner service in India as a very critical partner in helping to understand the regulatory regime and overcome the very real challenges in distributing your goods across India.

**Mr. Bev Shipley:** It sounds as though we tend to think about large corporations when you think of this, but my understanding—and we've had some witnesses come in on this—is that actually there are opportunities, because of the partnerships that you've talked about, for bringing in small and medium-sized businesses.

Because of the partnerships, are there opportunities? In my riding, there are many small businesses. I don't have large corporations in my riding. Are there opportunities for small businesses, whether they're in manufacturing or even in agriculture, to bring it together and be successful in India?

**Mr. Mark Bolger:** My personal view is yes, there are.

EDC works very closely with our Indian business partners to try to engage in matchmaking, which provides a lot of value to small and medium-sized customers regardless of what sector they are in. We utilize everything from web channels, to face-to-face, business-to-business meetings, and to organized trade missions into Canada and into India in order to help get small and medium-sized companies in front of the Indian private sector buyers that present those opportunities to Canada.

**Mr. Bev Shipley:** Actually, Canadian businesses have grown. I think it's an amazing statistic. It was less than \$400 million in 2005 and it's now at \$1.7 billion. That is over 400% in five years.

One of the things we're finding in our discussions on free trade agreements is that in six years we've had to cover a lot of ground. There was this huge vacuum that was left before.

I'll go to the education component of it. We've not only had to go from the ground up to strengthen our economy; we've had to move from a brain drain to a brain gain. We've done that now. We didn't have anything in place prior to 2006 for keeping the intellectual people and wanting to attract people to Canada.

You talked about the small number of Indian students in Canada, some 4,000 students. That number is continuing to increase, from what I understand. When I look at the demographics in India, I think that 70% are under 40 years of age and 50% are under 25, or something like that, and there are 550 million people. In the education component, we have a great opportunity to bring people to Canada.

Can you expand on how important that is to our economic growth and to changing our demographics? Our demographics are going the other way. We're all getting a little older.

How can we attract those people and then have them stay, once they get the higher education that is needed?

• (1715)

**Mr. Paul Davidson:** There are a number of things that Canada is really doing right.

The changes in Canada's immigration policies with regard to international students have really improved over recent years. It used to be a penalty if you said you wanted to work while you were in Canada as an international student. It used to be a penalty if you said you wanted to stay in Canada. Those rules have changed. Now international students can work while they're in Canada. They can work after they graduate, and they can be fast-tracked for citizenship. That really helps in our competitive bid to get top talent to Canada.

The other thing that has changed in this regard, and it's constantly moving, is that there have been significant improvements in visa processing times around the world. We could do all the marketing in the world, but if we can't get the visa processed in a timely way, that student would slip away to Australia or the U.K.

With the increased demand in key markets, there's an increased need for staffing in those key markets, and because of the deficit reduction action plan, Citizenship and Immigration Canada has been less able to meet some of the most urgent demands. You'll see that we're suggesting there should be some work there.

The trade commissioners were mentioned by my colleague. DFAIT officials also do tremendous work in India, including, for example, creating an alumni network of Indian citizens who have received their education in Canada and are helping to promote the Canadian brand, as alumni, in India.

**Mr. Bev Shipley:** Folks in research, development, and innovation; would the right step be to continue to do that?

**Mr. Paul Davidson:** Absolutely.

**The Chair:** Thank you very much.

I'll intervene here for a second. The committee had about 10 minutes to do some in camera business at the end of this meeting, but we had an intervention earlier that caught us a little short. I'm going to ask whether you want to continue questioning the witnesses or move into that session.

**Hon. Wayne Easter:** Let's move into that session, Mr. Chair, but I have one question first.

**The Chair:** A question for whom?

**Hon. Wayne Easter:** Well, I'll make it as a point of order then.

Mr. Davidson brought up the report that your—

**The Chair:** I'm okay with continuing the questioning, if that's what we want to do. You're next.

**Hon. Wayne Easter:** I'm only going to ask one very short question, Mr. Chair.

**The Chair:** Okay, but I want to know whether we want to go into questioning or whether we want to go into the business meeting.

**Hon. Wayne Easter:** I think we do have to do business. We have to finish the motion that the parliamentary secretary—

**The Chair:** Okay, so you want to go into business. Is that what you want to do?

**Hon. Wayne Easter:** But I have a point of order first.

I want to know the details on this from the clerk.

**The Chair:** The details of what?

**Hon. Wayne Easter:** Mr. Davidson talked about a study that the organization did, with a number of recommendations—

**The Chair:** It's available online, is what I'm hearing.

**Hon. Wayne Easter:** Yes, but there's a problem sometimes in doing committee reports; if it's not tabled in evidence, we can't use it.

I want to know if we can use the recommendations that are in that report—those that apply to the federal government—as evidence. If I don't ask that question—

**The Chair:** Why don't we ask Mr. Davidson to table the report with the clerk.

**Mr. Paul Davidson:** This is a report that was made public by DFAIT. It was commissioned by the Minister of Trade and the Minister of Finance. It was released in August of last year under the leadership of Dr. Chakma. It should be publicly available and in the public record.

**Hon. Wayne Easter:** My concern is, can we table—

**The Chair:** That's enough, Mr. Easter. You made your point, and I've ruled on it. We've asked him to table it so that we can use it.

**Hon. Wayne Easter:** Mr. Chair, I haven't received an answer from you. I haven't received an answer from the clerk or the analyst because—

• (1720)

**The Chair:** I believe that you have.

**Hon. Wayne Easter:** No, I haven't. If the report is not tabled in one fashion or another with this committee, we cannot use it as evidence in a report. I want the recommendations of that report—

**The Chair:** I just said that you could table the report, and we just asked the witness for it. That's the end of it, Mr. Easter.

With that, we will suspend the meeting.

I want to thank the witnesses for coming forward. We will move into business.

**Mr. Ed Holder:** I have a question about what we want to do.

Does that not imply that you want to have a vote on that?

**The Chair:** Yes, okay. Maybe we should.

I thought I had consensus to go into business. Is that what you want to do?

**Some hon. members:** Agreed.

**The Chair:** All right. I see that there's consensus. We will suspend the meeting as we clear the room and go in camera.

I want to thank the witnesses for coming forward.

*[Proceedings continue in camera]*

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