



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on International Trade

CIIT • NUMBER 058 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Monday, May 11, 2015

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Chair

Mr. Randy Hoback

Standing Committee on International Trade

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• (1530)

[English]

The Chair (Mr. Randy Hoback (Prince Albert, CPC)): Good afternoon, ladies and gentlemen. It's great to have you here.

Today we have a special guest, Minister Ed Fast, the Minister of International Trade.

Welcome, Minister Fast.

Pursuant to Standing Order 81(4), we are considering the main estimates of 2015-16, vote 1 under the Canadian Commercial Corporation, as referred to the committee on Tuesday, February 2015. The minister is here to speak on that, and a few other things, I'm sure.

Minister, I'll turn the floor over to you.

Hon. Ed Fast (Minister of International Trade): Thank you, Mr. Chair.

Before I begin my comments, I want to introduce a number of other people at the table. First of all, I have my deputy minister here, Christine Hogan, along with my chief financial officer, Arun Thangaraj, as well as Martin Zablocki, the CEO and president of the Canadian Commercial Corporation, and, of course, Benoit Daignault, the president and CEO of EDC.

I'm here to discuss with you the 2015-16 main estimates and to highlight how our government has been supporting small and medium-sized businesses as they seek to grow and succeed in new markets around the world.

Let me start briefly with some of our recent trade achievements. Canada is of course one of the great trading nations of the world. Trade generates approximately 60% of our GDP and is responsible for one in five Canadian jobs. In 2014, for the first time in our history, Canada's two-way trade topped \$1 trillion. Last year, Canadian exports to the world increased by more than 11% over the previous year, reaching more than \$524 billion. These numbers matter because increased trade leads to increased prosperity and better jobs for all Canadians.

This past April, the Minister of Finance tabled economic action plan 2015 in Parliament. This plan fully recognizes that international trade and investment are vital to the continued growth of the Canadian economy.

Mr. Chair, since coming to office in 2006, our Conservative government has made opening markets around the world for Canadian businesses a cornerstone of its economic policy. Today,

Canadian businesses are more competitive in foreign markets through preferential market access, through better investment conditions, and through reduced barriers to international trade.

In August of 2014 we completed negotiations on an historic free trade agreement with the European Union. The EU is the world's largest integrated market, representing more than 500 million consumers and annual economic activity of \$20 trillion. Once this trade agreement comes into force, Canada will be the only country to have free trade agreements with both the U.S. and the EU—I should say that we'll be the only major developed economy to have free trade agreements with both the U.S. and the EU—significantly improving our reputation as a preferred destination for foreign investment.

Canada will also be experiencing greater export success in another key market, thanks to our free trade agreement with South Korea, which entered into force on January 1 of this year. That agreement is expected to boost Canada's economy by close to \$2 billion and increase Canadian exports to South Korea by over 30%. Also, of course, it makes Korea Canada's preferred gateway into the larger dynamic Asian marketplace.

Mr. Chair, this government knows that while traditional markets remain vitally important for Canadian trade, we have witnessed a remarkable shift of economic power to Asia. China, India, and the Southeast Asian family of nations are the high-growth markets of the future, and that is why we continue to engage with these countries, including in last week's announcement of the launch of exploratory talks on a Canada-Philippines free trade agreement.

To ensure our long-term prosperity, Canada must continue to expand its trade and investment opportunities around the world. Trade is really our lifeblood.

You may recall that back in the late 1980s it was the then Conservative Prime Minister Brian Mulroney who masterfully brought into force the Canada-United States Free Trade Agreement. That was soon followed by the North American Free Trade Agreement.

However, between 1993 and 2006, under the previous government, Canada fell way behind other countries that were aggressively negotiating trade agreements. In fact, over those 13 years, Canada signed a paltry three small trade agreements, forcing our government to play serious catch-up, and that is exactly what we've done.

Over the last nine years we have concluded forward-thinking trade agreements with 38 different countries, with many more to come. Soon our exporters will have preferential access to over half of the global marketplace.

In fact, when you add up the actual dollar value of the market access represented by all of Canada's concluded free trade agreements, 98.5% of them were negotiated under Conservative governments. We're very proud of that record. Trade, when done right, creates more jobs, higher wages, and greater prosperity for Canadians.

Canada cannot afford to allow the U.S. and our other competitors to ever outpace us again when it comes to market access. Indeed, with our free trade agreement with the EU, we expect that we will gain first-mover advantage over our American cousins.

With that in mind, our government continues to advance negotiations on a number of other ambitious trade agreements, including the Trans-Pacific Partnership. The TPP, as we call it, includes 12 Asia-Pacific countries, representing 800 million consumers and a \$28 trillion market. That is why we're at the table negotiating the very best agreement for Canadians. We're also negotiating bilateral trade agreements with countries like India, Japan, and Ukraine.

Colleagues, in November 2013 I released the global markets action plan. That's our government's blueprint for creating jobs and economic growth through trade and investment. This global markets action plan, or GMAP as we call it, aligns Canada's trade, development, and foreign policy tools to advance our country's commercial interests around the world. We have placed a special focus on small and medium-sized enterprises, or SMEs, which are the backbone of our economy.

It might surprise you to know that there are more than one million SMEs across Canada, but only 41,000 export anywhere in the world. Of that number, only 11,000 actually export beyond North America. We need to improve that performance. Our goal under the GMAP is to nearly double the number of small and medium-sized enterprises that export to emerging markets. We want to move that from 11,000 to 21,000 SMEs that export to emerging markets.

That is why budget 2015 highlighted two new programs that deliver additional resources to support SMEs as they develop their export capacity. The first is a new export market development program that delivers a total of \$50 million over five years in direct financial assistance to entrepreneurs who are seeking to expand into new markets. It is expected that each year this funding will help between 500 and 1,000 small and medium-sized businesses explore and expand their export potential. Funding could include dollar-for-dollar matching support to incent Canadian SMEs to join trade missions or develop web-based export prospecting solutions.

The Prime Minister also announced additional funding of \$42 million over five years, with another \$9.25 million ongoing

thereafter, to expand Canada's trade commissioner service. We expect that this will allow us to deploy an additional 20 trade commissioners around the world where we need them the most, promoting the interests of our small and medium-sized enterprises

Historic free trade agreements require historic trade promotion. That's why in the fall of 2014 I launched the Go Global workshop series across Canada. These workshops are a partnership between our trade commissioner service, EDC, BDC, the Canadian Commercial Corporation, and the Canadian Manufacturers and Exporters. The workshops will ensure that our SMEs are aware of the markets we have opened up for them and the tools we've made available to them so that they land successfully in those new export markets.

In just a few months the program has reached over 2,000 participants, and we expect that this program will continue. We've gone all the way from one coast to the other, helping our SMEs gain awareness of the tools that we've made available to them. We're breaking down the silos between our export agencies, taking a whole-of-government approach to trade, and bringing the resources of Ottawa to Main Street, directly to our businesses and the communities in which they operate.

Additionally, we have embedded 27 of our best trade commissioners in business associations across Canada. The goal is to allow our trade representatives to gain a better insight into the specific needs, challenges, and opportunities within each sector of our economy, in turn informing the development of policies and strategies that will better support our SMEs.

Finally, I want to inform the committee that last month I hosted the inaugural meeting of my global markets action plan advisory council. The council is composed of nine industry leaders from across the country representing key sectors of the Canadian economy who provide me with strategic insight and real-world perspectives to ensure the GMAP reflects the priorities, needs, and interests of Canadian businesses and that our government's trade policies stay ahead of the curve.

● (1535)

As one final note, over the last four years I have led many trade missions to our priority markets of interest: six trade missions to China; 13, soon to be 14, missions to Southeast Asia; four trade missions to India; and others to the Middle East, Europe, and Africa. Trade missions representing a non-threatening environment within which Canadian SMEs can experience a new market, touch base with key stakeholders, and reach prospective customers, retailers, distributors, investors, and partners.

Our government is proud of its record of opening up new markets for Canada's exporters and investors. We believe our efforts will deliver unparalleled prosperity for future generations of Canadians. We are also confident the host of trade promotion tools we are providing to Canadian companies will free up and realize Canada's true export potential.

Mr. Chair, this government is fully committed to ensuring Canadian companies, especially SMEs, have the tools they need to seize some market opportunities available to them.

Thank you for your time. I look forward to your questions.

• (1540)

The Chair: Thank you, Minister.

Colleagues, we're going to try to get everybody's question in, if we have a chance, to the Minister. Of course, we do have a little bit of house cleaning at the end in regard to the main estimates. I'm going to be very strict on the seven minutes, so please allow time for the answer in your question.

Mr. Davies, we'll start off with you for seven minutes.

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

Welcome to the committee, Minister. We appreciate your taking time to be here, and welcome also to your staff.

Minister, as you know, in March, Canada posted a record \$3 billion trade deficit. That's the largest monthly trade deficit in Canadian history. This followed a huge trade deficit in February of \$2.2 billion. We know that varying sectors and commodities go up and down, but there's no hiding the bottom line that Canada's 2015 trade balance is going in the wrong direction. Is this performance acceptable to you?

Hon. Ed Fast: Mr. Davies, let me say that from the beginning my goal has been to increase Canada's export performance and to use trade and investment to drive economic prosperity in Canada.

What you failed to mention is that the sudden decrease in the value of our exports is almost exclusively attributable to the fact we've just encountered a significant global oil price shock. As you know, oil exports are a significant commodity for export for Canadians, and when you see a sudden precipitous decline in the price of oil, obviously you're going to see that affect the bottom line.

The reality is that if you look at volumes of exports, those exports are up by 5% this last month, and over the last quarter. So the economic activity taking place has actually grown, but the value of the exports of oil because of the dramatic drop in oil prices has affected the bottom line.

The other thing I would add is that when we look at trade and investment performance abroad, we don't look at it primarily from month to month to month. We look at the long-term trajectory. When you look at last year, we had a significant turnaround in our trade performance. We posted a surplus of \$5.2 billion, which was a turnaround of \$12 billion over the previous year. I expect that as oil prices recover, we'll see an improvement in the dollar performance of our exports. Our export volumes are still up there.

The other thing we're going to do is to continue to focus on opening up new markets for Canadian exporters. We're going to focus on promoting our trade tools to the very companies that need those tools to be successful in new markets. I'm confident that in terms of the long term, and even the medium term, you'll see excellent trade performance.

Mr. Don Davies: Thanks.

Minister, we know that the United States, Australia, and New Zealand are aggressively pushing for Canada to dismantle our Canadian supply management system in the TPP talks. Will you clearly state your government's commitment to fully protect our dairy, poultry, and eggs supply managed industries in any final TPP agreement?

Hon. Ed Fast: Mr. Davies, you know that we have consistently stated our government will continue to promote and defend the interests of our supply managed sector, as we promote and defend our agricultural industry more broadly speaking.

Mr. Don Davies: Can I take that as a yes?

Hon. Ed Fast: We did that within the CETA negotiations. We will do that in our Trans-Pacific Partnership negotiations. At the end of the day, what we are looking for is a balanced outcome that promotes Canada's trade interests, that promotes economic growth within Canada, and that provides a benefit to all sectors of the economy.

Mr. Don Davies: Is that a yes, Mr. Minister?

Hon. Ed Fast: I've made it very clear. We will continue to promote and defend the interests of all agricultural producers, including those in the supply-managed sector.

Mr. Don Davies: Thank you.

Mr. Minister, in the United States there's a vigorous debate going on among the President, Congress, and civil society concerning the TPP. In the interest of transparency, American legislators of all parties are permitted access to the negotiated text of the TPP upon signing confidentiality commitments.

Will you permit the same privilege to Canadian legislators so we can foster a similar level of debate in our country?

• (1545)

Hon. Ed Fast: Thank you for that question.

I can tell you that we have had very robust consultations with our key stakeholders. Since the TPP negotiations were launched, we've had round tables involving over 350 different stakeholders from the economy. We have had one-on-one meetings with over 500 stakeholders during that period of time. I can assure you that those consultations with stakeholders from every sector of our economy inform the positions that we take at the negotiating table.

We will not compromise Canada's ability to secure an optimal outcome for Canadians, in the national interest, by disclosing our negotiating strategy to the other parties at the negotiating table. That's something we will not do. I can assure you that at the end of the day, the standard we have set, as I've mentioned many times in the House, is that we will not sign a trade agreement unless it is in Canada's best interest.

Mr. Don Davies: I'll take that as a no, then.

Mr. Minister, last week one of the EU-member states, Greece, said it would not ratify CETA because of its inadequate geographical indicator protection. Just today there are reports out of Hungary that the Hungarian Parliament won't ratify CETA because of its investor-state chapter. Of course, we're all aware that France and Germany have previously said that they may not ratify CETA with the existing investment chapter.

Mr. Minister, you've said CETA is a done deal, but what happens if a number of member states in the EU decline to ratify CETA?

Hon. Ed Fast: I'm not the only one to have said that CETA is a done deal. The commissioner responsible for trade in the European Union has said that it is a done deal. The Chancellor of Germany, Angela Merkel, has said that it is a done deal.

We have said that both parties came to these negotiations with very clear mandates. Both parties negotiated within those mandates, and we concluded an agreement within those mandates. We've made it very clear to our European counterparts that both parties negotiated in good faith, and now both parties are expected to bring that agreement into force.

With respect to ISDS, there is no investor-state dispute settlement chapter that is as forward looking and as aggressive as the one the European Union and Canada negotiated. We included additional rights and protections to ensure that Canadian sovereignty and EU sovereignty were protected, to ensure the right of countries to regulate in the public interest.

If you read the chapter, you'll find it is quite progressive and addresses many of the concerns people have raised about ISDS.

The Chair: We're going to have to go on.

Mr. Gill, you have seven minutes.

Mr. Parm Gill (Brampton—Springdale, CPC): Thank you, Mr. Chair.

I also want to thank the honourable minister, along with all of the other witnesses, for taking the time to appear before the committee.

You mentioned some interesting stats, Minister: 60% of GDP, and one in every five jobs is related to trade. Obviously it's a very significant portion of our economy.

I know you are responsible for most of the 38 free trade agreements Canada has been able to sign in recent years.

Minister, the Prime Minister of India was recently on a historic visit to Canada. Can you tell us what that trip achieved in our bilateral relationship and how our government is advancing trade with India?

Hon. Ed Fast: It highlights the incredible potential between Canada and India. India is the most populous democracy in the world, soon to be the most populous country in the world, and then you have a country like Canada, the second-largest land mass in the world, with a very small population but full of resources, talent, and the ability to provide value to India and its economy.

When Prime Minister Modi was elected, he made some very bold commitments. He has committed to very significant structural, economic, and social reforms. We welcome those reforms.

He has spoken about "Make in India", which is his plan to attract investment to create jobs in India. We welcome that. The way you attract investment, of course, is to protect investors when they invest in your economy. We have been busy for a number of years negotiating a foreign investment promotion and protection agreement.

Under the previous Indian government, unfortunately, those discussions and our discussions on a free trade agreement languished, not because of Canada's unwillingness to engage, but because of what appeared to be paralysis within the structures of government in India.

Prime Minister Modi's election provides us with a brand new opportunity to re-energize our economic partnership. You will have noticed that Prime Minister Modi was very clear that he sees Canada as a preferred partner for engagement going forward. He also highlighted the fact that he would like to see both our investment treaty discussions and our negotiations on a free trade agreement move forward rapidly to a conclusion. We welcome that, and we are ready to engage with their negotiators. In fact, some of our negotiators have already been requested to go back to India and continue those discussions.

This is a great opportunity for Canada to share some of its expertise. We have tremendous strengths in things such as energy and energy security. In food security, Canada is a world leader in agrifood technology and storage solutions like dry storage and cold storage. We are leaders in things such as infrastructure, transportation infrastructure, and aerospace. These are all areas that India needs to have partners in, and we want to be those trusted partners.

● (1550)

Mr. Parm Gill: Thank you.

On the margins of Prime Minister Modi's visit, several commercial agreements between Canadian and Indian companies were announced, with a combined value of over \$1.6 billion. Can you share with the committee what types of agreements were signed and how they will benefit the Canadian economy?

Hon. Ed Fast: Yes, we were able to witness the signing of a number of commercial agreements that have a value of approximately \$1.6 billion. They were in a range of sectors, including aerospace and defence, education, energy, mining, infrastructure, sustainable technologies, and information communications technology.

These are some of the areas I mentioned earlier. We expect that this could increase Canada's exports to India by up to 10%. It could be more. This is just the tip of the iceberg. India is such a huge market. They have a rapidly growing middle class that is demanding premium-quality products. When they think of Canada, the Canada brand represents premium quality.

We would love to have them take advantage of that quality, and we are going to continue to promote India as a great place to do business with, as well as to invest in.

Mr. Parm Gill: How much time do I have, Mr. Chair?

The Chair: You have about two minutes.

Mr. Parm Gill: Minister, you recently led an important trade mission to South Korea. Can you share with us the significance of this mission, especially in light of the new free trade agreement?

Hon. Ed Fast: The trade mission that I led to South Korea was the largest I had ever personally led. It included representatives of over 100 Canadian companies who clearly have been inspired by the trade agreement we've now brought into force between Canada and South Korea.

South Korea is a highly developed economy. It's a technologically savvy economy. It's one where we have tremendous opportunities to build partnerships to build a market. But what's perhaps just as important about South Korea is because it's our first trade agreement in Asia it becomes Canada's launch pad or platform into the larger dynamic Asian marketplace.

We know there are many Canadian companies that have expressed interest in beginning to explore Asia as a place to grow their exports and their markets but they've been reluctant to do so. We now have a trade agreement in place—the first in Asia, and we're looking at others. Because it's the first it does become our gateway into that larger region. We believe Canadian companies have welcomed that opportunity and that's why there were so many of them that came with me to Seoul and also to Busan, Korea.

While there they were of course able to engage with prospective customers, retailers, distributors, investors, and partners. We held what are called export cafés. This is a room many times this size with many round tables with chairs around them, and our Canadian companies are able to profile their products, their services. They put brochures on the table, then one by one we bring in prospective customers from that other marketplace. When I walk into a room like that and I hear the buzz I know that's trade going on in real time.

That's what it's all about. I wish some of you could participate on those missions. They are an incredible tool that we use to expose Canadian companies to huge markets all around the world.

•(1555)

The Chair: Thank you, Minister.

I'll move on to Mr. Regan, please.

Hon. Geoff Regan (Halifax West, Lib.): Thank you, Mr. Chair.

And thank you, Minister, and your officials, for joining us today.

I'd like to ask you about negotiations toward a Canada-Japan economic partnership agreement.

I have three questions on this. First, has Canada proposed to host the next round of negotiations? Second, has Japan agreed to our proposal? And third, if not, why not?

Hon. Ed Fast: I think it highlights the fact that the Trans-Pacific Partnership negotiations, which include both Japan and Canada, are a very significant effort to open up the Asia-Pacific region for trade, to set the rules for trade going forward.

But parallel to that regional negotiation, Canada has also embarked upon bilateral negotiations with Japan. The reason we see bilateral negotiations as presenting an opportunity is that there are certain things that you can accomplish in a bilateral agreement that reflect the unique circumstances of a bilateral relationship that you can't achieve in a regional negotiation. That's why both Canada and Japan agreed to move in parallel.

Hon. Geoff Regan: I wonder if you can address the question. I appreciate that.

Hon. Ed Fast: Yes, I was getting to that.

The reason that we have chosen to do them in parallel is that the TPP addresses most of the salient issues that one would seek to address in a bilateral agreement. That's why you have seen Japan place most of its focus on the TPP.

We of course have been pressing Japan to keep some energy in the bilateral negotiations. Obviously, Japan is very interested in energy security. Canada is a solution to Japan's energy needs, but their number one focus has been concluding negotiations within the TPP, which is why you've seen a less ambitious schedule of negotiating rounds in the bilateral discussions.

Hon. Geoff Regan: So did we in fact propose to host the next round?

Hon. Ed Fast: We're just in the process of trying to nail down exactly where that round will take place.

Deputy Minister, have we settled on anything yet?

Mrs. Christine Hogan (Deputy Minister of International Trade, Department of Foreign Affairs, Trade and Development): We have not got a date confirmed as yet, or a venue.

Hon. Ed Fast: No date is confirmed as yet.

Hon. Geoff Regan: Let's go to the broader trade with Asia. The Conference Board of Canada says that our country makes up only 1% of all global exports to Asia, that we're the 23rd largest exporter to Asia. In fact, we've fallen from 16th to 23rd. Our previous high was 16th. Also, between 2013 and 2014 the value of our exports to China dropped by 5%. The question I guess is, in light of this shrinking market share, are you considering any new approaches to increase Canada's share of the export market in Asia, and particularly in China?

Hon. Ed Fast: Let me focus on China, because our time is short.

Hon. Geoff Regan: It sure is.

Hon. Ed Fast: Let me highlight a number of the initiatives and key milestones we've achieved over the last several years. Let me go back, say, five years when we were able to secure preferred destination from China. It took us a while to actually negotiate that, but what that now means is that Chinese tourists who are looking to come to Canada as tourists will now see Canada as being a preferred destination. Their ability to come to Canada as tourists has been dramatically increased, which is why we have seen significant increases in tourist flows into Canada from China.

The second milestone was when we brought into force the foreign investment promotion and protection agreement between Canada and China. What that agreement does, of course, is to set out a clear set of rules under which investments are made. If a Canadian company wants to invest in China and makes its investment, it now has a clear set of rules that will be applied to those investments. Not only that, but if there is a dispute between a Canadian company and a Chinese government at any level, and say there's alleged discrimination against the Canadian company, that dispute will not be heard within the domestic court system but will be raised to the international arbitration level, where our Canadian companies can have great confidence that the arbitrators will be fair and impartial and that it will be a fair process.

The next milestone I would highlight is the renminbi trading hub and related currency swap agreement we were able to negotiate with China. This will allow Canadian businesses to do business with China in the renminbi, which is their currency, and it reduces the costs of business transactions between our two countries, between companies of both of our countries. This is a significant competitive advantage.

•(1600)

Hon. Geoff Regan: So, Minister—

The Chair: I'll have to stop you there.

I'm sorry, his time has gone, Minister.

Mr. Cannan.

Hon. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair, and thank you, Minister Fast, and to your hard-working staff.

I have had the pleasure of being on the committee for over nine years, and I know you have a great team of hard-working officials that travel around the world to make these agreements possible. The Prime Minister's goal is to use trade as a stimulus and to open the new markets, so I thank you for your passion for people and enthusiasm for this initiative as well.

Following up on my colleague, Mr. Gill's, comments about when Mr. Modi came to Canada and had the opportunity to meet with him, as you did with several constituents.... I know we're looking at potentially exporting apples from, I say, the best riding in Canada, Kelowna—Lake Country, and cherries to China, and wine to South Korea, some of the new markets that are opening up.

This weekend I had some constituents meet with Philippines President Aquino when he was in Vancouver for a community

cultural event, and a female there said that we have to get a trade agreement with the Philippines. I know Prime Minister Stephen Harper announced that you will be leading a trade delegation to the Philippines later this month. I simply want to know if the purpose of this trip is similar to the trade mission and delegation you took last year to Laos and Myanmar and to other Asian countries?

Hon. Ed Fast: The Philippines is of great interest to Canada. Right now it is the fastest growing economy in Southeast Asia. If you look at Asia, it's the second fastest growing economy, next to China.

This is a market that we need to take notice of. Of course, we also have an advantage there. We have a very large Filipino diaspora in Canada, some 800,000 strong, and they provide us with the connectivity between Canada and the Philippines to do business, to increase tourism, to increase educational flows between our two countries.

We announced during President Aquino's visit that we are now embarking upon exploratory discussions toward a free trade agreement. That means that we're going to sit down with our Filipino counterparts and explore the opportunities for successfully concluding trade negotiations and the level of ambition that both parties are aiming for.

This is a very significant step forward for Canada in engaging not only with the Philippines but also with the larger Asian region and those 10 countries there. In fact, as you know, Mr. Cannan, I believe I'm the first trade minister to visit every single country within Asia. There are 10 countries, and I've had a chance to visit each one, many of them more than once. I've even visited Laos, which had been neglected for many years. It's important that we engage with that region because it is becoming a dynamo when it comes to economic growth.

My trade mission to the Philippines will, of course, focus on a number of areas where Canada has strengths. Agrifood and food processing is one. Waste energy is another one. There's a company out of Vancouver that is now actively putting in place a waste energy plant that is more than just about energy. It's also about using that energy in things such as freshwater coho production, and greenhouse production. This is where Canada's expertise really shines. So I'm looking forward to visiting the Philippines, and I expect I'll be bringing a fair-sized delegation with me.

Hon. Ron Cannan: Thank you, and once again thanks for your energy in travelling and visiting those countries that had been left off the map for so many years. It's important to make contact as you continue to open new doors.

As you mentioned in your opening comments, our committee has been doing a study on small and medium enterprises, trying to help them engage in other markets besides the United States, our number one trading partner. There always will be \$1 million a minute and \$2 billion a day in trade between us, and we continue to look at 35 of the 50 states of that number one trading partner.

But we also need to expand, and that's why we're looking at what are called the Go Global workshops. I'm looking forward to hosting one with you in my riding this summer.

Also, we've heard how some of the small businesses that have come here were not aware of the services available from your department and government officials. So maybe you could share a little bit about the role of these workshops, how they're helping out SMEs, and what you have experienced to date.

• (1605)

Hon. Ed Fast: So far we've been able to connect with 2,000 different businesses across Canada. We've held 18 of these workshops, in every region of the country.

One of the benefits of these workshops is that we get to profile all of the tools the federal government makes available to small and medium-sized businesses once they make the decision to explore exports abroad, such as the trade commissioner service, which I mentioned earlier. These are the world's best trade experts. I would put our trade commissioner service up against any in the world. We have about 1,000 of them around the world and across Canada in 160 different locations. In China alone we have offices in 15 different cities, with 100 trade commissioners active in China to support small and medium-sized businesses.

We have EDC, Export Development Canada, which provides financing and insurance products for exporters. We have the Canadian Commercial Corporation, which provides government-to-government contracting services. Essentially the Government of Canada provides a sovereign guarantee for the performance of a Canadian company's obligations when it sells to a foreign government. That provides that foreign government with great assurance that the product or service they're buying is going to be as contracted for.

We have other products as well. We've developed a tool called the Canadian Technology Accelerators for Canadian start-ups that are looking to be exposed to the international marketplace for capital and new customers, and to connect with others in their field of business. We don't want to lose them as Canadian companies, so even though we have many incubators and accelerators across Canada, we have opened up 12 of these across the United States, in Cambridge in the U.K, in Paris, and in New Delhi. Also, I expect we'll be opening others, to make sure our Canadian companies that want an international experience can get that experience but can do it under a Canadian umbrella. We want them to stay Canadian.

These are just some of the tools we're using to inspire our SMEs to now take up our challenge and begin to think "export". To those that have exported but only to the United States, we're saying, "Okay, spread your wings. Look beyond North America, because some of the fastest-growing economies are beyond our North American boundaries".

The Chair: We'll move to Ms. Liu, for five minutes.

Ms. Laurin Liu (Rivière-des-Mille-Îles, NDP): Thank you for joining us today, Minister Fast.

Canada is part of the Environmental Goods Agreement negotiations at the WTO, and the provinces play a crucial role in fostering the clean tech and green energy sectors. Are the provinces included in the negotiations?

Hon. Ed Fast: As with all of our negotiations on trade agreements and investment treaties, we consult regularly with the provinces to

make sure they have input into our negotiating positions at the table. That, of course, applies to the territories, as well.

The environmental goods negotiations really were spawned by the outcome of something that took place within APEC. APEC is a group of 21 countries in the Asia-Pacific region that are looking to increase the integration of economies within that region. APEC decided to look at 54 different environmental goods and either eliminate or dramatically reduce the tariffs on those to ensure that countries benefited from greater environmental awareness and cheaper environmental goods, so that we can address the environmental challenges facing all of our countries.

Ms. Laurin Liu: Can I just get a "yes" or "no" answer to the question about whether or not provinces are at the negotiating table?

Hon. Ed Fast: They're not at the negotiating table, but they are regularly consulted. Typically, sub-federal governments are not involved in trade negotiations anywhere around the world. There is one exception. During our trade negotiations with the European Union, the European Union asked that our provinces be brought to the table when we were negotiating in areas that had impacts on their jurisdiction. I believe the outcome we were able to reach reflects the fact that our provinces had that input in the crafting of the agreement.

Ms. Laurin Liu: Thanks for your answer.

Australia recently concluded a comprehensive trade agreement with China, and we know that your government rejected an offer by the Chinese government to negotiate a similar deal with Canada. Can you explain why the Conservative government rejected that offer and tell us whether giving Australian business first market access, or what you just referred to as a first mover advantage, to China is a wise policy?

• (1610)

Hon. Ed Fast: Actually, let me correct you.

We didn't reject an offer of negotiating a free trade agreement with China. What we have said is that for the time being there are a number of other avenues that we have to deepen our economic engagement with China, which allows me to raise that final milestone that I didn't get a chance to raise earlier. And that is ten-year multiple entry visas, which will make it so much easier for Canadian business people to do business in China. Because you'll be able to get a multiple entry visa, you can use it again and again for periods up to six months over a ten-year period or for as long as your passport is effective.

We believe there are many different ways of engaging with China.

I also note that Australia is, of course, in some ways unique because Australia's largest trade partner is actually China. Canada's largest trade partner is the United States, by far. Just to give you a comparison, our bilateral trade with China is somewhere in the order of \$80 billion a year. Our bilateral trade, if you include services, with the United States is somewhere in the order of \$800 billion a year. We have a trade agreement with our largest trade partner. They will always be our largest trade partner and we are not forgetting about them. But we have said that we want to diversify Canada's trade all around the world, we want to diversify our markets all around the world, so that Canadian companies can be successful wherever they look to do business.

Ms. Laurin Liu: We are aware of the ten-year visa. In fact, we're very happy that you took the idea that was proposed by the NDP on this. It's really great news that we reached consensus.

Moving onto my last question, Minister Fast, several TPP member states have extremely poor human rights records and are undemocratic. Vietnam persecutes dissidents and does not permit free elections, and tolerates child labour and forced labour. Brunei recently passed a form of sharia law that imposes a death penalty by stoning for adultery and homosexuality. In October 2012, the then foreign affairs minister, John Baird, said: "I know that staying silent is never an option when people stone women, when they hate gays...".

Minister Fast, when I was researching this I couldn't find any public statements from you as Minister of International Trade raising these issues in Canada, so can I—

The Chair: You have 10 seconds, Minister.

Hon. Ed Fast: First of all—

Ms. Laurin Liu: Will you raise these concerns at the next ministerial round?

Hon. Ed Fast: I can tell you, as I've publicly stated many times, that when I engage with my counterparts around the world in countries where there may be human rights challenges, I consistently raise human rights as an issue. I do so respectfully but frankly, and I've done so many times and have said so publicly, as has the Prime Minister.

We continue to engage with countries around the world on that.

Let me add that when we engage—

The Chair: Okay, we're going to have to—

Hon. Ed Fast: —on trade, we also have unique opportunities to engage on issues like human rights, democratic—

The Chair: I'm going to have to cut you off there, Minister, I'm sorry.

Mr. Shory, maybe you'll let the minister finish his comment.

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

Thank you, Minister.

Thanks to the officials as well.

Minister, you mentioned that there are one million SMEs and that only 41,000 of them export. That's shocking not only to me but also

to a lot of Canadians. We talked about the visit of India's Prime Minister, which was the first visit in 42 years by an Indian Prime Minister. I and a lot of other people heard him say publicly, when he mentioned completing his road map, that he has a target to finish all these things by September 2015. Considering that we have such a small number of SMEs, I'd like you to expand on the effects that a trade agreement with India will have on our Canadian SMEs.

Hon. Ed Fast: I know that Prime Minister Modi made a public commitment to coming up with a road map for our free trade negotiations. We welcome that interest, by the way.

At the end of the day, what's most important is not the timeline. What's most important is that Canada conclude a quality trade agreement that serves our national interest. That has always been the standard we have set for ourselves, and that is the standard we are committed to meeting.

With respect to small and medium-sized businesses, I have spoken to many Canadians who have tried to do business in India and have found it a complex, frustrating environment. It is a very large economy when you have 1.2 billion people in one place. When you have a country full of entrepreneurs but without a coherent set of rules at times, it does become frustrating. That's why we believe it is in Canada's interest to conclude negotiations on both an investment treaty as well as a free trade agreement.

Free trade agreements not only eliminate tariffs between Canada and a trading partner, but they also eliminate many of those frustrating processes behind the scenes or behind the borders that trip up Canadian entrepreneurs when they look to do business in a new market.

We are very much optimistic that we'll be able to conclude an agreement with India that will reduce, and in some cases eliminate, those non-tariff barriers and make it easier for Canadian companies to invest in and do business with India in a transparent and predictable way.

•(1615)

Mr. Devinder Shory: I also want to touch on your South Korea trade mission. We have talked about it.

What Canadian industry sectors will benefit most from our free trade agreement with South Korea?

Hon. Ed Fast: There are many different areas that we could benefit from.

As you know, Korea is a science and technology giant. When you think of products like Samsung and LG and some of the high-tech products they're producing, there are great opportunities for Canadian companies to feed into those supply chains and develop some of the high-tech solutions that the Koreans are noted for.

Of course, Korea is also concerned about energy security. This is where we believe we have tremendous opportunities to grow our trade. We believe that the area of food security is also one that Korea has to be mindful of. Remember that Korea is a country that is full of prosperous companies, people in the middle class who are looking for premium-quality products that they may not find in other countries around the world. Canada offers that benefit. We have tremendous opportunities to open up Korea as a market in which our small and medium-sized businesses can flourish, as well as our national and multinational companies.

One thing that I've mentioned to a lot of the SMEs I meet across Canada is that although they start off by being SMEs, some of them will actually become flag-bearers for Canada. They'll become flagship companies that Canada will profile all around the world. We need more of those companies, and they all start out as SMEs.

Mr. Devinder Shory: Talking about Go Global workshops, you mentioned that 2,000 individuals have attended those workshops. Agencies were also present there.

We have heard from witnesses for the last two months, and quite a few are aware of them—

The Chair: I'm going to have to stop you there, Mr. Shory. There won't be time to answer the question. I apologize.

We'll move on to Mr. Morin.

[Translation]

Mr. Marc-André Morin (Laurentides—Labelle, NDP): Good afternoon, Minister.

Your government missed an opportunity to become one of the founding members of the Asian Infrastructure Investment Bank. By doing so, it refused to join countries such as Australia, Germany, Italy, France, Switzerland and the United Kingdom, which decided to contribute to the development of this important infrastructure.

Why did your government refuse to become a founding member? Are you planning to join the initiative in the near future?

[English]

Hon. Ed Fast: Well, I want to assure the member that we haven't closed the door to participation in the AIIB. Canada is a country that prides itself on having the highest standards of banking probity; we pride ourselves on having the safest, soundest banking system in the world. When we engage with others around the world, we expect them to also achieve high levels of transparency, high levels of governance also, but we want to make sure that the ownership of the AIIB is structured in a way that it does not provide for a veto for one particular party or groups of parties. We continue to explore the AIIB. It has not yet developed its governance structures, its transparency rules. We expect that they will have articles of association ready for review by their members by the end of June— at least that is the most recent timeline we've heard.

We will have a chance to look at it, and determine whether it's in Canada's best interests to join the Asian Infrastructure Investment Bank, but we're only going to do so if, in fact, it's in Canada's best interests, and at this point in time we haven't yet determined whether that is the case.

• (1620)

[Translation]

Mr. Marc-André Morin: All those countries seem to be very serious partners. We are already pretty engaged with Australia, Germany, France and Italy.

Would it have not been preferable to join from the beginning so as to be able to influence the structure instead of waiting to see how it will be developed?

[English]

Hon. Ed Fast: You failed to mention those countries that haven't yet joined. Our government takes the position that before we join an organization, we want to know exactly what it's going to look like, how it's going to operate, and whether it's going to actually be an organization that serves Canada's national interest. I note that the United States didn't join. Mexico didn't join. The Philippines didn't join. And many other countries around the world did not.

Each of us makes decisions in our sovereign interest. We looked very carefully at how the AIIB was developing. We made the decision that we wanted to see more clearly exactly what that organization will look like. And again, as Canadians who are in a position to boast having the safest and soundest banking system in the world, we apply very high standards when it comes to banking. We want to make sure the organizations that we join actually reflect those high standards.

[Translation]

Mr. Marc-André Morin: The terms of the softwood lumber agreement with the United States will expire next October.

Will the government negotiate enhancements to the agreement to help producers and processors get back on their feet and create jobs for Canadians?

[English]

Hon. Ed Fast: I didn't catch the agreement you were referring to. Are you talking about the softwood lumber agreement?

Mr. Marc-André Morin: Yes, the softwood lumber agreement.

Hon. Ed Fast: As you know, the softwood lumber agreement was signed in 2006, and since then we have had peace, stability, and predictability. It has served our industry well. We believe it has also served the United States' industry well. That agreement expires in October of this year. The agreement also has a standstill agreement, which means that both parties are committed to not embarking upon any court challenges for a year after its expiry. We have consulted very broadly and intensely with our key stakeholders in the softwood lumber industry, and there is a broad consensus that what we should be aiming for is a renewal of this agreement.

The original term of the agreement was seven years, with a two-year renewal attached to it. We triggered that two-year renewal. We're now coming to the end of that. We would like to take that agreement and simply port it over, essentially just taking that original agreement and renewing it in its entirety. We've made that clear to our U.S. counterparts, and we hope they see it our way.

The Chair: I'll have to stop you there, Minister.

We'll go on to Ms. Grewal.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Thank you, Chair.

Minister, in your opinion, what regions or countries should our SMEs be focusing on to expand growth?

Hon. Ed Fast: Good question. I hope there are lots of SMEs watching these proceedings.

I would start by saying, look at where we have trade agreements. We have trade agreements with 43 different countries around the world. Start to focus on those because that's where we've eliminated most, if not all, of the tariffs. For example, in Latin America, some of our closest trading partners are countries like Chile, Peru, and Colombia. I know a number of you have travelled to that region quite regularly, and the reason we travel there is simply that those countries share our approach and perspective to trade. We agree that trade should be freer and more open. We agree that investments should be protected. Countries like Costa Rica and Panama are countries that we would encourage Canadians to look at.

But then we have the upcoming European Union trade agreement, which we expect will come into force in, say, one-and-a-half to two years. When that agreement comes into force, we want our Canadian small and medium-sized businesses to be ready to take advantage of that agreement. We don't want them to start prepping when the agreement comes into force. Today is the time to prep, to do the due diligence, to start to prospect for partners and for retailers in that huge marketplace, which, by the way, is the largest consumer market in the world, with some 500 million consumers, many of them well-heeled, looking for high quality, premium Canadian products. We want our SMEs to take advantage of those opportunities.

• (1625)

Mrs. Nina Grewal: Minister, on March 18, 2015, our Prime Minister announced support to help boost Canadian exports, specifically, a new export market development program that will provide a total of \$50 million over five years in direct financial assistance to entrepreneurs seeking to export to emerging markets for the first time, and an expansion of the Canadian Trade Commissioner Service, representing \$42 million over the first five years, and \$9.25 million in ongoing support after that. So can you tell us how these two programs will assist SMEs to make the leap into exporting?

Hon. Ed Fast: In the recent budget 2015, we confirmed that our government was establishing two new funds, one of which is directly targeted at small and medium-sized businesses. We have identified that it is our small and medium-sized businesses that have the greatest challenge in stepping forward, stepping over the line, and starting to export, because they don't have the resources available to them. Most of them are so focused on trying to be successful within Canada, and perhaps within North America, that they don't have time to look at all the other markets out there. We're saying to them, let us partner with you. If you want to participate on a trade mission and you may not have quite the resources to do so, let us partner with you on a dollar-per-dollar matching basis, and you can come with us in a non-threatening environment and be exposed to this new market. You'll meet some potential customers, you'll learn about the business environment, the regulatory environment there, and then you can

make an informed choice. We want to be facilitators of our SMEs now taking advantage of the markets we're opening around the world.

So that first fund is focused on that. The second fund, of course, is to expand our trade commissioner service because we know that the trade commissioner service is the best agency of its kind in the world. We're never above constructive criticism and we continue to improve the delivery of those services, but we also want to expand the number of people who are providing those services to small and medium-sized businesses. We expect that we'll be able to add another 20 trade commissioners in total to our complement around the world and across Canada.

Mrs. Nina Grewal: Minister, over the last two months we have heard tremendous support from stakeholders for the Go Global workshops. Can you tell us what the next steps will be in raising awareness of how our government supports export agencies?

Hon. Ed Fast: The purpose of these Go Global workshops was to raise the profile of the opportunities that our Canadian companies have to go into new markets, and to raise the profile of the tools we've made available to them, some of which I mentioned earlier. What we are now hoping to do is to take the next step, not just to appeal to a broad cross-section of SMEs but, where warranted, to focus on specific sectors and raise the profile of our trade commissioner service and tools with them. We expect we'll be rolling out that plan in the near future.

The Chair: Okay.

Mr. Allen, you have about three minutes.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Well, thank you. I only have one question, but it has eight parts.

The Chair: You have three minutes.

Mr. Mike Allen: Minister, and officials, thank you for being here. I appreciate that.

I want to pick up a little on where you left off with Ms. Grewal's question.

I wanted to ask you how the department has been informed by the Go Global workshops. During the testimony we've heard that most people got a lot out of them, and some of the companies who were here and who didn't attend wished they had. In terms of the next steps, you talked about having a focused agenda. Are we looking at a canned delivery of these things? It seems that a targeted strategy would be good for some, but maybe for companies that were just thinking about it there could be a canned package. How has some of the feedback from these sessions informed the department on future steps?

Hon. Ed Fast: After each Go Global workshop we have the participants fill out questionnaires. The purpose of the questionnaires is to inform us how to shape and improve the program as it moves forward. We have identified significant opportunities in certain regions of the country where we can focus on two or three sectors. In others we have a broad cross-section of industries that want to participate. We want to make sure that the Go Global workshops series is not just a series of canned events but evolves as our stakeholders inform us of the improvements they would like to see.

By the way, we've already implemented many improvements along the way and you'll see noticeable improvements, as each of these workshops takes place, in how we deliver them. What we do in those global workshops is that profile.... We'll have representatives of EDC; the Business Development Bank of Canada, which is focused exclusively on SMEs; the CCC; the trade commissioner service; and a number of companies that are already exporting successfully. They share their best practices with the companies that are there. They share with those companies some dos and don'ts and mistakes they've made that shouldn't be repeated. This is all invaluable information. Our companies then go back home, they get to make informed choices as to what markets they want to penetrate, and we assist them in doing so by providing them with the tools they need.

• (1630)

The Chair: You have 20 seconds.

Mr. Mike Allen: Okay. I can't ask the next eight parts?

Voices: Oh, oh!

The Chair: Thank you, Minister. I must say, as the chair, it's great to see the work that you and your team does. We thank you for the work you do. We know you put in many hours and sacrifice a lot of personal time to get the work done for Canada. We want you to know, as a committee, that we appreciate that work and effort.

As a committee, we're going to suspend now for five minutes, and then we have to come back. We have to do a little committee business in regard to meetings, and there are a few other items we need to deal with, too.

Hon. Ed Fast: Thank you, Mr. Chair.

The Chair: We are suspended.

[Proceedings continue in camera]

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