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## **Standing Committee on International Trade**

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**EVIDENCE**

**Thursday, April 21, 2016**

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**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Thursday, April 21, 2016

• (0900)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** Good morning, everybody. Welcome to the international trade committee.

This is our fourth and final leg on our western tour. We started in British Columbia on Monday, we were in Alberta on Tuesday, and yesterday we were in Saskatchewan. Today we're in Manitoba.

Our committee is very active and has a lot on our plate. We're dealing with the tidying up of the CETA, the European agreement, and we have softwood lumber. But our main focus now is the TPP, which as everybody knows is a really big deal. It's a trillion-dollar trade deal. It's big, and it affects almost everybody in Canada to a certain extent, whether you're buying products, selling products, or you have services. It's very important that we reach out to Canadians and stakeholders and hear what they have to say about it. It's a very big document; there are 6,000 pages. Very few have gone right through it, but what we hear is most individuals or groups focus pretty well in the document where it has an impact on them, for sure.

After we do the western tour we're going to go back to Ottawa for a week, and then we'll do central Canada, and then we'll follow up in the fall and we'll do eastern Canada. Also, we'll reach out to the territories through Skype to Ottawa to make sure we have every area covered. Besides that, we are also going to take submissions. I don't know if we're popular, or TPP is very popular—either way, positive or negative—but there's a big uptake in interest in that, so our committee is opening up to any individual who wants to make a submission. We extended the deadline until the end of June, and our analysts are going to digest all that through the summer. We'll have to come back in the fall and look at those submissions that were received. I think we're over 10,000 right now, and it's growing. Also, members of Parliament are going to reach out to their constituents to see what they have to say.

It is quite a bit, between going through the draft report and translation, but we're hoping to have this done before the end of the year and to present it to members of Parliament in the House of Commons where they will have a sense of the report and how they will vote in the future on the agreement.

Our committee consists of members from right across the country. From the farthest west, from British Columbia, we have Mr. Dhaliwal; from Saskatchewan we have Mr. Hoback, who is not with us today, but also Mr. Ritz from Saskatchewan; and today joining us is Larry Maguire. Welcome. We're in your home province and it's good to be here. It's good to see you here, sir. From Ontario we have

four members. Mr. Van Kesteren is from southern Ontario, and Ms. Ramsey from the NDP is also from the Windsor area. From the Toronto area we have Mr. Peterson and Mr. Fonseca. From the Atlantic coast, besides me being from Cape Breton, we have Mrs. Ludwig from New Brunswick. Also, as part of our committee we have two members from Quebec. Mr. Lametti is the parliamentary secretary, and Madam Lapointe is also from Quebec.

We have a broad group. We usually have three or four panels each day. It depends on the panel. Sometimes we have three witnesses, sometimes four.

On that note, we're going to start off. With us we have three groups. We have Canola Council of Canada, Cereals Canada, and Manitoba Pulse & Soybean Growers. We're going to start off with the Canola Council. Ms. Miller, you have the floor for five minutes. Go ahead.

• (0905)

**Ms. Patti Miller (President, Canola Council of Canada):** Thank you very much, Mr. Chairman, and members of the committee. It's a real pleasure to be here today to talk with you about the Trans-Pacific Partnership and what it means to the canola industry.

Canola is made in Canada, but our success really depends on international trade. I know that's a message you've heard from some of my colleagues in Alberta and Saskatchewan previously.

Some of you are familiar with the Canola Council, but for those of you who haven't met us before, we are a value-chain organization representing the entire canola industry, from the 43,000 canola farmers to the life science companies to the grain handlers to the canola processors who transform that crop into oil for human consumption and meal for livestock feed.

Our industry has a plan to meet the world's growing appetite for healthier oils and proteins. Our plan is called Keep It Coming 2025. The plan is to increase demand for canola oil, meal, and seed and to meet this demand through sustainable production and yield improvement, achieving 26 million metric tonnes of production by 2025.

When we developed this strategy about three years ago, the industry was producing about 15 million metric tonnes, just for comparison. It's a significant strategy for growth.

Market access is a critical part of that plan. More than 90% of our production is exported as seed, oil, or meal, and so access to a variety of markets free of tariffs and, equally important, non-tariff trade barriers allows our industry to earn most of the value from international markets. The TPP represents a critical opportunity for the industry to earn more value from those markets.

By eliminating tariffs on canola oil and meal in Japan and Vietnam, our industry estimates that we'll increase the value of our exports by \$780 million each year. I'd like to touch on how that impacts each sector of the value chain.

The TPP will support seed developers. Seed developers will benefit as a more valuable crop means the demand for seed innovation will grow. The TPP also includes provisions to make the country's science-based approval processes for new biotechnology trades more transparent, something that's critical to our industry.

The TPP will support growers. Growers will benefit from this agreement as demand for their product will grow and trade will be more stable. More canola being processed in Canada means farmers have more delivery options, and the aspects of the TPP around biotechnology and sanitary and phytosanitary agreements mean that there's more stable trade and less risk.

The TPP will support processors. Of course, that's the main point of benefit as the tariffs on oil and meal will be eliminated. Until now, Canadian processors have been unable to sell value-added canola oil to Japan because of the high tariffs. With TPP, processors will be able to process more seed in Canada.

I think in the past people have talked about the fact that Australia already has a bilateral agreement with Japan, and tariffs have come down. In fact, we are already seeing oilseeds from Australia to Japan increase, and our industry is standing by unable to sell.

The TPP will support exporters. They'll benefit from more stable trade because of the TPP provisions on low-level presence of biotech traits and phytosanitary measures.

The TPP is the first trade agreement to establish a process for when cases of low-level presence occur. This means finding a really small amount of biotech crops, which have already been proven safe, going into shipments. This means that grain doesn't need to cause a significant trade disruption if those traits are found.

Enhanced discipline on sanitary and phytosanitary measures will also prevent unnecessary trade disputes. The world globally is going through significant food and feed safety regulatory reform. China has. We have, and the United States has. Consumers are more and more aware of food and feed safety, and so the sanitary and phytosanitary measures and processes are critical to have stable trade for our industry.

For any of these benefits to materialize, Canada needs to implement the TPP as soon as possible. As I said, we're already falling behind the Australians. Each year that goes by, we fall further behind in Japan. Japan has actually been one of our longest-standing customers in the canola industry.

● (0910)

Let me close by saying that canola has grown to be one of the largest sources of farm income. As a competitive exporter, we contribute more than \$19 billion a year to the Canadian economy, and we support 249,000 jobs across the country. Maintaining and growing this prosperity requires that we implement the TPP as soon as possible.

Thank you.

**The Chair:** Thank you, Ms. Miller—and for being on time.

We're going to over to Cam.

**Mr. Cam Dahl (President, Cereals Canada):** Thank you very much.

On behalf of Cereals Canada, I want to thank the committee for the invitation to appear before you. This is a critically important issue for us. The free flow of goods both within Canada as well as to our international customers is critical for the growth and competitiveness of the Canadian cereal sector.

I am the president of Cereals Canada. I've had the privilege of meeting a number of the committee members. However, Cereals Canada is still a relatively new organization, so I would welcome the opportunity to elaborate on our vision, mission, and structure, as outlined in the brief that has been circulated to members.

Just in summary, Cereals Canada strongly supports Canadian ratification of the Trans-Pacific Partnership. Fair and free access to international markets is a critical component for achieving our mission of long-run economic stability for our industry.

The countries in the TPP represent an enormous opportunity for export growth for Canada. The region is the destination for 65% of Canadian agricultural and agri-food exports. Many of the countries in the TPP are growing rapidly in both income and population. Being part of this agreement means that Canadian farmers and companies would be at the front of the line to meet this surging demand.

It is also important to recognize the cost of being left outside of the TPP. Consider the markets that Canada will lose if our competitors in the U.S. and Australia gain preferential access to countries like Japan, Malaysia, Mexico, Peru, and Chile. Canada's TPP participation means we will not be shut out of these critical agricultural markets. Canada simply cannot afford to be left out of this agreement.

I would like to go into a little more detail on what is at stake, and the potential benefits and costs.

The 12 countries involved in this Asia-Pacific deal make up 40% of the world's gross domestic product. Canada is a trading nation. We cannot afford to take a back seat in 40% of the world's economic activity.

There is much to gain. Incomes in the Asia-Pacific region are rapidly rising. The region is expected to contain two-thirds of the world's middle class by 2030. Trade between Asia-Pacific countries is growing faster than any other region in the world. Countries in the TPP are not just importing more, they are importing higher quality. This is an ideal opportunity for Canadian farmers and the entire agriculture value chain. We are very good at supplying growing economies with high-quality food.

I'd like to give you a couple of examples. First, there is the potential growth arising from an overall increase in agricultural exports to the region. For wheat alone, initial estimates show a potential growth of 20% above the six million tonnes that we currently export into that region. This is just wheat. In addition, Canadian barley producers could export an additional 400,000 tonnes to 500,000 tonnes of barley and various valued-added forms, which is worth about \$100 million.

There are also potential gains of market share for Canadian product. For example, at the current time, the opportunities for Canadian cereal grain exports into Vietnam are quite limited. A big part of the reason is the fact that one of our major competitors, Australia, has a trade agreement with Vietnam, giving its farmers better access than Canadian producers. Canadian participation in a ratified TPP agreement would correct this disparity.

Just as there is much to gain, there is much to lose. Asian-Pacific countries are top buyers of Canadian grains and oilseeds. For example, Japan imports about 1.5 million metric tonnes of high-quality Canadian wheat every year, and it pays a premium for that. It is one of our most consistent customers. What happens to this market if competitors like the U.S. and Australia gain preferential access?

Being left out of a ratified TPP agreement could result in a 50% reduction in Canadian wheat exports to the region. We simply cannot afford to let this happen. The difference between the potential gains of participating in the TPP and the cost of being left out of the agreement is about 4.3 billion metric tonnes annually. This is worth between \$1.5 billion to \$2 billion every year. That does not even consider the potential gains in market share in countries like Vietnam.

Patti mentioned this as well, but it is important to note that the benefits of the TPP deal go beyond just tariffs. It is also about solidifying the rules for sanitary and phytosanitary conditions of trade and establishing dispute resolution processes. It is important to discuss science-based trade. Historically, trade negotiations have focused on tariff and quota barriers, and that is critically important. However, going forward, sanitary and phytosanitary rules are going to be just as important as tariff barriers, if not more important.

● (0915)

All governments feel from time to time political pressure to restrict trade. In the past, tariffs and quota have been the tools of choice. Those are always bad for Canadian agriculture. As these barriers are removed through negotiations, however, governments will turn to other means, such as hiding behind unscientific health and safety rules. It is absolutely critical that sanitary and phytosanitary rules be included in these negotiations. It is unacceptable to our industry to see tariff walls come down, only to be faced with unscientific restrictions that are just as impermeable.

Science-based rules—

**The Chair:** Do you want to just wrap it up?

**Mr. Cam Dahl:** I am at the end.

Science-based rules must be part of trade agreements.

Also required is a robust dispute resolution process that will ensure rapid and independent resolution of any trade disputes resulting from differences in interpretations of phytosanitary rules of trade.

Thank you very much. I would welcome your questions.

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

Now we're going to move over to the Manitoba Pulse and Soybean Growers. We have with us François Labelle and Gord Kurbis for five minutes.

**Mr. François Labelle (Executive Director, Manitoba Pulse and Soybean Growers):** Mr. Chairman and committee members, thank you for the opportunity to present today.

My name is François Labelle. I am the executive director for the Manitoba Pulse and Soybean Growers. I have been farming here in the Red River Valley for 30 years.

Our association represents 3,800 producers of soybeans, peas, lentils, edible beans, and fava beans valued at over \$800 million. I've been part of this association since 1984 as a founding director. Through the years we have seen tremendous growth, from 68,000 acres of pulses in Manitoba in the early 1980s to more than 1.5 million acres in 2015, and there are forecasts of continued growth in 2016. Since few of our pulses are consumed locally, we rely heavily on international trade to market our crops.

I would like to take this opportunity to build on the TPP-related messages you heard from my Alberta and Saskatchewan pulse colleagues earlier this week, but to add comments on sustainability and food security in the context of the International Year of Pulses 2016.

The challenge is to provide a growing population with sufficient, sustainable, and nutritious food, while significantly reducing health care and environmental costs associated with today's global food system. In order to deliver human, environmental, and economic health outcomes, we will need food production and processing methods that optimize health and environmental outcomes, new technologies for waste minimization, improved supply chain efficiencies, an enabling of global trade regulations, and avenues for poverty reduction through improving food systems.

Global trade regulations will play an important if not critical role. The United Nations sustainable development goal 2b notes the need to “correct and prevent trade restrictions and distortion in world agricultural markets”. The key is that when local production fails to meet the demand for food 365 days a year, regional, national, and international trade fills the gap.

Canada is one of only eight nations that consistently make a contribution to global food security by being a major food exporter. The TPP represents an opportunity to facilitate trade by addressing the non-tariff barriers that are increasing as the international regulatory landscape lags behind new technologies.

Environmental NGOs such as Nature Conservancy Canada and the World Wildlife Fund point out that sustainable intensification is the way agricultural systems will meet the challenge to produce more food without jeopardizing natural resources. Even as sustainable nitrogen-fixing crops that utilize soil bacteria draw nitrogen from the air—a natural process that replaces the need to add nitrogen fertilizer, in many pulse crops—pulses benefit from yield-enabling technologies such as fungicides and herbicides, which are extremely important.

As you've heard, misaligned technology approvals and maximum residue limits or MRLs, for crop protection products threaten access to key markets and the ability of growers to efficiently utilize technologies on the farm. You've also heard that risks are getting higher each year.

With me today is Gord Kurbis from Pulse Canada, director of market access and trade policy, who can specifically address misalignment challenges and the TPP.

● (0920)

**Mr. Gord Kurbis (Director, Market Access and Trade Policy, Manitoba Pulse and Soybean Growers):** Mr. Chairman and committee members, I just want to give you a practical trade example of the sort of thing we're talking about here.

A few years ago, as many of you will know, the pulse industry experienced a fairly high-profile non-compliance on MRLs. The issue was that Canadian farmers were using a crop protection product, glyphosate, fully approved for use in Canada. Our exports were fully aligned with international MRLs, but the EU had never gone through the process of establishing a tolerance. Consequently, it applied a near zero threshold of 0.1 parts per million that we couldn't meet and that caused rejections as well as the threat of product recalls off retail shelves. The next year, the EU established an actual tolerance that was 100 times than the default they'd originally been applying.

We expect to see more cases like this in the future, where regulatory misalignment results in zero or near zero thresholds applied. Among the 12 TPP members, the number of countries that have misaligned MRL lists that are not like their neighbours' is 11 out of 12—or five out of 12, depending on how you define the severity of misalignment—and Canada is part of that. Peru, which is the twelfth, has issued a WTO notification to go its own way.

I just wanted to leave you with that example.

**The Chair:** Thank you to all the panellists for their briefs.

We're going to start off for five minutes with Mr. Ritz from the Conservatives.

**Hon. Gerry Ritz (Battlefords—Lloydminster, CPC):** It's good to see you all this morning. Thank you for your presentations. It's very clear and concise messaging.

We all know that securing a sustainable, accessible food supply is one of the top priorities around the world. From Canada's perspective, the best way to do that is through trade. We produce a tremendous amount of high-quality products, and we also import a lot of our domestic consumption. I fully concur with your analogy that it has to be sound, predictable, rules-based trade.

You also talked about it not just being about tariff walls. Those are always negotiable and are hit and miss. It's about going beyond that to the sanitary and phytosanitary. I wondered if you all want to give a quick description of what you see under the sanitary and phytosanitary lists, just to give us a bit of knowledge in that area.

**Mr. Gord Kurbis:** Ideally, countries around the world would have a single global reference for technology—

**Hon. Gerry Ritz:** Codex, but it's always behind.

**Mr. Gord Kurbis:** Yes, 100%.

An increasing number of countries have their own sort of custom national lists that don't reference Codex. That's what I was referring to with 11 out of the 12 TPP countries. It's a bit astonishing that countries that would have enough in common to get together to negotiate a trade agreement like this would continue to have that degree of misalignment with their technology policies.

● (0925)

**Mr. Cam Dahl:** Right.

If I could just add to that, the TPP agreement builds upon the WTO technical barriers to trade as well as WTO sanitary and phytosanitary agreements, so that is a critical element that really has been brought into a trade agreement, I believe, for the first time.

In addition to that basis of science, it's also critically important to have a structured dispute resolution process because we know that we're not always going to agree. Science isn't always a fixed answer, and so there will be disagreements. We need to have a structured dispute resolution process that will allow member countries to resolve those differences and allow trade to continue to flow rather than just putting up barriers, which is what we do today.

**Hon. Gerry Ritz:** Right. Canada is a very integral part of the global supply chain when it comes to food products. Given the lack of a multilateral agreement under the WTO, countries that have the ability to trade are going to bilaterals and multilaterals like the TPP. To me, we're still focused on a bilateral with Japan as well, but that's sort of plan B. A multilateral agreement is far superior, because then you have the weight of the other 10 countries, with Japan or with the U.S., wherever there's a problem. The whole purpose of a TPP, in terms of sanitary and phytosanitary issues, is to agree on each other's science and then build from that. The idea is to have uniformity, but at the higher level. Whereas Canada has a fairly robust system, some of the smaller countries like Malaysia and Vietnam and even Brunei don't, so they're looking at our science to form a basis and move forward. Do you think we would have the ability to sit down with major agriculturally industrialized countries like Australia and the U.S. and start to harmonize our MRL process? The problem we see with Codex is that it's so far behind that it will never keep up, let alone catch up as we see that ball rolling.

Do you see a role for Canada to play in leading that within the TPP, to make sure that we do have some consensus? A lot of the products are the same country to country.

**Mr. Gord Kurbis:** Yes, certainly I see the potential for that, and I think that using the scientific committees created under the TPP is the ideal forum.

I would add a comment that we're getting by on this issue today—

**Hon. Gerry Ritz:** But it's a patchwork.

**Mr. Gord Kurbis:** It's patchwork, but in the future it's going to be damage control. We're going to add sort of a 10-power microscope on to our ability to detect today's trace levels, but at a much more sensitive level, beyond anything that's biologically significant, and that's going to collide with the zero or near zero thresholds.

**Hon. Gerry Ritz:** Yes, where we used to have the ability to test for parts per million, now it's parts per trillion and billion and so on. It really gives a country that wants to play silly buggers with trade rules the ability to do that. We saw that with the flax situation we faced in Europe some time ago. There's no health risk and there's no problem, but....

Patti, you mentioned that, too, on the low-level presence. We all use the same containers, the same railcars, and the same boats. I know that when the flax situation was helped, the first genetic marker we saw was one of a GM sugar cane.... Nobody was looking for flax because we didn't have a GM flax.

**Hon. Gerry Ritz:** Again, it comes back to science.

**Ms. Patti Miller:** If I could, for a minute...?

**The Chair:** I'm sorry. There will be an opportunity because they're going to have another round. Mr. Ritz is way over time here and we have to move on to the next questioner.

We'll move on to the Liberals and Mr. Dhaliwal for five minutes.

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** Thank you to the panel members.

My question is to you all. It's in reference to the Nobel-Prize-winning economist Joseph Stiglitz. He has been a critic of the TPP, and yesterday in a news conference he said there are going to be

negative effects of this TPP on employment, particularly when it comes to the middle class and the non-skilled workers.

I would like to know your perspective on that. How would the TPP help the middle class as well as the non-skilled labourers?

• (0930)

**Ms. Patti Miller:** Perhaps I could comment on behalf of the canola industry.

Over the last few years, the canola processing industry has invested over \$1.5 billion in establishing plants across Canada. We have plants in places like Yorkton, Saskatchewan; Lethbridge, Alberta; and Clavet, Saskatchewan. These are not huge centres, and those plants create employment opportunities in rural Canada.

I referenced the fact that the canola industry, writ large, from producers through to the retail side of our business, employs 249,000 people across Canada. That industry growth is a result of trade. Therefore, TPP is critical for us to maintain our competitiveness, to maintain those jobs, and to create the possibility of even more jobs in the future.

**Mr. Cam Dahl:** I think to build upon what Patti said, agriculture and agri-food is the largest manufacturing sector in Canada, and it is absolutely trade dependent. Our opportunity to have growth is dependent upon fair and open access to international markets.

If the TPP is ratified, and we're not part of it, the cost to jobs is going to be enormous, and that will be across absolutely every region of this country.

Further, on the cost to investment, I've heard some comments from some well-known Canadians that agriculture is a 19th century industry. That makes my blood boil because it is one of the most technological industries we have, with the investment in science and research. I can't talk about things like CRISPR-Cas, the new gene editing technique. My brain is not capable of understanding it. It is on the cutting edge. Farmers, using precision agriculture, can place a seed within centimetres of where it was intended to go.

**Mr. Sukh Dhaliwal:** Will that create middle class and unskilled jobs?

**Mr. Cam Dahl:** Absolutely. It creates jobs throughout the entire spectrum. It creates high-tech jobs and research jobs. We have international companies like Limagrain investing in research in Canada. We have Bayer investing in research in Canada. They can go elsewhere. If the opportunities are better in Australia or the U.S. then that investment is not coming to Canada. It is absolutely critical for those investment decisions that we have access to international markets. Those are high-tech jobs. Those are middle class jobs. Those are jobs on the farm. Those are jobs in our local community. Those are jobs throughout the entire Canadian spectrum.

**Mr. François Labelle:** Just to build on that a little, I think the investment that is going on in agriculture has always been phenomenal and amazing over the years. The worst thing that can happen is, if we lose our ability to trade, we're going to stall out, and we'll stall out badly. Then I think the loss in jobs at all levels is going to be much worse than if we ratify the agreement, go ahead, and are able to trade on an even footing with our competitors. That is by far the key.

**Mr. Sukh Dhaliwal:** How much of your pulse business is outside the TPP? I was raised on meals of pulses twice a day, so I would like to know that.

**The Chair:** A quick answer, please, because his time is almost up.

**Mr. Gord Kurbis:** Less than 10%.

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

That's it for the Liberals. We're going to move over to the NDP with Ms. Ramsey for five minutes.

**Ms. Tracey Ramsey (Essex, NDP):** Good morning, and thank you for your presentations.

I come from a rural riding as well, and I really appreciate the work of farmers. I disagree strongly with the concept that farming is done in Canada—not by far. I think there are miles and miles to go into our future. I appreciate the work you do.

I think what my colleague was highlighting is something we've been facing on this committee around the Trans-Pacific Partnership, and that's that it's 30 chapters, and six have to do with trade in the way that you're discussing, and we're talking about tariff and non-tariff barriers. It's the remainder of the chapters that we have to look at, on balance.

Part of our discussion has been around the fact that we don't have an economic impact study from Global Affairs and that we are really seeking some information from those who are coming to present to us on what you're basing your numbers and your projections on. Have you done your own economic impact studies, based on your particular sectors, and if so, would you be willing to share them with us?

• (0935)

**Ms. Patti Miller:** The number we reference for the canola industry, the \$780-million additional income into the sector, was done from a general equilibrium model analysis that we then took back to work with our processors and exporters to validate that economic model.

**Ms. Tracey Ramsey:** Could you share that with the committee, then?

**Ms. Patti Miller:** Yes.

**Ms. Tracey Ramsey:** Perfect.

Anyone else?

**Mr. Gord Kurbis:** We don't have a study like that. One of the reasons is that we see the opportunity as being the potential for alignment of trade rules and SPS rules. If it were just the tariff issue, I think we would be able to put together the economics, but for us the bigger gain is alignment of 21st century trade rules.

**Mr. Cam Dahl:** To echo my colleague's comments, again I think we do need to look beyond just a tariff. We have done internal analysis. It's not really something that's written up like a journal article, so it's not quite in a shape that I could share, but that's where the estimates of the difference between what we can potentially gain or lose come from. That's where that amount, the \$1.5 billion to \$2 billion a year, comes from.

Again, to echo Gord's comments, it's beyond tariffs as well. Those other chapters are important to us. The rules-based trade, the sections around modern technology, around dispute resolution, are critically important to us. It is more than just the tariffs.

**Ms. Tracey Ramsey:** You were discussing the regulatory misalignment, and it's something that we've heard over and over—the phytosanitary and the sanitary.

What I'm hearing today is your saying that the TPP doesn't have provisions to align those countries with us currently, and that you hope through the committee that's going to be struck in the TPP that that will happen. My concern is that if we get to that point of the committee and then that doesn't happen, will you be any better off in your industry in trying to align with the TPP countries with which we don't currently share those same alignments? I think you mentioned that with 11 out of 12 countries, we currently don't have that alignment.

Can you speak further to that, so that, as a committee, we can fully understand the potential that you see? Also, if the alignment doesn't come to pass with that committee structure, where would that leave you?

**Mr. Gord Kurbis:** I can say that we would love to see future free trade agreements with standard language that compels parties to come together to align these standards. No free trade agreement that we've ever seen contains language like that. That could be something to build on in the future. That means we're relegated to the use of scientific committees.

We've seen successes in other FTAs in the past, so I think the likelihood is high. As for where that would leave us if it stalled, I just don't think we can afford to let it stall.

**Ms. Tracey Ramsey:** I'm wondering about cereal in the particular. Can you mention some of the other non-tariff barriers that are a limitation to you? Can you identify those for the committee for cereal? This is the first time we're hearing from cereals as a whole.

**Mr. Cam Dahl:** It focuses on some of the things you've heard about in the past—the non-scientific barriers around MRLs, for example. The TPP does contain wheat measures that move us forward in that, so it's not the status quo. We do have the basis for addressing some of those concerns and issues. It's around health and safety issues, basing them on science. It's around provisions for the regulation of new technologies, for example.

Again, the TPP takes us in directions that we haven't seen before in trade agreements.

**The Chair:** Thank you.

We'll move back to the Liberals for five minutes.

Ms. Ludwig, you have the floor.

**Ms. Karen Ludwig (New Brunswick Southwest, Lib.):** Thank you to the panel for your excellent presentations.

I'll take a bit of a different approach. We have heard from a number of panellists with similar views. I'm wondering if you could respond to the concerns from many individuals across the country regarding the threats to human rights, the environment, and Canadian sovereignty if the deal is signed.

● (0940)

**Mr. Cam Dahl:** I think Gordon and François have addressed the benefits of modern agriculture on the environment, but let me go further with that.

If we look at Canadian agriculture and the sustainability of modern agriculture practices—I say this somewhat tongue in cheek, but it's true—Saskatchewan doesn't blow into Ontario every summer anymore. There's a reason for that. The reason for that is modern Canadian agriculture. The growth of modern agriculture practices and the ability of other countries within the region to help, to gain access to modern techniques and modern tools, is a huge boon to sustainability.

I've spent some time in past lives in international development, and the biggest benefit, I would say, on human rights is the ability to feed yourself, rising incomes, and supporting the growth of the middle class. I am very confident that the TPP will do that.

**Ms. Karen Ludwig:** Thank you.

Does anyone else on the panel have a comment?

**Ms. Patti Miller:** I would echo Cam's remarks in terms of the environmental impacts of modern agriculture, as compared to people's view of farmers and the farm community wearing overalls and being in the past.

Canola specifically has resulted in an almost complete reduction in tillage practices that disturbed the soil. We have no till, good organic matter, and soil preservation. We use fewer pesticides. They are more targeted. This is an incredibly sophisticated industry. I think we've probably been a bit remiss in the past in telling that story. We are actually starting to work together as an industry to share that environmental message with Canadians and the rest of the world.

**Ms. Karen Ludwig:** I think that's really an important step because for many of us part of this is just about communication. I really appreciate how busy you are in your own industries. I would encourage you certainly to share the benefits and the improvements that you're making across the industry, and the significance not only locally and nationally but also internationally in raising expectations and standards.

On the structured dispute resolution process, how does the ISDS mechanism meet your vision and expectations, as it's written in the TPP treaty?

**Mr. Gord Kurbis:** I'm having a hard time thinking of an instance where investor-state dispute resolution would apply, but maybe some of my colleagues...

**Ms. Karen Ludwig:** I can come back to another question, if you like.

Obviously we have a number of member countries in the TPP. What opportunities or threats do you see on the importing side from the member countries importing to Canada?

**Mr. Cam Dahl:** I don't see trade as a threat. Trade going both ways is a good opportunity. I'll use the U.S. as an example. The U.S. is both our biggest customer and supplier for cereal grains. We're their biggest customer, and that benefits both of us.

In truth, I do not see threats. I see the opening up of opportunities. I don't see a threat.

**Ms. Karen Ludwig:** How do you see expanding a Canadian consumption of pulses? You mentioned that there's a significantly heavy reliance on trade. We know and understand the health benefits of pulses. How do we encourage more Canadians to consume pulses?

**Mr. François Labelle:** I think this year is a perfect year for that. We're gaining a tremendous amount of traction this year, as it's the International Year of Pulses.

We just need to get it out in front of consumers to understand the health benefits, the environmental benefits, and so on. It's interesting now that in just about every circle we travel and everywhere we go, people are talking about pulses. That's where we start gaining traction. We have to talk about them and get people to accept them. And they are.

● (0945)

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

That wraps up your time, Ms. Ludwig.

Mr. Fonseca, you have five minutes.

**Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.):** Thank you to all the panellists for your presentations. It's just been terrific on this western tour that we've been on to hear about all your success.

What I want to focus on is what Ms. Ludwig was talking about in terms of some of the non-tariff barriers that come about. You talked about levelling the playing field, which we think is great with the MRLs, and the opportunity to be able to do that through the trade agreement and through being at the table.

Some of the other places where we'd like to see a levelling of the playing field would be with labour standards, environmental standards, etc. Do you think that your industry at the table would be able to make that push? We heard about food safety and how you're going to be able to address that if you are able to be at the table with your counterparts from around the world, but how about with some of the other standards where, we've heard, we're playing on a different playing field?

**Ms. Patti Miller:** Certainly on the environmental standard component, as we touched on before, I think the Canadian industry has a lot of success we can share. Canola was one of the first crops in Canada to be certified as internationally sustainable for canola production in the European market. We are working with a lot of the different sustainability organizations to show them, and measure, how Canada stacks up against other grain canola seed producers around the world. As I've said, we have an amazing story to tell. I think environmentally, that footprint is very good.

As an industry, through a sustainability round table, we are also starting to work to quantify a lot of the other social aspects that come into sustainability measures like labour practices, health and safety, and that regulatory framework. We're starting those measurements, but I believe Canada has a good story to tell and can show leadership around the world in those areas.

**Mr. Cam Dahl:** I think one of the areas, not opening up the agreement.... One of the areas where Canada can have a role to play is in capacity building in some of the regulatory structures in member countries, to give member countries that ability to have that strong, rigorous scientific assessment. We have a very strong, good regulatory system, and I think Canada does have a role to play in helping build that capacity out to our trading partners.

**Mr. Peter Fonseca:** Cam, I know you said that in terms of not opening up the agreement, but if the agreement were to be opened up, what changes would you advocate for? That's for you or any of the panellists.

**Mr. Cam Dahl:** From my perspective, I think the risks of opening up that agreement would far outweigh any potential benefits that I could think of. The risk of opening up an agreement that has taken this long to negotiate with this many members would be the end of the agreement. To me, that would be a risk that is too large to take.

**Mr. Peter Fonseca:** We've heard from other witnesses that there are some challenges with some of the countries with currency manipulation.

Is that something you've looked into with the countries that are part of the TPP? Is that a concern? Is that something you would see as a risk?

**Ms. Patti Miller:** It's not something that we have looked into, but 60% of our canola exports go into the TPP bloc of countries, which are Japan, Mexico, U.S., Vietnam. We've been trading with those countries for years.

**Mr. Peter Fonseca:** Those are some of the countries that come up that may manipulate their currencies to their competitive advantage, and that would be a challenge for some of the industries we've spoken with.

You don't feel that would be a concern of yours.

**Ms. Patti Miller:** Our industry has grown on the basis of exports to those countries.

● (0950)

**Mr. Peter Fonseca:** Recently the minister was talking about how CETA is moving forward and how they've structured their trade agreement.

Do you think that it is a better structured agreement when it comes to dispute resolution?

**Mr. Cam Dahl:** Again, from my perspective, I would go back to the risks of opening up the agreement. To me, the risks are greater than any potential benefits.

**The Chair:** Thanks very much.

We're going to move on to the Conservatives and Mr. Maguire for five minutes.

**Mr. Larry Maguire (Brandon—Souris, CPC):** Thank you, Mr. Chairman.

I would just like to say that my dad would be pretty proud, Patti, of the industry and how it has developed. He was one of the first 10 growers to grow what was called rapeseed in 1959 in Manitoba. When you're talking now of a \$780-million increase in opportunity, that's tremendous for an industry and tremendous for our country, never mind the jobs you've indicated.

Speaking to my pulse friends, when I was growing pulses in the late 1980s I didn't know there were that few acres in the province as a whole, but when you consider that soybeans have been the third-largest crop in Manitoba for the last four years running, that's a tremendous change and opportunity. We need to have exports for those products.

With my experience in wheat, Mr. Dahl, and given the comments you've made about the potential increase in exports of wheat being 20%, can you—each of you—elaborate a little bit on.... From your presentation, Mr. Dahl, I gather there were a couple of things left at the end that you might want to elaborate on.

Could you each do that, please?

**Mr. Cam Dahl:** I think it's important to emphasize that there will be potential gains as well as potential losses. This is a region of the world that is not just growing in income but is growing in the middle class. It will have the largest percentage of middle class. If we leave the TPP region, the Pacific region, to our competitors and don't play in that game, it will be a disaster.

The flip side of that coin is true as well. The opportunities for growth are enormous. The opportunities for long-term, stable growth are enormous. That will bring investment in research, innovation, and development. That will bring investment throughout Canada in value-added processing, which brings jobs not just to our large cities but to our rural communities throughout the country.

**Ms. Patti Miller:** The reference to when your father started growing rapeseed is quite interesting. In the matter of basically 50 years, we've taken this crop, canola, from an idea to a multi-billion dollar industry, particularly the processing industry.

As Canadians, and particularly the agriculture industry, we've talked for years and years about needing more value-added processing in Canada. Canola has done that. Canola is an amazing example of value-added job creation. That \$780 million additional a year largely stems from that processing industry.

As Cam has pointed out, we market canola oil based on the fact that it's a healthy oil. The TPP countries' growing middle class, when they have more money to spend, are more interested in the quality of their food and the impacts on their health. We see the opportunities there as phenomenal.

**Mr. François Labelle:** When you talk about the growth we've had in the soybean industry in Manitoba, as an example, for a couple of the TPP countries you look at, for instance Malaysia and Vietnam, we don't have great trade, but we were the first to start exporting food-type soybeans to Malaysia and Vietnam. In the last couple of years we've had tremendous competition from our neighbours to the south in that market, but we've still been able to retain a good percentage of that market.

If we do not ratify TPP, chances are we will lose all the efforts we've made in developing those markets, and there's potential for that to grow to substantial tonnage. It's been small, but that's just one prime example that if we look at it, we see there's tremendous growth potential for us, as well.

•(0955)

**Mr. Larry Maguire:** Of course, the feeling is that then we have to sign the agreement, but we want to make sure that it's safe. I noticed that you've all talked about the science-based need for food rules, phytosanitary agreements, and that sort of thing.

The trade dispute settlement mechanisms that would be in this agreement are different from even those in the CETA and are much more modern, I believe. I could get you to expand on that, but I also noted that each of you has indicated in some way in your presentations today what would happen if we stall out and don't sign this agreement. It's not so much my first question, which was about what is the potential in the future, it's how bad could it be.

You've just indicated, François, I think, that if we stall out.... In my experience as a farm leader, if you stall out, you're living with the status quo and you're always going backwards, if that's where your target is. Could you expand on the lost opportunity? I think some of you have mentioned it.

**The Chair:** I'm sorry, Mr. Maguire. They're going to have to be really quick, or your colleagues can finish up your question.

**Mr. Larry Maguire:** I was done, Mr. Chair.

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

We only have about four minutes left. We're going to split the time, with two minutes for the Liberals and two minutes for the Conservatives.

We'll start off with Mr. Peterson for a two-minute question and wrap it up with Mr. Van Kesteren.

**Mr. Kyle Peterson (Newmarket—Aurora, Lib.):** Maybe you could elaborate on some of the benefits we could see coming to Canada, besides the increased export market. Maybe there is some new processing or some value added on the value train that's going to be present in Canada. Is that going to be a reality out of the TPP?

**Mr. François Labelle:** There is a tremendous potential, in the last few years and again internationally, with the pulse and the recognition of pulse fractioning, to be able to export the proteins and some of the isolates, and so on. I think the opportunity to see that growth, and we're starting to see an interest, will come. It is coming to Canada, and we will be able to process it here and export a more advanced or finished product instead of a raw material.

**Mr. Cam Dahl:** Yes, absolutely. Our initial estimates are of a 20% increase in wheat alone. Just to focus on one country, again Vietnam, it has a rapidly growing middle class and a rapidly growing economy, and we're not part of that game. A big reason we're not part of that game is because Australia has a free trade agreement with Vietnam, and we don't. The TPP would correct that, so those growth opportunities are in fact about that. It's significant.

**The Chair:** We're going to go to the Conservatives and whatever you want to do with the last few minutes.

**Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC):** I have a comment and maybe just a quick question.

This has been an amazing experience. I'm from southwestern Ontario, and we get a little bit smug about our production and our crop potential. But I'll tell you, when you come out west and you see what has happened here—I'm speaking as a southern Ontario boy—it is nothing short of astounding to see the potential and to see the energy. I just want to commend you all on that. As a businessman, when I go to a place like this, I get pumped when I see all that energy. I think it's just fabulous, and I hope we can accommodate you to continue to move on as you press forward.

My question is this. We talked about growth potential, but is there still land you haven't gotten to? I know our crop yields are getting higher and higher, but are there still areas you can go to and exploit so that as this market continues to grow, and the demand gets higher, it can be met?

**Ms. Patti Miller:** In the canola industry, we really are focused on yield growth and not land. Canola's expansion throughout the years has been land-based, taking over acreage from other crops. Now our focus is on yield, on getting more out of the land we have and making sure, in that context, that it's sustainable production. It's not about breaking new land.

**Mr. Cam Dahl:** I would concur with that. The growth will come from innovation.

Innovation is really expensive, and it requires significant long-term investment, and for that long-term investment to occur, we need to have those strong, stable markets. The opening up of markets for Canadian product will actually stimulate that investment and innovation and growth.

•(1000)

**Mr. François Labelle:** Interestingly enough, I fully concur with my two colleagues here that the growth is going to come from within, from the acres we have.

But to speak to that point, I was reading an article yesterday that was talking about opening up more land in the Peace River country, which I was surprised about.

**The Chair:** Thank you very much. That was a good question. We had good questions and good submissions here this morning on our first panel. That wraps up our first panel.

Thank you folks for coming in and being with us, and you'll see all the results in our final report.

Thank you.

•(1000) \_\_\_\_\_ (Pause) \_\_\_\_\_

•(1010)

**The Chair:** I see that our witnesses are here, as are our MPs and our staff. We're good to go for the second panel.

Welcome to everybody who just came in. Our trade committee is travelling across the country and consulting with Canadians on the TPP agreement that's in the mix right now.

We're going to get started. We have three groups here: the Canadian Centre for Policy Alternatives, the Canadian Oilseed Processors Association, and the Western Grain Elevator Association. We're going to start off with Lynne Fernandez for five minutes.

Go ahead.

**Ms. Lynne Fernandez (Errol Black Chair in Labour Issues, Canadian Centre for Policy Alternatives):** Good morning.

As you go across the country, you will likely hear from some who worry that the TPP is no more than a contract to prevent governments from interfering with corporations' ability to seek profit and even at times extract economic rents. Under the TPP, the right of the corporation to seek profit is made paramount to a government's obligation to set policy that best serves the public. The justification for this is that to do otherwise would be protectionism. It is an odd argument given that the global economy is already more open than ever.

Canada already has free trade deals with four of the TPP countries: Peru, Chile, U.S., and Mexico, and ironically, we have a \$5-billion to \$8-billion annual trade deficit with these countries. Furthermore, tariffs on trade with the others are already very low, and the TPP countries with which Canada does not have a free trade agreement make up 3% of total exports and 5% of imports. Insofar as the TPP could grow these percentages, it will only serve to increase the trade deficit we already have with these countries.

Eighty per cent of Canadian exports to these countries are raw or semi-processed goods. Eighty per cent of imports from these countries to Canada are high value-added goods such as autos and machinery. This composition of exports and imports is found in Manitoba as well, where exports are heavily influenced by agriculture. Twenty-one per cent of all exports are from crop production. Of the top 10 international exports by commodity in 2014, seven were raw or semi-processed.

We feel that Manitoba needs to move up the value-added chain. We are not suggesting that we should not have trade that benefits these exports, but there are elements of the TPP that will result in a net loss to Manitoba and Canada.

The strong patent protection in the TPP is an example. U.S. economist Dean Baker notes that:

Patents are a form of protectionism, a government granted monopoly. While economists usually go ballistic over a tariff in the range of 10-20%, patents can raise the price of a drug a hundredfold, as in the case of the Hepatitis C drug Sovaldi.

He concludes that:

This gap between the protected price and the free market price has the same impact as 10,000 percent tariff. In addition to making it difficult for patients to get the drug, this enormous price gap provides incentives for rent-seeking and

corruption that impose costs on society and jeopardize people's health. We should be looking to more modern methods of financing drug research, not shoring up a relic from the 15th century.

But it is the investor-state dispute mechanism that presents perhaps the greatest problem for Canada. The ISDS mechanism in the TPP is similar to chapter 11 in NAFTA, but worse.

Canada is already the most sued developed country in the world. For example, a recent Canadian NAFTA ISDS suit ruled in favour of a U.S. firm that had been denied a permit to dig a massive quarry in an ecologically sensitive part of Nova Scotia. The government had to pay \$300 million in damages. The dissenting tribunal member called this ruling a remarkable step backwards for environmental protection in Canada.

There may well be ways to better accommodate trade for Canadian producers, but this agreement is not really about trade. It is about harmonizing financial, health, and labour and safety standards, reinforcing intellectual property rights, and opening up new sectors to privatization and foreign investment.

One pro-TPP study estimated that GDP in the U.S. would increase a mere .13% by 2025 if the TPP came into effect, so it's not really about growing the economy.

Many prominent economists, including Paul Krugman, Joseph Stiglitz, and Dani Rodrik feel that the trade impacts of the TPP are far less important than the serious concerns it raises about excessive intellectual property rights, regulatory harmonization, and investor-state dispute settlement.

There are better ways to grow our economy and help producers. Please do not enforce this heavy price on the rest of Canadian society.

Thank you.

•(1015)

**The Chair:** Thanks very much and thanks for doing it within the time limit.

It's good to hear from you today.

We're going to move on to our second witness. From the Oilseed Processors Association, we have Chris Vervaeet.

Go ahead for five minutes.

**Mr. Chris Vervaeet (Executive Director, Canadian Oilseed Processors Association):** Good morning, members. It's a pleasure to be here today to share how the TPP will bring value to the oilseed processors in Canada.

COPA is a federally incorporated non-profit industry association that works closely with the Canola Council to represent the interests of oilseed processors in Canada. COPA's membership consists of six companies that own and operate 14 processing facilities located in five provinces, from Quebec to Alberta. The western plants process canola, and the eastern plants process canola and soybeans. The facilities process the raw seed into two distinct value-added products: oil primarily for human consumption, and meal for livestock feed, which in turn are sold to domestic and international customers.

I'll now turn to some of the value that oilseed processing brings to the Canadian economy. In 2013 it was estimated that the Canadian processing and refining industry contributed \$1.3 billion in annual economic impacts to the domestic economy. More than 9,700 Canadian jobs are directly or indirectly attributed to the processing, refining, and delivery of canola meal and oil. These include a wide range of stable and high-paying jobs in both rural and urban communities. These jobs are directly supported by international trade.

To give you a sense of the growth we've experienced in our sector, over the past decade nearly \$2 billion has been invested in plant construction, and processing capacity has more than doubled, reaching a new high of 10 million tonnes in 2015 for canola. More capacity has led to more seed processing in Canada, capturing higher value along the supply chain, which is directly injected back into the Canadian economy. This expansion is primarily attributed to the strong demand in international markets, as Canada's market is limited in population and growth in per capita consumption of both oil and meal.

Here are some specific values for canola to illustrate our industry's growth during the past 10 years and our reliance on international markets. In 2005 we were crushing 3.1 million tonnes of canola seed in Canada. In 2015 we are now crushing 7.7 million tonnes of canola. To give you a sense of how important the export market is for that growth, in 2005 we exported \$708 million worth of vegetable oil to global markets, versus \$2.7 billion in 2015. On canola meal, the livestock feed, in 2005 we exported \$228 million, and in 2015 \$1.3 billion.

We're talking almost a quintupling of growth in both meal and oil exports. This growth is largely attributed to existing FTAs that Canada has signed, primarily NAFTA, so really it points to the success of our industry and how it relates to free trade agreements.

For future growth, we are aligned with the Canola Council's plan to meet the world's growing appetite for healthier oils and protein, and have set a goal to increase our canola crushing capacity to 14 million tonnes by 2025. But how will we get there? We've relied on the success of previous trade agreements for our previous growth, but for future growth we will rely on the TPP. It is a critical opportunity for processors, and the entire value chain quite frankly, to earn more value from international markets.

Processors will benefit from the TPP, as tariffs on oil and meal will be eliminated in such key markets as Japan and Vietnam, estimated to increase the value of our exports by up to \$780 million a year. In particular, Canadian oilseed processors have sought access into Japan's market for nearly four decades. We've been trying hard

to access this market for a very long time. With the TPP, processors will finally be able to access this lucrative market, allowing more seed to be processed in Canada, which will support jobs in communities across this country.

In closing, the oilseed processors make a substantial value-added contribution to the oilseed supply chain and the Canadian economy. COPA's member companies require that Canada implement the TPP as soon as possible in order for the benefits to materialize and grow this value-added sector. I really want to underscore that point: we are a value-added sector.

I look forward to answering any of your questions this morning.

Thank you.

• (1020)

**The Chair:** Thank you.

We're going to move over to the Western Grain Elevator Association. We have Wade Sobkowich and Jean-Marc Ruest.

**Mr. Jean-Marc Ruest (Senior Vice-President, Corporate Affairs and General Counsel, Richardson International Limited, Member, Western Grain Elevator Association):** Good morning, Mr. Chairman and committee members.

The Western Grain Elevator Association is an association of six of Canada's major grain exporters, which collectively handle more than 90% of western Canada's bulk grain exports. They own the vast majority of grain elevators across the Prairies, along with port terminal handling facilities in Vancouver, Prince Rupert, Thunder Bay, and in the St. Lawrence Seaway.

The members of the WGEA are also by and large members of Cereals Canada, the Canola Council of Canada, and the Canadian Special Crops Association, two of which were on the panel prior to us. Having heard at least some of their answers to your questions, we endorse their positions on those questions.

The WGEA supports the views put forward by our commodity and sector organizations to ratify the Trans-Pacific Partnership agreement. We know the TPP will be integral to the future of the Canadian grain sector. The countries represented by the TPP have high population levels and continued strong economic growth in their futures. Together, the TPP countries represent approximately 40% of the world's gross domestic product.

The United States and Asia are key markets for western Canadian grains and oilseeds, and we see a high degree of benefit in strengthening our relationship with them. Diversifying market and expanding market access in these key areas of growth will pay long-term dividends for our exports of grains, oilseeds, and pulse crops and for Canada's overall economy.

Collectively the grain industry estimates the TPP would mean billions of dollars in additional sales for our sector. In canola alone, the value of exports to TPP markets could increase by \$780 million annually. For Canadian barley product, sales are expected to grow in the near term by an additional 400,000 tonnes or \$100 million annually. The Canada-specific quota on food wheat will also mean growth for our largest crop and will put us at an advantage over our competitors outside of the TPP.

We see not only the tremendous opportunity the TPP holds for our sector, but also the great risks involved, if Canada were not a participant. If Canada is not a ratifying partner of the TPP, the Canadian grain industry will be forced to cede some of its more lucrative markets to our U.S. and Australian competitors. A TPP without Canada will mean the loss of preferential access to Japan as well as to emerging markets where we see the potential for growth, such as Singapore, Malaysia, and Vietnam. Being left out would mean that our U.S. and Australian competitors would gain preferential access to both our long-standing high-value markets and the emerging markets as well.

Another noteworthy advantage of the TPP is its commitment to addressing non-tariff barriers relating to biotechnology and sanitary/phytosanitary issues. As we know, these issues present very real and significant impediments to trade in grains and oilseeds. Agreement by the signatory countries to meaningfully address these issues on the basis of sound science will ensure that the advantages we have just listed can be practically enjoyed and not frustrated, as is increasingly the case in international trade. Furthermore, with such parameters being negotiated at the TPP, countries that subsequently seek membership will be bound by these same terms and not be subject to new or watered-down provisions.

As Canada makes decisions to increase trade and grow its economy, we must not forget that our ability to maintain and grow high-value trading relationships is heavily dependent on the efficacy and consistency of our collective ability to reliably move product by rail to tidewater and the southern corridor.

In order to fulfill these trade opportunities, Canada requires a rail freight system that is demand-driven and in which commercial participants in the system are held accountable to each other. Normally competition, which equates to a threat of loss of business, is the natural force that leads to commercial relationships and commercial accountability. The rail freight market for grain is not a competitive market, since shippers are generally captive to one of the railways. In those circumstances, legislative measures are required to ensure that performance obligations are well-defined, balanced, and measured and that proper consequences flow from a failure to meet those obligations.

The member companies of the WGEA are united in their position that the TPP is a critically important deal. We expect it to allow us to grow and diversify our exports, create jobs, and grow the Canadian economy. The WGEA strongly urges the government to ratify this agreement for the future viability of the Canadian grains, oilseeds, and pulse crops sector.

Thank you very much for the opportunity to share our views.

●(1025)

**The Chair:** Thank you, and thanks to all the witnesses for their submissions.

We're making good time this morning. If all members keep within their five minutes, we can get all your question slots in.

We're going to start off with questioning from the Conservatives, with Mr. Ritz.

**Hon. Gerry Ritz:** Thank you, panellists, for your presentations today. It's always good to hear from all sides of the debate.

I wanted to start with the Western Grain Elevator Association, and of course Chris, too, from the oilseed processors.

Were you both involved in the briefings? You signed the non-disclosure agreements and so on. Were you involved in the discussions over the past three or four years leading up to the agreement?

●(1030)

**Mr. Jean-Marc Ruest:** Yes, we were. Our input was sought to the extent to which we trade or saw trade expanding in these countries... what the obstacles were, and the impact of negotiations.

**Hon. Gerry Ritz:** Yes, we often hear that it was done in secret and that nobody had any kind of input and so on like that, but I know there were hundreds of groups like yourselves that actually took advantage of the ability to do just that.

Welcome, and thank you for that.

You did mention logistics, and we won't get into that, but I totally agree with you. The CTA review is ongoing and we're going to have to see what comes out of that. There are some good recommendations in there, some that go too far, and some that don't go far enough, but there's always that balance that's sought, because it's more than just grain.

On your membership, how many of your members—you talk about the six that you represent—are global in nature and how many are unionized?

**Mr. Jean-Marc Ruest:** If you talk about “global” in the sense of how many of us carry out international sales, we're all global. We all carry out international sales. Some of us have an international presence in the sense of offices or traders that operate internationally. I believe we all have unionized elements of our respective operations.

**Hon. Gerry Ritz:** We hear the same story, that it's only the big companies that are going to benefit from this. It's all written, and skewed to you, but I made the point with Viterra yesterday, too. They're fully unionized. Their workers aren't going to go on strike because of the TPP. They're welcoming it and looking forward to the expansions this will create.

At the same time, we hear some concerns about ISDS. It's more the concern that somehow we're giving away our sovereignty. Of course, in Canada, we have the rule of law and a good court system, but some of the countries we're moving toward don't. I've been there. A lot of you have, also, to Vietnam, Malaysia, and so on. There are tremendous opportunities to build infrastructure you could ship to your own port—Viterra does own a crush facility in China—and to have more of that type of thing going on.

Do you welcome something like the ISDS to cover your investments in those countries?

**Mr. Jean-Marc Ruest:** Absolutely. When we're talking about investment in infrastructure in the type of business we're in, we're talking about hundreds of millions of dollars per asset. In the case of just a standard grain elevator, we're talking about \$35 million to \$40 million and more so for processing plants.

Predictability is key for us. We need to know the ground upon which we're making these investments is not shifting on an ongoing basis. We have to be able to predict the environment in which we're investing, and understand that, for a number of reasons, it can change, but it can't change on a whim, and it can't change in a manner that harms the underlying premises under which we made our investments, and that were predicated by government decisions. There has to be a fair means of addressing those issues.

**Hon. Gerry Ritz:** Absolutely, and there's also a tremendous opportunity to expand and value-add to what we do. We don't just ship out bulk commodities to the same extent that we used to. I think a lot of those communities that we're now negotiating with have rice- and noodle-based diets, with some protein from the pulse side and so on.

There's a tremendous opportunity for us with the work that we've done at the CIGI and the grain commission and that you have done as well on your own in-house. There are now barley derivatives that replace and have more nutrients in them. There's now the ability to blend proteins from pea fibre and lentil fibre and so on into the noodle, so that it's not just a carbohydrate and there's actually protein as well.

Do you see more potential when we look at these markets such as Brunei and Malaysia or, for that matter, Vietnam or even Japan?

**Mr. Jean-Marc Ruest:** Yes, absolutely. We in Canada distinguish ourselves from our competitors in the world by the high quality of our grains and oilseeds that we produce in Canada, the high level of the people we have, and our capacity in Canada to extract those capacities in that high-quality production that we have. We have great people and great product.

What we have that's problematic are barriers to trade, tariff and non-tariff barriers. I think this addresses both the tariff and non-tariff barriers and allows us to bring those new applications and those new technologies to those marketplaces.

**The Chair:** Your time is up, sir.

Ms. Ludwig, go ahead.

**Ms. Karen Ludwig:** Thank you, panel, for your very interesting presentations.

I am wondering on this side of the table about the importing opportunities. Certainly, we have a strong appreciation for exporting opportunities through the TPP. What types of products or services may be imported from the member countries that are currently not here and that may help or change the diversification of the Canadian marketplace?

• (1035)

**Mr. Chris Vervae:** One of the aspects of the TPP that our processors and refiners see a real benefit in, and it is linked to imports, is rules of origin. Under this regional agreement it allows food processors to use ingredients from 12 different countries, and then have preferential access to ship the finished product to any of the 12 countries. The agreement could also help boost exports of finished oil products that contain canola, like margarine and shortening, but that margarine and shortening would be blended, and would be blended with imports such as palm oil. Through the TPP we'll be able to source palm oil from places like Malaysia, for example, and then sell even a more highly value-added product to the United States without any duties. That's an example of where, again, it's maybe not directly linked, but it's more on the rules-of-origin aspect of the TPP. You can import a product from Malaysia, blend it with canola oil here in Canada, and then sell it to the United States duty-free.

**Mr. Jean-Marc Ruest:** That's a very good example. The company that I work for, Richardson International, is involved in the processing of canola oil products: margarines, cooking oils, etc. That's exactly the situation that we were dealing with, where we're able to import a Malaysian product, we're able to source the canola oil in Canada, but blending it together causes a problem. This creates a significant opportunity to allow us to import product that's used in further processing.

**Ms. Karen Ludwig:** Continuing on with that, certainly in the west, the population demographically is much more diverse than in the east.

Are there products or services that are currently not available, for example, in British Columbia, that may more likely be available to the population base there if the TPP is signed?

**Mr. Jean-Marc Ruest:** Without speaking to it as an expert, that would almost seem self-evident, but I'm not in a position to comment much more on it than that.

**Ms. Karen Ludwig:** Okay, thank you.

Ms. Fernandez, the TPP's chapter on intellectual property includes a number of provisions that relate to patents for pharmaceutical products, including an adjustment to the patent term for the time lost in regulatory and governmental approval procedures for such products.

To what extent is it likely that the greater protection of intellectual property for pharmaceutical products would encourage innovation in Canada and contribute to the development of new options for treating diseases affecting Canadians?

**Ms. Lynne Fernandez:** I would be surprised if it did contribute to new innovation. There are problems with having these patents and with having a monopoly.

Some of the issues that have been brought up by other experts in terms of looking at these government protective monopolies are excessive marketing expenses. It leads to that, as firms seek to pursue the monopoly profits associated with patent protection. Data from the industry suggests that marketing costs are currently comparable to the amount of money spent on research. It's not really clear that that's such an advantage.

There's also wasted research spending on duplicating drugs. Industry data indicates that roughly two-thirds of research spending goes into developing duplicative drugs rather than drugs that actually represent a qualitative breakthrough over existing drugs.

There's also a neglect of research that is not likely to lead to drugs that can be patented. There can be research done that could be valuable and should be in the public domain so that people know what the research is leading to, but if it doesn't lead immediately to a drug patent, then the research just gets abandoned.

**Ms. Karen Ludwig:** Which country do most of the generic drugs derive from?

**Ms. Lynne Fernandez:** I don't know.

**Ms. Karen Ludwig:** Right now, health care is largely the responsibility of the provinces. Would you support a national health care strategy?

**Ms. Lynne Fernandez:** Yes, I would. I think that is the only way you can really enforce the Canada Health Act and the five pillars of the Canada Health Act. It just gets too fractured when it is imposed provincially.

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

Now we are going to move over to the NDP and Ms. Ramsey for five minutes.

● (1040)

**Ms. Tracey Ramsey:** Thank you for your presentations today.

I find it interesting that my colleague mentions the hundreds of groups that were included, and I am pleased that you were included. What I'm not happy about are the thousands that were not included, including civil society, indigenous people, and Canadians...as we're doing here now, under a new government.

We're here to listen to what all groups have to say. We've actually received over 10,000 emails from Canadians. We have a process that I believe our chair has highlighted, that's opened up to the public so that those who aren't able to speak today will be able to engage with the committee in that way.

I'd like to talk a little about the ISDS, and my question will go to Ms. Fernandez. You spoke about the ISDS mechanism, and it's something we've heard very serious concerns about at this committee level. Joseph Stiglitz, who is an American economist, said that if we

sign the TPP, the ISDS provision will make it impossible to meet the climate change goals we established in Paris.

I wonder if you can speak about the ISDS mechanism and how you see this potentially impacting the ability of the Canadian government to regulate in areas such as public interest, and to possibly meet our climate change target.

**Ms. Lynne Fernandez:** The mechanism by which corporations will then be able to sue the Canadian government is in itself becoming a growing and profitable industry for successful claimants and international trade law firms. We know that active claims in 2009 and 2010 alone reached in the hundreds of billions in U.S. dollars. One of the main concerns we have here in Manitoba—if I could speak to that because that's what I know best—is with Manitoba Hydro. It plays a very important role in developing Manitoba's economy. There's a strategy to try to open up industry and economic growth in the north, and Manitoba Hydro plays a very important role in that. I know under CETA, and I assume under the TPP as well, there could be restrictions on Manitoba Hydro for the kind of procurement it does and for the kind of local economic development it's able to induce through the agreements that it has with many first nations communities on hydro development. Manitoba Hydro currently engages with first nations in training and job opportunities around hydro development. We're very concerned that kind of mechanism is not going to be able to work under the TPP.

We also have to worry when we think about what it is governments that are involved, particularly the United States, want from Manitoba. It's going to be energy and agriculture, but it's also going to be energy and water. What are the mechanisms that are in there that are going to protect Manitoba's water and Manitoba's energy? If corporations have the ability to sue the Manitoba and Canadian government for loss of profit because the Manitoba government wants to protect our resources, or wants to make sure that it's local first nations people who have access to these jobs, then it's very self-defeating for Manitoba.

**Ms. Tracey Ramsey:** Okay. The other thing I want to talk about is that it's been highlighted by the agricultural industry they'd like to see more value-added jobs in Canada and the processing in Canada. When we're looking at competing with TPP countries that have very low wages, by all accounts, are we going to be able to achieve that goal? Will we be able to increase or move up the value-added chain, as you mentioned, when we're in competition with countries with such low wages and conditions?

**Ms. Lynne Fernandez:** This is, of course, always a problem, and it has been a problem with NAFTA as well, in terms of the growth of a lot of the industries in Mexico, and a lot of movement of Canadian and American companies to Mexico. We have certainly seen that. Peru, Chile, Mexico, and of course some of the other developing countries have very low wages.

Why would Canadian companies not go there if they have the opportunity? What is that going to mean for Canadian jobs and Canadian workers?

The other thing that I would like to point out in terms of value added is the OECD report, which found that Canada has a comparative disadvantage in high- and medium-high-technology manufacturing. We have a comparative advantage in medium and low manufacturing, but it is really the developing countries that are developing the low-technology manufacturing capacity, so we stand to be undermined by the developing countries taking the place we currently hold, where our advantage is. The high-value manufacturing, in countries such as Australia and the United States, is already developed, and that is where we are weak. That is where we need to see growth and grow our sector. It is not clear that this agreement is going to help us at all with that.

We can continue to have raw items going out of the country, but no processing increases.

• (1045)

**The Chair:** Thank you.

We are going to have to move over to the Liberals now.

Mr. Fonseca, you have five minutes. Go ahead.

**Mr. Peter Fonseca:** Thank you to all the panellists. My questions are for Ms. Fernandez.

Ms. Fernandez, from your comments so far I see that you feel that with the TPP there would be significant conflict with Canadian policy, provincial policy, municipal policies. In particular, one of the things that we value as Canadians is our universal health care. Can you drill down on that in terms of the TPP and some of the conflicts that you would see with our health care system here in Canada?

**Ms. Lynne Fernandez:** Without being able to know all the nuances of the TPP, and to the extent that you have a very powerful private health care sector in the United States that I think would be very keen on getting into the Canadian health care industry, for lack of a better word, this would be something that I would be very concerned about. Is the agreement going to give them some sort of a doorway into Canada, some sort of access? If they don't get access to our health care system, if they're disallowed because we want to protect it as a public system, does that then give them an avenue to sue us for loss of profit? I'm absolutely concerned about that.

Then, of course, there's the issue of the drug patents and Canadians not having access to drugs. Where the province is being charged and ends up having to pay much more for drugs as a result of the patents being on longer is a big concern. Eventually, people don't have access to their drugs.

There are those two aspects of it that I would be very concerned about.

**Mr. Peter Fonseca:** On that risk around it, if we were to move forward as a government with a national pharmacare strategy, do you feel that there would be a risk there with the potential ratification of the TPP?

**Ms. Lynne Fernandez:** Well, how would you enforce national pharmacare? That then becomes an expense of the government, right? If the government is going to be implementing a national

pharmacare program, that means it's going to be helping Canadians with their prescriptions. If the patents are on longer and the drugs become much more expensive, that becomes a burden to the government.

**Mr. Peter Fonseca:** In one of our previous meetings we heard about Lipitor, which in New Zealand costs about \$15 on average for a year's supply. Here in Canada it's about \$800. In some other countries, it's significantly even more expensive than here in Canada, probably in the United States.

Have you actually looked at dollars and cents in terms of what this would cost Canadians with our health care system?

**Ms. Lynne Fernandez:** I haven't personally, but I believe probably my colleagues in Ottawa who do most of the research have looked at it. I haven't personally done that, no.

**Mr. Peter Fonseca:** My colleague is asking if you'd do a study on that because it sounds like something that we've heard from some of the presenters that they would like.

**Ms. Lynne Fernandez:** Sure. We have a national office, and the trade research is actually done in our national office in Ottawa. I believe that study has probably already been done and, if not, I'm sure they'd be doing it. They have done extensive research on trade agreements, so I'd be surprised if they don't have that information.

**Mr. Peter Fonseca:** The CCPA put out a report called "Bait-and-Switch: The Trans-Pacific Partnership's Promised Environmental Protections Do Not Deliver".

Can you please speak on chapter 20 of the TPP?

**Ms. Lynne Fernandez:** I'm sorry, I did not have time to bring myself up to speed on that before I came.

**Mr. Peter Fonseca:** Okay

We've also heard from some of the panellists today that in terms of environmental protections and help, there would be help in terms of "lifting all boats", as my colleague Mr. Ritz likes to say, with many of the TPP countries when it comes to food safety.

Is that something you would agree with?

**Ms. Lynne Fernandez:** I'm not sure I understand the question.

**Mr. Peter Fonseca:** In terms of raising the standard of food safety, Canada has a very high standard, and the ability then to lift other countries within the TPP to that higher standard.

Have you looked at Canada's standards and being able to help other nations reach a higher standard and a level playing field?

• (1050)

**The Chair:** We just have a half a minute left. You can wrap it up.

**Ms. Lynne Fernandez:** I'd be surprised if that were the case. This is all about harmonizing regulations, and when we talk about harmonizing, our experience is that we tend to harmonize down, we don't harmonize up. Our food safety has greatly deteriorated in Canada recently because of cuts to the public sector. We have regulation but we don't enforce it, so I would be surprised if we got any better on that.

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

We're finished the first round. We'll move to the second round, starting with the Liberals.

Mr. Peterson, you have five minutes.

**Mr. Kyle Peterson:** Thank you, panellists, for being here today, and for your informative presentations. We do appreciate it.

To either Chris or Jean-Marc, if the TPP goes forward, are you worried or are you confident that your industry has the capacity to tap into that market? I know there might be some infrastructure problems. If there are, how would you work around those to make sure that any benefits from the new markets are fully realized?

**Mr. Jean-Marc Ruest:** We're absolutely certain that we can tap into those markets. That's the business we're in—the international exports business. Those markets tend to change over time depending on need, etc., and we're very confident in our ability to meet that demand.

Don't forget, as well, that one of the points we made in our submission was the consequences of not being a party and therefore of losing access. There is one component that's increasing trade. The other component, the flip side of it, is losing access to those markets in which we already conduct significant trade.

**Mr. Chris Vervae:** To add to that, our industry is definitely prepared in terms of meeting the new capacity demands of new markets. Japan in particular is really where we have our focus on exporting more vegetable oil.

As I said in my presentation, we already have the capacity to crush 10-million metric tonnes of seed. We're crushing about eight million tonnes, so there's room already with our existing capacity. As I speak, some of my members are already putting more investments into facilities to increase capacity.

Our goal is to get to 14 million tonnes, and we're well under way. I think getting access into the Japanese market is really the impetus for us to continue to invest in Canada for high value products.

**Mr. Kyle Peterson:** Are you confident that you will be able to get those produced and processed goods to the market? There's not going to be any bottleneck in the infrastructure that we have now?

**Mr. Wade Sobkowich (Executive Director, Western Grain Elevator Association):** The one caveat is, we have the capacity on the processing side; we have the capacity in the country elevator system; farmers have the equipment and the capacity on farm to produce and store it; and we have the ability on the port side of things; but we need to get the Canada Transportation Act figured out because that's really what we view as the bottleneck in the system. It regulates our ability to get product to tidewater. But we're optimistic that this government can sort out the Canada Transportation Act as well.

**Mr. Kyle Peterson:** Thank you for that clarification.

Ms. Fernandez, you were alluding to Manitoba Hydro. I just need some clarification. You mentioned Manitoba water as well. You said that agricultural products are obviously going to continue to grow in exports, and then that Manitoba Hydro plays a big role in the development of Manitoba's economy. You mentioned something about water. I wasn't clear if your point was that Manitoba's water

would be at risk under TPP, or what that point was that you were trying to make.

**Ms. Lynne Fernandez:** I shouldn't have conflated Manitoba Hydro with water as a commodity.

The commodification of water in Canada is something that we have been worried about for a long time. Once we start exporting water as a commodity to the United States, which is something that has been proposed and fought against, we worry that we will lose control of it. Because we have so much in Manitoba, it would be a concern of mine.

I don't know if that's on the table in the TPP, but it's something that we need to know more about and to consider.

**Mr. Kyle Peterson:** My understanding of your comment was that the TPP puts the commodification of Manitoba's water into play and at risk.

**Ms. Lynne Fernandez:** It's a question I have. I'd like to know if it does or not.

It's an ongoing theme in Canada and has been over roughly the last 20 years.

• (1055)

**Mr. Kyle Peterson:** I just wanted some clarification, so I thank you for that.

Is it your position that patents are bad in general for the pharmaceutical industry? Or is it your position that the increased length of the patents in this deal is the issue?

**Ms. Lynne Fernandez:** Probably both. I'm not an expert on patents, but some of the research and reading I've done would indicate that there are better ways of doing them and that they probably need to be updated and modernized. Some proposals have come out in terms of how you could change the patent system so that you would make it actually work better for consumers.

**The Chair:** Thank you.

We're going to move over to the Conservatives.

Mr. Maguire, go ahead, sir.

**Mr. Larry Maguire:** I'll ask the question in probably a little different way from what my colleague Mr. Fonseca indicated. I just want to point out that it's research that has been of the key areas in growing our agricultural industry, and I know that from farming for 35 years. It's research that's done the expansion of our products. It's also research that's provided the better health benefits of all of the food we have, to the point where Canadians have the best and safest food in the world.

I guess I'd like your comments on this. If we don't trade with these other nations in the world, which is, I think, the way the other question was asked, are we not limiting the opportunity, from a human rights perspective, of getting that food product into those other countries and helping them improve their societies in a health manner as well? The Trans-Pacific Partnership is about making jobs, keeping jobs, keeping people healthy, and providing them with the best food in the world, not only in Canada but in all of our neighbouring countries as well.

We know how important trade has been in other countries. We have \$2 billion a day, as an example, just with the United States across our friendly border here. I know that if it weren't for trade agreements, we wouldn't have the largest hog-killing plant in Canada here in Manitoba right now.

Can you just expand on why we would want to restrict improving the lives of others in other nations?

**Mr. Jean-Marc Ruest:** I think you touch on a number of different points that are relevant from our perspective.

It's very clear that agriculture and technology go hand in hand across Canada, and that technology has allowed us to develop much more sustainable, environmentally friendly means of producing higher-yielding crops. It's had benefits for the environment, and as you mentioned, it's had benefits on our ability to feed a growing world at more reasonable prices and in a safer fashion.

On the subject of technology and intellectual property rights, the technologies that have been developed in agriculture are also subject to patent protection. Unlike Ms. Fernandez, I'm not an expert in patent protection, but I do know that the TPP, insofar as it relates to our industry, has the support of the technology developers, the exporters of the derived product, and of the users of that technology, the producers who are the ones paying for the technology. They all see the value, and are supportive of the TPP.

I think you have to look at the issue holistically.

**Mr. Larry Maguire:** I don't know if anyone else cares to expand on that, but I think an opportunity may come up here.

I look at the opportunities in processing, and developing new jobs, and I wonder if I could get a comment from you on that.

This is an opportunity for us, in our multicultural society, to process products here. It's not always about wages. It's about being able to have skilled labour available to process and make those products. We have that in Canada, and that's why our processing is still expanding, with new companies in canola and the other products that we've had.

I wonder if you could expand on those opportunities from a growth perspective in terms of creating jobs in western Canada and for all of Canada. It's been said by many in the industries, and by all of you, that we rely on trade. It's just been in the last 50 years that we've been able to add more value to that. These types of agreements are what have allowed it to expand.

Could you just expand on the potential of that?

• (1100)

**Mr. Chris Vervae:** From the oilseed processing perspective, trade agreements are absolutely critical in terms of expanding the process in Canada and adding more value in Canada, exactly as you say. I know Canada has traditionally been hewers of wood and drawers of water, and the processors are a good example of where we're adding value back to the Canadian economy.

Your point on jobs is also very important. The jobs that are created, as a result of investments in oilseed processes, are jobs that are in both rural and inner urban communities. It's a wide range of jobs that are created as a result of investments in oilseed processing.

It could be lab technicians, power engineers, traders, mechanics, or electricians. There really is a wide range of jobs that are offered through the investments made into the oilseed processing sector.

**The Chair:** Thank you, Mr. Vervae, and thank you, Mr. Maguire.

Now we're going to move over to the Liberals, and we have Mr. Dhaliwal. Go ahead, sir.

**Mr. Sukh Dhaliwal:** Thank you to the panel members.

Ms. Fernandez, in your presentation it's my understanding that you question the value of the TPP agreement, and moreover in your presentation you also mentioned that TPP countries that Canada does not have an FTA with only make up 3% of Canadian exports and 5% of imports. What is your take on the argument that our absence on the TPP will weaken our leverage in NAFTA?

Question number two is we see the TPP taking us into the emerging markets, and into the ones that are part of the TPP, and there are other countries, emerging markets, that want to join the TPP. If we miss this opportunity, wouldn't it potentially prevent our taking advantage of those markets?

Please can you address those two questions.

**Ms. Lynne Fernandez:** Sure. Could I just ask you to clarify the first question because they sounded sort of the same to me?

**Mr. Sukh Dhaliwal:** What is your take on the argument that our absence from the TPP could weaken our leverage in NAFTA?

**Ms. Lynne Fernandez:** To the extent that you would think that or you would agree that everything that has happened under NAFTA has been a positive thing.... It hasn't necessarily been a net gain to Canada in NAFTA.

In terms of it leveraging, my question would be: would it leverage it in a positive way or leverage it in a negative way? There are some negative aspects to NAFTA as well, particularly in terms of the investor dispute mechanism.

In terms of whether we will benefit in these countries where we don't have much trade, I mean probably, and I want to be clear that I'm not against doing trade with these countries and I'm not against increasing trade for producers in Manitoba. I'm absolutely in favour of it.

Our concerns are the nature of this agreement in terms of the investor dispute mechanism, the patent protections, and the inability of government to protect labour and regional development.

I'm not trying to suggest that we shouldn't do trade or that we shouldn't open up these markets for our local producers. We should, but we need to be mindful of how we do it and we need to be mindful of the agreement in which we enter.

**Mr. Sukh Dhaliwal:** Basically, we make some changes to the agreement, so you are in favour of ratifying the TPP?

**Ms. Lynne Fernandez:** I'm in favour of doing trade and increasing opportunities for local producers, but I'm also in favour of protecting Canadian and Manitoban sovereignty. I'm in favour of making sure that we develop our country and our economy in a way that Canadians want and that does not just benefit the rights of corporations to extract some sort of economic rent. We have to be mindful of how it affects all of society, not just business.

• (1105)

**Mr. Sukh Dhaliwal:** On the other hand, I'm a little confused. When we say that all the generic drugs are produced in India, with India not being part of the TPP, how is it going to negatively affect us from that perspective?

**Ms. Lynne Fernandez:** I'm sorry, I am not following....

**Mr. Sukh Dhaliwal:** Generic drugs are all produced in India. There are not many drugs that are produced in TPP countries. How will the TPP countries be negatively affected when it comes to all this medicare and pharmacare?

**Ms. Lynne Fernandez:** A lot of the research is done in the U.S. and Canada, right? If the generic drugs are produced in India, are you suggesting that they're not subject to the patent protection that we have here?

**Mr. Sukh Dhaliwal:** That's right.

**Ms. Lynne Fernandez:** I don't know. That's not the way I understand it and that's not what the concerns have been of the experts I've consulted, so I'm not sure how to answer that question. I know that there are people looking into this who are very concerned about the patent protection.

**The Chair:** Thank you. Your time is up.

Mr. Van Kesteren, you have five minutes, sir.

**Mr. Dave Van Kesteren:** Thank you all for coming.

We've heard a consistent theme from business that this is an excellent opportunity for the western Prairie provinces specifically. We heard that even in Vancouver.

We also heard, and it's quite obvious, that the pulse growers, the grain growers, and anybody involved in agriculture is going to have an enormous opportunity for expansion and growth.

I want to talk about the processors. I want to talk about something I don't think we have talked about yet as a committee, and that is the manufacturing of the processing equipment. I would assume, and this is usually the case, it's the Germans, the Americans, and those big countries that have the capacity to do, maybe not the lion's share, but the technical end.

How much of the spinoff—I want to talk about the unguided hand—are you seeing here in the Prairie provinces, and how much of it is coming from southwestern Ontario, or Quebec for that matter, or anywhere else in the country?

**Mr. Jean-Marc Ruest:** I think that what we've seen—and I'd welcome Chris's comments on it on the processing side as well—speaking from an operating company that builds plants and has been involved in the construction and development of processing facilities, the more of these things we do, the more local expertise and experience we develop.

You mentioned the fact that we have a lot of American and German pieces that come into a plant, whether it's a flour mill or a canola processing plant.

We in Canada deal with a number of unique commodities as well. A canola plant is generally grown in Canada. The commodity itself is grown in Canada, specific to Canada. It has properties that are such that its processing is a little bit unique.

You need to develop some expertise, and we have been developing expertise with respect to canola processing here in Canada, whether it's suppliers of equipment, pieces of knowledge, and so on. We're seeing that expand, and the increased capacity in the production and the value-added side of things is undoubtedly going to add to that inventory of capacity to allow that to happen.

**Mr. Chris Vervae:** I don't know if I have that much more to add. In my experience in visiting some of the facilities we have, and our members operate, there certainly are many different components that go into the construction of a processing facility. As you pointed out, some of that material and equipment is sourced from places like Germany and places like the United States. In the facilities I've visited, and in speaking with some of the plant managers, there certainly is an element of sourcing local in terms of some of the infrastructure. Granary bins come to mind. Some of the granary equipment and storage facilities use Canadian-made steel and Canadian-made products to build some of that infrastructure. Again, it's a puzzle. There are lots of different pieces that come into that, but certainly there's a Canadian component. If we make more investments as a result of open markets and increased trade, there's going to be more of that activity as well.

• (1110)

**Mr. Dave Van Kesteren:** Those, of course, are jobs.

The other element I want to touch on quickly as well is transportation. We can produce, and we can do the processing. We have to get the product to the market. We saw it in the past. Our government was working hard to make it available for rail to get your product to the market. How important is it? If I remember correctly, one of the problems was that because of the Keystone pipeline not being able to be built, you had to share the capacity of the railroad with the oil industry. How important is it that we get those pipelines built, as far as your industry's concerned?

**Mr. Jean-Marc Ruest:** Maybe Wade can add some detail, but what we have seen, which is unfortunate for the Canadian economy, I guess, is that when there's a drop in the transportation by rail of other commodities, including oil, we see a commensurate increase in capacity of rail service for grains and oilseeds. If there is a rebounding of production that needs to be moved, and if we expect that production to continue to be moved by rail, unless we see some significant change, we see that capacity as coming at the expense of grain and oilseed movement by rail.

Therefore, we have to increase capacity in some fashion, and that's either improving the rail capacity and/or finding another way to move oil.

**The Chair:** Thank you, Mr. Van Kesteren, for that time.

That wraps up this panel. I thank the witnesses for coming. We'll have all your comments in the report that we'll finalize later on this year.

Thanks again for coming, and have a good day.

For the committee, we have our witnesses here for the next panel, so we're only going to break for five minutes and get right back at it.

• (1110) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1120)

**The Chair:** Order. If the MPs can take their seats, please, we'll be ready to go.

I see that all our witnesses are here. That's great. This is I think the third panel this morning. We're resuming our study and consulting with Canadians on the TPP, the trillion-dollar agreement that will affect everybody in Canada, whether you're selling or buying. It's a big agreement.

We're going to start right off with the Manitoba Beef Producers. We have two people here: Heinz Reimer and Maureen Cousins.

Mr. Reimer, you're going to start off. You have five minutes. Go ahead.

**Mr. Heinz Reimer (President, Manitoba Beef Producers):** First, good morning, and welcome to friendly Manitoba. As was mentioned, my name is Heinz Reimer. I'm president of Manitoba Beef Producers. I'm joined by our policy analyst Maureen Cousins. We'd like to thank the committee members for travelling to Manitoba to seek comments on the importance of the Trans-Pacific Partnership agreement.

Manitoba Beef Producers represents approximately 7,000 individual Manitoba cattle producers, including cow-calf, backgrounding, and the finishing section. Our mission is to represent producers through communication, advocacy, research, and education, both within the industry and to governments, consumers, and others, and to improve prosperity and ensure a sustainable future.

In number of individual producers, the beef industry is the single largest livestock sector in Manitoba. We have Canada's third-largest beef herd, which represents approximately 11.8% of the cows in 2015. We are also the third-largest exporting province, behind Alberta and Ontario.

In recent years, the Manitoba beef industry has faced significant economic challenges, such as: BSE; trade disputes, such as the mandatory country-of-origin labelling dispute; and repeated adverse weather events, such as flooding. This has led to both a reduction in the size of our provincial herd and to fewer cattle producers on the Manitoba landscape. However, Manitoba beef producers are optimistic that new trade agreements such as the TPP can create opportunities for growth.

There is potential to increase cattle and beef production in Manitoba and to gain new entrants into our industry, if the conditions are right. Manitoba has large areas of natural grass well suited for cattle production. The improvement of cattle prices has stimulated renewed interest in our industry. Manitoba and partners, along with

the provincial and federal governments, have made exciting investments in new research and extension with the establishment of the Manitoba beef and forage initiative from Brandon. This will enhance our beef production for generations to come.

Manitoba is now once again home to a federally inspected beef processing plant, Truth North Foods, out of Carman. This new federal slaughter capacity creates significant export opportunities direct from Manitoba to markets around the world.

As such, Manitoba Beef Producers is requesting that the Government of Canada swiftly ratify the TPP agreement. MBP, which is Manitoba Beef Producers, believes TPP brings with it significant benefits to the Canadian beef industry, providing enhanced market access to some of the world's fastest-growing economies in the Asia-Pacific region. Increased demand for cattle to supply these markets should benefit not only Manitoba producers but also Canadian producers, as businesses supply and service a growing cattle industry.

Of particular value in the TPP will be the reduction over time of Japan's 38.5% tariff on Canadian beef. It is essential that Canada be able to compete on an equal playing field with other countries in important trade markets like these. For example, being able to restore Canada's competitive position with Australia beef in the Japanese market is key to us. It is estimated that under TPP Canada could over time double or triple its beef exports to Japan. Without the TPP or the bilateral agreement with Japan, Canada could lose 80% of the value of our beef exports to Japan.

Further, the elimination of beef tariffs in Malaysia and Vietnam will also be beneficial going forward with potential to grow Canadian exports there.

Another possible advantage is that Korea has expressed interest in joining TPP, which will help speed up the tariff phase-out of Canadian beef.

The importance of exports from individual provinces such as Manitoba to TPP member nations cannot be overstated.

• (1125)

In the period 2012-14, Manitoba's agriculture and agrifood sector alone exported, on average, \$3.3 billion in products annually to these countries.

**The Chair:** Can you wrap it up, sir, if you don't mind?

**Mr. Heinz Reimer:** It is very important that we see this going swiftly ahead. It will definitely benefit producers in Manitoba. Thanks again for the opportunity to speak.

**The Chair:** Thank you very much for coming. You must be getting into calving season, are you?

**Mr. Heinz Reimer:** I am halfway through.

**The Chair:** It is a busy time for you, then. Thank you for coming in your busy time.

We are going to move over to the Manitoba Building Trades and Sudhir Sandhu. Go ahead, sir, for five minutes.

**Mr. Sudhir Sandhu (Chief Executive Officer, Manitoba Building Trades):** Thank you very much.

Good morning, and thank you for the opportunity to make a submission before this committee. Thank you for travelling to Winnipeg to hear us.

Manitoba Building Trades represents 13 skilled trade and construction unions. Our membership includes roughly just over 7,000 skilled trade and construction professionals in Manitoba. Of course, we're part of a national network that includes over half a million Canadians who build essential infrastructure from coast to coast.

Manitoba Building Trades, I'd like to make it very clear, is not at all opposed to trade agreements that open new markets for Canada and indeed expose Canadian enterprise to fair competition. Trade agreements that include reasonable reciprocity and fair trading provisions for all parties can serve to strengthen our economy. Our submission today focuses specifically on labour mobility and temporary work entitlements as contained in chapter 12 of the TPP. The rest of my comments will be associated with these provisions.

Chapter 12 provides for entry of persons engaged in any occupations that fall within national occupation classification codes 0, A, and B. Virtually all of the hard-working Canadians we represent fall under groups 72 and 73 of category B of the NOC codes. In the past, Canada has utilized the temporary foreign worker program to supplement the Canadian workforce on an as-required basis and upon determination that there is indeed a shortage of a particular category of workers that cannot be satisfied domestically so that Canadian workers will not be displaced. Under NAFTA, for example, mobility provisions provided for entry of a very select category of professional designations or specialized skills.

The TPP is very different indeed. It imposes no such requirements. It opens the Canadian labour market to a larger group of trading partners. To our knowledge, the entry rights are very liberal. We have not noted any restrictions related to adverse employment impacts in Canada with the limited exception of using foreign workers where there's an ongoing labour dispute. In effect, we read chapter 12 as an open door to the Canadian labour market, with Canada only having the ability to ultimately delay entry or delay the issuance of permits. Beyond that, any applicant has final recourse before the dispute resolution mechanisms provided for under chapter 28.

That process of international trade arbitration and those tribunals are very much like labour arbitration. They operate much differently. Being quasi-judicial in nature, they do not uphold or live by or work under the same kind of stringent rules that would apply in the courts, for example. That places Canada at a significant risk of adverse decisions when it has elected to deny applications.

There are a few other comments we'd like to make respecting just the labour market impacts and the impacts on the Canadian economy in general. Our review of chapter 12 as well as other TPP provisions suggests that Canada's construction and skilled trades workforce will face adverse impacts, with the magnitude of these impacts growing over time. We'll explain how.

We also submit that eased entry is contrary to Canada's economic interests in terms of both employment and the ability to leverage infrastructure projects, on which Canada is about to launch a very significant program. As far as industry impacts and the unionized industry are concerned, there are really two components to the construction industry, the unionized and the non-unionized. The unionized industry carries the bulk of the workforce training initiatives that go on in Canada. Next to the community college system in Canada, we are the largest investors in training and education and development of the skilled workforce that is required today and that will be required in the future.

How does easing entry affect that? Well, it starts to remove those work opportunities that are essential. For skilled workers the workplace is the classroom. Our members do not, and the people we represent do not, go study for three years and then enter the workforce. The component is 80% on the tools, hands-on experience, learning in the work environment, and only about 20% in the classroom. It is essential that we have a roster of effective training opportunities for young Canadians to enter the professions. That is not only essential for today but for meeting future demands.

As I referenced, Canada has just announced a very significant infrastructure program to get Canada working again. We will need skilled workers today—

•(1130)

**The Chair:** Excuse me. You have only half a minute left. Perhaps you could wrap your comments.

**Mr. Sudhir Sandhu:** Okay. I will wrap up.

I'll finish by touching on two important issues. Manitoba has the largest urban aboriginal population in the country. This population is underemployed and unemployed. Both Canada and Manitoba are heavily emphasizing training and apprenticeship opportunities to engage this workforce. We are active participants in those initiatives. Our position is that we can enjoy the demographic dividend of engaging a young workforce into the workplace or we can do the exact opposite. We can actually marginalize them and disengage them further.

The other component, just quickly, is that Alberta is a key example of what happens when there's a retraction in skilled trades. Canada has already had to step up with significant supports to support displaced workers. We think easing entry and adding temporary foreign workers to this program with greater ease will only exacerbate the cost to Canada and to Alberta and to the provinces.

For those reasons, we very definitely oppose the labour provisions under chapter 12 of the TPP.

Thank you.

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

Now we're going to move on to the pork producers of Manitoba, which is a big industry. Manitoba is one of the biggest pork-producing provinces in the country.

It's good to have you here. You have the floor, sir, for five minutes. Go ahead.

**Mr. Andrew Dickson (General Manager, Manitoba Pork Council):** Thank you. I'm Andrew Dickson and I'm the general manager of the Manitoba Pork Council.

The Manitoba Pork Council would like to thank the committee for this opportunity to express its strong support for the ratification by Canada of the Trans-Pacific Partnership agreement.

The council represents the interests of all pork producers in Manitoba. We were created over 20 years ago under provincial farm products marketing regulations to deliver programs and services to build and develop the pork sector in the province and to represent the interests of producers to all levels of government. We are funded by a compulsory levy on all pigs sold for slaughter and all weanling pigs sold for export out of the province.

We'd like to share some statistics to illustrate our dependence on exports and new trade agreements. According to Stats Canada, there are about 550 farms producing about 8 million pigs, of which 4.5 million are processed in the province. Just over 3 million weanling and feeder pigs are exported, mostly to the United States.

Manitoba is the largest pig-producing and pig-exporting province in Canada, with almost 30% of Canadian production in 2015. The estimated value of pigs produced was \$1.3 billion in 2015. Manitoba processes over 5 million pigs, or one-quarter of the hogs slaughtered in Canada. Our processing plants account for just under one-quarter of Canada's pork exports by value in 2015.

The HyLife plant in Neepawa is the largest exporter of pork to Japan of all the plants in Canada. Over 250 million kilograms of pork products were exported to 30 countries around the world, for a

value of almost \$800 million in 2015. About half were fresh chilled cuts, 40% frozen cuts, and the balance cured and preserved products.

While 25% was sold to the United States, this has been as low as 2%, depending on exchange rates. Japan is by far the largest and most lucrative pork market. Almost half our pork products by value were sold in Japan, though only one-third by volume. Sales of pork products outside of Canada accounted for almost 75% of all sales. As an industry, we are totally dependent on foreign sales.

The sector provides about 12,000 to 13,000 jobs and is the largest part of the food processing and manufacturing sector in the province. We buy the equivalent of 20% of the Manitoba crop as feed grain and oilseed meal. We have plenty of potential to grow the business, with abundant land and water. Our processing sector needs another 1 million to 1.2 million hogs to bring its current processing capacity into line with similar plants in the United States.

For our council, the signing of the TPP agreement on October 5 was a good day for our producers. In 2014, Manitoba exported over 175 million kilograms of pork products to just seven of the twelve TPP members. This was worth \$677 million to our producers. The U.S. is our major competitor in international markets, though the EU is a major factor in frozen cuts in the Japanese market.

The key point of this agreement is that we will have the same access to these markets as the United States. We cannot have another blunder, as we did with the South Korea FTA when we belatedly signed on to the same conditions that the U.S. had negotiated. We got left behind in the tariff reduction phase-in period and lost sales in a high-value market. One of our processors in Manitoba indicated they had lost over \$70 million in annual sales to one of the leading retailers in South Korea. It will take years to recover our market share in that market.

In terms of direct benefits, we are focused on the potential for an increase in sales in the Japanese market as tariffs are reduced for certain cuts and retail demand increases. The Japanese gate price mechanism is designed to keep domestic pork prices high to protect domestic producers. While pork is the main red meat in Japan, it is relatively expensive compared to Canadian domestic prices. As the protective tariffs are reduced, we should be able to increase sales volumes, especially of lower-value cuts, and regain a bigger share of other cuts and processed products. One study indicated that Canada could increase its sales of pork into Japan by \$300 million annually as the tariffs are reduced, and Manitoba will have a major slice of that growth.

In the future, the market in Vietnam, with its 90 million people whose main red meat is pork, will be the major focus for our processors. As their economy continues its rapid climb to prosperity and living standards improve, our experience is that they will increase their consumption of pork, especially among the expanding wealthier middle classes.

The key point we want to emphasize is that Canada must ratify this agreement if the U.S. moves forward to complete its ratification process. If we sit on the sidelines and twiddle our fingers, our producers will be the ones who suffer directly. To lose the Japanese market to the United States would be the largest calamity to hit the pork sector in a generation. We would have to shrink the industry dramatically, with major layoffs in the processing industry and the abandonment of a significant part of our farms and stock. The economic future of places such as Brandon and Neepawa would be in peril.

• (1135)

The consequences of not being a full partner will affect ordinary people in communities here in the Prairies. This will not be something to shrug off and pretend nothing was lost.

We want to end on a positive note. From its foundation, Canada has been a trading nation. We know the importance of leading the world and breaking down the barriers to trade in goods and services. The TPP agreement will open up new markets and allow Canadian farmers and our food processing sector to play to our inherent strengths for the betterment of all Canadians.

Thank you for your patience and for listening to our presentation.

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

Thanks to all our panellists.

The chair doesn't usually ask questions, but I have a question for you, Mr. Dickson. It's about the feed. You must use a lot of feed to produce that much pork. Is it mostly from Manitoba? Where do you get most of your ingredients for your feed mix?

**Mr. Andrew Dickson:** We will buy across the Prairies and into the midwest of the U.S. for corn, grains, and oilseed meal, like soy meal and canola meal. We buy about 2 million tonnes a year to feed our pigs in Manitoba alone.

We are very price sensitive. As you know, two-thirds of the cost of a finished pig is the feed cost. We will buy stuff from North Battleford, all the way down to outside Minneapolis. It's a very competitive market.

• (1140)

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

We're going to start the questioning from the MPs here. We're going to start with the Conservatives for the first five minutes.

Mr. Maguire, you have the floor.

**Mr. Larry Maguire:** Thanks very much, Mr. Chair, and thank you to each of you for your presentations this morning.

I've had a lot of calls in the last couple of days. I was going to mention this to François of the Manitoba Pulse and Soybean Growers this morning. I've had a number of them indicate to me that there's a new pulse in Manitoba in the last 30 hours. I just wanted to see if you could concur...with the amount of pulse that you're using. You mentioned that to me.

Mr. Chair, that's quite a sidetrack.

I was going to follow up on what the chairman has already asked of you, Mr. Dickson. You're at 20%, you've indicated, in terms of the amount of grain grown in Manitoba that goes through your industry, never mind what the beef industry uses in this province. We've talked about the expansion of both of those. Coming from Brandon myself, I'm concerned about what happens if this agreement isn't signed and doesn't go forward, and the opportunities lost in this whole industry.

I know what it would do to western Manitoba's economy, never mind all of Manitoba's economy, and they're extended into the other areas. If it didn't go forward and we were not able to export more hogs, there would be 3,200 or 3,300 jobs lost in just those two plants, and that's within the walls, never mind the transportation of product in and out of those areas.

Could you elaborate on job creation and the importance of this agreement?

**Mr. Andrew Dickson:** The key thing here is that we don't want another experience like South Korea. If the United States moves forward and ratifies this agreement—and they have these preferential changes in tariffs and so on, and we don't have them—our processors who market into Japan will be at a significant disadvantage and we will lose our share of that market.

The Japanese price for pork in the supermarket is about twice what people pay in Canada. It is a very lucrative market for us. We send high-quality products there. We bring high-value products there. We take grain and oilseed meal, which is worth maybe 10¢ a pound, and we convert it into meat that sells for about \$1 a pound. We are a high value-added business.

It is not just Brandon and Neepawa. There is a major plant here in Winnipeg, and all its product comes from the plant in Brandon. It is not as though it comes from mid-air. There are 1,400 jobs in that plant, and they would be at risk. We are very concerned that if this agreement... We have to be in partnership with the United States on this issue.

We have major threats across the world into the Japanese market. For example, I talked to a Danish company. When the Arctic Ocean becomes open for transportation, they will be able to ship by container-load fresh chilled pork from Europe, around the Russian coast, into the Japanese market. They will be able to do it in enough time that they can actually put chilled pork on the shelves in Japan. That would be a major competition factor for us, so we cannot be on the outside of these things. There are major threats to us from other competitive forces. This is an agreement that would shelter us from some of that.

**Mr. Larry Maguire:** I just wanted to ask Heinz and you about the number of jobs created. The beef industry has some pretty high tariffs on products going into Japan, as pork does as well. Can you indicate the size of those tariffs today? Correct me if I am wrong, but I think it's 38%.

**Mr. Heinz Reimer:** Yes, it is 38.5% to Japan.

**Mr. Larry Maguire:** Removing that, over a period of time, is certainly what your growers are looking at.

**Mr. Heinz Reimer:** It would make a big difference to us to bring that down. Thirty-eight per cent is a lot of money to give away, or however you want to say it. If we can increase our product price, 38% of the whole animal wouldn't be a 38% increase, but any bit of money would definitely help producers.

**Mr. Andrew Dickson:** For pork, there's this gate price system in place, which is designed to hold the Japanese domestic price high. On products coming in, there are different types of products that are affected by the different tariffs on this gate price. It's complicated. Certain products that are over the gate price currently pay a 4% or 5% tariff. That will come down.

Below the gate price, which adds about \$5 or \$6 a kilogram, that will come down to about 50 cents over about nine years. The domestic price will stay in place, so there will be an attempt by the Japanese market to keep prices high. Our processors will probably want to keep that high, because we gain from that.

Over time, with competitive pressures, the price will slowly come down. When prices go down, consumption tends to go up, because you can eat more now that you can afford to pay for it. In the long run, over the next 10 years or so, we should be able to increase our sales into the Japanese market, especially on things like some of the cuts that we have to sell into other markets, which are lower priced. We can move them into the Japanese market.

• (1145)

**The Chair:** Thank you. Mr. Maguire. Your time is up.

We're going to move over to the Liberals, and Mr. Fonseca for five minutes. Go ahead, sir.

**Mr. Peter Fonseca:** Thank you, Chair.

Thank you to the panellists.

I have to say, this public consultation process that we've been having across the west now—we'll be doing the whole country—has been so informative to this committee. We wish we could meet face to face with all Canadians, but we do have other opportunities through our web portal, etc.

You represent a lot of people. I would like to ask each of the panellists if you could tell me how many people you represent from your organization in particular. Could each of you just let me know that in numbers?

**Mr. Heinz Reimer:** We represent roughly 7,000 beef producers in Manitoba.

**Mr. Sudhir Sandhu:** In our case, we are the quintessential Canadian middle class. We represent about 7,000 Manitobans.

**Mr. Andrew Dickson:** We're a little more complicated. We're highly integrated, so we have a lot of employees in our companies. All the processing plants are on my board of directors, and we employ directly and indirectly about 13,000 people who make their living essentially out of the pig business in this province alone.

**Mr. Peter Fonseca:** Just here on this panel we're talking about tens of thousands of people who are represented by you. You're the voice for them here and you were able to make your presentation. We also hear similar themes across the country, but they are regional nuances.

I want to ask Mr. Sandhu this. With a lot of the growth that would come from a potentially ratified TPP here in Manitoba, there would be a lot of infrastructure that would be built, on the farms, roads, bridges, grain elevators—we've heard it all. Would that employ a lot of your members? Would that bring a lot of jobs?

**Mr. Sudhir Sandhu:** Absolutely. That is essentially why our concern comes into looking at increased competition on the construction side. We've always talked about offshoring employment. This is really onshoring employment. We have some legitimate concerns about the extent to which a global entity, a global construction organization, will invest in long-term training and development in a local market. They have no incentive to do so. They want to move from project to project, build the project, and move onto the next one. That leaves a huge gap in terms of investing in that training and development, and making sure we have a workforce to satisfy exactly those kinds of opportunities that may arise.

We have to protect those middle-class opportunities for hard-working Manitobans, and Canadians, quite frankly, because we draw on a national network to be able to build Canada. If those jobs are gone, then it would be a great irony to see Canada investing in an infrastructure program that leaves Canadians on the sidelines, while a temporary foreign workforce has easier access to our market. By the way, by corollary, we don't have similar access in a number of cases.

**Mr. Peter Fonseca:** Yes, we want those jobs to be homegrown. We want to be able to keep them here.

One of the things with the TPP, in the 12 countries, is that we have very different standards. Here in Canada, we have very high 21st-century standards, and you have some countries within the TPP, when it comes to labour, that have standards that are abysmal. We've heard of child labour, human trafficking, and very low wages. Can you speak to that?

**Mr. Sudhir Sandhu:** We've had a number of examples in Canada itself. It seems inconceivable that a contractor that's going to build a major infrastructure product in Canada will bring a workforce with them. We've already had a number of instances: the Sinopec incident in British Columbia, as well as the RAV line. Astaldi, in building a major hydroelectric project in Newfoundland, very strongly expressed an opinion that it would be easier for them to bring in a Spanish workforce rather than have to work for the Canadian system. It becomes an issue of familiarity.

Again, we talked about reciprocity, and we talked about fair transference. When it comes to labour, there's always a high incentive. With products, there's very little leverage. With human beings, for example, in the Sinopec case we heard a lot of anecdotal issues where, in the Canadian context, they were being paid local market rates. They were depositing that money back to bank accounts in a very different jurisdiction and that money was not actually making it into the hands of the people who were doing the work. That's problematic.

I think a presenter in the earlier panel talked about compliance. We have no enforceability, and we have no capacity to comply. We do here, but we cannot transfer those requirements to other jurisdictions. We have no leverage.

• (1150)

**Mr. Peter Fonseca:** Do you feel that this would displace Canadian workers and maybe drive down our wages here in Canada?

**Mr. Sudhir Sandhu:** Without a doubt. Absolutely.

**The Chair:** That's your time, Mr. Fonseca.

We're going to move over to the NDP for five minutes with Ms. Ramsey.

**Ms. Tracey Ramsey:** Thank you.

Thank you for your presentations today.

I would like to focus on the building trades, as we've not heard from that perspective yet on this committee.

I think we hear clearly your fair point that you support trade, the removal of non-tariff barriers, the removal of tariffs, and having harmonization, all those things that will benefit the other panellists. But when you look at the labour provisions, and in particular chapter 12 of the TPP, which covers these provisions...

I think you highlight for us an example of regulatory chill, which is something we've been hearing a lot but haven't seen an example of so far. Basically, if we deny entry to workers in your building trades coming into Canada, we could be sued under the ISDS provisions and would then have regulatory chill because people who are seeking those workers would automatically go outside of the country because they would fear being sued under the ISDS. Can you expand on that a little bit?

**Mr. Sudhir Sandhu:** I talked earlier about the union versus non-union construction sectors. The union sector internalizes the costs of workforce and labour development—training and all of that.

If I'm going into the Canadian market on a project basis, I have absolutely no financial incentive or long-term benefit from investing in the development of the Canadian workforce. Therefore, there is an

inherent and built-in incentive for me to bring in a portable workforce to work on that project and move on. That puts Canadian operators and contractors, and quite frankly Canadian workers, at a disadvantage relative to a system that internalizes inordinate costs.

As I said earlier, our workplaces are the classrooms, and that comes at an inordinate cost. Therefore, we'd be leaving those workers on the side.

We talked about aboriginal workers. There's going to be significant investment in engaging a young aboriginal workforce. Therefore, if Canada intends to have specialized programs and to invest in at least engaging those aboriginal Canadians who want to participate in the skilled trades and construction industry, good luck to all of us. We could run the programs, but we couldn't offer them employment, because other parties would have a cost advantage relative to Canadian operators. Quite frankly, why would they invest and why would they go ahead and hire the people we've invested in training if it costs them more?

**Ms. Tracey Ramsey:** I have another question.

I really believe it's critical that the government supports this competitive Canadian construction industry. How does the TPP expose the construction industry to foreign competition?

**Mr. Sudhir Sandhu:** The industry our organization is a part of has unionized contractors, it has project owners, and it has the workers that we represent. That makes up the industry.

We've had significant pressure and consistent pressure from our non-union competition to compete on the basis of cost. Of course, on a straight-up cost basis, they have an advantage because they're not internalizing the essential costs of training and developing a workforce. When you're starting to compete with now global entities...and in talking to our contracting partners and our business partners who voluntarily enter into workforce agreements with us, they're telling us on a daily basis that global competition is increasing as it is without the existence of TPP chapter 12 provisions. They are exposed to greater global competition in the construction universe.

They already have a difficult time matching that competition on a cost basis because foreign competitors—again going back to the point of having to invest in the Canadian workforce—come in, and they can offer a low-cost option because they don't have to bear the same internalized cost as we do. That obviously puts Canadian workers, Canadian contractors, and Canadian businesses at a disadvantage.

**Ms. Tracey Ramsey:** We heard from the Alberta Federation of Labour about chapter 12 earlier this week, addressing the temporary entry of foreign workers. They said that it confirms fears that the deal allows foreign companies to bring in an unlimited number of temporary foreign workers in certain broad occupational categories without work permits, bypassing all certification requirements and the rules to protect Canadian jobs; and that his will continue to distort the labour market and to displace Canadians and drive down wages.

Do you think that assessment is accurate?

• (1155)

**Mr. Sudhir Sandhu:** I wish it weren't, but it is.

It's a very reasonably held apprehension, based on past experiences. Also, given the much more stringent requirements under the TFWP, we have had a number of issues with foreign workers not being treated to the same standards as we expect in Canada.

On experiencing significant wage differentials, going back to a lawsuit with HD Mining in British Columbia, the human rights commission ruled that Latin American workers were being paid less than half of their European counterparts. Those practices exist as it is, and with the addition of much more relaxed entry standards, I think it will just get worse.

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

Ms. Ramsey, your time is up.

We're going to move over to Mr. Peterson for five minutes.

Go ahead, sir.

**Mr. Kyle Peterson:** Thank you, Mr. Chair.

Thank you, everyone, for being here today and for your informative presentations.

I have a few questions, not surprisingly, but at the outset I want to indicate how difficult a role our committee has. This panel is probably a prime example.

We have Mr. Reimer and Mr. Dickson saying that if we don't ratify it, it's going to result in thousands of job losses. On the other hand, we have Mr. Sandhu saying that if we do, it's going to result in thousands of job losses. I don't think any of you are misleading us at all. This is the dilemma this committee faces. We appreciate your input here. Hopefully, your insight can help guide us in our deliberations.

I have a couple of quick questions.

Mr. Reimer, is the cattle herd here in Manitoba suffering as it is in other provinces? Is it shrinking a bit? Is that a problem here or not?

**Mr. Heinz Reimer:** Yes, it did shrink, especially after BSE. The size of the herd shrunk in Manitoba but in the last year we're starting to see some increase in the herds again. You have good cattle prices or a good return on your investment, and people start to come back in.

I will say one thing that I've seen over probably the last year and a half. At the meetings that I go to and so forth, there is a far younger

audience out there than there used to be. There are other initiatives, such as price insurance, that we've been able to obtain over the last number of years. That helps producers, especially younger guys. There's a way of getting in and there's quite a bit of optimism out there right now.

**Mr. Kyle Peterson:** That's good to hear.

This is an easy yes-or-no answer. If TPP is ratified and you get access to the Japanese market and the growing Vietnamese market, are you confident that you'll be able to meet that extra capacity with your supply here?

**Mr. Heinz Reimer:** I hope so. I think it's going to take time. As you know, the cattle industry is definitely different from the hog industry. It takes a lot longer to get a finished animal ready for market than it does hogs or chickens, but I do believe we will step up.

**Mr. Kyle Peterson:** I like that confidence; that's good.

Mr. Sandhu, under the TPP there's the labour arbitration provision as well. We all know here in Manitoba there's a labour arbitration process that I'm sure your members and you take part in, unfortunately, probably on too regular a basis than you'd like to. Why do you see the labour arbitration in the TPP to not be as fundamentally just as the one you use here in Manitoba?

**Mr. Sudhir Sandhu:** It's a question of how the legal threshold must be satisfied under the legal system, under the courts, and comparing that to the type of international arbitration provisions that are typically part of trade agreements. It's a much different standard. For example, in labour arbitration we deal with the balance of probabilities as opposed to absolute truth, and that relaxes the standard.

I have a background in taking some international trade courses during my academic career. I have a thick book of jurisprudence on international trade tribunals and decisions, and some of them make as much sense as some labour arbitration cases do on either side, whether you're on the employer's side or the union's side. I think just relaxing that standard and the provisions that apply, and ceding Canadian jurisdiction over that matter to a panel of arbitrators is a very tricky proposition under any circumstance.

**Mr. Kyle Peterson:** Thank you for that.

Mr. Dickson, I just want a comment. You mentioned briefly the difficult position the Canadian pork industry was put in by coming late to the Korean free trade deal. I think it's fair to say that you probably haven't fully caught up with where we could have been, had we been in at the early stages. Would you say that's a fair assessment?

•(1200)

**Mr. Andrew Dickson:** In the last couple of years we're starting to catch up again because the tariffs have come down and our prices now are more competitive with the United States. You get into this issue of the Korean purchaser, in this case he was a major retailer, and its confidence in who it likes doing business with. The Koreans like dealing with Canada. We have an aura of high-quality products and good, strong government inspection measures. We generally are able to meet any product quality or differentiation factors that they want, and we can put it at the right price point for their stores. It's a sensitive business thing, but there are a lot of guys who get into this.

The one thing I want to point out, too, about trade agreements and so on—with the CETA, and with this FTA with South Korea, the FTA with TTP, and so on—is that they give our producers assurance about a future. We're in the stage now where our barns are old. We have to invest between \$1.6 billion and \$1.9 billion alone in this province in the next 10 years on all our barns, all the equipment inside them, and all the stock. We'll also need another half of a billion dollars in working capital to make that work each day. We need to know that there's a good, positive future out there. Otherwise, why are we making this investment? It's not going to be animal spirits that's going to drive us here.

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

**Mr. Kyle Peterson:** Mr. Sandhu would like to help you with the building of those, I'm sure.

**The Chair:** Thank you, sir. Your time is up, Mr. Petersen.

That ends our first round. We're going to go to the second round, and it starts off with the Liberals for five minutes.

Mr. Dhaliwal.

**Mr. Sukh Dhaliwal:** Thank you, Mr. Chair.

Thank you to the panel members.

My questions are for Mr. Sandhu. We have heard from the beef industry, canola, and pulses, and they're all supportive, but you have expressed some concerns around temporary labour. If we take this chapter 12 about which you have concerns, do you generally support the TPP?

**Mr. Sudhir Sandhu:** Thank you for the question.

I indicated right at the very front that when there are fair trade agreements that eliminate artificial barriers to trading partners in a reciprocal way, we absolutely support free trade.

**Mr. Sukh Dhaliwal:** I came to Canada as a permanent immigrant, without speaking any English, 32 years ago. Many others like me have come to Canada and have contributed.

When it comes to temporary workers, there is not a day in my office that I don't get a complaint that either the temporary worker is being exploited by the employer or the immigration consultant, or by some other means.

Where are your thoughts when it comes to permanent immigration versus temporary immigration, or the temporary workforce that we bring in?

**Mr. Sudhir Sandhu:** We're currently working on a very substantive hydro installation in northern Manitoba, with about 10 billion dollars' worth of investment, and again, with great middle-class jobs for Canadians. We also simultaneously signed an agreement with the project owner that should supply shocks be posing risks to the project, we would support an application under the TFW program to engage a workforce.

TFW workers offer short-term solutions. The long term, of course, is growing the Canadian capacity to deliver these projects. Again, I cannot emphasize enough that we're working with a number of first nations organizations to increase their participation in the workforce. It would be ironic if aboriginal and other Canadians were standing on the sidelines watching Canadian infrastructure being built by a foreign workforce. That's the risk.

Immigration? I absolutely support that as a long-term strategy. In the short term, from time to time, there has been a need for properly structured TFW programs that help Canada as well.

**Mr. Sukh Dhaliwal:** You mentioned the aboriginal population and the many young people we can probably train. Do you think that the \$8.4 billion that we put in the budget for indigenous communities will help from that perspective, or do you think the government should be doing more to attract that young population into the main stream?

•(1205)

**Mr. Sudhir Sandhu:** Going back to the notion of demographic dividend, when any nation, any economy has access to a growing, young workforce, if you engage them through training and educational opportunities and get them into the workplace, that's decades of advantage to the economy.

Leave them on the sidelines and we know what has happened in a number of developing nations where there is a young workforce that never got to participate. Canada faces those same challenges on a microscale.

The programs are there. Now we need jobs. There are training opportunities. There are educational opportunities extended through both provincial and federal programs. If those don't translate into jobs, then these young workers will be sitting on the other side of the fence looking in.

**Mr. Sukh Dhaliwal:** On the other hand—I'm a professional engineer and land surveyor by trade—it's going to open up markets for technical people, whether they're architects, engineers, or surveyors. Do you see a positive coming out of that for those technical and tradespeople working in other countries?

**Mr. Sudhir Sandhu:** In our experience, it's to a much limited extent. Canada has not had a history of projecting its workforce in large numbers into other economies. Yes, we do sell technical skills and high-end engineering skills, etc., but we do not send plane loads of people to work on projects overseas. We never have. Canadians haven't been conducive to that.

We're much more at risk, especially given the federal programs now, with a very extensive infrastructure program that is going to be launched. There is going to be much greater demand in Canada, concurrently with a significantly laid-off workforce that's ready to take on those jobs. If we do anything to disrupt that....

Construction has one of the highest multipliers in the economy at about 1.7. Those dollars make a difference. When our middle-class Canadians are working, they can buy homes, they can buy cars, and they can invest in goods and services, exactly as the presenters sitting beside me are offering to them. They can educate their children, and they can even put away a little bit for retirement. The more opportunities like that we take away, the less it is in Canada's strategic interest.

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

That wraps up your time, Mr. Dhaliwal.

We're going over to the Conservatives now.

Mr. Ritz, you have five minutes.

**Hon. Gerry Ritz:** Thank you, Mr. Chair.

Thank you to the presenters.

There is a common theme on the agricultural side that of course these trade deals are good, because they build our capacity to diversify our trade portfolio. Not everyone eats the same cuts. In Canada we tend to eat the top end of the beef. Then we look for markets for the rest of it, the offal and a lot of the secondary cuts and so on. I see this as very important in that diversity, and of course that builds capacity at home, with jobs and so on. I'm just doing a little bit of a synopsis there.

When it comes to the trades, Mr. Sandhu, I couldn't agree with you more. I was a building contractor to pay for my farming habit, and I hired a lot of tradespeople. We internalized our costs too. We weren't a union shop. We did work on union sites. We paid dobie dues and so on.

I'm curious as to how you internalize your costs any differently than I do when it comes to your workforce. When they're off the job and going back to school, they still cost me, the same as they do you, but now there are EI programs that take care of some of that. How is your internalization of those costs any different from mine?

**Mr. Sudhir Sandhu:** I'll give you a local example. In Manitoba the unionized construction industry and the unions that I represent have five training centres. Last year we spent over \$4.5 million on training. The non-unionized construction industry has none. That's the comparison.

**Hon. Gerry Ritz:** Well, they use community colleges and technical institutes and so on.

**Mr. Sudhir Sandhu:** Again, those are primarily market-driven and publicly funded. We agree; everyone has a different business

model. The union industry has achieved its competitive advantage through investing more in training and development.

**Hon. Gerry Ritz:** Sure. Absolutely.

**Mr. Sudhir Sandhu:** It leaves it at a relative disadvantage when it comes to pure, straight-up cost. We're absorbing a cost by operating five training centres, very large training centres, in Winnipeg and the surrounding area that our competition simply does not. If we can get greater access purely on that surface-level cost advantage to non-Canadian participants, I just don't see how that results in a happy circumstance for either you, in your circumstance, or us.

**Hon. Gerry Ritz:** All right, fair enough. I totally agree with you that the training is key. You look at the difference in the trades in the last 20 years, and everybody is a specialist. It's no longer just hiring a carpenter, but now they're finishers, and framers, and roofers. Then it varies depending on whether you're doing domestic construction—homes, and so on—or commercial, because now you're switching over to steel and finished drywalls, and it's a whole different deal. There is certainly a lot of training required for that.

I think that speaks to the inability, in a lot of cases, of construction sites to bring in people who are prepared, like TFWs, as you say. Of course there are three streams of TFW, and a lot of them get mixed together. The low-skilled like waitresses, hotel workers, and those types of things, come and go. The trades are more on the professional side. To come in to this country to work on a job, they have to have the certification from the country of export, I'll call it, to show they're up to that standard. We're very intolerant of people bringing in just a guy with a shovel when there's a guy who's needed and who has plumbing skills.

I think there's a bit of a misconception that somehow TPP is going to open the doors to floodgates of untrained labour that's going to push you out and push me out. I have to go back to a real job some day, so I'm very cognizant of that. I know there are some in the oil patch, but again they're low skilled, and not the higher skilled who would supplant you.

● (1210)

**Mr. Sudhir Sandhu:** I would tend to agree with you. I think the real risk is to quintessential middle-class Canadian jobs. When you're talking about entry-level, low-skilled employment, as we grow as an economy—and every economy as we industrialize—we stop doing the rudimentary things that are entry-level economic activities. We develop, and we grow.

It's the same thing with the labour workforce. As we grow, and as we educate and develop our workforce, they tend to do higher, more value-added work, sometimes leaving a gap. Those things happen in every advanced economy. What we see—

**Hon. Gerry Ritz:** Construction ebbs and flows. It's seasonal. There are all kinds of things that enter into it.

**Mr. Sudhir Sandhu:** Absolutely.

You have to be responsive to those. We think that from time to time TFW programs have helped, but this is a different ball game.

**Hon. Gerry Ritz:** How much of that could be alleviated if we had better access interprovincially? I know there are huge barriers when it comes to the trades moving from province to province. My son is a welder. He took his training and began his apprenticeship in Saskatchewan, then moved to the Alberta side for the oil patch, and he had to start all over again, which is ridiculous. You are burning iron either place. It makes no sense at all. How do we, as a federal government, lead the provinces to come to that realization that labour mobility is key?

**The Chair:** Can you give a very quick answer?

**Mr. Sudhir Sandhu:** It's a jurisdictional issue, but initiatives are under way to address exactly the question you raise.

**The Chair:** We're going back over to the Liberals now.

Ms. Ludwig, you have five minutes.

**Ms. Karen Ludwig:** Thank you, and thank you to the panel.

I'm going to follow along the same train of thought as Mr. Ritz's question.

My son is working on his block 4 in carpentry, and we hear consistently throughout the college network in Canada about the challenge for tradespeople in travelling and working interprovincially.

In terms of there being an opportunity and a ground afoot to work on that, whether it's CETA or in this case the Trans-Pacific Partnership agreement, will the timing of the negotiations interprovincially come into play and have the right fit in preparation for TPP's being ratified?

**Mr. Sudhir Sandhu:** I'm sorry. Are you talking about the timing of provincial ratification of the same agreement?

**Ms. Karen Ludwig:** No. The provincial agreement, interprovincially, for—

**Mr. Sudhir Sandhu:** The interprovincial trade agreement.... It is, as I think Mr. Ritz mentioned, a slow-moving process. They've made some good progress out east. Some of the eastern provinces have now negotiated harmonized requirements.

I'll give you an example. Sometimes there are really absurd differences that lead to inefficiencies. In Alberta, I believe it was four cycles of four weeks each for in-class training. In Manitoba, it was just a number of weeks. How they structured it was marginally different, so someone who had completed one year in Manitoba couldn't easily transfer into Alberta. Those are the kinds of things that are being harmonized.

I can't comment on the pace of it. Again, in a process like this, we are a very vested and interested party, but we're not driving the process, so I can't in fairness answer your question in terms of how the timing will work out at the end.

**Ms. Karen Ludwig:** Thank you.

Referring back to the Standing Committee on International Trade in the 41st Parliament in June 2015, a number of the witnesses commented on the challenge of trying to hire international labour, saying that because of the paperwork and the requirements it wasn't as easy as it sounds. Could you speak to that?

**Mr. Sudhir Sandhu:** Again, we have a reasonably formed apprehension that it will become easier as time goes by.

Under the much stricter stringent guidelines that we had previously, we had a case of a Chinese mining company operator wanting to bring in some 400 workers. They had managed to bring a fair number in already. There was a practice, for example, of posting Mandarin as a job requirement. There was clear evidence that they had rejected qualified Canadians.

Under the very tight guidelines that we had previously, we had a lot of slippage in terms of how things worked. If we're easing the restrictions, it stands to reason that it will be easier than it has been. That's why we're here before you today. There's a real impact on hard-working, middle-class Canadians. We need to protect against that.

• (1215)

**Ms. Karen Ludwig:** Okay.

Does language requirement present an obstacle?

I'll give you this scenario. It wasn't that long ago that I had someone in my office from the construction trade nationally. He shared with me an example regarding a construction site. There was a gentleman who was working on site, and his comprehension of the English language was definitely not fluent. In that scenario that he presented, it actually created some job site injuries.

**Mr. Sudhir Sandhu:** May I give you just a quick, personal example? I worked in Alberta for three years with a municipality and had an instance where a contractor and a couple of workers complained about the fact that Mexican workers were not as committed to safety. We had a very detailed conversation about what was happening.

The Canadian standards on safety were so much higher that Mexican workers coming in and receiving the extent of safety equipment and apparatus that they were given probably had a perception that they were already much safer, not recognizing that the Canadian safety standards are that much higher.

Language absolutely comes into play. Literacy in English as a second language or French, in that environment, has a direct bearing on safety outcomes. If you cannot read it, if you cannot understand it, you cannot comply with safety requirements. It's that simple.

**Ms. Karen Ludwig:** Thank you.

Mr. Reimer, you—

**The Chair:** You only have half a minute left.

**Ms. Karen Ludwig:** Mine's fast. Your answer's going to be faster.

Mr. Reimer, you mentioned the situations of flooding here in Manitoba and the risks that presents. How might that affect your capacity to expand, looking at the increased need and demand for beef in the TPP member countries?

**Mr. Heinz Reimer:** Over the last number of years, especially in 2014 and 2011, we had a great amount of flooding in the interlake area and that definitely pushed back.... A lot of those cattle had to be either moved out or in a lot of cases a lot of producers sold those animals. The flooding has definitely caused increased difficulty for our producers.

**The Chair:** Thank you, sir, your time is up.

We're going to move over to the last question for the panel. It is Mr. Van Kesteren for five minutes. Go ahead, sir.

**Mr. Dave Van Kesteren:** Thank you, Mr. Chair.

Thank you all for coming. In the last panel, one of the panellists was concerned about the health and safety. I don't know, Mr. Reimer, or Mr. Dickson, if you can answer this. Could you tell me whether or not in the slaughterhouses there's a relaxation from the CFIA? Do we still meet the same standards, or are we improving on our standards? I wonder if you can just reply.

**Mr. Heinz Reimer:** I'll start and I'll let Andrew continue.

As far as I know, there hasn't been any. There are probably more people checking and making sure everything is done properly. We only have one federally inspected plant in Manitoba. I've toured it, and whenever you go there, there is definitely a CFIA presence there.

**Mr. Andrew Dickson:** Our conversations with the processors are to the effect that the standards are as high as they ever have been and are increasing.

The way we go about it is another matter, and that's the issue to us. We have to make sure that throughout the whole system—on the farm, in the processing plants, at distribution and retail, and even in the house—we follow safety standards, not just at one place in a plant.

**Mr. Dave Van Kesteren:** I would assume that countries such as Japan are very concerned about those types of procedures. Are the Japanese leading, or are they emulating what we're doing in this country?

**Mr. Andrew Dickson:** For example, one company here is partly owned by a Japanese trading company. It's one of their 200 projects in the world. They essentially invested in this because the standards are so high, and they market this product as high quality. It meets or exceeds all the Japanese standards.

To be honest with you, our best products go to the Japanese market. I have nothing against the Canadian consumer, but they don't pay as well. We want to increase that business because we make more money doing it.

**Mr. Dave Van Kesteren:** Then I have a question to both of you.

You both have processing plants and I understand, Mr. Reimer, that in Carman, there's a new processing plant. I wonder if you could address the spin-offs. I asked this question in the last panel as well.

When we talk about how the systems works, there are other jobs and there's other job creation. Could you talk about the spin-offs in those communities and maybe how they've affected those communities, either positively or negatively?

• (1220)

**Mr. Heinz Reimer:** Yes, definitely. In Carman, as you know, they've just built it and they're just ramping up there. On the number of employees, I'm sorry, but I don't have the exact number of employees they have there.

In terms of the people hauling the animal in and the finished product being hauled out, there's a tremendous amount of job opportunities in the area. Also, for somebody who's finishing cattle and bringing them into that area, it opens up opportunities that way too.

**Mr. Dave Van Kesteren:** Mr. Dickson.

**Mr. Andrew Dickson:** Customers such as the Japanese send regular teams over to Canada to inspect plants and to inspect the whole processing business. They come on farm. They want to see how we raise the pigs and so on. The Chinese are going to be coming later to inspect plants, because we have a ractopamine-free program in place. We have the Americans coming up to inspect our plants because we sell a lot of product to the United States and vice versa.

There's more and more integration of standards amongst all the various trading companies, because no one wants product sitting in a container at a dock and losing value. We're trying to make sure that problems are solved at the plant or at the farm before they ever arise on the plate, essentially, of the consumer at the end.

**Mr. Dave Van Kesteren:** I know in my neck of the woods, the smaller abattoirs are really having a difficult time.

How is that working here in Manitoba? Are the smaller operators able to compete with the larger processing plants?

**Mr. Andrew Dickson:** I'm not an expert on this.

The smaller processing plants have to invest significant amounts of money to upgrade to meet the standards we have federally, because there are interprovincial arrangements. If they want to go international, there are certain standards that they have to reach. In some countries, for example, they might have a standard to attain for the United States market, but not for the Japanese market.

Some of the processors are slowly looking at these as opportunities and whether they can sell some product into these markets. It's not easy for them, and they're going to need some help. It can be done. I know one small firm that's upgraded its system so it can sell into the United States market.

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

Your time is up, Mr. Van Kesteren.

That ends this panel. Thank you, witnesses, for coming, and for giving us your briefs and taking our questions. We had a good dialogue on this panel. Thanks very much.

We're going to recess for 20 minutes, and then we'll be back with our last panel for today.

● (1220)

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

● (1245)

**The Chair:** Good afternoon, everyone. This is our final panel for the day. It's our final panel for our western trip. Our committee has travelled. We started on Sunday. We did B.C. on Monday, Alberta on Tuesday, Saskatchewan on Wednesday, and here we are in Manitoba today. We've heard from many witnesses, and we had a lot of audience come to many of the sessions also.

This is the study on TPP. It's a big agreement, worth a trillion dollars in world trade. When you look at the context of the 6,000-page TPP agreement, it would affect every Canadian, whether you're buying or selling goods, or involved in any kind of service sector.

We started this process right after this Parliament started. We heard from many witnesses in Ottawa, and of course, we're going to go right across the country. We're going to do central Canada in a couple of weeks' time. We're doing Atlantic Canada in the fall. We're also going to Skype with the territories. We'll also continue to hear from other countries and other Canadians in Ottawa.

Since there was such a groundswell of interest in TPP, we have been taking submissions from the general public. I think we have over 10,000 right now, and we extended the deadline until the end of June for those submissions.

Also, we're going to be sending a notice to all members of Parliament because of the interest in the TPP, to encourage them to have town hall meetings over the next few months. We're going to give them until the end of July to put in their submissions on what they're hearing on the ground level at their town hall meetings.

When this is all pulled together, our committee will sit down and do a report with all our findings, probably later in the fall. We're hoping to have a report to the House of Commons for MPs to look at by the end of the year. They will see that at the first of the year as they go forward in dealing with the TPP and how we're going to deal with it in the House of Commons. That's how we're operating.

We're going to start off with our witnesses today. We have with us Todd Burns from Cypher. From the Council of Canadians, we have Brigitte DePape. I hear it's your first time at a committee. We have Douglas Tingey, also with the Council of Canadians. From the Manitoba Federation of Labour, we have two witnesses: Kevin Rebeck and Anna Rothney.

Welcome, everyone. We have five minutes for each group. If you can keep to five minutes, I would appreciate it. If it goes over, I'll have to put my hand up, but try doing the five minutes so we can give lots of time for dialogue between members and you.

We'll start off with Cypher. Go ahead, sir.

● (1250)

**Mr. Todd Burns (President, Cypher Environmental Ltd.):** Thanks for the invite. For those of you who don't know, Cypher Environmental does long-term soil stabilization, dust control, and water remediation technologies. Probably our sales would be in the range of maybe 80% exporting on average, so, of course, my little spiel today is going to be with respect to the benefits of the TPP that we feel we would see in terms of our ability to continue to have a strong push in exporting.

If you take a look, for example, at just how the TPP would affect the Canadian economy, you look at commodity prices, for example, which have a big impact on Canada's economy in terms of mining, oil, and gas, and how healthy those industries are in terms of supporting our economy. They fluctuate quite a bit. Actually, we just posted a little story on our website about the five-year bear mining market coming to an end, so it looks like things are on the up and up for mining.

But one thing I think that we can do as Canadians in terms of continuing to support the economy is support our exporters. Whatever we can do to make that stronger, regardless of what's happening with different commodity prices and so on.... Exporting is a great way to continue to bring money into the country, to create tax revenue, and so on. While this is a generic comment on free trade agreements in general, when you look at the stats, I think it's 40% of the world's economy that the TPP is supporting.

Japan is one country of particular interest to us, where we have a new distributor performing modestly. We don't really sell our products based on price, it's mostly on performance, but of course, being environmental products, you have to spend a little bit of a premium sometimes to use them. Any way in which we can make them more competitively priced in the market is going to help. Reducing some duties that would be in place in a market like Japan, for example, where we've only seen modest growth with our new distributors there, would give us a general push in the right direction.

Of course I'm a little bit biased coming from a company that's very heavily exposed in terms of exporting, but I think I can probably speak on behalf of a lot of the members of organizations we belong to, like the CME, the Canadian Manufacturers and Exporters. We're a customer of EDC, Export Development Canada. We work very closely with both of those organizations, and I think probably the general consensus from both of those organizations and all their members would be that we would be in support of the TPP simply for what it can do to help continue our push to export and bring in new revenues for the country.

● (1255)

**The Chair:** Thank you, sir, and thank you for that concise report to us.

Now we're going to move over to the Council of Canadians with Brigitte DePape.

You're up for five minutes.

**Ms. Brigitte DePape (Regional Organizer, Prairies, The Council of Canadians):** Hi. My name is Brigitte. I'm the Prairies regional organizer with the Council of Canadians.

**Mr. Douglas Tingey (Member, The Council of Canadians):** My name is Doug Tingey. I'm a member of the council's Winnipeg chapter and a business lawyer with a background in international trade and foreign investment. I spent nearly 20 years in southeast Asia as a foreign investment adviser, but very little of what I'm going to say relates to that. If you are curious about what an out-in-the-field perspective is like, perhaps we can get into that later with questions.

**Ms. Brigitte DePape:** Thank you for having us. I want to acknowledge the indigenous territories that we are gathered on and thank those who are protecting them.

We are here because we are concerned that this deal would be a major loss for the environment, jobs, and good public policy-making. Our concerns include increased drug costs, a global race to the bottom in wages, reducing environmental protection and indigenous sovereignty, encouraging a carbon-intensive economy, and undermining community and government efforts to buy local.

Here are some concerns we would like to highlight.

In terms of the environment, ISDS causes concern for much-needed action on climate change. We are concerned about the community of Lelu Island, for example, as we described in a recent *Winnipeg Free Press* article. If the government decides to be smart and compassionate and to stand with indigenous communities defending the earth and future generations from oil and gas development, they could be sued with ISDS. This puts pressure on Canada to side with corporations and interferes with public policy-making.

Maude Barlow pointed out in the article "When Corporations Sue Countries, No One Wins" that "policymaking in the public interest is curtailed by ISDS." She illustrates this with TransCanada's recent suit brought against the United States because its government chose to protect water and the environment by rejecting the Keystone XL pipeline.

As Canadians, we have been the targets of ISDS. According to Barlow:

Canada has been subject to 35 NAFTA claims, with 63 per cent of them challenging environmental protection or resource management measures. As the most-sued developed country in the world under ISDS, Canada faces \$2.6 billion in ISDS claims.

This trade deal disempowers our people in Canada and across the globe and puts more power in the hands of corporate investors at a time in history when the survival of humanity depends on empowering people and governments to make good decisions.

In terms of the economy, a recent study predicts the loss of 58,000 jobs. Farmers in particular could lose out, as well as our auto workers.

In terms of labour rights, we are also concerned about the impacts for temporary foreign workers, that they could come for six months, their labour be exploited, and they then be forced to leave.

We want to share a letter from the Council of Canadians to the government, which outlines some key ways forward, including a comprehensive analysis of the TPP, and public hearings and consultations with indigenous communities; that no agreement can be ratified without full consent; that ISDS must be nixed from the

TPP and any future agreement be protected from it; and also the removal of health care and pharmaceuticals from the TPP.

An agreement is only one if we agree to it, and it is clear that people do not agree. More than 170,000 people signed our petition with like-minded groups, which we are also sharing here.

As we face the overlapping crises of climate change, economic inequality, and racism, what we need right now is not a trade deal that puts us further on this path, but rather investments in community-led transition away from fossil fuels and toward renewable energies, and more power for the public in decision-making, not less.

● (1300)

**The Chair:** Thank you. You have one minute.

**Mr. Douglas Tingey:** I believe you have a copy of the statement, so I'll skip to the most important part.

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

**Mr. Douglas Tingey:** Canada is now faced with a "take it or leave it" decision, ratify or not. We favour rejection of the TPP for various substantive reasons, which Brigitte mentioned. We do not believe or know—and this is important—that the TPP is in the best interests of Canadians.

There are also process reasons to reject the TPP, including the manner in which Canadians participated in the negotiations—many did not—the degree of secrecy, and what we view as unbalanced consultation during the negotiation process.

What we would like to emphasize with you, though, are some of the questions that, if we were sitting where you are, we would be asking. For example, how many impact assessments has this committee had access to, and on what topics? Where are all the reports and assessments done by policy specialists from within the government in trade, health, intellectual property, environment, climate change provisions, etc., that are on the opposing side, the con side? When you look at the websites, it is not possible to see any of them.

I am out of time. You are scowling at me...not quite.

**The Chair:** No, no, I am definitely not. It's just that everybody wants to get their time in. We are going to have to cut it off there. You might be able to interject some of your comments when people are asking questions.

**Mr. Douglas Tingey:** Thank you very much.

**The Chair:** We are going to move on to the Manitoba Federation of Labour for five minutes. Go ahead.

**Mr. Kevin Rebeck (President, Manitoba Federation of Labour):** Thank you.

Good afternoon. Thank you for the opportunity to speak with you about the TPP. I'm Kevin Rebeck, president of the Manitoba Federation of Labour, and we represent over 100,000 unionized workers throughout different sectors here in Manitoba.

We have a number of concerns with the TPP deal that the Harper government negotiated on Canada's behalf.

Corporations get more power to sue countries. Investor-state dispute settlement is a provision in many trade agreements that allows massive corporations to directly sue democratically elected governments in an unaccountable system separate from national courts in order to expand their profits. For example, Canada is currently being sued by a drug company, Eli Lilly, for \$500 million after our courts refused to extend patents on several of its drugs.

Another concern we have is labour mobility. Chapter 12 of the TPP lays out the labour mobility provisions in a way that undermines the interests of Canadian workers. This provision takes the worst aspects of the temporary foreign worker program and strengthens them. The agreement prohibits Canada from imposing any limit on the number of foreign workers entitled to enter the country as long as they fall under one of the broadly defined categories of workers that Canada has agreed to admit. Canada is further prohibited from administering a labour certification test before the worker can be given a work permit.

This agreement allows both domestic and foreign companies to bring foreign workers to Canada to take jobs that Canadians are ready, willing, and able to fill. These workers will not be immigrants. They will have no path to citizenship. They won't fall under the existing temporary foreign worker program. Under the existing temporary foreign worker program, employers have to pay those workers the same wages as Canadians' wages and train and certify up to Canadian standards. The TPP will not give even these modest protections to exploitable foreign workers.

We're concerned as well about Canadian job loss.

The TPP puts at risk a number of existing jobs in Canada. A study by Unifor found that the TPP could lead to the loss of 20,000 jobs in the Canadian auto sector by eliminating incentives to manufacture vehicles in Canada and increasing incentives for companies to source auto parts from low-wage countries.

The TPP will give foreign dairy producers an even bigger share of our dairy market, such that 250 million litres of milk and the production jobs that come with that are at risk. While dairy farmer owners—but not workers—have been promised a 15-year compensation package, it's clear that the TPP will hasten the decline of Canada's dairy industry.

We're concerned also with higher prescription drug costs. Canada already has the second-highest per capita drug costs in the world. The TPP gives even more monopoly patent protection to drug companies than they currently have, meaning that it will take longer for Canadians to access cheaper generic versions of the drugs. The TPP's concessions to drug companies could see Canadians paying over \$800 million annually in increased drug costs.

The TPP locks Canada into its current level of privatization and commercialization, effectively preventing any future innovation that involves expansion of comprehensive public services, such as a universal national pharmacare program. The extension of drug patents also restricts the availability of generic drugs in developing countries.

As well, on the environment, the TPP will make it harder for governments to set strong environmental targets such as better air and water quality. According to the Canadian Labour Congress, close to 40% of legal challenges under NAFTA have involved corporations challenging government environmental policies, such as banning gasoline additives and PCBs or enforcing water protections. By virtue of the TPP preventing governments from attaching conditions to procurement contracts to foster local economic development and ensure environmental standards, governments will also be restricted from taking needed action on climate change and transitioning to a lower-carbon economy. For example, governments will have less flexibility to encourage the development of local green energy sectors to replace fossil fuel imports.

Finally, the TPP grows inequality. Trade agreement advocates continue to assure us that workers' rights and living standards will be strengthened by trade deals, but the global economy, business growth, and profits cannot be the only considerations when countries enter trade deals. Across the globe, as large corporate profits soar, they do so at the expense of citizens, workers, and consumers. Work has become more precarious, income inequalities have grown, climate change continues to get worse, and labour rights have been eroded.

Say no to the TPP. The merits of Canada joining the Trans-Pacific Partnership have not been demonstrated. The previous government undertook no economic or environmental impact analysis, and no convincing case has been made for participation in the TPP.

● (1305)

The labour movement is not opposed to trade. We understand that we need to compete with other markets and attract investment in Canadian businesses. The question is, at what cost?

How much more should Canada sacrifice as we enter these deals, and what are we truly to gain?

Our new government was elected to do a better job than Harper's secretive government.

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

I'd like to thank the panel for their submissions.

We're going to start with questioning, five minutes for each MP, and if we can get every MP done, we'd be doing good.

We're going to start off with the Conservatives.

Mr. Maguire, you have five minutes.

**Mr. Larry Maguire:** Thank you, Mr. Chair, and thank you to the panellists for your presentations, all of you.

My dad had a saying. I came from a farm background, and he said if you look after the land, it'll look after you. I go beyond that. I don't think that's good enough anymore, because consumers are demanding good products, good-quality products, and the best products. I have always stated, and stated earlier today, that we have the healthiest food in the world, and I believe we do.

There's a big expanse here in the types of countries we're dealing with across the trade agreement. The Trans-Pacific Partnership are more developed countries, but some of them aren't as developed as others. I would say, and I think it's pretty much agreed from some of your presentations this morning, that we have some of the best labour standards and some of the best quality in the world. If we're number one, somebody has to be number 12 in the 12-party agreement. Can you tell me whether you think it's a good thing that we are number one?

I hear the concern about the types of jobs and types of workers. I've always felt we're better off to have more processing and to have more jobs. Overall, we have to make sure that they're quality and that the people are looked after, but we're better off. I think we can all agree that if there's more processing, there are more jobs, and it creates a better standard of living for Canadians. Can we help bring that up with the other 11 countries, and that includes our neighbours to the south?

**The Chair:** Does your question go to anyone in particular?

**Mr. Larry Maguire:** All the panellists, all three.

**Mr. Kevin Rebeck:** Yes, absolutely. I think that's our responsibility in these trade agreements, to be raising the bar. Our challenge and concern is that's not what this protects. It doesn't protect keeping those standards. In fact, it puts them at risk.

Worse, if we negotiate on some of those and aren't keeping it up, then we're locked in at those lower levels continually. Every time we give something up, now it's part of an international deal that we're locked in on. It doesn't make for good jobs in Canada. It transfers jobs out and it takes advantage of workers.

Sure it might do well for those making their profits, but it doesn't do good for the citizens of any other countries.

• (1310)

**Ms. Brigitte DePape:** I think it's a really great point your dad made, that if you look after the land it will look after you. I really agree with that. I've heard that as well from indigenous elders.

In this instance, I think this would take us further away from protecting the land. Take the example of a pipeline that spills. That would harm the land and the people. With the ISDS provisions, it would actually make it harder to protect the land. It would make it easier for corporate investors to get away with that.

In terms of our living standards, for people all over the globe, I am very concerned about temporary foreign workers and laxing regulations for that, for living standards, for those families, for mothers and fathers, for people who are farmers here, for auto workers here. I think this takes us in the wrong direction.

**The Chair:** Do you want any more comments on that question, Mr. Maguire, or do you want to move on?

**Mr. Larry Maguire:** I'd just like to add that I think we always assume that there are provisions there for corporations suing or whatever. I'll go back to my experience in the wheat trade, when I was on the Wheat Board advisory committee. Our American neighbours sued us nine times over durum and we won every case. We cannot just assume that we will lose because somebody's challenging something. Because of our standards, and the quality of our products, and the care we've taken in our industry for our workers, I think we will win those cases in many circumstances.

I still have to ask, though, as I think we're better off to have more jobs, if you think we should promote more trade. We just heard this morning from the pork producers that they have 13,000 jobs in Manitoba alone, many of them unionized jobs, and if we don't have these kinds of trade agreements, they believe they will have to lay people off.

Can you just expand on that? I know exactly that there are two sides to every coin, but the—

**The Chair:** You're going to have to give them some time to answer. There's only half a minute left.

**Mr. Douglas Tingey:** Because of all the time that I spent in southeast Asia—Indonesia, Malaysia, Singapore, Brunei—I would be very surprised if this agreement is going to have a material impact on the ways that they regulate themselves and do business in a way that enhances Canada's ability to export or invest there.

Very quickly on the last point, the Canadian government has a very poor track record when it comes to promoting Canadians investing abroad. We do a very good job at promoting trade but not supporting investors. This really isn't going to get at one of the root problems of this process.

**The Chair:** Thank you.

We're going to move over to the Liberal side.

Mr. Peterson, you're up for five minutes.

**Mr. Kyle Peterson:** Thank you, Mr. Chair.

Thank you, panellists, for being here. This panel again is an example of the choice this committee has to make, and the different perspectives we're trying to weigh and analyze to come up with some report to Parliament.

I understand everyone is passionate in their positions and obviously believes the veracity and credibility of them. On one hand, we have Mr. Burns here, and other members that have appeared before the committee, saying how important this would be for job creation in Canada, how important it would be for our economy, and how important it would be for certain sectors. Then, on the other hand, we have Brigitte, Kevin, Doug, and Anna here, saying this would not be good for Canada for the reasons you've eloquently explained. It is a dilemma we have.

I don't want people to think it's just big corporations against Canadians, because it isn't. We've heard from small family farms that think this would be a good deal. In my riding, I've heard from small and medium-sized enterprises and family-run businesses that want to be able to ship their goods and ship their products into new markets. It's a big choice we have to make, but I want to make sure we characterize it as the choice it really is. It's a choice between competing interests. All the interests on all sides are equally valid, so we have to make sure not to mischaracterize what that dichotomy is. I want to make sure we're all aware of that, because it's a big trade deal. There's a lot in it, and it affects, I think, every Canadian. I'm glad you guys are here to add your input and your insight into that.

I have a couple of questions. Mr. Burns, you indicated that you think these new markets would be beneficial to what it is that you do. Can you explain to me what sort of barriers are there today, why you can't access those markets now, and why this deal is necessary for you to be able to do that?

• (1315)

**Mr. Todd Burns:** Yes.

In some cases there's the protection element in certain economies where a significant percentage of duty would be placed on every dollar of the cost of our product to import, and it makes it nearly impossible for us to compete with local companies. In those cases, it's purely a dollar and cents thing. We can demonstrate our value proposition, we can market ourselves, we can promote our brand and our image, but at the end of the day if we're not affordable, it's never going to fly.

I certainly appreciated hearing the statements by all the other witnesses today, but you certainly made a point in that you're never going to find a win-win situation for everyone. In areas where some industries may hurt, companies like mine and other exporters can certainly pick up the slack. We'll be growing our organizations as we continue to grow our businesses and then create those jobs that may be missing from other sectors.

**Mr. Kyle Peterson:** Thank you for that.

Brigitte, I'll maybe ask you this.

With this deal, we're in a situation where it is a yea or nay right now. Let's just say hypothetically that we were able to start over, what sort of terms, conditions, would you like to see in an ideal trade deal to make sure it can support as many Canadian perspectives and benefit as many Canadians as possible?

**Ms. Brigitte DePape:** That's a fantastic question.

I think it's really exciting to think about what this could look like. It would involve consultations. It would involve the public coming up with solutions that work for their local communities.

It would be very much a bottom-up approach. We could envision town halls across the country about what would work for communities. Especially in the context of climate change, it could be how we could transition away from fossil fuels in those communities, and really thinking about the next generations.

**Mr. Kyle Peterson:** Thank you for that.

Kevin and Anna, on the labour front, I don't think anyone on this committee wants to see Canadian job losses in any sector. I think one of our most important roles as parliamentarians is to help do whatever we can to make sure there are family-sustaining jobs for as many Canadians as possible. I think we're all in agreement on that. In an ideal trade agreement, you said that you're not against trade and that these provisions aren't necessarily, in your opinion, beneficial to the labour market.

**The Chair:** Mr. Peterson, you only have 15 seconds left.

**Mr. Kyle Peterson:** What could we do to help labour going forward in any trade deal?

**Mr. Kevin Rebeck:** Keep the labour perspective involved and evolving, and offer some protections for worker rights, worker standards, and health and safety standards, so that those aren't sacrificed to profit. Then, when we deal with a dispute, the profitability of a company isn't the sole determining factor that an arbitrary body is dealing with and we look at the full perspective of what benefit they bring to the communities and countries involved in the deal.

**The Chair:** Thank you.

Thank you, Mr. Peterson.

We're going to move over to the NDP now with Ms. Ramsey for five minutes.

**Ms. Tracey Ramsey:** Thank you to the presenters.

I think what my colleague is expressing is the difficulty of this. To answer Mr. Tingey's question, we do not have an economic impact assessment. We don't have that to guide the work we're doing here, so while we hear people sitting in front of us say that this is good for their industry or that this is not good for other aspects of Canadians' lives, on balance we have nothing to base that on, other than a Tufts University study that tells us we'll see 58,000 jobs lost out of Canada.

That's on balance. That's taking into account the industries we'll lose and the industries we'll gain: 58,000 jobs lost and a 0.02% gain in our GDP by 2030. In today's *Globe and Mail*, there is an article from the C.D. Howe Institute saying essentially the same thing, that there will not be a net gain for Canada in the TPP.

Also, we aren't here to renegotiate. We can't negotiate. We have to deal with what we have.

Here's what I'd like to go back to. What I'd like to say is that the TFW program we currently have is far from ideal, but there are provisions in place to limit what is able to happen under that program. We can change it. We can fix it. If we enter into the TPP, that will not be the case. We cannot change it. We cannot go back and try to legislate. As parliamentarians, we cannot go back to our ministry of labour to try to improve the conditions that we will sign on to in the TPP. I want to note that the U.S. is not included in this annex. The U.S. opted out because they didn't want to subject their immigration policies to binding international treaties. It's an issue of sovereignty.

I'd like you to speak to that. Now we have an imbalance with the U.S., because they're not even part of this provision that will see an inflow of workers.

• (1320)

**Mr. Kevin Rebeck:** Yes, absolutely, the temporary foreign worker program is something we can fix. It has its flaws and problems. We absolutely are in favour of immigration. We need more people coming to Canada to work with us and get jobs, but we need them to come as permanent citizens. We lose that ability under the TPP. There are provisions in there that don't give them even the base protections that we grant temporary foreign workers, and they limit our ability to grant them those down the road, because once we enter this deal we're signed on. It will be an across-the-board immutable program that's in place, so it's a very big concern of the labour movement.

**Ms. Tracey Ramsey:** How do you think that provision would impact Manitobans? In what sectors would you see a loss or wages driven down by that?

**Mr. Kevin Rebeck:** That's a great question. It's a big one and tough to answer, because it's open to any company to start accessing this program and bring foreign workers in without having to meet the test balances, or even do workforce development assessments on whether there are people here who could do those jobs. They don't have to do any of that under the TPP program like they do under the temporary foreign worker program.

It's a huge concern.

**Ms. Tracey Ramsey:** I'd like to speak to Brigitte, because I think what you mentioned about the bottom up is so incredibly important.

We heard earlier from a member on the panel that hundreds of people were consulted under the previous government, but there are thousands of people whose lives will be impacted by this. This didn't go to any indigenous community. This didn't go to youth. This didn't go to large sectors of our society that will be impacted in the future.

Can you speak to that?

**Ms. Brigitte DePape:** That is a fantastic point. Thank you for bringing it up.

As you mentioned, there are many people who have not been consulted on this trade deal, yet it will definitely impact them.

You mentioned indigenous communities. One of the first ones that come to mind is Lelu Island and the LNG terminal being proposed there by PETRONAS.

I also think about young people across the country who really believe that change is possible. Many of them mobilized in the last federal election to see a change on issues that we care about, whether it's about public services or the environment, education, ending racism, these sorts of issues. I think all those voices are so critical and important. Another one is temporary foreign workers. Making sure that those voices are heard and taken into account when we are talking about this trade deal, and what a trade deal that was for the people would look like....

**Ms. Tracey Ramsey:** Yes. I think when we look at our young people, it's a really big consideration for those of us on the committee, because this deal will be permanent. We won't be able to go back and change it in any way. What are we leaving our youth? If we're driving down the cost of their wages, if they're going to be faced with even more precarious and low-wage employment....

We heard earlier from the building trades that they won't be able to have the input they currently have into aboriginal youth, into other youth, around training programs. Our hands will be significantly tied, I think, going forward.

Thank you for bringing that perspective.

**The Chair:** Thank you, Ms. Ramsey. Your time is up.

We'll move over to the Liberal side.

Mr. Dhaliwal, you have five minutes.

**Mr. Sukh Dhaliwal:** Thank you, Mr. Chair.

Thank you to the panel.

Ms. DePape, I too would like to acknowledge, as you did, the indigenous first nations territory we are on.

Your group is considered a grassroots organization. Is that true?

**Ms. Brigitte DePape:** Yes.

**Mr. Sukh Dhaliwal:** By consulting today with you, as you're representing the grassroots, are we listening to and consulting with the grassroots?

**Ms. Brigitte DePape:** I don't represent all of the grassroots. I am just—

**Mr. Sukh Dhaliwal:** But you are some.

**Ms. Brigitte DePape:** I am one of the grassroots, but I do think there are many more grassroots people to be consulted. I definitely feel that I am part of a grassroots community.

**Mr. Sukh Dhaliwal:** My question is to the Manitoba Federation of Labour. You have an extensive organization with over 100,000 people, so when we are consulting with you, are we consulting with those 100,000 Canadians or Manitobans?

**Mr. Kevin Rebeck:** There's policy that we debate. This is an area that we haven't had a lot of information on, so we do the best job we can to consult with our leadership. It's a representative democracy of course that we speak for, but these are huge concerns.

The fact that we're asking the question about that consultation now, when we're talking about a deal that ultimately is a yes-no deal... It's not about what should be in the deal. I appreciate those questions and they're good ones. What should a deal have? This one doesn't have it. There are lots of answers to what it should have.

We have to vote no on this.

•(1325)

**Mr. Sukh Dhaliwal:** But do you realize that signing that deal does not mean we have ratified that deal? This is why we're having these meetings. The minister is out there. The parliamentary secretary is out there. The government's intention and this committee's intention is to reach out to as many individuals as we can. That is what we are trying to do.

My question to you also is on temporary foreign workers. I'm a big supporter of permanent immigration as well. I myself came in as a permanent immigrant 32 years ago. My concern on the other side is that when farmers come to us, they complain about not having enough short-term labour solutions. If we go to the hospitality industry, they have to meet their demands during the peak seasons as well.

How would you address the concerns of those individuals?

**Mr. Kevin Rebeck:** There are two answers to that. One is that largely our labour shortages are real shortages, and we need a better immigration stream to have families come and set roots in Canada and contribute to our society. We should do everything we can to make that as much of a reality for people who want to come to our country as possible.

Two, you're right, there are some areas where it really is a temporary fix that is needed for a short period of time. That's why we have a program like the temporary foreign worker program. We should work with that. We should fix it and have the ability and the flexibility to make adjustments if we know we didn't get it quite right.

If we enter the TPP deal, there is a new mechanism for workers to come to our country that we don't get to tinker with, that we don't get to say we didn't get it quite right and we need to make some adjustments. In fact, under the existing TPP, they get no kinds of rights. Nothing has been negotiated for what those standards should be, and that's a real problem.

**Mr. Sukh Dhaliwal:** When it comes to public safety and health, isn't it governed by the provincial bodies?

In B.C., we have WorkSafeBC. Wouldn't those standards apply to those workers who will come here to work?

**Mr. Kevin Rebeck:** That's an excellent question. I should hope so, but I think sometimes health and safety labour standards are seen as impediments to trade or not being able to be competitive with other regions. Then it starts becoming a discussion at the federal table, "Well, does that get covered by provincial legislation or not?" I've not seen anything in TPP that says those workers will be given employment standards as reflected in health and safety standards in the provinces. That is something that needs some clarity for sure.

**Mr. Sukh Dhaliwal:** We listened to a lot of organizations, including those for pulses, canola, beef, and pork. They're all going to create jobs and opportunities. Would it create opportunities for indigenous young people in the rural areas as well? What is your take on that?

**Mr. Kevin Rebeck:** I think the potential is there. We have, particularly in Manitoba, many indigenous people who need employment. The TPP allows them to go without checking to see whether there is a labour market, whether there is unemployment, whether there are people here in Canada who could do that work. It says that if you want to bring in foreign workers, you can go right ahead and do it, and it protects it in a trade deal, which is again a huge concern.

We should have the ability, in provincial governments and federal governments, to give some priority to creating training and development programs and supports for our indigenous population.

**The Chair:** Thank you. That's your time, Mr. Dhaliwal.

That's it for the first round. We're going to start a second round now. The Liberals are going to start off.

Ms. Ludwig, you have five minutes.

**Ms. Karen Ludwig:** Thank you, and thank you, panellists, for your excellent presentations. I have questions in a couple of areas. I wanted to comment that the temporary foreign workers program is under review right now and under study by another parliamentary committee. There are some changes that are coming up with that one. Many of us do agree about the path to citizenship. That's an important avenue for that to be opened up.

My question first is to Mr. Rebeck. In terms of labour mobility, how does your organization respond to the e-transfer of tech services, where no one is coming to Canada but the services are e-transfers, such as architectural drawings, engineering services, and financial services. Does your organization have a comment, or a position on that?

**Mr. Kevin Rebeck:** No, I'm not too knowledgeable in that area. We don't represent workers in the architectural section.

**Ms. Karen Ludwig:** Okay. Great.

We are reaching out, Ms. DePape, to indigenous communities as well. They will be consulted in the TPP negotiations and discussions, so that is promising. As government officials, we emphasize the importance of consultation from coast to coast to coast. I want to put that forward. They are included in this as well.

In terms of preparation, I would say that from a skills development experience, certainly for any Canadian group, whether indigenous or other communities across the country, one key to effective trade I have often seen is preparation. It is skills training. It is succession planning. It is getting prepared.

Looking at the indigenous community, we do have a responsibility, but we also have a tremendous opportunity there in terms of an investment in training. I believe that, with the \$8.4 million that is set aside specifically for indigenous training, one of those areas should be trade preparation. That is a community that has tremendous opportunities to offer to all of us.

Do you see a role within your organizations to feed into any kind of...? I know you don't necessarily have issues with the agreement itself, but are there areas or opportunities that you foresee that should be introduced in the training aspect for indigenous communities, as well as for other young people across Canada, in preparation for any trade agreement?

• (1330)

**Mr. Kevin Rebeck:** There's lots that needs to be done there, and I think all our organizations share that interest. The labour movement certainly is wrestling with this question of how we do it. It's a great question. It doesn't fit, necessarily, with a TPP deal that's written and rather set in stone. It is something we need to address and build some better partnerships for finding ways to work together to create employment opportunities for the Canadians we have here already.

I think the TPP puts some handcuffs on those opportunities, and that certainly limits it. This is one of the reasons we're here today. To say that this is a great conversation, and many of these questions are very good, but the question that's going to be before the government is whether the deal that's already set in stone is a yea or a nay. For all the reasons we're talking about, it needs to be a nay.

**Ms. Karen Ludwig:** If it turns out that the government ratifies the agreement, how would or could the Manitoba Federation of Labour support labour in Canada after a ratification?

**Mr. Kevin Rebeck:** I think the labour movement continues to work within the boundaries that are set before us. It will be another barrier that we need to figure out how to manoeuvre around and how to work within. We will continue to work in partnership with indigenous people. We will continue to work in partnership with the unemployed and with workers who are not covered by unions. We do our best to raise the bar on health and safety standards and working conditions.

We'll continue to try to create training and have a skilled workforce and support workers of all stripes, but we hope we won't be doing it with yet another barrier in front of us.

**Ms. Karen Ludwig:** Okay, thank you.

I probably have two more questions.

To Mr. Tingey, it would be—

**The Chair:** You might want to put them together. We have half a minute left.

**Ms. Karen Ludwig:** Okay.

Looking at your international experience, do you recognize that international people coming to Canada and working and then returning to their home countries take with them Canadian practices and standards? Does that have the possibility of raising expectations and standards in their country?

**The Chair:** Very quick. We only have 15 seconds.

**Mr. Douglas Tingey:** Yes.

I don't think we have enter into the TPP in order to ensure that happens. I think we have to open our schools and give people the opportunity to come here and do things. This is not going to change the day after the TPP is ratified.

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

Thank you, Ms. Ludwig. That wraps up your time.

We're going to go over to the Conservatives. We have Mr. Van Kesteren, for five minutes.

Go ahead, sir.

**Mr. Dave Van Kesteren:** Thank you, Chair. Thank you all for coming.

Mr. Rebeck, we're here in Manitoba, and we've heard, as was mentioned previously, about the pulses, the grains, and everything. You mentioned the auto industry, and that's my neck of the woods so I want to talk about that briefly.

When I was first elected, back in 2006, the auto industry told us, "This is what we need, we need harmonization, and we need that bridge". I remember we went on an industry tour when we were talking about these things. The late Jean Lapierre, who was the transport minister, talked about that and he said, "You will never build that bridge".

Well, we're building that bridge and we've harmonized. Not only have we done that, but the auto industry in 2009 was finished, crippled, on its knees, and we bailed them out for something to the tune of \$9 billion. I take a bit of offence when you say the Harper government wasn't active in doing what they could to save the auto industry and to help it to grow. We've had centres of excellence that we've continued to pour money into. In essence, we've done everything the auto industry has done and more, much more.

I want to add to that, there's opportunities now, too. The Ford plant in Brantford has a new international platform. Once this EU agreement takes place, they'll be able to transport those cars to Europe, and so will the Honda plant in Cambridge.

What could we have done that we didn't do to help the auto industry? You opened it up, so I'm going to give you that opportunity. What could we have done?

• (1335)

**Mr. Kevin Rebeck:** Sir, I opened it up by saying that we need to make sure we protect jobs in the auto industry. I didn't say that any job.... I didn't lay anything on Harper's government on losing jobs. I said that we're going to lose another 20,000—

**Mr. Dave Van Kesteren:** You're talking about this trade agreement as being something that would hinder that. What in the world could it hinder? I'm at a loss as to where that's going.

**Mr. Kevin Rebeck:** Jobs can be easily moved out to other countries that pay low wages and have less health and safety regulations—

**Mr. Dave Van Kesteren:** What does that have to do with the trade agreement? That can still happen.

**Mr. Kevin Rebeck:** You're going to make it even easier. The TPP will make that trade in vehicles even higher, likely—

**Mr. Dave Van Kesteren:** Isn't it the case with every industry that if they're not competitive their market is going to dry up? Is that not the case?

**Mr. Kevin Rebeck:** I get your question. I guess my question in return is: is our trade deal is solely supposed to be about maximizing a company's ability to make profit? If so, TPP's doing it.

If it's about allowing the government to maintain some ability to set controls, to set working conditions, to pay good wages, to have some standards that are protected, and if the government recognizes there is a responsibility to set that role, this trade deal fails that.

**Mr. Dave Van Kesteren:** I would argue that when a business is profitable, that's when hiring is done and that's when we expand our businesses.

I want to ask you one last question. There was a former colleague of yours in western Canada, in Calgary. We got talking about the foreign workers. I'm going to ask you the same question. Ms. Ludwig knows where I'm going with this. She has a fish processing plant. I am concerned about this too. I have a number of foreign workers who are working on the farm programs. Do you think that should be extended to those as well? Do you think the government made the right move by allowing foreign workers to work in those fish processing plants just about two months ago? Is that something you would agree to?

**Mr. Kevin Rebeck:** I don't know the details of that particular case.

**The Chair:** I know you guys have a good flow going here, but you just have a half a minute to wrap it up.

**Mr. Kevin Rebeck:** I think we need to have some ability to make sure that we can have people fill the jobs. Did we do enough to employ local people and make sure that we've canvassed that out? Have we built the environment to train and support skilled workers who can fill those jobs? I think there's room to do more. I think we need to continue to figure out how we do that to the best of our ability. Then the next test should be, can we fill it with a permanent immigration stream that allows workers and their families to come and do that work? Then our final test should be, if we can't do those

things, then a temporary solution of workers coming who maintain some rights, have standards, and have protections is the next phase.

**The Chair:** Thank you. The time is up.

We're going to move on to Mr. Fonseca for five minutes.

Go ahead, sir.

**Mr. Peter Fonseca:** Thank you, Chair.

Thank you to the presenters. Thanks for your passion, for your presentations, for the knowledge you have brought here to the table. I'm also going to ask you for your experience.

In every trade deal we have winners and losers, as we've heard, pros and cons, those who are for and those who are against. We've had numerous trade deals between Canada and other countries. I recall NAFTA. My dad was working in manufacturing and lost his job through NAFTA. That was something that happened to our family. It affected our family in a way that was adverse. But we consult with the public, with organized labour, with workers, with associations, with organizations, with business, and we want to hear from all sides.

Tapping a little bit into your experience, for most of you at the table—I say “most of you” because I'm not sure whether you were born when NAFTA came about—were you in favour of NAFTA when it was signed on to? Could you just tell me?

• (1340)

**Mr. Kevin Rebeck:** No.

**Mr. Peter Fonseca:** You were not in favour of NAFTA.

**Ms. Brigitte DePape:** The Council of Canadians definitely was not.

**Mr. Peter Fonseca:** Todd, you probably would have been in favour.

**Mr. Todd Burns:** Yes.

**Mr. Peter Fonseca:** We have another big agreement right now that we have signed on to, and that is CETA, the Canada and European Union Comprehensive Economic and Trade Agreement. I'd like to know where you stand on that agreement.

**Mr. Kevin Rebeck:** I have a number of concerns. It's not unrealistic that we enter trade deals, but we need to make sure that, again, profit isn't the only determinant. Workers' interests need to be protected. Often those voices end up at a table like this when a deal is at the stage of yea or nay, and we lose out, because the input we could have provided to help sculpt a good deal is collected after the deal is drafted and done.

**Mr. Peter Fonseca:** But weighing everything that you have seen in CETA, where would your organization, the Manitoba Federation of Labour, stand on CETA?

**Mr. Kevin Rebeck:** Again I'd say there is lots of room for improvement.

**Mr. Douglas Tingey:** As we speak, we have people in Europe to speak against CETA, so quite clearly, that is where we stand.

One of the things I'd like to point out, as you go through your list, is that these documents are no longer traditional trade agreements.

When I cut my teeth in the early 1980s in this space, trade agreements were about dumping, safeguards, tariffs, and that sort of thing. These agreements now are political agreements that deal with wide swaths of public policy, and most importantly, investment. You have to stop talking about it as a trade agreement. It's a trade and investment agreement. For most other major players in this, it's the investment side that's the most important, so I would encourage you to do that.

I'll mention one very last thing, as you've opened the window for me. We are quite concerned that there are silos continuing in this conversation. You cannot talk today about trade and investment without talking at the same time about climate change mitigation. You cannot. This committee cannot release a report without sitting down with its colleagues on the environment committee and trying to hash out who's going to take priority.

Are climate policies going to take priority over our trade policies? They are going to butt heads directly in the next few years. The TransCanada litigation in the U.S. is a warning of what's going to be happening here as we start to take our obligations to deal with carbon budgets and that sort of thing seriously.

**The Chair:** Thank you.

Todd?

**Mr. Todd Burns:** I'll be the first to admit I haven't done my homework on CETA so I don't have a lot of comment on it.

One thing I can say is that the EU has been a tough nut for us to crack in terms of a market. There's been more policy, additional approvals, and so on, and just sort of red tape for us to cut in terms of entering the market, which leads us to have a very small market share there. If there were parts of the agreement that would help us overcome those barriers, then of course, in terms of the ability to help us grow our business, we would be in favour of helping us get an easier market entry into some of those countries.

**The Chair:** We just have a half a minute left, if somebody wants to finish up.

**Mr. Peter Fonseca:** I'll just say that Canada is an open-ended trading nation, and we've seen just in the Windsor area that well over \$1 billion, I believe, goes between those borders every single day. Looking at those trade agreements, and maybe at something like CETA, I know that the ISDS is something they're looking at as a gold standard within CETA in regard to seeing if the ISDS would work. If the TPP were to be reopened, is that how you would like to see an ISDS work?

**The Chair:** You used up your half a minute on your question, so we will have to move on.

We have one MP left for questioning. Our last five minutes will go to Mr. Ritz.

Go ahead, Mr. Ritz.

**Hon. Gerry Ritz:** Thank you, Mr. Chair.

Thank you, ladies and gentlemen, for your attention here today.

I'm a little concerned, and I have to correct Tracey when she says it was only hundreds of people who were talked to. That's not true. It was hundreds of groups and organizations, which represent tens of thousands, if not hundreds of thousands, of Canadians.

Very similar to that, Kevin, you started off by saying you represent 13,000 labour people and so on. You are their voice. If we talked to all 13,000, we'd hear the same message, right?

• (1345)

**Mr. Kevin Rebeck:** Just like if a government official says they speak for all Canadians....

First off, we represent 100,000 members.

**Hon. Gerry Ritz:** Okay. Even better.

**Mr. Kevin Rebeck:** Second off, we arrive at our decisions through—

**Hon. Gerry Ritz:** Even better, so today we've talked to a million people through their representatives.

I'm being facetious—

**Mr. Kevin Rebeck:** Clearly.

**Hon. Gerry Ritz:** —but that's sort of the idea.

We also had a lot of the businesses that hire your unionized people here today—in the pork sector, in the grain sector—saying that this is a good thing, that we need this, that our unions are supporting it because they recognize that this is how they will solidify the next five, 10, 20 years of their lives, building their families, buying houses, setting up their pensions, and all of that.

We're getting a bit of a cross-message here. Is it because the businesses are profit-driven and you're looking at the practical side? Is there a disconnect?

**Mr. Kevin Rebeck:** Well, you have a few points there, so clearly there is a disconnect.

What's more likely when you're talking to a business owner? Are they dealing with the interests of their business or are they representing their workforce and the concerns of their workers?

**Hon. Gerry Ritz:** But aren't they intertwined? I mean, a business has to be viable in order to keep—

**Mr. Kevin Rebeck:** Unions are the elected voice of workers and have the ability to raise their concerns and look out for their interests. Absolutely, there is a disconnect, and you will hear different voices on that.

The core of my message has repeatedly been that these trade deals are driven all too often by listening only to those who are making a profit, the owners of a business, not the workers, the consumers, or the people who work in those communities. It is just a very small percentage. If a workplace employs lots of workers, you aren't hearing all those voices.

We want those concerns to be registered. I think we have raised a number of key gaps and areas of concern that aren't part of this deal.

**Hon. Gerry Ritz:** That's great. The diversity of debate, of course, comes down to interpretation of some of the wording. You won't find it strange that I disagree with some of what you are saying about ISDS or some of the other features, but we will continue muddling along.

Mr. Tingey, I have been in a lot of the areas that you worked in as well. When were you there and how long were you working in that area?

**Mr. Douglas Tingey:** I first went out with CUSO in the late 1970s as a high school teacher, and then went back as a practising lawyer in a two-man office of Baker and McKenzie in Jakarta, in the late 1980s.

**Hon. Gerry Ritz:** You know, there's quite a difference in that change. I've been there as recently as two years ago, and there are huge changes happening as they struggle to become more democratic and more global and get into the supply chains.

There have been some programs that we developed through Global Affairs, as it's called now, and the Liberals have just reintroduced one. It was a \$25-million program to help train Canadian businesses on going global by making sure they had the capacity, the knowledge, and the ability to embrace what was out there. These are small businesses. These are not the giant multinationals, which were already doing that on their own systems. These are small businesses of two to 20 people that look at what they can export. It's very similar to what Todd is talking about in his shop. We put forward \$25 million to do that.

There's also an entity in Saskatchewan that's been around for quite some time now. I've been aware of it for 20 years. It's called STEP. It's the Saskatchewan Trade and Export Partnership. They do the same thing. They have hundreds of businesses they represent. They've been along on some of the trade missions that I've led.

There is that capacity. Of course, there's always more to be done, the same as there's always more to be done in training and trades and all those types of work. Would you not agree that trade agreements help us refocus our energies in some of those areas?

**Mr. Douglas Tingey:** I haven't seen that. What I've seen is what makes for a successful exporter and a successful Canadian business going abroad, and it's not trade agreements that produce success. For Todd, with all his efforts and the strength of his technology, his fax machine's not going to be ringing off the wall, if it's on the wall, the moment this deal is ratified—

**Hon. Gerry Ritz:** If he's still working on the fax machine, he's doomed already.

**Mr. Douglas Tingey:** That's right. I'm sorry. His email account is not going to be overloaded—

**Hon. Gerry Ritz:** I don't disagree with you. A Facebook page doesn't get you....

**Mr. Douglas Tingey:** There used to be very strong programs. I remember being out in Asia when.... What were they called, Mission Canada?

What Canadians realize when they get out there is that they have to be interested in exporting and supplying services as well as in investing, and the two things often go hand in hand. Trade agreements typically, from the Canadian side, focus on the trade side and forget what's needed to help Canadians invest abroad.

Small businesses are not being protected by ISDS. It is the big guys who are taking advantage of those things. I can't remember a single client of any stripe coming into my office over 20 years worried about whether or not the trade agreement was going to protect his investment in Malaysia or some place.

● (1350)

**Hon. Gerry Ritz:** No, it's stability and predictability of access.

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

That's it. That wraps up our day here. I really thank all the panellists who came today and all the audience who came here today to be part of this committee meeting.

This ends our western tour. We did four provinces, and we're going to go back to Ottawa for a few weeks and then go back to Quebec and Ontario.

On that note, everybody have a good day.

MPs and staff, thank you for everything, and everybody have safe travels home today. Thank you.

The meeting is adjourned.







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