



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on International Trade**

---

CIIT • NUMBER 017 • 1st SESSION • 42nd PARLIAMENT

---

**EVIDENCE**

**Wednesday, May 11, 2016**



**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Wednesday, May 11, 2016

• (0800)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** I call the meeting to order.

[Translation]

Good morning. My name is Mark Eyking and I am the member for Sydney—Victoria. I am also the chair of the Standing Committee on International Trade.

[English]

Our committee has been quite active in the last while since Parliament started. We have a couple of things on our plate. We're dealing with finishing up the European agreement and we have softwood lumber issues, but our main issue right now is the TPP.

We are going across the country to listen to Canadians, stakeholders, and whoever wants to talk to us about this trade agreement. We are also constantly holding meetings in Ottawa with stakeholders. We've done the western provinces. We're doing Quebec right now. Starting tomorrow, we are going to do Ontario, and probably the Atlantic provinces and the territories in the fall.

With us in our committee we have Madam Ludwig, from New Brunswick; Mr. Peterson, from Ontario; Madam Lapointe, from Quebec; Ms. Ramsey and Mr. Van Kesteren, from southern Ontario; and, from the wonderful province of Saskatchewan, Mr. Hoback. This is our committee today. We have other members, but they're in Ottawa right now. We take turns travelling around the country.

We will give the witnesses, or whoever is representing witnesses, five minutes each.

On this first panel, we have the Desjardins Group, the Québec Chamber of Commerce and Industry, Québec International, and the Réseau québécois sur l'intégration continentale.

We're going to start with the Desjardins Group.

Go ahead, Mr. Brun.

[Translation]

**Mr. Bernard Brun (Director, Government Relations, Desjardins Group):** Thank you, Mr. Chair.

Members of the committee, I would like to give a brief introduction to the name of the Desjardins Group. First, I want to thank you for the invitation. It is much appreciated.

My name is Bernard Brun. I am the Director of Government Relations for the Desjardins Group, which is a cooperative financial group. It is the leading financial cooperative group in Canada, and the fifth largest in the world. It has 7 million clients.

We offer a full range of financial services, from basic financial services and insurance to access to capital and, of course, financing services. We are a leading actor.

Desjardins is the leading financial group in the agriculture and agri-food sector. We would particularly like to discuss this field and the potential impacts of the free trade agreement on the agriculture and agri-food market.

Alain Gagnon, who is Vice-President, Agriculture and Agri-Food Sectors Division, is with me today. He will talk to you more specifically about this subject.

**Mr. Alain Gagnon (Vice-President, Agricultural and Agri-Food Sectors Division, Desjardins Group):** Good morning. Thank you for the invitation.

Our institution's activities in this sector extend from coast to coast, but a majority are concentrated in Quebec. The Desjardins Group has a more than 41 per cent share of the farm credit market in that province, more than all of the other financial institutions combined. Overall, nearly half of all farmers in Quebec do business with Desjardins.

Overall, the implementation of the Trans-Pacific Partnership will have favourable repercussions for Canadian agriculture, and in particular for the major exporting sectors. We need think only of pork producers, cranberries, blueberries and maple syrup. Signing the agreement will lead to greater general competitiveness in the agri-food sector with its main competitors in the international markets.

Notwithstanding the generally positive aspects of the treaty, some Canadian exporters could be disadvantaged by the new access it grants. We are thinking mainly about exporters subject to supply management, such as milk and poultry, who will experience new pressures on the domestic market. The agreement in principle signed by Canada includes partial opening of agricultural markets under supply management to foreign countries.

That openness will directly affect a number of sectors, and particularly milk. For the dairy industry, that comes on top of the chink created by the agreement between Canada and the European Union. Sectors under supply management are an important part of the Desjardins Group's farm credit portfolio, and we are also a major partner of many companies in the farm supply and food processing industries. That is why it is essential, for all actors in the agricultural sector, including financial institutions like the Desjardins Group, that the compensation and financial support programs announced in the fall of 2015 be put in place.

Financial compensation and the deadlines that the government wants to put in place for compensating for certain provisions of the TPP agreement will encourage a gentle transition and enable companies to develop strategies for adapting. Without those measures, losses of markets will lead to declining revenues, which will have consequences for companies' capacity to meet their financial obligations and continue to expand.

In addition, the shock could be particularly great for regions whose economic activity depends more heavily on agricultural sectors that are under supply management. It is important to note that 31 per cent of Desjardins Group service points are located in municipalities with populations under 2,000. There were more negative impacts for us than for the other financial institutions.

Smaller companies and those that have recently been acquired by the next generation of farmers will generally be the most affected. The Desjardins Group wants to have a clear picture of its members' and partners' business environments so that it can manage its risks appropriately. As a cooperative financial institution that has a significant presence in agricultural regions and is active in farm credit, the Desjardins Group considers it to be important for the compensatory and transitional measures aspect to be clarified quickly. As long as those measures have not been officially confirmed and put in place, all actors in the agricultural sector will have to make important business decisions against a background of uncertainty.

Similarly, we urge the government to remedy the inconsistencies in federal legislation that allow goods to be imported by circumventing customs tariffs. This was the case in the past, for example, for certain poultry products, and the most recent example is diafiltered milk. That is why we believe that in addition to adopting compensatory and transitional measures that are necessary for the sectors...

• (0805)

[English]

**The Chair:** Excuse me.

If you'd just wrap up your final comments, I'd appreciate it.

[Translation]

**Mr. Alain Gagnon:** We support the Trans-Pacific Partnership and we are persuaded that the government has the desire and the necessary tools to ensure that all stakeholders in the Canadian agri-food have a stable business environment that encourages the dynamism and synergies of agri-food exporters.

Thank you, Mr. Chair, and members of the committee.

[English]

**The Chair:** Thank you.

We're going to move on to the Quebec Chamber of Commerce, represented by Mr. Aubut.

[Translation]

**Mr. Alain Aubut (President and Chief Executive Officer, Quebec City Chamber of Commerce and Industry):** Good morning.

Thank you very much for your invitation. I would also like to thank the committee members for coming to meet with us in Quebec. It is very much appreciated.

The Québec Chamber of Commerce and Industry is the second oldest chamber of commerce in Canada, after Halifax. It is firmly rooted in the community. It has more than 5,000 members, making it very representative.

The economy of the Quebec City region is essentially based on services. Insurance and finance, together with tourism, account for nearly 40 per cent of the region's GDP. There are also other industries such as technology, optics-photonics and other niches of excellence, but I will let my colleague tell you more about them.

At present, our main issues relate to employment and access to the region. Quebec City, like the province of Quebec, is a small market. With globalization, we have no choice but to be present in as many global markets as possible, to maximize the growth of our SMEs, and obviously this calls for innovation and internationalization. Lifting tariff barriers is therefore very important and very positive for a large segment of companies in the capital region.

Canada is at the heart of a number of markets: the Atlantic, the east, the west, the north, the south with NAFTA, and Europe with CETA. Although the TPP countries are physically distant from us, this agreement nonetheless is a very important issue. Establishing tariff barriers will promote the development of our companies. Of course, it will expand access routes, with a view to the growth of our companies.

Overall, government support for innovation is an essential tool. Innovation and marketing become essential tools to encourage companies to expand. Tariff barriers help us, but that is only one factor among others that the government must take into account.

This agreement is a very important lever that will eliminate barriers to expansion for our companies. We are talking only about the TPP, but overall, we are talking about eliminating or reducing 18,000 customs duties, and that is very substantial. We have just heard from a representative of the agri-food sector. The TPP will be more favourable for other economic sectors.

At present, in some markets, our companies are taxed as much as 30 per cent on innovative or luxury products, and this means that we are not competitive on those markets. Eliminating tariff barriers is what will enable us to access those new markets.

This is a great opportunity for our SMEs, but we will have a challenge to meet, as I said earlier, in connection with information and marketing our products in those markets. We will have to know how to access those markets once the tariff barriers are reduced.

Ninety per cent of the entrepreneurial fabric of Quebec is composed of SMEs, that is, 98 per cent have fewer than 500 employees. Those companies do not always have easy access to information and to marketing methods to reach those markets. In Canada, we have Export Development Canada. We also have Canada Economic Development for Quebec Regions, which Mr. Lebel supported in Quebec. We have a number of tools, but they are not always accessible, and companies are not always well informed about them. The role of the chambers of commerce could be to inform them. In order for us to be able to inform our companies, the government of Canada will have to facilitate things for us by simplifying the information, the niches, and the access to information networks.

An innovative company is prepared to take advantage of the new markets and face the competition. We support preserving the supply management system in sectors that are less heavily represented in Quebec City itself, but are represented elsewhere in Quebec.

In short, we are persuaded that eliminating or reducing tariff barriers will enable our networks and companies to export more products. Once again, we must not forget communication, to inform companies about how to go about this, and support for marketing, which is a very important factor, as were all the research and development tax credits in the past.

Now, we are in a marketing phase. We have world-class exportable products. It is very important not only to inform companies about the benefits, but also to support them in their marketing.

Thank you very much for listening.

• (0810)

[English]

**The Chair:** Thank you.

We're going to move over to Québec International and Madame Lagacé.

[Translation]

**Ms. Line Lagacé (Vice-President, Business Growth and Foreign Investment, Québec International):** Thank you.

Good morning. I assume that you do not have a lot of time to enjoy it, but nonetheless, I would like to welcome you to our beautiful city of Quebec.

Québec International is the economic development agency for the greater Quebec City region. We support and stimulate the strong industries in the region. In February, Québec International had the opportunity to lead an information session about the TPP for companies in the region. Last fall, we led a round table in Quebec City that included David Lametti, MP, to help people better understand the issues that companies in the region have to deal with in relation to the TPP. It is this perspective that I want to share with you this morning.

The TPP undeniably presents a good opportunity for companies to expand their markets. The TPP will result in Canada signing free trade agreements with 51 countries, and this will amount to access to

60 per cent of the global economy. For companies located here, that is an opportunity that is not to be missed.

The agreement will also provide suppliers of Canadian services with more predictability by guaranteeing the present levels of access to the markets and future improvement of the existing measures in the various parts of the TPP. That means not only that our manufacturing companies, but also services companies, will be able to profit from it. Those companies supply services for construction, computer services and research and development. They have a reasonable presence in the national capital region. The TPP represents business opportunities for those companies.

Notwithstanding the opportunities presented by the opening of these new markets, nothing is yet certain for our companies. In a competitive situation where their environment is in a state of perpetual change, companies just prepare themselves well. These are words that you must be hearing just about everywhere at present, but it is what is of most concern to our companies.

Apart from the opportunities presented by access to these new markets, our companies are facing greater competition. They must therefore be able to study the new markets and distribution networks. We have to help them clearly understand the rules governing entry into those new markets.

To that end, the government will have to establish a clear strategy and policy to support exports for companies, that goes well beyond promoting the opportunities that the TPP may present. I will come back to this a little later.

Apart from the strategy to support exports, there is support for innovation, which was mentioned earlier. That will also have to be part of the government's thinking, because, faced with this new competition, our companies will have to adapt their products, but will also have to be extremely innovative in the way they do things and try to be a little more competitive. We know that we are behind in this regard. Companies have to improve the quality of their goods and services and develop key competencies.

The TPP presents opportunities in the realm of e-commerce, where we also have catching up to do. If we want to enable our companies to access all of this, we will have to support them in incorporating a significant digital strategy in the region. There needs to be an export strategy and a strategy to support innovation.

We consider the fact that the TPP will result in much greater openness or mobility for both people and capital to be of considerable interest. In terms of innovation, this openness will also enable our companies to better understand how to adapt a product to the culture and language. In the case of video games, for example, it is extremely important to have a good grasp of the impact of these aspects. Mobility on the part of people will probably make it easier to understand these factors, for developing or adapting products.

• (0815)

[English]

**The Chair:** Excuse me.

Do you want to wrap up? You have a half a minute remaining.

[Translation]

**Ms. Line Lagacé:** In conclusion, for all sectors, the stakes are high. We will have to reinstate real support for companies in relation to expanding markets and innovation. We are talking about an export strategy in terms both of export networks in the target areas and of understanding those markets beforehand. We also have to support them in protecting intellectual property, which is something of enormous concern to our companies. We must provide support on the ground to target distribution networks and networks of experts, and the business network in the target countries.

Thank you.

**The Chair:** Thank you.

[English]

We're now going to move over to Réseau québécois sur l'intégration continentale. We have Mr. Serinet.

[Translation]

**Mr. Pierre Serinet (Coordinator, Réseau québécois sur l'intégration continentale):** Good morning.

The Réseau québécois sur l'intégration continentale is a broad network in Quebec that has been in existence and working on free trade agreements for 30 years. It brings together the trade unions movement, the women's movement, the student movement, the grassroots community movement and the human rights advocacy movement. It is also the oldest network of its kind, as a multi-sector network, in all of the Americas. More than one million people are represented in it.

I am going to begin with my conclusion and then continue from the beginning, given the time we are allowed. However, I must make two comments at the outset.

The first concerns the nature of the consultation itself. I am not certain, but I have the impression that, like us, you are concerned about the format of the consultation. Because the agreement has already been signed, civil society finds itself faced with two options: approve the agreement or reject it. So this is a consultation in which it is difficult to make recommendations. That is somewhat unusual.

My second preliminary comment is that we absolutely must look at the TPP in a broader context. We see it precisely as a structure that is being put into operation. I therefore urge the committee, as the elected representatives of our society, to take a broad view of the TPP, and include the agreement with the European Union. There have also been no consultations on that agreement, and it has not been signed. It is therefore possible to modify its problematic issues. The Trade in Services Agreement and the agreement with China must be part of a comprehensive picture. I therefore formally urge the committee, today, to study the agreement with the European Union in depth.

Before getting to my initial conclusion, I would like to urge you to step outside the rationale imposed by the free trade agreements, which is to define winners and losers. After 30 years with NAFTA, that is the perspective that we have adopted. We have done studies on the subject, and it is clear that the free trade model does not work. We have to free ourselves from that straightjacket, the idea that free trade is good in itself. We have to rethink the principles. We believe

that we absolutely must base the discussion on principles of cooperation and complementarity, rather than on competition and taking markets by storm.

I was surprised to hear the chamber of commerce representatives saying, yesterday and today, that the TPP led to opening up of the Asian markets and a reduction of tariffs. The fact is that, in the countries covered by the TPP, 97 per cent of tariffs have already been eliminated. That's right: 97 per cent. When we hear that we are going to take the international markets by storm, we have to ask why our companies have supposedly not already taken those markets by storm. They tell us we are not ready, and they talk about information. Well, companies could have internationalized, but they have not done it. This brings us back fundamentally to the problem of the economic structure of Canada and of Quebec. That point has to be made.

The TPP is a bad agreement in economic, social, political and environmental terms. It is a bad agreement because it is not a trade treaty. It is a bad start, given that it is supposedly a trade treaty.

What is it, then? The TPP is essentially an agreement that will enable a system of rules to be set up that limits the ability of states to legislate. It talks about non-tariff barriers, but that is a euphemism. In reality, it is about legislation, protecting health, education, public services, measures to actively stimulate the economy, and the environment: in other words, all of the standards there may be to regulate and guide investments. That is really what it is about.

You have heard a lot about investor-state, the mechanism by which corporations can institute proceedings. We will say it at the outset: this mechanism must be removed from the trade agreements. It has no business there. I will not go on about this. You have heard enough speeches on this subject.

Public services must also be excluded from the negotiations. For the first time, culture is being put on the table, with a view to marketing.

● (0820)

Mandatory obligations for corporations have to be included, so we can return economic, social and cultural rights to their rightful place in the foreground, above the private rights that are already adequately protected by...

[English]

**The Chair:** You've got to finish up, sir.

[Translation]

**Mr. Pierre Serinet:** I will conclude by saying that we absolutely have to change our way of thinking, look at the dynamic, and acknowledge that we have a structural problem in terms of the economy, that we have had trade deficits for the last six years, focusing the economy on raw resources under the Conservative government, and deindustrialization. We have to be proactive when it comes to the economy, and, most importantly, we must not adopt a system of international rules that reduces our ability to legislate and regulate.

I will be able to address the other issues in greater depth during the discussion.

Thank you.

[English]

**The Chair:** Thank you.

We're going into dialogue with MPs right now. We'll start off with the Conservatives for five minutes.

Mr. Lebel, you have the floor.

•(0825)

[Translation]

**Hon. Denis Lebel (Lac-Saint-Jean, CPC):** Thank you, Mr. Chair.

Most importantly, we must not isolate ourselves. On the agreement with Europe, every province was actively involved in the discussions and negotiations. In Quebec, Pierre Marc Johnson took part in all of the discussions and discussed all the issues, and Ms. Marois signed the agreement before making it public.

On the TPP, when 11 trading partners, including the biggest one, our primary partner, the United States, want to renegotiate an agreement that has already been negotiated, we cannot exclude ourselves from the discussions. Let us remember that 72 to 75 per cent of our products are exported to the United States. It is therefore important to hear the opinions of the various stakeholders, but we have to make the decisions that are necessary so as not to be excluded from the agreement. When the other 11 partners were negotiating, we had to be there; otherwise, we had no voice in it. And so we were there.

I will now address the Desjardins Group representatives.

I enjoyed hearing you. You are interested in the future of agriculture and in farm succession, as I am. I would like to hear your thoughts on the compensatory measures proposed and how they have been received by your customers. In addition, can you tell us how these compensatory measures might mean that the future can be secured for farmers?

**Mr. Alain Gagnon:** We believe the compensatory measures are essential for some companies to survive. I am thinking particularly of the young generation, the ones who are just taking over the family farm and the ones who will do so later. Without protection against the new circumstances that result from the agreement, it will be difficult for the next generation to expand. That is why I said, in my remarks, that we had to know, fairly quickly, what the agreement provides, so we can establish strategies with that generation, a way of operating over the years to come. We have to create an environment that will enable us to continue to support them, in terms of financing.

The agri-food industry in Quebec is spectacularly robust, but we have to continue providing it with a business environment that enables it to invest, in particular by making relatively clear rules concerning changes like the ones proposed in the TPP.

**Hon. Denis Lebel:** Mr. Aubut, I would like to make a comment.

Yesterday, we heard from Stéphane Forget, who talked about the strength of the chamber of commerce network in Quebec. Of course, we agree on the need for strategies, for both marketing and innovation. There seems to be a consensus on this. I do not know

whether the consensus extends throughout Canada. In Quebec, however, we observed two days ago, and you have repeated it right here in Quebec City, that there is no Quebec City vs. Montreal war of any kind whatsoever. The chambers of commerce everywhere in Quebec form a very consolidated network that can prepare for the future by implementing marketing and innovation plans.

My question is now for Ms. Lagacé.

The question of labour mobility brings me to the workforce in Quebec. Our government, the previous Conservative government, always thought that every Canadian man and woman who was able to work should work, and find dignity in work. Of course, during times when jobs were scarce, we had to be able to take action and put people to work. At present, the government wants to allow people to maybe live longer on employment insurance.

How do things stand in terms of the work force and the demand for labour in the greater Quebec City region?

**Ms. Line Lagacé:** In the Quebec City region, we are the advance guard. Our region has had an unemployment rate that wavers around 5 per cent for several years. Last year, it was 4.7 per cent, with a labour market participation rate of around 65 per cent, which means that workforce needs are the priority issue for all sectors in the region.

At present, we are mobilizing to attract workers. We are even going on recruiting missions abroad to fill various positions. For information, we are on our 25th international recruiting mission. This is an issue in various growth sectors, be they applied technology, for example, video games and information technology, or the manufacturing industry. We need welders, mechanics, and operators.

This is an issue that has concerned us since 2008. Regardless of how the figures are presented, the situation will not be improving. We have to open ourselves up more to recruiting internationally to fill the labour needs in the region.

•(0830)

[English]

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

We're going to move to the Liberals for five minutes.

Go ahead, Madam Lapointe.

[Translation]

**Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.):** Good morning. Welcome to our city. I am very pleased that you are joining us today in Quebec City.

I would like to ask everyone a question. I would then ask each of you to answer briefly, so we have a chance to hear the witnesses in order.

Mr. Serinet, a little earlier, you said this was a bad agreement in environmental terms. Would you like to clarify what you consider to be bad, in environmental terms, in the agreement? That would help me.

**Mr. Pierre Serinet:** I will be brief.

This agreement ties governments' hands when it comes to environmental policy. We know the Liberal government wants to be very active on that issue. However, there are several mechanisms that limit governments' ability to propose effective environmental measures.

For example, the investor-state arbitration mechanism imposes restrictions and allows corporations to bring actions against a state if its policy does not suit them or if it reduces their profits.

There is also the perspective of the regulatory cooperation mechanism that already requires that states consult their economic opponents or adversaries to see whether certain measures would be restrictive in terms of their desire to do business.

So there are some elements that do really restrict the ability to legislate on environmental issues.

**Ms. Linda Lapointe:** Thank you.

Ms. Lagacé, you said you had concerns about intellectual property.

What are your concerns in that regard?

**Ms. Line Lagacé:** At present, companies in the region operating in the video games field have concerns about the protection of intellectual property.

The TPP contains provisions that are much more permissive for the transfer of electronic documents, information, or games. As a result, the companies are wondering about that protection.

We know that, in some Asian countries, that has caused enormous problems concerning the protection of intellectual property. We therefore do not want that to be repeated in this case.

It all turns on making the company aware of this protection and how to do it and establish it in the TPP, to enable companies to properly protect their intellectual property.

**Ms. Linda Lapointe:** Thank you.

Mr. Aubut, as my colleague, Mr. Lebel, said, we met with representatives of the chambers of commerce in Montreal. How could you help SMEs get assistance with exporting and innovation?

**Mr. Alain Aubut:** For SMEs and what causes problems for them, there is theory and there is practice. We hear that exporting is not a problem. However, people who are on the ground, every day, tell us that customs duties on the order of 30 per cent prevent them from exporting to certain markets. When you are on the ground, every day, you have to realize this.

How can we help them? We can do it by informing them. To do that, we have to have help from the government, to facilitate or simplify the approach to take, to get access to those markets. That is another aspect.

When we talk about customs barriers in very specific areas, whether agri-food or high value-added products, we have to be able to communicate, very simply, the way for our companies to proceed, to facilitate exporting. That is more or less the message we are sending.

**Ms. Linda Lapointe:** I understand that you could play a role for both Québec International and the chambers of commerce. You could be a conduit for information or assistance.

**Mr. Alain Aubut:** In addition, Québec International works in the strong industries, as we said a little earlier. In Québec City, however, there are also the insurance, financial and tourism industries. We talked about the scarcity of jobs, earlier. That affects all areas, not just high value-added services.

We must therefore be able to open up the city and give clients access to the city who may even be Canadian, not solely international. We therefore need to inform people about the measures and services already offered by the federal government.

**Ms. Linda Lapointe:** Thank you.

**Ms. Line Lagacé:** The companies are very aware of the fact that the government cannot be an expert in everything. Companies tell us that what they expected much more was that the government would try to target networks of experts in the different areas so they would have good support. We are very familiar with the network of international trade delegates. However, in this case, when we are talking about this kind of opening of the market, it is very difficult to develop that expertise.

The companies' expectation relates much more to support and the ability to better target the experts. For example, being able to bring in the big buyers, like Sony, in the video games field, rather than letting each company do its little bit and trying to enter that market, would probably help companies much more.

This means involving the organizations a lot that are on the ground to support the companies.

● (0835)

[English]

**The Chair:** Thank you.

Your time is up, Madam Lapointe.

We're going to move over to the NDP.

Ms. Ramsey, you have five minutes.

**Ms. Tracey Ramsey (Essex, NDP):** Good morning.

Thank you so much for your presentations. They all brought some cautions and some pluses to the TPP, which is something we've heard at this committee table often.

I want to say to Madame Lagacé that we had Jim Balsillie from Research in Motion in last week, and he cautioned us about the TPP being signed, saying that there would be no Canadian innovation on that type of grand scale going forward. He has grave concerns as well that probably your members share.

I'd like to go to Mr. Serinet.

It's worth repeating that 97% of Canadian exports to TPP countries are already duty free. We know this; we've heard it from many witnesses prior to you. The concern is that of the 30 chapters contained in this 6,000-page document, only six have to do with trade in the traditional sense that we hear those who are in favour of it sitting before us saying they would like to see.

It's clear that foreign corporations will have more rights in Canada under the ISDS provisions than domestic corporations. Can you speak to us a bit about that? Of the 19 people who presented yesterday, I think 19 of them said to us that they have concerns around the ISDS. Can you elaborate on that for us?

[Translation]

**Mr. Pierre Serinet:** Yes, of course.

I am going to repeat what I said. Already, 97 per cent of the markets are open. We are told that this agreement will give us an opportunity to access markets, but this is false. In reality, a system of rules is being put forward that favours the commercial, transnational actors, the big multinationals. Some are Canadian; many are American. They are being given rights and privileges that are absolutely unacceptable. They are being given direct access to an extrajudicial tribunal that would be outside our own legal system, to bring action against a state when that state adopts a public policy that limits their opportunity to make profits.

At present, there are more than 700 actions. Canada is the subject of the largest number, at 39. This affects a range of issues, including minimum wage, the environment, health care measures and judicial decisions. Transnational corporations are thus being given extreme tools and powers.

Individuals, and even our own domestic corporations, do not have access to these tools to bring action against another state. We have been familiar with this system since NAFTA came into existence, and we really have to put an end to it. In my opinion, this is a lost opportunity, in terms of the negotiation and the possibility of removing this investor-state mechanism from the free trade agreements. The TPP reproduces, extends and expands this mechanism, which gives extreme power to the multinationals. It is absolutely unacceptable.

[English]

**Ms. Tracey Ramsey:** I'd also like to address the Desjardins Group, Monsieur Brun and Monsieur Gagnon.

Monsieur Bourbeau was here yesterday from the Quebec Federation of Milk Producers. He brought the same message forward. He said they'd lose \$400 million a year in their sector forever.

The compensation will only sustain us for a period of time. Then, where will we be going forward after that 15-year period, if the compensation even exists?

[Translation]

**Mr. Alain Gagnon:** Ourselves, we have confidence in industry. During the transition period, and once it is completed, mechanisms will have to be found for continuing to develop and improve the costs and establish better business plans, that will enable us to survive, once the compensation period ends. We believe that a transition period spread over 15 years will allow industry to adopt new methods.

It will probably never make up the amounts that have been allowed for finding a balance, in the treaty, but the investment period will be long enough for it to adapt.

● (0840)

[English]

**Ms. Tracey Ramsey:** I think his concern was the same as yours around the heritage farming: would future generations take it up after seeing those losses incurred? We really don't know at this point if the compensation package will even exist, let alone what it will look like. They're actually going into consultations again with dairy and supply management folks.

You also brought up the issues of diafiltered milk, import controls, and broiler chickens. These are all direct threats as well to your clients. Can you speak to that?

**The Chair:** It will have to be a quick answer.

[Translation]

**Mr. Alain Gagnon:** When industry manages to get money from the supply management system, it is always a threat. It has direct repercussions on the producers' financial situation, especially those in the new generation, who are the most heavily indebted because they are taking over the family farm.

[English]

**The Chair:** Thank you.

We're going to move over to the Liberals now.

Mr. Peterson, you have five minutes.

[Translation]

**Mr. Kyle Peterson (Newmarket—Aurora, Lib.):** Thank you, Mr. Chair.

Thank you to everyone for being here today, and thank you for your instructive presentations.

I have a few questions. My first question is for Mr. Brun or Mr. Gagnon.

[English]

You mentioned the agri-food sector and the agricultural sector. I realize, Monsieur Gagnon, that's your speciality, but are there other sectors that Desjardins sees as benefiting from the TPP. Is there a way to leverage any benefits that might be present in the TPP into those sectors?

[Translation]

**Mr. Bernard Brun:** In fact, that is one of the aspects that we examined. We have to look back at the structure of the Desjardins Group, which is a financial cooperative. It is wise to remember that, of the major Canadian financial institutions, Desjardins is, ultimately, the only one that is 100 per cent Canadian owned. Our market is here, in Canada.

The other aspects relate more to supporting our client companies that operate in various industries. Obviously, if they benefit from a free trade agreement, they are going to expand their business. There is an opening, and there will be benefits for them. Otherwise, the agricultural sector is really where we see dangers.

[English]

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

Monsieur Aubut and Madame Lagacé, I understand there are some similarities in your positions. You think that the TPP would be beneficial, but it seems to me that it would only be one tool, and you seem to also focus on the need for a robust innovation strategy to be able to effectively leverage the tool that the TPP might be. Can you elaborate on that? As well, are there ways to improve the innovation component, absent the TPP? Is there a way to tap into innovation and access new markets in that manner without the TPP?

[Translation]

**Ms. Line Lagacé:** Certainly innovation is an issue for us, whether in relation to the TPP or to the tools that we put in place for our companies. At present, a company's positioning is primarily a result of its ability to position its service or produce well and to be innovative, whether in terms of pure management or of marketing.

Obviously, in the range of services that can support a company, innovation is in the forefront. We are behind, in this regard, in Quebec and in Canada as a whole. All of the actions taken when it comes to innovation are in the forefront, whether they involve marketing strategy or incorporating a digital strategy so that our SMEs are up to date.

We also have to understand that our industrial fabric is composed of small businesses. I do not recall the exact figure, but nearly 80 per cent of them have 20 or fewer employees. That is an enormous percentage. If a company is to be able to position itself, it has no choice but to do it through an innovation process so that it can structure the process properly. In order for companies to be able to expedite that process, they need programs to guide them and they need to be supported, both financially and in terms of expertise.

**Mr. Alain Aubut:** On the question of the exporting process, 97 per cent of information transfers are not to small businesses. The big corporations have internal resources to work on this way of exporting, but SMEs do not have these internal competencies and resources. We are often told that this curbs exporting and innovation. That is why we talk about communication and informing these companies, including through our channels, about ways of doing things to facilitate access for them.

There are laws, regulations and treaties, of course, but on the other side, there are SMEs. Communication does not always flow between them, because the resources do not exist. That is why we believe the program can help them, as long as it is properly communicated.

• (0845)

**Mr. Pierre Serinet:** What I find interesting in the discussion is that there are calls for an active policy, an industrial policy and innovation, but that does not have very much to do with trade agreements, given that the markets are already open. In the last ten years, under the Conservatives, there was a laissez-faire approach when it came to an active policy for innovation and industry.

The agreements will limit the ability to adopt policies like that. The TPP agreements and free trade with the European Union, for example, prevent focusing on results, that is, basing investments on maintaining expertise here, on creating jobs, and on certain segments of the labour force.

An active innovation policy must have that freedom to legislate and regulate. Free trade agreements, as we know them, limit that

ability. I agree with my colleagues that we need an active industrial policy when it comes to innovation, but the agreements limit that ability, and that is why we reject the TPP agreement.

[English]

**The Chair:** We'll have to wrap it up and move on. That ends our first round, and we're going to start a second round with the Liberals.

Madam Ludwig, please go ahead. You have five minutes.

**Ms. Karen Ludwig (New Brunswick Southwest, Lib.):** Good morning. Thank you so much for your excellent presentations. They were quite diverse, although with somewhat of a common theme.

In 1999 I started working in export trade, specifically in the area of trade training, so I know the points that have been mentioned here are quite significant.

You had mentioned that 98% of businesses are SMEs. That is not unique to Quebec. We've heard that from across the country. In terms of the themes that have been mentioned, we're definitely starting to see some common themes. How do you think we can best support these small businesses, increase their awareness of the trade policies, and help them work with corporate social development, which Desjardins has done so well with and for which you have been receiving awards? How do we bring that all up together to create a stronger community and a stronger country?

[Translation]

**Mr. Alain Aubut:** For our part, we do an enormous amount of work to raise awareness of foreign markets, because Quebec, and, ultimately, Canada, are too small a market, in a context of globalization. Recently, Simons, which is a major retailer, explained the issues involved in globalization, particularly in relation to taxes on e-commerce.

Our role consists in raising people's awareness. It is not up to us to develop the methods. Rather, it is up to the departments and governments to provide the information and enable companies to access it. We are a conduit for information and awareness.

We are told there are a lot of tariff barriers, even though that is not what we hear on the ground. This indicates a lack of information. Governments need to provide that information and tell us how we can manage to export our products as efficiently as possible.

**Mr. Alain Gagnon:** In our sector, agri-food, we are privileged. Given the unique character of agriculture and the complexity of international regulations, there have been structures in place for several years to guide entrepreneurs. We need only think of the Groupe Export agroalimentaire, in Quebec, the food research institutes, or the Canadian Food Inspection Agency, which as a role to play in all this.

In reality, a cranberry producer today can export their product to the international markets, even if the product was harvested on a family farm. That is one example, and I know there are examples in other sectors, but that is the kind of support that SMEs need in order for each of them to enter the markets.

● (0850)

**Ms. Line Lagacé:** Even if we acknowledge the benefits of that kind of partnership, we also have to understand that an SME needs coaching to enter the international markets. The programs we offer may involve coaching for a period of 12 to 18 months, at a minimum. The first steps on the ground are really the end of the process, but first there has been coaching, which must be personalized and relatively long-term.

Preparation is what will guarantee success for companies in a foreign land. In this case, we want them to avoid grasping at opportunities too hastily, and rather to prepare for opportunities. That is the stage where companies need ongoing support. Here, we are talking about training in relation to information, the first steps taken into another country, and access to business networks. All of that has to be brought to bear. Financial support is also necessary to provide companies with security as they move forward.

[English]

**Ms. Karen Ludwig:** Many of the communities in my riding are similar to yours. You mentioned that many of them are communities of less than 2,000 people.

I'll give you an example, and I'm wondering if it's similar here. The companies that have been involved in export over the long term tend to weather the storms, they typically branch out and hire the services of other local companies, and they tend to be the ones that are most likely to give back and promote the environment to others, maybe because they can.

Is that the situation here in Quebec as well?

**The Chair:** I'm sorry, but you're not going to have time to get that question in. We can do a yes or no.

We're going to move on now to the Conservatives and Mr. Van Kesteren for five minutes.

**Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC):** Thank you, Chair, and thank you all for being here. It's wonderful that we're able to be part of this.

We obviously could have asked you all to come to Ottawa, but one thing I find very important when we travel is that we get a glimpse of the place we're in when we're asking these questions. The bus ride from Montreal to Quebec was a real eye-opener. I'd never done that before, and I was talking to somebody about that.

What struck me was the incredible number of SMEs groups that popped up along the corridor. I drive from Chatham to Ottawa, and we have nothing on you. This is simply amazing. I see a culture of entrepreneurship that I've always known existed in Quebec, but to really see it is astounding.

Because I'm a bit of an agriculturalist as well, I was watching the farms, and I see you're even reclaiming some of the land at this point. This tells me there's a market for your...I'm suggesting that you're into corn, soybean, and wheat here as well. You have the heat units to do all that, and your farms are getting bigger, and they're looking for markets. I saw some pork operations, some poultry operations, and a huge dairy operation along the way as well.

I'm not looking for... In a court of law, they'd say I'm leading the witness, and I guess in a sense I am. Having seen all that, I think it must be important for your farmers to access markets. Am I correct in that assumption?

**Mr. Alain Gagnon:** Quebec has diversified agriculture. It's important for us to be able to export products such as pork and also to preserve the dairy sector. The agricultural market around the world is exploding with the increase in the population. You're right in saying that agriculture is also moving north with the changing climate. The potential for agriculture in Canada and Quebec is fantastic.

What we can do to preserve the productions that are under supply management is important, but TPP has also brought an equilibrium into production that will allow us to export and expand.

● (0855)

**Mr. Dave Van Kesteren:** We'd heard from credit unions in the past that the FCC was, as we say, mowing your grass. Is that an issue here in Quebec as well? Are you having some competition from Farm Credit that you feel is...?

**Mr. Alain Gagnon:** Farm Credit is a fierce competitor here, as it is elsewhere in Canada. It's a little less in Quebec historically, because we have a competitive provincial program, but still it's a fierce competitor here.

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

**Mr. Dave Van Kesteren:** The other thing we've heard repeatedly is the question of dairy.

I mentioned yesterday that dairy is very interesting. I have a son who would love to get into dairy, but he simply can't afford the quota system. Is it realistic for an operation that would have, say, 39 cows, in today's age?

I need an answer because I'm an auto dealer, and a number of years ago our manufacturer made me spend a million dollars just to do a facelift. That's reality today. The result was that we sell many more cars now than we did 10 or 15 years ago. Is it realistic for a farming operation to expect to stay in the same environment that his grandfather or father was in, or are we moving forward? Is that a reality that we have no control over?

**Mr. Alain Gagnon:** I think we can preserve the family farm, and we do—

**Mr. Dave Van Kesteren:** I'm not suggesting preserving the family farm, but is the family farm changing?

**Mr. Alain Gagnon:** It is changing, definitely. It is getting bigger, but there's still a place for smaller units, sometimes with diversified products. We do non-relative farm transfers every day. It's more complicated. It's a little bit less easy to do, but we do it every day. I think that in Canada, especially with supply management in dairy—that's your question—we can have the best of both worlds. We can preserve the family farm and we can also offer an environment where if someone wants to milk 500 cows, he can do so.

**The Chair:** Thank you.

We only have enough time for two short slots. We're going to go to Madam Lapointe for three minutes.

[*Translation*]

**Ms. Linda Lapointe:** Thank you.

The discussions we are having are very interesting. You certainly all know that a presidential election is underway in the United States. It will eventually have an impact on the situation in Canada.

Mr. Serinet, earlier, you made a comment, that we should be more proactive economically. I would like you to clarify your thinking.

**Mr. Pierre Serinet:** We have to acknowledge that, over the last two years, in the manufacturing sector, the Canadian and Quebec economies, among others, have had problems. This is confirmed by the trade deficits. As I was saying earlier, for four years out of six, we have had a trade deficit.

The TPP, in itself, promotes imports of value-added manufactured products and promotes exports of natural resources. Agriculture is one of those resources, but there are also oil, gas, and so on. The agreement does not stimulate sectors where innovation takes place and does not promote industrial policies. We can actually be much more active and proactive in developing an industrial strategy. I think this is what we have to work on, on a national level.

However, these are also societal choices. We have to decide what elements are part of a system in which they will interconnect. That is why I suggested, at the outset, that we move away from the winner-loser concept. We have to set aside the idea that one side's loss is the other side's gain, that there are winners and losers, pork producers versus dairy producers. We need to rethink an entire strategy. I believe that the various actors, not just economic actors, but also social movements, have to be able to participate in the discussions.

**Ms. Linda Lapointe:** So, if we were to go back to the negotiating table, for whatever reason, you would want to see a change made, to include economic innovation.

**Mr. Pierre Serinet:** We have to give ourselves some latitude when it comes to industrial policy. We have to reserve a right to regulate, a right that the TPP takes away, or remove the investor-state mechanism in the agreement in its entirety. It cannot just be given a new coat of paint. We also have to preserve our levers, our social pillars, like public services and culture. We have to exclude those areas from the agreement, because they should not be bargained away. We believe these are assets that contribute to the dynamic. We have to avoid adopting a commercial rationale when it comes to public services and social services, culture, and the environment. They must be preserved.

• (0900)

**Ms. Linda Lapointe:** If the changes you want to see were adopted, we could then consider ratifying the agreement.

**Mr. Pierre Serinet:** Some elements would have to be radically amended, and we could participate in the discussion of the aspects to be changed. For one thing, I think that the entire system of excessive protection granted to foreign multinationals is particularly an issue to be raised.

**Ms. Linda Lapointe:** Thank you.

Unfortunately, I have not been able to hear all of you.

[*English*]

**The Chair:** Thank you, Madame Lapointe.

We just have three minutes left and we're going to give the time to Mr. Lebel.

Go ahead, sir.

[*Translation*]

**Hon. Denis Lebel:** What I would like us to do is compare the figures, from 2005 to today, in relation to investment in research and development, but that discussion would take too long, Mr. Serinet. So I will just say this: in order for 97 per cent of the tariff barriers not to apply, we have to be a party to the agreement, because otherwise, they will be reinstated.

**Mr. Pierre Serinet:** I can answer that, though. We are exchanging opinions.

You know that we already have trade agreements. We have agreements with Chile, with Mexico, with Peru, with Singapore...

**Hon. Denis Lebel:** If we are not a party to the agreement...

**Mr. Pierre Serinet:** No, I'm sorry. Those agreements are already in place.

You know that we have now been operating under the NAFTA rules for 25 years. The United States is our biggest partner. The countries I just mentioned already cover 76 per cent of the market. For the rest, there are Vietnam, New Zealand, Malaysia, Brunei and Australia. For Japan, in the automotive sector, massive imports are being promoted, and that will have a major impact on jobs.

The markets are already 97 per cent open, under previous agreements. So there is no economic cost to not signing the TPP.

**Hon. Denis Lebel:** That is your answer, Mr. Serinet. Thank you, but I do not agree.

Quebec's economy is changing. We are increasingly looking to globalization, and infrastructure is extremely important. We have announced \$50 million in funding for the airport. We are also meeting with the people at the Port of Quebec later today. We have provided \$60 million to develop the Port of Quebec.

Mr. Aubut, what is the importance of these major infrastructure components to the future of the Quebec City region?

**Mr. Alain Aubut:** You mentioned infrastructure, but in terms of innovation, the government has supported the National Optics Institute, the INO.

**Hon. Denis Lebel:** We are talking about \$9 million per year over five years, for 15 years now.

**Mr. Alain Aubut:** That's right.

In the case of optics-photonics, nearly 100 per cent of sales are outside the country, in Asia, in particular. Actually, they are selling pieces of something, so for the manufacturing sector, that is very good for the region. This is, indeed, innovation.

There are other sectors as well in research and development, for example, the water industry. At Laval University and the Institut national de la recherche scientifique, the INRS, there are extraordinary projects in this field.

When we talk about globalization, we have to look at all opportunities for innovation. We need to be familiar with the products that have been developed, but, once again, we have to go back to information. We have to determine what channels are the easiest and simplest. With the help of the INO, companies have developed in Quebec that are known around the world, because of their very innovative, high value-added products. I think we can do the same thing in other niches.

Since we are talking about infrastructure, I would like to say something about another project. We met with Mr. Desjardins-Siciliano to discuss an HFT in the in the Quebec City-Windsor corridor. I don't recall who comes from Windsor, but I met him a little earlier. Accessibility and mobility for people is also a very important issue. We are talking about the Trans-Pacific Partnership, but the issue of people's mobility is also very important and the government has to continue investing in infrastructure.

[English]

**The Chair:** Thank you.

That wraps up our first panel for this morning. I would like to thank the witnesses for coming here early and getting us started. We had a very lively conversation. It was great.

Now we are going to break for 10 minutes, and then we will be back with our second panel.

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

**The Chair:** Good morning, everyone, and welcome to our trade committee.

Our committee is doing a dialogue and a report on the TPP and how it affects Canadians. We've been travelling across the country. We did the western provinces and now we're doing Quebec and we're doing Ontario tomorrow. We'll be doing the Atlantic provinces and reaching out to the territories in the fall.

With us today we have Fruit d'Or. We drove by your place yesterday, and hopefully we can go in and see it.

We also have the pork producers and the poultry producers with us, and I think the manufacturers are with us as well.

Each group has five minutes for a presentation, and then we have a dialogue with the MPs afterward.

We will begin with Fruit d'Or. Go ahead, sir.

- (0920)

[Translation]

**Mr. Sylvain Dufour (Vice President, Sales, Marketing & Innovations, Fruit d'Or):** Good morning, Mr. Chair.

I would like to thank the committee members for having me this morning.

It's a pleasure to appear before you, on behalf of Fruit d'Or, about the Trans-Pacific Partnership.

In 2000, my company, Fruit d'Or, was founded in Villeroy, in the Centre-du-Québec region—a region where cranberry production has developed tremendously. Thirty-five years ago, it was practically a collection of vacant lots. Today, a visitor would find that nearly 70 cranberry producers have set up operations in the area since then.

Fruit d'Or specializes in berry processing—specifically, cranberries and blueberries. The products in greatest demand from us are dried cranberries and dried blueberries. We also produce blueberry and cranberry juices and concentrates. We already sell our products to some 50 countries, so we rely on exports for our company to grow. More than 85% of our earnings are from exports. We export to Asia, the U.S., and Europe—pretty much everywhere.

Fruit d'Or has more than 225 employees. They are the people who work in our plants and offices. If the company's producers and suppliers are added to that count, we are talking about nearly 500 jobs directly tied to exports and market development.

I can tell you right now that Fruit d'Or supports the Trans-Pacific Partnership. Our industry, berry production, faces protectionist measures, including taxes, on export products. On frozen blueberries, in particular, you'll find such measures in Japan, Vietnam, Malaysia, Australia, and New Zealand. The taxes on processed products are sometimes quite high. Malaysia, a country we're already exporting to, is an example of this.

The United States and Chile are our main competitors. Like Canada, they also produce dried cranberries and dried blueberries. The importing countries already have free trade agreements with Chile and other countries. Earlier on, I was chatting with the people from Desjardins Group, and I gave them an example of what this can entail. Last year, we lost one of our biggest European customers, because of the free trade agreement that Chile has with Europe. We are subject to a 17.6% tax on every pound of dried cranberries we send there, whereas Chile is tax-exempt. As a result, Fruit d'Or lost a customer that accounted for \$1.7 million in annual sales. Unfortunately, there wasn't much we could do to offset a 17.6% tax. We can find efficiencies, but there's a limit to what can be done.

Quebec agriculture, as a whole, is a topic of frequent conversation. It's a well-known fact that the dairy industry is very big in Quebec. I, myself, come from a family of dairy farmers. My brother is a dairy farmer. We often have lively debates about opening up markets versus keeping the protection structures currently in place. One of the arguments I often bring up is that we have to consider what Quebec agriculture will look like in 10, 15, or 20 years. Will dairy continue to be the driver of agricultural development, or will other kinds of farming take over that role?

The Quebec cranberry industry is a good illustration. Thirty-five years ago, there was no such thing. Today, it employs more than 2,000 people in the Centre-du-Québec region alone. So I think there's an opportunity for many businesses to achieve success in foreign markets, if as many constraints as possible are eliminated.

As far as my own company is concerned, each distortion or barrier that limits access to foreign markets poses its own set of problems. In some countries, such as Vietnam, we have trouble selling cranberries because buyers don't know what they are. It's the first time they are seeing the fruit. If we go to Japan and talk to Japanese people about dried blueberries, it's a different story altogether. There, we hear stories dating back to the Second World War. Apparently, when American fighter planes were shot down by the Japanese, a basket of blueberries was always found in the wreckage. So the Japanese figured that the pilots had these blueberry baskets because blueberries were excellent for eyesight. That was something I learned in Japan.

• (0925)

That said, as a Canadian executive with a company specialized in berry processing, I can tell you that the image of Canadian products, and of the wide open spaces we live in, gives us a head start in relation to many international competitors. I've been talking to you about the little Quebec wild blueberry, but, as I mentioned, the good old cultivated blueberry is ubiquitous pretty much worldwide and is competing against mine in the marketplace.

So, having products—

[English]

**The Chair:** If you want to finish up, you have a few seconds.

**Mr. Sylvain Dufour:** Yes. I'll just take 30 seconds.

[Translation]

Actually, I was just going to say that having products that enable us to compete on equal terms, without trade barriers, means we're quite capable of taking our place and succeeding in international markets.

[English]

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

We're going to move to the pork producers for five minutes.

Go ahead.

[Translation]

**Mr. David Boissonneault (President, Les éleveurs de porcs du Québec):** Mr. Chair, honourable committee members, good morning.

My name is David Boissonneault, and I'm the president of Les éleveurs de porcs du Québec. I'm here with Ms. Leruste, who is in charge of communications with our farmers.

My organization represents 3,300 pork producers throughout the province. The Quebec pork industry employs 26,500 people province-wide, generating \$2.5 billion in economic spinoffs, with benefits for all of Quebec's regions. Quebec is the leading pork-producing province in Canada, accounting for 40% of the country's total production. We represent many slaughterhouse operations in Quebec. Our collective marketing system enables us to slaughter 100% of the hogs raised in Quebec, generating added value and a strong value chain for our regional economies. In all, Quebec exports 70% of its production. Like my colleague also said, we rely heavily on exports. Exports from Quebec account for 45% of the value of Canadian exports. Over the past five years, Canadian pork has been

exported to more than 125 countries. That's 9% of the global trade in pork.

Pork meat is Quebec's most exported bio-food, with exports amounting to \$1.45 billion in 2015—far ahead of sectors like chocolate, soybeans, and maple syrup. In fact, the pork sector generates a positive balance of trade comparable to that of the lumber and hydroelectricity sectors. In this regard, free trade agreements are crucial to the vitality and dynamism of our industry. That is why Les éleveurs de porcs du Québec welcomes this trade agreement, which encompasses 800 million consumers and 40% of the world economy.

According to various analyses conducted for the Canadian Pork Council, the TPP will mean more than 4,000 jobs and \$300 million in exports. If, instead, the agreement is not ratified, our exports and jobs could decline. A recent study, published by the C.D. Howe Institute in April 2016, shows that pork is one of the bio-food sectors that would benefit the most from such an agreement.

Thanks to the agreement, Quebec pork breeders will be able to compete on equal terms with their American competitors. In my opinion—and I agree with my colleague from Fruit d'Or in that respect—this is an important consideration. If we're to be competitive, it's essential that we have such tools.

One of the world's major markets is Japan. Already our second largest market, it represents 18% of our pork meat exports. The agreement should allow the Quebec pork industry to maintain its capacity to export pork meat to Japan on terms competitive with those enjoyed by the U.S. industry, our main competition.

All this would also help us position ourselves advantageously in relation to countries that are not part of the agreement, like Brazil and Denmark, which are pretty ferocious players in the export marketplace.

I am thinking, among other things, about Olymel, which has offices in several Asian cities; F. Ménard, which has just invested several million dollars in a plant so it can export more to Japan; Lucyporc, which exports 90% of its production to Japan with its famous Nagano Pork; and Aliments Asta and Viandes DuBreton, which also have a major presence in the export marketplace. It's worth noting that Japan recognizes the high quality of Quebec pork. The most valuable cuts are exported there, making it the most lucrative market for Quebec pork exporters.

Furthermore, the TPP would help build business ties with other member countries, such as Vietnam, a market with 90 million consumers. Vietnam has the second highest consumption of pork per capita, after China. Based on FAO and OECD projections, Asia's economies are set to grow considerably, and in so doing, they're expected to increase their pork consumption by 14% between now and 2020. In terms of tapping these markets, Canada, as a founding member of the TPP, would be able to negotiate the terms of entry for other fast-growing Asian countries interested in joining—countries like the Philippines, Thailand, Indonesia, and perhaps even China.

I was hoping to make a few other points, but I'll wrap up. Let's just say that it would be hard to overstate how important exports are to us.

• (0930)

A sector such as ours depends on trade agreements and market access in very concrete ways. I believe I've made that case with you today. But the government must understand that a comprehensive strategy is needed. Market access is important, but in order to seize the opportunities and maximize our industry's potential, we must have all the necessary tools. Our industry needs major investments in areas like risk management, research, and animal health and welfare. We have some catching up to do in that regard.

It's important to work as part of a comprehensive strategy, and within the framework of the agreements, but it's also important for the government to implement strategies that support the development of our pivotal industry players.

Thank you, Mr. Chair.

[English]

**The Chair:** We're going to move to the poultry producers. Please go ahead.

[Translation]

**Mr. Pierre-Luc Leblanc (President, Les Éleveurs de volailles du Québec):** Thank you very much.

I appreciate this opportunity to express our point of view on the Trans-Pacific Partnership agreement.

Our organization, Les Éleveurs de volailles du Québec, brings together 814 chicken and turkey producers in Quebec. In Quebec alone, our industry employs 25,000 people, accounting for nearly \$2 billion of Quebec's GDP.

Our organization understands that the signing of a trade agreement like the TPP means major economic spinoffs for Canada. And we have always supported the initiative. At the same time, we have a supply management system, and we've been consistent in our requests that the Canadian government limit the damage that the TPP could cause to supply management.

Canada imports much more chicken than the countries that have ratified the TPP, including the United States. That has an impact on the prospects those these countries can offer. We feel there's a question of fairness here. It's important that the environment in which the agreement is implemented be fair. If the agreement that has been signed is ratified, foreign access to our chicken market is expected to increase from 7.5% to 9.6%. For turkeys, it will increase from 3.5% to 5.5%. This additional access will have major economic consequences for Quebec and Canadian poultry farmers. It could result in the loss of 2,600 jobs and cut \$175 million from our GDP.

That would clearly be a major blow to the poultry industry in Quebec, and all other parts of Canada. But the problem could be attenuated by eliminating the circumvention of import controls and implementing a compensation package.

Agriculture Canada announced such measures on October 5, 2015. Specifically, the government announced safeguards and much more stringent border controls. In fact, if those controls are applied, the financial impact on Canadians will be much less serious.

**Ms. Martine Labonté (Director of Economic Affairs and Programs, Les Éleveurs de volailles du Québec):** A bit more

specifically, I would add that the news release we received from Agriculture Canada on October 5 contained various commitments regarding three import control circumvention techniques.

The first commitment is about the duties relief program. The program enables Canadian processors to import, process, and re-export products if it's done within a four-year period. Currently, 96 million kilograms of chicken come through under that program. That's equivalent to 9% of our production, and it's a major issue for us. We suspect that a portion of those products are not re-exported. A program intended for re-exports already exists. It's called the import for re-export program, or IREP. It's truly intended for supply-managed products. So there's a duplication here, in our view. Removing supply-managed products from this program would really be a disengagement, and we urge the government to maintain its position.

The circumvention involving so-called spent chicken imports is also a very serious problem for our industry. Here is what's happening. Chicken is coming into the country as "spent fowl", when the importation is, in fact, fraudulent. Roughly 10% of our production is imported as "spent fowl." A portion of those imports is legitimate, but another portion is not. Based on the statistics at our disposal, in 2012-13, Canada supposedly imported more spent poultry breast meat than the entire U.S. production of such meat. This is a strong indication of fraud. We therefore ask that this government, in keeping with the announcement made in the October 5 news release, truly put mandatory certification in place for spent poultry imported to Canada—it needs to be certified—and that the government use the DNA tests developed to identify which chicken is spent.

The other import control measure that is needed should address specialty defined mixtures—that is, the use of sauces or dressings in products containing 87% chicken or less. A few businesses are using a subterfuge: they put more than 13% worth of sauce in chicken wing boxes so the product is no longer subject to the same tariff. That's another problem the government should take care of.

I will allow Mr. Leblanc to conclude.

• (0935)

**Mr. Pierre-Luc Leblanc:** I'll conclude quickly, because I realize time is running out.

Poultry farmers understand why the TPP was signed. We know the government has worked hard to minimize the impact on supply management. Like our colleagues, we know the agreement will stimulate job creation, and we are not opposed to that. However, to minimize the negative repercussions, border controls will be very important. They can reduce the adverse consequences and create jobs in Canada, which is very important to us. We are pleased with this agreement, but we seek to reduce the negative repercussions through import control. Thank you.

[English]

**The Chair:** *Merci.* Thank you very much for the presentations.

Our last presenter is from the manufacturers and exporters of Quebec, and we have Monsieur Tétrault.

Go ahead, sir, for five minutes.

**Mr. Éric Tétrault (President, Manufacturiers et Exportateurs du Québec):** Thank you, Mr. Chair.

[*Translation*]

Honourable committee members, Mr. Lebel. Manufacturiers et Exportateurs du Québec—MEQ—is pleased to speak today on behalf of its 900 members in Quebec and more than 20,000 Quebec manufacturers.

As you know, manufacturing is the largest sector of Quebec's economy, and Canada's. It accounts for 12% of GDP. In Quebec, it employs 550,000 well-paid workers in jobs that add value. Now that our natural resource sector cannot act as the driver it was just two years ago, the manufacturing sector's contribution is even more essential to the Quebec and the Canadian economy.

It's quite simple. Quebec's manufacturing sector cannot prosper if it's confined to a small economy such as ours. To grow, we need to export. And we are already doing that. More than half our production goes elsewhere. Sometimes, we're a part of an American manufacturing chain. We also export finished and semi-finished goods worldwide. It's important to understand that manufactured goods account for 75% of all Quebec exports. Although the U.S. market remains a priority for us, more and more Quebec manufacturers are considering opportunities elsewhere in the world.

So we obviously support agreements that will allow the free flow of goods, provided those agreements give our manufacturers access to foreign markets on a basis equal to the opportunities our competitors have to penetrate the Canadian market. On a strict reading of the TPP's provisions, that access is being given. I should also mention that our support for agreements of this kind is predicated on the assumption that they're not brought in merely to support the resource sector, adding obstacles to current agreements such as the one we have in place with our U.S. and Mexican neighbours.

Not surprisingly, MEQ and its national organization, Canadian Manufacturers & Exporters, have asked for and supported the implementation of the Trans-Pacific Partnership. We are the main advocates for this kind of agreement in Quebec, and you can count on us to continue to be so in the years ahead. The PowerPoint presentation that I've attached sets out the numerous opportunities for Quebec, which you no doubt know by heart.

We do have some reservations that I'd like to discuss today. First, there are two reservations about the agreement itself. Obviously, we're concerned about U.S. protectionism as reflected in the Buy American Act, notably with respect to American public procurement. That is the first reservation.

The second reservation is that we would have wanted the international tariff reduction phase to follow the same timeline applicable to American manufacturers, and for an effective mechanism to be put in place to counter currency manipulations that pose a medium-term and long-term threat to us. We saw that sort of thing this year with China, and we hope that the space we carve out for ourselves will be safe from manipulations of that kind, engaged in by certain authorities and countries. Those are our reservations about the agreement itself.

I would also like to share some important reservations we have about the choices we'll be making here, in Quebec and Canada. If we choose well, we will undoubtedly find it easier to overcome the obstacles. So the reservations I'm about to mention are not about the agreement itself, but about the choices facing us in Quebec and in Canada.

I want to emphasize that, although these treaties are positives for Quebec and Canada, they are only a framework. We need to know how to take advantage of that framework. The main prerequisite for that is a strong local manufacturing base. But Quebec does not have that. Compared to businesses elsewhere in the world, Quebec businesses are not particularly competitive. Quebec is ranked tenth in Canada for productivity, and that's mainly because our processes aren't innovative enough. They're not sufficiently automated or robotics-based. And we don't have all the skilled labour we need to be able to count on. We are therefore concerned that this government has made strong commitments to the knowledge economy and green technologies, without, first and foremost, supporting its traditional manufacturing sector.

• (0940)

[*English*]

I will conclude on this, Mr. Chair.

[*Translation*]

That is why my first reservation is very important. If we want Canada to be able to profit from these agreements, we have to establish a much stronger manufacturing base and resolutely commit ourselves to a culture of innovation, the likes of which has never really been seen before, either in Quebec or in Canada.

My second reservation is about the fact that we have to provide our entrepreneurs with much more education. We therefore need much more support from Canadian authorities than they have provided up to now. We must be able to go and see people in the field. If we want to be competitive, it will take more companies, which will have to be larger, more innovative and more ambitious. It is a role that we are prepared to play in collaboration with the government.

[*English*]

I could go on for hours on this, Mr. Chair, but since you want me to conclude, I will finish here for now.

**The Chair:** Thank you for the presentations.

Before we open up for dialogue with MPs, I have a question for the manufacturers.

When we drove up yesterday, there was a big complex outside Drummondville where they make buses. What percentage of what they make there would be exported out of Canada?

**Mr. Éric Tétrault:** I'd say about 50%.

**The Chair:** Would most of that go to the United States?

**Mr. Éric Tétrault:** Yes. Overall, 70% goes to the United States. Half of our members are exporters.

There is a reputation in Quebec that we are big exporters, that we're world-class exporters, but that's not the case. Seventy per cent of our exports go to the United States. Of these exports, most are \$1 million or less in value. That means we're not exporters per se: we're part of fabrication chains in the U.S.A.

Mexico, which is gaining on Canada in technological advances, is the number two exporter of products to the U.S.A., so it's not going really well for us. We need to become exporters. I think Quebec and Canada have a good chance in the next five to 10 years to become world-class exporters. Never in our history have we had such a good window.

We'll be part of 51 agreements. Canada and Quebec will have agreements with Asia-Pacific, the European Union, and the United States. The U.S.A. doesn't even have an agreement with Europe. We have a great opportunity to become a world-class exporter. I wouldn't believe it if in 10 years' time we hadn't gained some advantage from it.

First and foremost—

**The Chair:** Thank you. I'm over time.

I appreciate it. The members will be saying I'm taking part of their time. You'll have lots of time to expand on that point.

We're going to start off with questions.

Go ahead, Mr. Lebel.

• (0945)

**Hon. Denis Lebel:** That's not only the U.S.A., but America.

[*Translation*]

I will repeat what I said yesterday. Mr. Tétrault, I will come back to you in a while, but those who put food on our tables deserve all our respect. They make it possible for our families to grow up with food that is safe.

I want to congratulate you for what you do every day. I know that it is not easy and that the challenges are great. Certainly, I know that the blueberries you were talking about, Mr. Dufour, are the best. I will not ask where they come from. Let's say that they may come from New Brunswick. Ms. Ludwig was telling us about that yesterday. We know how big the challenges are.

My question goes mainly to the hog producers and to Mr. Dufour. How do you react to the fact that the sectors under supply management—milk, chicken and eggs—are being provided with compensation and other sectors are not?

I know that compensation is important, Mr. Leblanc, I will get to you later. Has this caused any squabbling in the world of agriculture? How has it gone over?

**Mr. Sylvain Dufour:** My answer is no, it does not bother me at all. Since we started our company, we have always been in a free market situation without necessarily having support or protection programs. What I think is important is to protect the existing rural fabric. Existing companies who have benefited from these protections have been very major partners in rural communities. So, if only to help them make the transition that has to be starting, I feel that we should let those companies do so as smoothly as possible, as

Mr. Gagnon from the Caisses populaires, I think it was, said earlier. If those measures allow them to do so and to soften the blows, I am completely in favour and I see no problem with it.

**Mr. David Boissonneault:** We have always supported balanced negotiating. Canada is in negotiating mode and I feel that we have to negotiate these agreements strategically. As I was also saying, our global vision has to be a strategic one. How are we going to roll it out and how are we going to profit from it? It is all very well for us to sign all the agreements we can, but if we are not strategic in terms of our agricultural policies, we will not be able to benefit from them. Every other country has a global strategy: the United States, the European Union, every country has strategies. It must all form a whole and not be one single tool. There must be a number of tools. Supply management and more protectionist policies are part of Canada's global strategy.

**Hon. Denis Lebel:** So even people who are not affected by supply management agree on the compensation measures that have been put in place. We have heard that on a number of occasions.

Mr. Leblanc, I know that it is important for you, as milk and egg producers, to receive confirmation about what is going to happen as quickly as possible so that you know which direction to go in. In the former government, we moved things forward to confirm everything and show our desire to secure the future. I also hope that it will happen quite quickly.

We are hearing a lot of talk about diafiltered milk and pizza kits from a while ago. We talked a lot about pizza kits yesterday. Pizza producers, remember, were putting on a bit of pepperoni, a bit of paste and a lot of cheese and exporting the whole thing without it being subject to export rules. So they were not selling what they were calling pizza kits at the time, they were selling cheese. We fixed that.

Mr. Leblanc and Ms. Labonté, for you, by way of comparison, are the consequences of what is happening at the borders as bad as or worse than the diafiltered milk situation?

**Ms. Martine Labonté:** We estimate that about 6% of chicken production comes into the country by fraudulent means.

**Hon. Denis Lebel:** At one point, when I was in the Saint-Hyacinthe area, we talked about one of your local producer's famous brochettes. Is that still a problem or has the situation been resolved?

**Ms. Martine Labonté:** It was resolved through the import for re-export program.

You were talking about pizza kits. But on the subject of specially defined mixtures, we are currently dealing with the same problem with the sauce and the wings I was mentioning earlier.

**Hon. Denis Lebel:** Thank you.

Mr. Tétrault, we are fascinated by your sector. We know that you have to export. Aircraft to you means the C Series, but you are not talking about purchases. Our F-18s have come to the end of their useful life. We hear Bombardier talking about the C Series, but Pratt & Whitney, Héroux-Devtek and all the other companies are talking to us about acquiring fighters, such as the F-35, for example. No matter, it is being studied right now. They want to be part of the supply chain and they would prefer to be bidding on parts for 3,000 aircraft rather than for 60.

I would like to hear what you have to say about that.

**Mr. Éric Tétrault:** First, I will tell you that we are in favour of any assistance that can be provided to the Quebec aerospace sector. This is because, besides Bombardier, our major manufacturer, there is a cluster of about 200 SMEs in Quebec, providing some 40,000 well-paying jobs. You can understand the manufacturing sector's interest in supporting an industry like that. We will support any national strategy designed to strengthen the aerospace sector. We will also do so for the energy sector. People here may find it a little suspect that *Manufacturiers et Exportateurs* are supporting the Energy East project, but there is a reason for that: it comes with about 200 to 300 manufacturing contracts. So we always have to be in the background thinking about the degree to which it could strengthen Quebec's manufacturing sector. We must always remember that we form the base of the economies of Quebec and of Canada. We may not provide the 20% of GDP that we did 10 years ago, but 12% to 15% is still the biggest share of our economy.

• (0950)

**Hon. Denis Lebel:** Mr. Tétrault, I would like to hear what you have to say about—

[*English*]

**The Chair:** Your time is well over, Mr. Lebel, well over.

We're going to move over now to Madam Lapointe for five minutes.

[*Translation*]

**Ms. Linda Lapointe:** Good morning, welcome to all the witnesses.

I am the only member of Parliament from Quebec. No, Mr. Lebel is here too. I am very pleased to see you here with us.

My constituency is Rivière-des-Mille-Îles. We have a number of manufacturers there. In agri-food, we have St-Hubert, le Commensal, Plaisirs Gastronomiques and O'Sole Mio. We are not far from Bombardier. In terms of the manufacturing sector, we certainly have to study the TPP properly. We have met with other producers who talked to us about reciprocity, but you did not. You did not mention what is happening in other countries that affects us, what our country requires to raise chickens, and other things. Standards are different, so are things like antibiotics, for example. Do you see a problem there? My question is as much about berries—which I find very interesting, it's great—as about chickens. I will let both of you answer the question.

**Mr. Pierre-Luc Leblanc:** When we are talking about reciprocity in terms of poultry, I go back to the time during the agreement when the quality of chicken in Canada was being praised to the heavens. In Canada, we know that the Canadian Food Inspection Agency is renowned for its work. The quality of our meat is very high and our standards are very strict. With the Americans, we often find similar standards for slaughterhouses and the packing of the product. However, it is different on the production side. We have to change the litter for each batch. That means additional costs. With reciprocity in terms of the quality of the product, things are really different. Basically, products approved in the United States are not approved here. There are differences with some products that we are not allowed to use. You can talk about antibiotic-free chicken, but

antibiotic-free chicken in the United States or the European Union—where there is no question of it nowadays—are two different categories entirely. They are allowed to use different things. So the situation is not fair, and it is certainly not fair when it comes to labour and the climate. The jobs here are good quality jobs. Those who work in the poultry sector are well paid, but, in the United States, people working in the sector are often illegal workers from Mexico. The fact that we are not competitive is not only attributable to the quality of the product, but it is also attributable to the demands in terms of labour and the climate. Things are different.

**Ms. Linda Lapointe:** Thank you.

Do you have anything to add?

**Mr. Sylvain Dufour:** With fruits and vegetables, each country continues to impose certain standards that have to be met for things like health, hygiene and pesticide residue. With exports to Europe, we see the Americans allowing the use of more and more new pesticides that are prohibited over there. So, with fruits and vegetables, we are seeing a two-tier system developing because Canadian products have to comply with a lot of restrictions. Producers would like to have the same ability, in order to increase their yields. But, with exports, we are realizing that those restrictions can be extremely advantageous.

More and more, American processors are losing their access to European markets because they are accepting products treated with pesticides that are banned in Europe. So the standards we have adopted here provide us with an advantage. However, we are seeing that, in terms of labour and energy costs, and so on, we are not on a level playing field. However, I believe that it always balances out. A Canadian product subject to health standards that are much higher than elsewhere gains a great advantage internationally, especially in highly developed markets.

**Ms. Linda Lapointe:** Thank you. This is very interesting.

I have a question for you, Mr. Tétrault. Earlier, you mentioned that our SMEs were not sufficiently developed, innovative or ambitious.

What role could you play in helping them become more open to the global market?

• (0955)

**Mr. Éric Tétrault:** I thank you for your question because it deals with the main message I want to deliver today. We have to be much more innovative. Internationally, we have to have better strategies than our competitors.

For example, we could act as intermediaries and go into the trenches to meet entrepreneurs to tell them about the various government programs. I have been president of *Manufacturiers et Exportateurs du Québec* for a year and a half, and I can tell you the only way to have a real dialogue with producers is to go and meet them on their own turf to inform them about all the federal government has to offer. Unfortunately, not enough is known about it in Quebec. Mr. Lebel, who was the minister responsible for Quebec in the previous government, certainly knows what I am talking about.

The whole range of government services needs to be better known, including the already very significant support provided by federal authorities to stimulate exports. In Quebec, for example, I am certain that the CanExport program, which the current government has just renewed, is not at all familiar to most people. It would be a good idea to make it better known.

We also have to make an effort to educate our entrepreneurs so that we can help them to be more ambitious. Perhaps for historical reasons, Quebec is more risk-averse than Ontario or other parts of the country. Our entrepreneurs have to be introduced to that culture. We have to help them to become ambitious. We have to help them to take a longer view.

I believe sincerely that we are just about to get there. The older generation of entrepreneurs is ready to retire. They are going to be giving up their companies soon. Young people are already taking a global view, while current owners are dreaming about retirement, not about innovation and expansion strategies, which cost millions of dollars.

I feel that everything is in place for Manufacturiers et Exportateurs du Québec to act as an intermediary and to go into the field introducing much more ambitious government programs. That is probably a full-time job for the next two years, but we are ready to do it. It is our role, our mandate to go and meet entrepreneurs, to help them take a longer view and to provide them with better support.

I have several suggestions, but—  
[English]

**The Chair:** Thank you. We have to move on. You are way over time, so we are going to have to move on to Ms. Ramsey of the NDP for five minutes.

Go ahead.

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

Mr. Tétrault, I share your passion for manufacturing. I have been an auto worker for 20 years down in southwestern Ontario, so I know what we have to offer to Canadians and how unfortunate it has been that under the previous government there was no manufacturing policy. No attention at all went to resources.

I think we are sitting here talking about all of these missed opportunities because there are gaps that exist. We have heard of many programs, and there is a deep irony in talking about having government export education and mentoring programs, innovation policy, agricultural policy, and manufacturing policy, because if we do any of this, in signing the TPP we could find ourselves being sued under ISDS provisions for being protectionist.

If we try to improve the way we access these markets, we could in fact end up not having access to those markets and paying taxpayer money in great sums, up in the billions now, to multinational corporations that are saying they are losing potential in our markets.

To me, this is a huge imbalance in where we are focusing. We have to look at how we can improve what we already have and move forward.

My question will be for Ms. Labonté and Mr. Leblanc. If we don't fix the import issues that we currently have in the poultry industry—

you talked about spent fowl, and there are broiler chickens—if these controls are not put in place and we open up our markets further, what position could we potentially be in? If we don't fix this before we sign such an agreement, how could your industry further suffer when these new countries have access to our market?

[Translation]

**Mr. Pierre-Luc Leblanc:** That is a very important question. For us, it goes beyond the economy and deals with the survival of the system. We have a system and rules in place. We negotiated the TPP in good faith, but we do not accept it when participating countries ignore those rules. That undermines our credibility. Then what?

Perhaps American diafiltered milk is a different situation, but, in terms of poultry, the previous government did the work. Customs documents had been prepared and the Americans agreed to fix the situation. We could have agreements with them because the forms we need are ready. The economic impact is very significant. We say 6%, but that is the 6% we are aware of. In reality, it is likely closer to 10%. The effects are very harmful right now. We know how important employment is, even here in Quebec. In this case, jobs would be created right away and they are free jobs, jobs with no subsidies. If everyone just played by the rules we have played by, Canadian jobs would be created immediately. It is important for the sector and the Americans agree. Honestly, we do not know why the problem of illegal imports has not yet been fixed. This is completely different from the diafiltered milk situation. The Americans are ready to put measures into place and the agreements have already been reached. All we have to do is act and well-paying jobs in Canada will be created immediately.

• (1000)

[English]

**Ms. Tracey Ramsey:** I think the caution is that here we are getting ready to enter into another huge trade deal without having fixed the problems we already have and without addressing these issues you're all presenting to us.

Of course, we've heard from pork and from berries, and we heard from maple syrup yesterday, so we understand the importance of access to those markets.

Are there non-tariff barriers that exist for you? We've heard of harmonization and phytosanitary mismatches, if you will, across the sector. I'm sure it applies to poultry as well. Can you speak to any non-tariff barriers that you see in place that would prevent us from being able to access the market?

[Translation]

**Mr. David Boissonneault:** For the TPP, non-tariff barriers are certainly less important. As for the agreement with Europe, we had reservations, because we did not know what the constraints would be.

I would like to respond to one part of the question that Ms. Lapointe asked earlier about reciprocity. It is all about competitiveness. We can put rules in place and often they give us an advantage. Mr. Leblanc mentioned just now that the Canadian agency is doing a good job and is earning us an unparalleled reputation around the world. But, if rules are put in place, it must be part of a global strategy. We must make sure that we remain competitive and that the competitiveness is measured. If we do not get an advantage or if our choice is made on purely social grounds, there must be measures to assist. We are not opposed, but it must be part of a global strategy.

[English]

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

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

Go ahead, sir.

[Translation]

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

Ladies and gentlemen, thank you for your presentations and your comments. I have some questions for you.

According to Global Affairs Canada, one of the main advantages of the TPP for Quebec would be duty-free access for most agricultural products, including maple syrup and cranberry products, as well as expanded market access for some other products, including pork and chicken.

[English]

Are your sectors or industries in a position to capitalize on the increased market access that will result from the TPP?

[Translation]

**Mr. David Boissonneault:** In our case, we already have studies that confirm the potential of such an agreement and the favourable conditions for exports to Asia. I could not say it earlier because we ran out of time, but we support the TPP as well. We know that the United States and Japan must ratify the agreement for it to come into force. On our side, we want Canada to be proactive in bilateral negotiations with the various countries, in order to be ahead of the game and to have access to the markets. Under better circumstances, we will be able to increase our exports.

**Mr. Sylvain Dufour:** I would say that the situation is about the same for the berry industry. In fact, if we look at the blueberries and cranberries, those two sectors are growing. Cranberries have experienced a weighted average annual growth of over 12% in the past five years. We are constantly looking for new markets. Somewhat the same thing is happening with the Quebec wild blueberries, which are becoming more and more popular internationally. We receive requests but, unfortunately, in recent years, due to weather conditions, we have been lacking some resources to be able to supply the markets. However, the growth potential is there.

• (1005)

**The Chair:** Thank you.

Mr. Leblanc, you have the floor.

**Mr. Pierre-Luc Leblanc:** Things are different with chicken and turkey. We have difficulty in developing export markets. Right now, 7% of Quebec's production is exported. The province exporting the largest percentage of its production is Saskatchewan. I think it has exhausted all the possibilities in the system. As for us, as I said earlier, we have to factor in the competition, the labour and the climate. In the case of chicken, when a facility starts up, you have to heat the site at a high enough temperature first. For example, when starting to brood chicks, the temperature should be 88 degrees Fahrenheit, 38 degrees Celsius. Our winter climate is very harsh. So many factors make it difficult for us to develop export markets. It's hard for us to compete.

That said, we don't want to shut the door, but we certainly need help to develop those markets. We know that we can create jobs through exports. We would like to have a positive balance. If the import rate is 9%, our export rate should be at least 9% to balance the books at the very least. Achieving a positive balance would be good for the Canadian industry.

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

I also have a question for Mr. Tétrault.

According to Global Affairs Canada, the TPP will eliminate customs duties on aerospace products in TPP member countries. Since the Asia-Pacific region is supposed to be responsible for about half of the growth in air traffic over the next 20 years, removing customs duties in this area would lead to an increased number of business opportunities for world-class aerospace companies in Quebec. Is that true?

[English]

**Mr. Éric Tétrault:** Yes.

[Translation]

**Mr. Kyle Peterson:** Should the coming into force of the TPP lead to an increase in direct foreign investments by TPP countries in the Quebec aerospace industry?

[English]

**Mr. Éric Tétrault:** Yes, but it's no problem for our industry to be able to import such technologies from Asia and the Pacific. The important thing is that we have equal access to market. I am fully confident in Bombardier's knowledge and ability to be able to import their own technologies in the Asia-Pacific region.

That said, it's one thing for us to have such agreements that can put Bombardier in a good position to be able to export, but there is a lot more to it. It's not only about free trade. It's about Canada's position versus Iran, let's say. The Americans and the Russians were better prepared than we were to take advantage of those markets. They've been there for the last year and a half. For diplomatic reasons—and I'm not an expert—Canada was slower to lift the ban on Iran. That really didn't help Bombardier.

Free trade is one thing, but we have to have a global initiative from the government. You have to be able to put Bombardier in a position where it can compete.

**The Chair:** Thank you.

That ends the first round. We're going to start the second round with the Liberals.

Madam Ludwig, you're first up, for five minutes.

**Ms. Karen Ludwig:** Good morning. Thank you very much for your presentations.

I represent a riding that has maple syrup, berries, fish, dairy, services, and confectionery in very small communities. I hear the message loud and clear. The first thing is that we need to do better at preparing companies for export, but would you say that we also need to do a better job of preparing businesses to do business within Canada?

[*Translation*]

**Mr. David Boissonneault:** The Canadian market definitely remains a major market. In recent years, we, the Éleveurs de porcs du Québec, have developed a strong enough marketing strategy for our products to find their way back on the shelves of grocery stores in Quebec, Canada and the United States. It must be mentioned that the United States accounts for almost 50% of our export market share.

You are right, we need to be masters in our own house before taking on the world. We do have a good foundation here. We also have ample resources, which ensures that our industry can expand to every corner of the world. It can set itself apart from other suppliers. So we have to seize the opportunities.

•(1010)

[*English*]

**Ms. Karen Ludwig:** Just adding to that, then, I think we have a good network within Canada for business, and certainly looking at the international market.

I'll tell you an example. I often hear people say the greatest competition is the company next door, whereas in terms of trade training, we often would argue that sometimes your greatest competition is your greatest ally. Is there a network within Quebec that's working not only within the province nationally but internationally for co-production, co-marketing, co-distribution?

[*Translation*]

**Mr. David Boissonneault:** In the pork sector, we work a lot as an industry. We have developed a strategic plan, called our Table filière, which we introduced in 2014. Our marketing is also done collectively. We bring together all the products and we meet the requests of our processors. I wouldn't say that our coordination is perfect, but we strive to be as coordinated as possible, to be effective and to quickly address requests. Just think of the issue of ractopamine screening. Our system allows us to respond quickly to such requests. Again, in various ways, we work as an industry, either in terms of markets, competitiveness, or the health and welfare of our animals. We have global strategies.

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

[*English*]

**Mr. Éric Tétrault:** I'll try to answer your question as well.

Yes, commerce has been a north-south thing historically for Quebec and Canada, but we have to be able to do east-west as well. I thought this country was built on the east-west railway.

I'll answer in a sentence. Yes, it's more difficult for some of our manufacturers to do business in Edmonton than in Washington.

That is not normal. I see two reasons for it, and they are two challenges for us.

First of all—and you're all aware of this in the commission—inner protectionism is hurting us, and we need to work as much on that as on opening boundaries throughout the world.

Second, I would say that knowledge about business opportunities between Quebec and other provinces is very low. For example, let's go back to Alberta. These guys are great food producers, but they're not food transformers. In Quebec, we're food transformers. There should be lots of business between Quebec and Alberta.

We're missing a lot of opportunities within this country. Fortunately, I speak for Quebec; I don't speak for Canada this morning. We consider Canada as being an export destination as well, but the numbers are not so great. We export lots more to the United States than in the rest of the country. To me that's not normal.

**The Chair:** Time is up, so we're going to move on and split some time, I think. Who's up first?

Go ahead, Mr. Lebel.

[*Translation*]

**Hon. Denis Lebel:** I will introduce my question by first saying that it is not the government that decides what the global market trends and consumer habits will be. No government is able to decide to sell less lumber or fewer cars. The supply and demand on the markets determine that. We have a number of national strategies in which business people participate. Respect for jurisdictions is one of the many important aspects for us. In Canada, we are working with the provinces and territories, which have their own strategies. We are there to oversee everything, but in compliance with the respective jurisdictions.

Mr. Tétrault, over the past couple of days, we have been repeatedly hearing that nothing is being done in commercialization to help our exporters.

Could you tell me what your organization does to support Quebec exporters?

**Mr. Éric Tétrault:** We work hard on the ground with them. Over the past year, they were able to recognize that, in the innovation chain, from research work to the commercialization of processes, Quebec manufacturers are weak. There is also marketing,

[*English*]

all the marketing issues around it.

•(1015)

[*Translation*]

Historically, we are manufacturers, not sellers. This is explained by the fact that most Quebec manufacturers, since they have not exported in the past and were happy with the local market, have not always had to market their initiatives. You will probably not like this part of my answer, but I think we should let time do its work.

Furthermore, if we do not pick up the pace, if we do not have more mentoring programs and if organizations like ours do not properly handle them, we'll miss the opportunities that come our way. We have a few years; we thought we had 10 years or so to prepare. Suddenly, with the signing of those agreements, we have a national emergency.

We are ready to do so, we are ready to go, but we must recognize the weaknesses facing Quebec right now.

**Hon. Denis Lebel:** In terms of the circumstances, Mr. Dufour stated that it was difficult to sell certain products in countries that do not know the products. In Quebec, companies did not have that vision.

**Mr. Éric Tétrault:** I could even give you an example. I love examples. In the Lower St. Lawrence, I saw a 73-year-old entrepreneur who owns all the technology he needs to make artificial bridges, bridge replacements, in four days. I think he is sitting on a fortune, but he's just not interested in commercializing it. He wants to sell his business and move on.

All of Quebec is like that. It is an unparalleled, world-class inventor, but it is not interested in making money with its invention, in innovating and exporting abroad.

[English]

That in a nutshell is Quebec's problem.

**Mr. Randy Hoback (Prince Albert, CPC):** Actually, I think that's a Canadian problem. As you look at the generations getting older, who's going to come in and buy these companies?

You talked about Buy American and the threats that presents. That's one of the issues, I think, in bilateral agreements that are of concern in enforcing that agreement. In a multilateral agreement like TPP, you've got eleven countries standing behind you.

In the example of country of origin labelling in the beef and pork sector, Canada and Mexico were able to use the WTO and also use each other to get resolution in that dispute. How important is the multilateral settlement? A lot of people say that we don't need them, that we have bilateral trade agreements with all these countries, so we don't need a multilateral one.

**Mr. Éric Tétrault:** Sorry, I didn't get your question at the end.

**Mr. Randy Hoback:** Oh, it's the translation, I guess.

I just used the example of the importance of... You brought up Buy American.

**Mr. Éric Tétrault:** Yes.

**Mr. Randy Hoback:** You used the example of how a multilateral system gives you the ability to enforce a bilateral agreement or that bilateral agreements are sometimes enforced, especially when you've got a David and Goliath situation between Canada and the U.S. I used the example of country of origin labelling. When we had issues with pork and beef going to the U.S., Mexico and Canada were able to pair up and actually get results in that situation.

**Mr. Éric Tétrault:** Yes.

**Mr. Randy Hoback:** Can you just briefly explain why a multilateral agreement like TPP is important for countries like Canada?

**Mr. Éric Tétrault:** Well, I'm not sure it's going to do the job. I mean, let's be honest, it's not going to be the end of protectionism in the United States, certainly not in the next two years, because of the political context. We have to be aware of that.

**Mr. Randy Hoback:** But you're going to have more results with a multilateral agreement with eleven countries, as opposed to just Canada versus the U.S.A.

**Mr. Éric Tétrault:** The answer to your question is yes.

**The Chair:** Are you finished? I've only got half a minute if you want to make a comment.

**Mr. Randy Hoback:** In the pork sector, when we've seen country of origin labelling come into play, how did that affect your sector? Again, if you don't have these agreements in place, if you don't have a dispute-settling mechanism in place, what would you look like today if you didn't have that in NAFTA?

[Translation]

**Mr. David Boissonneault:** The advantage of trade agreements is that they establish the rules of the game. For us, it is key to set up a familiar business environment in which to invest. There can certainly be vested interests. There are more strategic players who will use protectionist strategies, but having trade agreements allows for rules on which we can rely to ask for the situation to be corrected. This is the advantage of a trade agreement; it is not perfect, but at least it provides a foundation for the rules.

[English]

**The Chair:** Thank you.

We're going to have to move on. We're going to have two short sessions.

Madam Lapointe, you have three minutes. Go ahead.

[Translation]

**Ms. Linda Lapointe:** The discussions we are having this morning are very interesting. We could certainly go on for a long time.

In my riding, a lot of concerns were shared with me regarding the transfer of companies. People are close to retirement and have very good businesses. You are surely aware of La Petite Bretonne, in Blainville. That company exports to a lot of places in the world. The owner of the company is close to retirement, and she is not the only one. Other businesses are in the same situation, and that is a cause for concern.

If we had the opportunity to make minor changes to the TPP agreement, what changes would you like to see?

My question is for Mr. Tétrault first.

• (1020)

**Mr. Éric Tétrault:** As I said, the lowering of tariffs must be equally profitable for both Canadian and American manufacturers. Right now, the American manufacturers have a slight advantage.

I would like to see a better defence mechanism against currency manipulation exercises. Honestly, it's true that the TPP strengthens NAFTA and it's true that it provides a window to South America, but Asia needs to be included too, first Japan, but also Australia. Australia must not be overlooked. It has a free trade agreement with China.

First, I don't think we could stay out of the agreement. I think the U.S. has tried to start establishing the rules of trade in the Asia-Pacific region before China, but we must continue to use the momentum, so that China can join us some day in accordance with the provisions that will have already been set out in the agreement.

However, we fear that China is manipulating its currency again and continues to do dumping. We cannot benefit from such an agreement if those issues are not resolved.

**Ms. Linda Lapointe:** Do you have anything else to add?

**Mr. David Boissonneault:** I agree with what Mr. Tétrault said because we have the same concerns about that.

Let me turn to another issue. You talked about the next generation. In addition to the trade agreements, the government must have a comprehensive strategy. It must be supported by other policies. Other levels of government and other departments have a role to play in supporting businesses, so that we can fully benefit from those agreements. For our part, we are thinking about research and risk management programs that will support investments and the next generation in our industry.

We are coming to the end of a generation of entrepreneurs and farmers who started their business in the 1970-1980s. Now, there is a period of consolidation during which young people could seize those opportunities. I think the Government of Canada could play other roles, in addition to the agreements.

[*English*]

**The Chair:** Thank you.

We're going to give the last few minutes to Mr. Van Kesteren.

Go ahead.

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

Thank you all for being here. It's very interesting.

When I was a boy, I remember studying *Two Solitudes* in school. I think you're probably familiar with it. I thought about it just this morning and about how Quebec has changed. I was thinking about how in the last election we took quite a beating, but there's one bright spot, and that is the group of Quebecers who came to join our caucus, led by this man. I'm not just saying that because he's sitting beside me, but I get excited, and most of us do, because these guys, I'm telling you, are rock stars. They get it; they understand. They, to me, signify the new Quebec, and the new Quebec is really something to behold. I just want to tell you that, because I'm so impressed with how you've taken on markets, how you've taken on industry. You're doing such an outstanding job.

It appears to me, though, that we have another solitude today, and we have witnessed it cross-country. It's not just in Quebec. There appears to be a consensus among those who are involved in business that trade agreements are a good thing, that this is going in the right

direction, but there's another segment of society, primarily labour, sometimes otherwise referred to as society.

I'm wondering whether you want to comment on that. How do we bridge that gap? Are we missing something? Are we seeing something that maybe we're blind to, when we just can't seem to convince labour and some of these other organizations that this is good for our country and good for our society?

Does anybody want to comment on that?

Mr. Tétrault?

**Mr. Éric Tétrault:** I might comment on it.

I covered the two solitudes as a reporter formerly for the Canadian Press. Let's remind everybody, before we go further, that in 1988 Quebec was the strongest supporter of the trade agreement with the United States. That's a fact, and it won't change.

Business gets it, as you said. Labour, I would say.... My simple explanation is that you must be aware that labour unions sometimes follow political fracture lines here in Quebec. It's a fact.

I said I'm the strongest supporter in Quebec for the energy east project right now. What's the difference between Quebec and Canada on it? It's that business people get it in both Quebec and in Canada, and the labour unions are ready to support the project in Canada—I had a meeting as late as yesterday in Ottawa on it—but we know that the labour unions won't support it in Quebec because it's not a good thing. It's a Canadian project. It's a rest-of-the-country project.

There's probably a form of, I would say, anti-capitalism here that goes deep in our roots, so I'm not sure we can count on the labour unions as far as free trade is concerned.

We're lucky we have them on board for our automatization projects, and our revitalization projects as well, because we finally convinced them that a stronger economy will in the end create more jobs, but it took us years to get them aboard for these. It's very difficult to get them on board with projects, and it's even more difficult to get them on board when they perceive them as being a Canadian initiative or an American initiative or anything like that.

Search no deeper than that. It's simple and complicated at the same time.

• (1025)

**The Chair:** Thank you.

We'll have to wrap it up there. That ends the panel. Thank you, guests, for coming here. It was a good back-and-forth dialogue with the MPs.

We're going to break now for 10 minutes, and then we'll finish off with our last panel.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

•  
•(1035)

**The Chair:** *Bienvenue.* Welcome, everybody. Welcome to our parliamentary trade committee from Ottawa.

As you're here talking, you know what we're doing now is our study on the TPP. We're reaching out to Canadians, stakeholders, and individuals on repercussions, advantages, and disadvantages in how the TPP can affect Canadians.

We've done the western provinces already, and we've been doing Quebec these last two days. Then we're going to Ontario. We'll finish up with the Maritimes and Atlantic Canada, and then the territories.

We're also talking to people in Ottawa and representatives of companies. We're talking to representatives of other countries.

We're trying to get a snapshot of how TPP impacts Canadians, and we'll be presenting this report to the House of Commons.

I welcome our guests in our final panel, panel three, this morning. We have with us the Canadian Union of Public Employees, the Organization of Democratic Unions, the Confederation of National Unions, and the Québec Port Authority.

Folks, each group has five minutes. Try to keep to five minutes, if you can. After that we'll have a dialogue with the MPs.

We're going to begin with the Union of Public Employees. Who will start off?

Mr. Bolduc, go ahead for five minutes, sir.

•(1040)

[*Translation*]

**Mr. Denis Bolduc (Clerk-treasurer, SCFP-Québec, Canadian Union of Public Employees):** Mr. Chair, committee members, thank you for inviting us to talk about the Trans-Pacific Partnership agreement.

My name is Denis Bolduc and I am the general secretary of the Canadian Union of Public Employees in Quebec. With me today is Mathieu Vick from our research branch. We represent over 110,000 workers who deliver the public services all Quebec residents depend on. CUPE is Canada's largest union, with 635,000 members.

CUPE's goal is to protect and improve public services with the aim of creating a more equal and just society, where no one is left behind. With this in mind, we have to recommend that the Government of Canada not ratify the TPP. We all know, of course, that Canada is a trading nation and that international trade is vital to every level of our economy. Good trade agreements put the interests of people ahead of the interests of multinationals, promoting job creation and social development.

But since we know that trade between Canada and the other TPP countries is already 97% tariff-free, this agreement is clearly intended instead to enhance the powers and profits of the largest corporations, to the detriment of workers, governments, taxpayers and all citizens.

Here are a few of the main reasons Canada should reject the TPP.

First of all, the Conservatives negotiated the TPP in secret, without input from the opposition or the general public. The TPP gives foreign multinationals the right to challenge, or even overturn, public policies adopted by democratically elected governments. Take, for instance, Ethyl Corporation, the American company that, under NAFTA, won the repeal of a Canadian law banning MMT, a toxic fuel additive, while at the same time receiving \$13 million in compensation.

With its expanded investor-state dispute settlement mechanism (ISDS), the TPP allows the wealthiest multinationals to sue Canada for hundreds of millions of dollars through a tribunal rife with conflicts of interest. That tribunal, presided over by arbitrators who have a financial interest in interpreting the provisions as broadly as possible, operates entirely outside of our domestic legal system. It cannot be accessed by either Canadian companies or the general public. Canada is already the industrialized country most often sued in the ISDS context. There have already been 35 claims against Canada under the NAFTA mechanism, which operates much like the TPP mechanism, and our country has paid out over \$200 million in penalties.

Second, the TPP threatens public services in a number of ways. First of all, there are the ratchet and standstill clauses. The ratchet clause prevents backtracking once a service has been privatized or a standard eliminated, even if the outcome is catastrophic. Under the standstill clause, a government cannot further regulate an industry, or contract-in a privatized service at the time the agreement was implemented.

Both clauses promote privatization and tie the hands of future governments. Shouldn't a government be able to regulate an industry to protect the health of its citizens or meet its greenhouse gas reduction targets? Shouldn't a government have the option of bringing a service back in house if outsourcing costs more and isn't delivering the expected results? Shouldn't it be possible to broaden the scope of a universal service like medicare for the good of our citizens?

Roy Romanow, the premier of Saskatchewan between 1991 and 2001, once said that Canada would never have had its public health care system if NAFTA had been in force in the 1960s. Drug prices will also go up by \$800 million per year under the TPP, putting pressure on provincial budgets and on the budgets of large employers that offer drug coverage, which will affect services and may lead to contracting out or layoffs.

[*English*]

**The Chair:** Sir, perhaps you could just wrap it up, if you want to do your conclusions.

[Translation]

**Mr. Denis Bolduc:** This agreement, which Nobel laureate economist Joseph Stiglitz called the worst trade deal in history, will do nothing to reduce inequality. Our workers will now be competing with workers in Vietnam and Malaysia who earn just a few dollars a day. And instead of improving working conditions and strengthening protections for these workers, the TPP maintains the status quo. Foreign companies will also be able to bid on Canadian public contracts and, in many cases, provide labour from their own country.

For these reasons and many other reasons, CUPE is asking the Government of Canada to reject the TPP.

• (1045)

[English]

**The Chair:** We'll move over now to the organization of democratic unions for five minutes.

Go ahead, sir.

[Translation]

**Mr. François Vaudreuil (President, Centrale des syndicats démocratiques):** Thank you, Mr. Chair.

Thank you for this invitation. With me today is Normand Pépin, who is responsible for Research Services of the Centrale des syndicats démocratiques, or CSD.

Before making comments, I would like to tell you that CSD is an organization that represents a little over 70,000 people in Quebec. We work mainly in the private sector, and a very high concentration of our members are in SMEs and in the regions.

As for the TPP, I will start my intervention by providing a statement from former French prime minister Lionel Jospin. Following negotiations for the multilateral agreement on investment, the MAI, Lionel Jospin stated, after seeing confidential documents—the agreement had been negotiated in secret, as it always is done—that, while it may be normal for a country to be able to transfer aspects of its sovereignty to an international government organization, it is out of the question that it would hand it over to private interests. I think that's a guiding principle that should be adopted in analyzing a free-trade agreement.

What hurts the various trade agreements, and the TPP is no exception, is the clause protecting foreign investors. This clause gives multinationals unreasonable and disproportionate powers that deprive governments of some of their powers. We think that is unacceptable. We will be told that a new standard on the protection of investor rights in trade agreements emerged from the agreement negotiated with Europe. However, analyses of this new version that appears in the agreement with Europe show us that, since all the lawsuits against the Government of Canada would be replicated with this new version. You will understand that we believe this is simply unacceptable. We are referring to them as trade agreements, but they aren't trade agreements; they are treaties to protect foreign investments. This is very bad and very unhealthy.

Let me give you the example of New Brunswick, which has already thought about the possibility of establishing a public auto insurance plan but, further to pressure from American insurance companies, quite simply decided to back off. Even though there

apparently were not many complaints under Chapter 11 of NAFTA, it is important to remember that governments are increasingly cautious. They hesitate to take action that would protect the common good and would create a society in which labour rights and environmental rights would be recognized as fundamental rights that cannot be touched.

So we are very worried and, based on what we have been able to analyze and observe since the free trade agreement with the United States, we think that Canada should not ratify the TPP agreement, mainly because of the provisions protecting foreign investments.

• (1050)

[English]

**The Chair:** Thank you, sir. Thank you for being on time.

We'll move on now to the federation of national unions.

Go ahead, please.

[Translation]

**Ms. Francine Lévesque (Vice-President, Confédération des syndicats nationaux):** Thank you, Mr. Chair.

With me today is Jean Dalcé, who is an economist at the CSN. We thank you for allowing us to take part today in the TPP consultations. We will set out the main reasons we think the TPP is a bad agreement for Canada and, as a result, why Canada should not ratify it.

First, the negotiation process has proven to be opaque. This enormous lack of transparency disrespects our democratic values.

Second, the TPP includes the investor-state dispute settlement mechanism, the ISDS, which enables companies to sue governments when the public policies put in place impede their investments, be they policies intended to protect public health, public services, the environment or working conditions. Canada is the developed country with the highest number of lawsuits in the world. In 2015, it was sued for over \$6 billion under the ISDS, and most of these complaints, which may well be paid out through our taxes, involve the environment. The ISDS limits the ability of our governments to make legislation on matters of public interest, but it also deters the adoption of new policies. But Canada is proud of the changes we have managed to make to the comprehensive economic and trade agreement with the European Union on this, but these changes aren't in the TPP, which can no longer be amended.

While the Canadian government just signed the Paris climate agreement, it allows multinationals to influence, if not define, the country's environmental standards through the TPP.

Third, the TPP doesn't contain any binding measures on the environment or human rights. Canada should use a TPP to promote decent work with some signatories, including Vietnam, Malaysia and Mexico, where labour rights are systematically violated. In addition, aside from basic labour rights, no reference is made to other human rights. We think it is unacceptable in 2016 that we are not protecting the rights of indigenous peoples or the rights of communities regarding natural resource development.

We are concerned about the repercussions of the TPP on our manufacturing sector. Canada's trade balance has been steadily deteriorating in recent years. The Canadian economy is characterized by an expansion of exports of raw materials and a decline in exports of manufactured goods. We think that the TPP would put increased pressure on the manufacturing sector, which is already deteriorating, while exports of manufactured goods from countries in East Asia are growing steadily.

With the elimination of tariffs, our products are more likely to become less competitive than goods produced by other TPP countries. The example of the trade agreement signed with South Korea is a very good illustration of this. Our exports dropped by 3.9% one year after we signed the agreement, while imports of Korean goods increased by 10%.

With the arrival of these new players, we also fear having more and more difficulty on the U.S. market. The TPP certainly has the potential to encourage the export of our agri-food products, including pork, maple syrup, fruit juice, beef and so on, but overall, we think it will have a negative impact on our trade balance.

Lastly, in the cultural sector and in the area of public services, once again, this was illustrated by predecessors. We think that any new service may be threatened in this regard, too.

In conclusion, the CSN cannot support a trade agreement that gives multinational corporations the right to sue governments, that threatens our public services and our culture, and that would be signed with governments where human rights and union rights are systematically violated. The way these agreements have been negotiated and their evolving nature is really plunging us into total obscurity, while we are going to live with the consequences of many aspects in the decades to come. Obviously, we find this situation completely unacceptable.

• (1055)

[English]

**The Chair:** Thank you for your presentation.

We're going to move now to the Québec Port Authority.

It's great to be here in Quebec. We enjoyed some of the hospitality and good food here last night. It's a beautiful city, and very vibrant.

Please go ahead. You have five minutes.

[Translation]

**Mr. Patrick Robitaille (Vice President, Port Business Development, Quebec Port Authority):** Good morning. My name is Patrick Robitaille, and I am the vice president of Port Business Development with the Québec Port Authority. I am accompanied by

Alain Sans Cartier, director of Public Affairs and Communications, also with the Québec Port Authority.

It is my turn to welcome you and thank you for being here in Québec to allow us to discuss the important issue of the Trans-Pacific Partnership agreement.

The Port of Québec plays a vital role for Canadian and North American industries through its unique combination of comparative advantages. Its water depth of 15 m at low tide, its complete intermodal connections and its strategic geographical location are assets that are unmatched along the St. Lawrence and in eastern Canada.

These advantages give the port a character that is unique in Canada and make it a fundamental link between the industrial and agricultural heart of North America and the rest of the world. Each year, the port has exchanges for our goods with 200 to 300 ports in around 50 to 60 countries. Since Québec is the only deep-water harbour in eastern Canada to be able to carry out these operations, it is mainly competing with ports on the U.S. east coast and in the Gulf of Mexico.

As one of five major Canadian ports, the Port of Québec generates wealth not only for the Québec community, but also for the entire country. At the community level, Québec's maritime activities generate nearly 8,000 direct and indirect jobs and \$730 million in economic benefits annually.

At the Canadian level, KPMG estimates that Québec's port and maritime industry generates over 13,000 jobs and \$1.3 billion in economic benefits. The Port of Québec works in the transport, petrochemicals, steel, energy and agri-food industries, and focuses on solid and liquid bulk transshipment.

It plays a unique role in the supply chain of several Canadian exports. For example, nickel extracted from the Raglan mine in northern Canada passes through the Port of Québec by ship, is sent by rail to Sudbury for primary processing, and returns to Québec before being shipped to its final destination in Norway.

Ontario-produced wood pellets are transported by rail to the Port of Québec before being transported by ship to the UK to supply thermal power plants. They are replacing coal, among other things.

On the import side, the Port of Québec is also essential for the transportation of jet fuel, which comes from Europe, and elsewhere, to Quebec City by ship before being transported by rail to the Toronto Pearson Airport.

With a relatively small domestic market, the Port of Québec must rely on its role as a transshipment facility for Canadian and North American imports and exports. Given this fact, the major trade agreements signed by Canada over the years have certainly contributed to the port's development and allowed it to fulfill its mission.

The Port of Québec must be able to count on a business environment favourable to international trade, since most of our operations are related to export or import with 50 to 60 countries, as I mentioned a little earlier.

Our current volume of trade with the countries joining the Trans-Pacific Partnership is already very considerable. In the last 10 years, 50 million tons transited through our docks to or from these countries, for a total value of \$22 billion. Even omitting our American partner, the figures remain impressive, with just under three million tons and an average annual value of \$300 million. Singapore, Mexico and Chile account for 87% of non-U.S. transit volume.

Finally, our trade with the signatory countries centres around the transport, petrochemical, energy and steel industries, with 62% import and 38% export. In addition, the new Panama Canal, which is open or will be shortly, allows passage for ships with a draft of 15 m—previously limited to 12 m. It will doubtless expand trade potential from the Pacific for ports with access to the Atlantic, like the Port of Québec.

In this perspective, the Québec Port Authority wants the Canadian government to ratify the Trans-Pacific Partnership to strengthen and diversify international trade opportunities. International trade agreements ratified by Canada have always had a positive impact on the port's development, since it is first and foremost an international port. Ratifying the Trans-Pacific Partnership will definitely strengthen and diversify our international trade opportunities.

On behalf of the Québec Port Authority, we thank you for giving us the opportunity to present the Port of Québec and our thoughts on the Trans-Pacific Partnership. We would also like to reiterate the willingness of Québec's port community to play a key role in the development of Canada's international trade.

Thank you.

[English]

**The Chair:** Thank you.

My thanks to all panellists for your presentations.

We're going to move on to have a dialogue with the MPs. We're going to start with the Conservative Party and Mr. Lebel.

• (1100)

[Translation]

**Hon. Denis Lebel:** Thank you very much, Mr. Chair.

Thank you, ladies and gentlemen, for being here today to discuss this matter.

I will make a comment before asking questions.

Since yesterday, we have listened to various witnesses who have told us about “secret” negotiations. I don't think that unions, when they prepare their intervention strategies during election campaigns, do so publicly. When we are negotiating global free trade agreements with 11 other countries, we can't reveal information to the media during the negotiation process and can't refuse to participate. Furthermore, I will soon ask you what the impact would be if Canada was not involved in these negotiations.

Yesterday, we heard from milk producers, UPA producers and representatives from the affected sectors. They told us that they were in Hawaii, that they were in Atlanta, that they had heard what was said and that they had been aware of everything set out in the agreement. In the case of sectors specifically concerned, those people were at the negotiation table.

What do you think the impact would be if Canada did not sign the agreement? We spoke about the fact that trade between Canada and the TPP countries was already 97% tariff-free. The United States is looking for another way to get by. We all know the current situation: an election campaign is under way and protectionism is at the forefront. The United States was trying to renegotiate part of NAFTA through the TPP. You have figures illustrating the impact of participating in the agreement. You surely also have figures on the impact of not participating. What do you, ladies and gentlemen from the union groups—I will talk to the port authority representatives soon—think the impact of not participating in the TPP would be?

**Mr. Denis Bolduc:** During the years the Conservatives were in power, from 2006 to 2015, Canada signed 10 free trade agreements and 25 agreements on investment. Our research service prepared some statistics. The conclusion is that during that period, our trade balance deteriorated considerably. Exports to partners with whom we signed free trade agreements grew by 1.1%, but increased by 6.8% with those with whom we did not sign agreements.

We cited South Korea as an example earlier. After the agreement was signed, our imports increased by 9% and our exports decreased by 4%. The statistics show that the situation did not improve after the agreements were signed, but got worse. You ask what will happen if Canada does not get on board with the TPP. My answer would be that here we have 35 agreements that did not produce the expected results.

**Hon. Denis Lebel:** In the middle of the worst global economic crisis, the Conservative government also signed NAFTA, and all of the witnesses we heard, regarding the impact on jobs...

However, I want to know what the others think. I also want to hear Mr. Vaudreuil.

**Mr. François Vaudreuil:** As far as we are concerned, Mr. Lebel, Conservative or Liberal governments are not the issue. We do not systematically oppose free trade agreements. I want you to understand that. What we do say, however, is that trade agreements must respect human rights, labour rights and the environment, and especially, not prevent governments from legislating to preserve what is generally referred to as the common good.

That is our point of view. We consider that these agreements give far too much power to multinationals. They are being allowed to get around all of the rules we have given ourselves as a society. I am referring to charter 11 and the following ones in the North American Free Trade Agreement. These provisions are beyond the pale because they may jeopardize other rights, you see.

We say yes to free trade, but it has to be controlled. It must respect the social rights I have just listed. I said earlier that our members were from the private sector. A free trade agreement is not a panacea. The economic environment is completely different from the one that existed when the first free trade agreement was signed with the United States. Business competition is at a whole new level. Several phenomena are emerging. The combination of all these elements mean that today we are facing enormous competition, and we have to fight with the market every day and win to keep our jobs. As a union, we do not only focus on working conditions, but also on jobs. The new environment is forcing us to work on another level.

Of course free trade agreements are important. But beyond the labour market, there are social rights that appear to us to be fundamental, and they must be preserved.

That is our vision, and the principles that guide us in building the fairest and most cohesive society possible.

• (1105)

[English]

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

Your time is well over, Mr. Lebel.

We're going to have to move over to the Liberals. We'll begin with Madame Lapoint for five minutes.

[Translation]

**Ms. Linda Lapointe:** Good morning, and welcome. We are very pleased to welcome you today.

My riding, Rivière-des-Milles-Îles, is located north of Laval. It includes Deux-Montagnes, Saint-Eustache, Boisbriand and Rosemere. There are some good businesses there.

I have a question for Mr. Vaudreuil.

You say you represent 70,000 private sector people, especially from SMEs. What kind of SMEs are they?

**Mr. François Vaudreuil:** They are SMEs from every sector, such as the agri-food sector, construction and wood, trade and services, in short every sector of the economy.

**Ms. Linda Lapointe:** Are there some from the manufacturing sector also?

**Mr. François Vaudreuil:** Yes, of course.

**Ms. Linda Lapointe:** The representatives of the boards of trade who have testified here support the TPP agreement. They think that the agreement provides an opportunity for increasing jobs and production. I am a little surprised to see that you, who represent employees, are against it.

**Mr. François Vaudreuil:** Mr. Bolduc explained it very well earlier in his reply to Mr. Lebel.

We have examined studies and analyses on Canada's balance of trade. We concluded that our trade balance in the countries with whom we do not have free trade agreements was clearly better than with the countries with whom we did sign free trade agreements.

What I mean is that we have to be aware of the nuances and assess the files differently. A free trade agreement is not a panacea for

everything that ails us. It will not solve Quebec's competitiveness problems. Those problems are of another order.

Earlier with Mr. Tétrault you raised the issue of the new generation in SMEs, and the managers of the new generation who are going to take over the reigns. Those are the issues that concern us greatly with regard to employment.

If we go back to the free trade agreement...

**Ms. Linda Lapointe:** Please be brief as I only have five minutes.

**Mr. François Vaudreuil:** I am going back to the free trade agreement.

Earlier I explained clearly the grounds and guiding principles that underlie our opposition, and I quoted a statement by Lionel Jospin. We believe that if the text of the TPP agreement remains as it is, the Government of Canada should not ratify it.

**Ms. Linda Lapointe:** Thank you.

Ms. Lévesque, you said earlier that the agreement did not contain any measures about the environment and human rights. What would you have liked to see in it regarding the environment?

**Ms. Francine Lévesque:** In fact, we would like the legitimacy of governments to be protected so that they may continue to legislate in that area.

We note that agreements signed in the past have exposed us to lawsuits, even from Canadian companies who used their branches in other countries to call into question environmental policies adopted here, in Quebec and Canada.

We care about this a great deal. Legitimately elected representatives could be sued for having exercised democratic powers on issues that concern the whole of the Canadian population. That is what we challenge in this treaty, which in the final analysis gives multinational companies the right to make free trade the only value.

• (1110)

**Ms. Linda Lapointe:** Thank you.

I would like to put a question now to Mr. Robitaille, who is accompanied by Mr. Sans Cartier, to whom I extend a warm welcome.

Earlier, you said that the Panama Canal would be deeper, which would allow certain products to enter the port of Quebec and others to leave. You referred to petrochemistry.

What would be the advantages of the TPP for the port of Quebec?

**Mr. Alain Sans Cartier (Director, Public Affairs and Communications, Quebec Port Authority):** What my colleague said earlier about the Panama Canal is that until now it could accommodate vessels with a 12-metre draught. As of this spring, this will go to 15 metres, which will allow merchandise to transit from the Pacific to the Atlantic seaboard, in addition to making vessels more competitive. With a deeper draught, the competitiveness of the ships will be increased by 30%.

The basin of the port of Quebec is 15 metres deep at low tide. Over the past few years, most of the American ports on the Atlantic coast—New York, Charleston and Savannah—invested massively in order to also have basins that are 15 metres deep at low tide.

And so we think that if Canada does not ratify the TPP and if the United States does, our competitors, that is to say the American ports, will have a competitive advantage. They will be able to benefit from advantages we will not have if Canada does not participate in the agreement.

**Ms. Linda Lapointe:** Thank you.

[English]

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

**Ms. Linda Lapointe:** I think so.

**The Chair:** That's okay. It was a good question.

Now we're going to move to the NDP and Ms. Ramsey.

**Ms. Tracey Ramsey:** I'm in Quebec City, but I feel very at home. We had manufacturers in the previous panel, and labour was also represented. I'm a 20-year union member, so I'm very pleased to see labour represented, and I welcome the members from the port who are here to present.

I think it's important to be reminded of the secretive nature of this deal, the way this deal was negotiated. I don't think Mr. Lebel is being completely transparent about who was and who wasn't in that room. Mr. Ritz, who sits on this committee, has told us many times that hundreds of industry people and lobbyists were included in those conversations. Missing were labour, aboriginal people, environmentalists, civil society, youth, and human rights groups. Many of the groups excluded from the negotiations could have contributed in a way that might have changed the conversation we're having today, and that's unfortunate.

I'd like to talk about some of the things that you brought up. With respect to ISDS, not only is there the ISDS provision whereby we can be sued, but there is also an effect. Madame Lévesque, you well highlighted the regulatory chill and gave us a great New Brunswick example of how that chill can impact communities, not only on the border but in all of Canada as well.

I'd like to ask Monsieur Bolduc if he could speak a little bit about the ratchet and standstill. It's something we haven't really dug into in this committee. You represent public sector workers, and this aspect of the agreement would definitely impact, for instance, our ability to have a pharmacare program in Canada. Could you speak about those two clauses?

**Mr. Mathieu Vick (Union advisor - Research, SCFP-Québec, Canadian Union of Public Employees):** Thank you, Tracey.

[Translation]

Earlier, our colleagues were talking about free trade agreements and international trade treaties. We are entirely in favour of them. We want trade to happen, as Canada is a trading nation. However, the fact of including provisions such as the dispute settlement mechanism in these agreements changes them completely.

The ratchet effect, as well as what we call the status quo effect, are not necessary in an agreement. In fact, there are three elements that should really be withdrawn from the agreement in order to better protect public services.

On the one hand, there is the ratchet effect, which means that a service that has been privatized cannot be made public again. This

means for instance that if the privatization of a health service is a failure, we cannot make that service public again. The Liberal government has said that it wants to create a national and universal pharmacare system, but we could not create a pharmacare program if the ratchet effect were applied. A part of the market would then be expropriated, and foreign insurance companies would rush in to fill the space.

On the other hand, the status quo effect means that we cannot add further regulation to a liberalized sector, which means that we could not establish new standards to protect the environment, for instance.

Regarding the protection of public services, this would not be the first agreement that contains a list of negatives. We are in an economy that is evolving fast, and it could happen that the government would want to offer some new service for the greater well-being of the population. However, according to the agreement, no new service may be public without exposing the government to liability under the dispute settlement mechanism.

That is why, if ever this agreement or a similar one were to be renegotiated, certain provisions need to be added. We do not need the ratchet effect, nor do we need the status quo effect.

• (1115)

[English]

**Ms. Tracey Ramsey:** Would anyone else like to speak to the ISDS and the implications? I know you mentioned it in relation to the environment. Would you like to expand on that?

[Translation]

**Ms. Francine Lévesque:** I want to get back to the issue of medication, particularly.

Thanks to the protection of patents and intellectual property, the pharmaceutical industry will be able to continue to make enormous profits and, God knows that the cost of medication in Canada is among the highest in the world. It is as though the pharmaceutical companies want to use the agreement to prevent governments from exercising some control, from regulating the cost of medication, facilitating the making of generic drugs and facilitating access to medication. Those companies seem to think that such measures threaten their business, and so this could lead to lawsuits on their part. We think that this is very serious, because we are talking about public health policy, public services. We absolutely must protect our governments' power to make policy.

[English]

**Ms. Tracey Ramsey:** Yes. It's very serious in my riding. I hear from many people who are already struggling with drug costs. I assume it's the same across all of Canada that people are already struggling with the high cost.

**The Chair:** Okay. Now we're going to move on to Mr. Peterson for the Liberal Party for five minutes.

[Translation]

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

I thank all of you for your presentations.

My questions are addressed to Ms. Lévesque and Mr. Dalcé.

According to the Confédération des syndicats nationaux, “although some slight improvements were proposed to remedy some well-documented legal flaws in the [ISDS arbitration tribunals], none of them correct the wide array of flaws in this arbitration system which lacks transparency, accountability and independence”. According to Global Affairs Canada, however, “the chapter provides access to an independent international investor-state dispute settlement [ISDS] mechanism that is prompt, fair and transparent, and subject to appropriate safeguards”.

Can you suggest amendments that could improve the text of the TPP with regard to transparency, accountability and independence?

**Ms. Francine Lévesque:** We have not determined what those measures might be. A union organization does not tell its government that this or that point is missing.

We note that we are put before a fait accompli. The agreement cannot be modified at this time. It is a take-it-or-leave-it deal, it can only be ratified or rejected.

As for the arbitration mechanisms, we see that there are no recourse mechanisms. Commercial interests are the only thing taken into account. All of the other elements that are important to us, such as the rights of workers, human rights and the environment, are of no moment compared to the strictly commercial interests of the multinationals that may consider themselves threatened by political decisions that could be made.

That is the main problem in our opinion. That is why in the face of all this we think that there is no other option: our position is that you must not ratify the agreement.

**Mr. Jean Dalcé (Union Advisor, Confédération des syndicats nationaux):** All of the organizations share that opinion. One of the fundamental problems with this trade agreement is the broader investor-state dispute settlement mechanism. Why is this mechanism necessary if not to grant greater powers to multinationals at the expense of democratically elected governments?

• (1120)

**The Chair:** I'm sorry.

[English]

Our translation is not working.

Sorry. Go ahead.

[Translation]

**Mr. Jean Dalcé:** Such a mechanism in a trade agreement makes no sense to us.

Countries like Canada, the United States or Japan are developed countries that have very mature legal systems. In that case, why have a mechanism that does not take legal systems into account? This makes no sense to us at all. In fact, we ask quite simply that this mechanism be removed from trade agreements.

One thing is remarkable. Although the environment has been a topic of discussion—our government went to Paris to sign an agreement—we are granting major rights to enterprises that will allow them to sue governments. If we consider our place in the world, and all of the environmental issues, we cannot grant all of these rights to multinationals through trade agreements.

Certain sectors should be protected in these agreements, moreover. I am thinking of Quebec, and culture. We are negotiating on issues regarding which we do not even have a national position yet. I am referring, for instance, to the telecommunications or electronic trade sectors. We are negotiating in these sectors, while in reality the debates have not yet been held on issues that will affect more than democracy, at both the federal and provincial levels. Take for example the media sector or that of culture. These are particularly important to Quebec. We think that these areas should not have been included in the TPP.

For all of these reasons, we think that Canada must not ratify this agreement.

**The Chair:** Thank you.

[English]

You have half a minute.

**Mr. Kyle Peterson:** I have a couple of questions for the Québec Port Authority.

With the TPP and the expanded trade that might come out of your port passing through the Panama Canal into the TPP countries, as you said, have you quantified the number of jobs that might create in the Quebec area?

**Mr. Patrick Robitaille:** No. It's tough to give a specific number of jobs, because it depends on the projects that will happen once it's signed, the economic context, and the price of commodities. The answer depends on many factors.

Certainly trade is the lifeblood of the Port of Québec's activities. Any agreement that facilitates or encourages more trade between countries with which we already do business is a good thing.

**The Chair:** Thank you.

Thank you, Mr. Peterson.

The first round is done. We'll move on to the second round. The Liberals are going to start off.

Ms. Ludwig, go ahead. You have five minutes.

**Ms. Karen Ludwig:** Good morning. Thank you very much for your presentations.

I would say the common theme I've heard from all speakers this morning is that you do support trade. I'm wondering if you could give me an example of a trade agreement that did work for Canada.

**Mr. Mathieu Vick:** We haven't looked into specific free trade agreements. It's more of a general thing.

[Translation]

If similar agreements such as CETA and the TPP are so important to improve our international trade success, how is it that the more agreements we sign, as we have done over the past 10 years, the worse our economic record and our balance of trade get?

Canada has signed many agreements over the past 10 years, such as agreements on investments. However, the gap between declining exports and growing imports continues to widen. We have a...

[English]

**Ms. Karen Ludwig:** I'm going to keep going, because we only have a few minutes.

Has there been any agreement or partnership that has been a good agreement from the union perspective ?

[Translation]

**Mr. Normand Pépin (Union Advisor - Research, Centrale des syndicats démocratiques):** The short answer is no. However, some of the biggest advocates of free trade will say that NAFTA was very profitable for Canada. I challenge these people to prove that it was not the drop in the value of the Canadian dollar that improved trade, much more so than NAFTA itself. These things happened together, but the fact that the Canadian dollar was at 70¢ allowed us to export massively to the United States. However, when the dollar's value increased, we saw the result. And yet the free trade agreement was still in effect. So it was not that agreement that created those conditions.

• (1125)

[English]

**Ms. Karen Ludwig:** Over the last three years, when the Canadian dollar has been low, has there been a significant increase in trade? You're suggesting that as the Canadian dollar dropped, trade has increased. Many would argue that trade does not rely solely on the rise and fall of the Canadian dollar. Has it increased when the dollar has been low over the last three years?

[Translation]

**Mr. Normand Pépin:** In my opinion, the period was too short to have an effect like that. The Canadian dollar was weak for about fifteen years, then it increased in value. When it got stronger, trade took a nosedive. To my knowledge, it has not picked up again.

[English]

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

My next question is to the Québec Port Authority.

You noted in your presentation that 13,000 jobs are attributed to the port authority. How many of those jobs are unionized?

**Mr. Patrick Robitaille:** That's a tough one. I can't answer exactly, because the 13,000 jobs are direct and indirect. There are about 8,000 in the region. There are a lot of jobs in the services area, in transportation, rail, and shipping. Dock workers are among them; they are unionized.

However, it's tough to give a percentage. I wouldn't comment on that.

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

Could you attribute any trade agreement to the increase in shipping with the Québec Port Authority?

**Mr. Patrick Robitaille:** Again, it's tough to specifically mention one trade agreement versus another. Those are general conditions. Trade agreements help...I'll switch to French, if you don't mind.

[Translation]

Trade agreements encourage trade. When agreements are signed between countries and there is business to be done, the process is improved.

As we said a little earlier, what goes through the port of Quebec is generally neither produced nor consumed in Quebec. It comes from industries that are located all over Canada or North America. The products transit through Quebec on their way to Europe or to any of about fifty countries. The same thing applies to imports. All of these conditions come together. As I already mentioned, it depends on the price of commodities, ocean freight rates and several other factors, not just one. However, the cornerstone of all this are the agreements; we need agreements.

[English]

**The Chair:** That's it for your time.

We're going to move over to the Conservatives for five minutes.

Please go ahead, Mr. Lebel.

[Translation]

**Hon. Denis Lebel:** Thank you, Mr. Chair.

I am a substitute member of the committee. My colleagues who are permanent members and my neighbour to the right, Mr. Hoback, were telling me that the previous government had done a similar study. I want to refer to what Ms. Lévesque said. The Liberals are holding consultations when the agreement has been signed, and one wonders why. Before it was signed, a Canada-wide consultation of union representatives was conducted. The previous government consulted people throughout the country as a sort of preliminary study, before the agreement was signed. You may not have been here, but there was a Canada-wide consultation.

It is easy to say that the agreements have not been profitable. The game that is being played on the world stage at this time is completely different. We have to be honest and see what China and India contribute. Canada does not have agreements with these countries, but it trades with them on a regular basis. How would not signing the accord have affected Canada? That interests me more than knowing that the figures have not increased even though we had agreements.

I would now like to talk about the port of Quebec, where I had the honour of announcing a \$60-million investment on behalf of the previous government. I don't want to put you in an awkward position with the current government. I simply want to say that I hope the Prime Minister will follow through on his commitment. He said he would respect Canada's prior commitments, and I hope the money will be invested quickly.

This morning Mr. Aubut, from the Quebec City Chamber of Commerce and Industry, said that insurance and tourism account for 40% of the local economy.

Regarding tourism, the Conservative government had announced that it would support you in the improvement of cruise ship terminals. We know that there are a growing number of Asian tourists who come to Quebec, which is known for its European-style beauty, but is located in America. How important is it for you that these projects be realized?

• (1130)

**Mr. Alain Sans Cartier:** As my colleague said in the beginning, the Port of Quebec has a relatively small domestic market. So international trade is clearly important. That's also true when it comes to international cruise ships. The key is to have good infrastructure to be able to develop that international trade. Without adequate infrastructure, we won't be able to carry out the Beauport 2020 project you talked about, Mr. Lebel. That project to expand the Port of Quebec was implemented to be able to develop and generate new trade with other countries. The Port of Quebec is currently operating at full capacity.

As for the cruise ship terminal, the Port of Quebec is a popular destination for international cruise ships on the St. Lawrence. Quebec City welcomes the most cruise ship passengers. Last year, more than 170,000 visitors arrived during the September to October season. We have a project to expand our cruise ship terminal because that sector has been experiencing continued growth over the last decade. The entire Quebec City community believes that, in another decade, we could double that clientele, and the proposed expansion of the cruise ship terminal will make it possible to accommodate the visitors.

**Hon. Denis Lebel:** Thank you, Mr. Sans Cartier.

A very important element for me is the workforce. Like you, I am very sensitive to that issue. I had the pleasure of meeting many Quebec City companies, which told me that they could not develop owing to a shortage of workers. With an unemployment rate of 5% and people who are often unskilled, there should be a balance between the needs and workers' qualifications. A catastrophe was forecast in terms of employment insurance. However, the figures that are coming out show that the situation has not turned out as expected.

I am now turning to the union representatives. What advice would you give to government officials? For the Quebec City region, how should this workforce issue be viewed? What would be your solution? It would have to respect provincial jurisdiction, obviously. The development of businesses is important to us. What are your thoughts on the issue?

**Ms. Francine Lévesque:** We think it is very important to develop a vision of economic development that is not strictly built on the extraction of raw materials, but also on processing.

What distinguishes Canada is a qualified workforce. We have many ways to provide on-the-job training to help the workforce continue to develop and process materials. That will help ensure even more value added and develop trade involving manufactured products. That will be more beneficial than just sending our raw

materials elsewhere for processing, just to have them come back and then sent abroad.

We expect our governments to establish policies in those areas. We have to develop a vision of economic development based on processing and the manufacturing industry, and promote our leading sectors, which are numerous. We also have to make sure that our economic agreements will not lead to job losses.

A recent U.S. study notes that, with agreements such as the one on the table, Canada could end up with an employment shortage of up to 60,000 jobs. We cannot afford to lose them, as they are quality jobs.

[*English*]

**The Chair:** Thank you.

That wraps up Mr. Lebel's time.

We have time for two more slots of four minutes. Madam Lapointe, go ahead for four minutes.

[*Translation*]

**Ms. Linda Lapointe:** Hearing your opinions helps us understand the various issues surrounding the Trans-Pacific Partnership.

Mr. Dalcé, you said earlier that some sectors were currently not protected under the agreement, but they should be. You mentioned culture, telecommunications and electronic commerce. Let's assume that we could reconsider the agreement—and that is possible. What changes would you like to see made to it?

**Mr. Jean Dalcé:** We are currently conducting international negotiations on sectors that still lack regulations. I am thinking of companies such as Google, Facebook and Netflix. Let's take the example of Netflix, which has many subscribers in Canada and in Quebec. We know that Netflix does not pay the provincial tax in Quebec. How can we do something about that?

The issue also arises when it comes to electronic commerce. How do our local or national governments intervene on those issues they are currently negotiating? They are actually tying their hands. I understand the Americans' interest in negotiating in those sectors, since those large multinationals are mainly American. However, I think the interest is different here, in Canada. SMEs are the backbone of our economy, so our approach has to be different from the U.S. approach. As a union, we urge our governments to intervene.

Mr. Lebel was asking earlier what the impact would be if Canada did not participate in the TPP. We cannot answer that question, as our governments must tell us what is at stake for Canada. To our knowledge, no research has been published by the government on the TPP to clearly describe the advantages and disadvantages of such an agreement. I believe that the previous federal government neglected that aspect of its duty. It is up to the government to reassure Canadians, and not the other way around. I feel that the effort was not made.

• (1135)

**Ms. Linda Lapointe:** Thank you very much for your comments.

You should know that the goal of the Canada-wide consultation we are carrying out is to hear from people on the TPP agreement and to give those who wish to be consulted an opportunity to comment. Your comments and reservations will be taken into account in our study. That is why we are touring Quebec and Ontario this week. We are trying to identify any shortcomings, and then we will see where that will take us.

I still have a little bit of time left.

Mr. Sans Cartier, when it comes to the Port of Quebec, what changes would you like to see made to the Trans-Pacific Partnership agreement?

**Mr. Alain Sans Cartier:** I don't see any specific elements that should be changed in the agreement as such. However, should the agreement eventually be expanded to include other countries of the Pacific region, such as India or China, it would be considerably enhanced.

**Ms. Linda Lapointe:** Thank you.

Mr. Bolduc, do you have any comments on this?

**Mr. Denis Bolduc:** May I, Mr. Chair?

**Ms. Linda Lapointe:** I have 30 seconds left.

**Mr. Denis Bolduc:** To answer your question, I must say that the advantage for multinationals in these agreements is obvious. We are still looking for the advantage for Canadians. One of the first things that should be done is to eliminate the dispute resolution mechanism. We should also protect the government's right to pass legislation to protect the public interest. Court actions have been launched against the government concerning environmental protection decisions. My colleague from the CSN, Ms. Lévesque, mentioned earlier the case of Lone Pine Resources, which is seeking \$250 million in a lawsuit against the Quebec government. The company is challenging a provincial decision that addresses Quebecers' interest in protecting their environment.

[English]

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

We're going to move on to the last four minutes. Please go ahead, Mr. Hoback.

**Mr. Randy Hoback:** Thank you, Chair.

I think there are some numbers we need to get out there on the ISDS side of it. Everybody talks about the liabilities that Canada has. Foreign direct investment since NAFTA started has been \$5.3 trillion. Payout on ISDS awards has been \$171 million, and \$123 million of that was to AbitibiBowater. One case was \$121 million. It was because they nationalized a pulp mill.

When you weigh the two, the numbers are weighted one way versus the other, and that talks about the importance of agreements like NAFTA.

The TD economic special report on NAFTA said that in 1993 we had \$290 billion in trade. In 2012 we had \$1.1 trillion. That shows you what happens. Jobs in Canada have increased by 4.7 million since 1993. When you start looking at the economic impacts, you start seeing what it does to our economy. I wish I had the numbers for Quebec and could relate them, but I don't. I think it's important

we understand exactly what happens when you allow trade to happen and allow the private sector to grow and employ people.

I come from Saskatchewan. Under the previous NDP government, we had seen our kids leave, we had seen our companies leave, and all of a sudden we had nobody there to provide the services. We had no way to pay for the services we wanted. Our health care and everything else was in jeopardy because we did not have economic activity because of the policies of that government. It's amazing how eight years changes things.

I know the committee members talked about being in Saskatoon a couple of weeks ago and about all the young people who were there in Saskatchewan. That's because we allowed the industry to develop and allowed the private sector to come back and invest in our province.

You know what? All of a sudden we have to get more nurses. We need more doctors. Our communities are growing. Our small towns are growing again. The joke used to be to ask the last person in Saskatchewan going to Alberta to turn off the lights. The joke has turned around. Now the last person in Alberta coming to Saskatchewan turns off the lights.

It shows you how important it is to get the policy correct.

When we did the CETA study, one of the things that was identified in that study was the infrastructure that was going to be required to take advantage of these trade agreements. One of the things was that all of a sudden we were going to have this east-west flow. In Saskatchewan we're going to have to do a trade mission to Quebec City to look through your port and understand what you can and cannot do, because there's going to be an increase in activity through the port of Quebec and the port of Montreal out of Saskatchewan and Alberta in the prairies. I know that for a fact. Agricultural goods all of a sudden won't be going north and south; they'll be going east and west.

I think that's going to be vital for the growth of this region. The impact 10 years from now....

There's another thing I want to dispute.

They say there has been a trade deficit in the last 10 years. Let's look at the numbers specifically. Our dollar was high. It was at \$1.00 to \$1.10 in a lot of cases in that 10 years. A global recession was unheard of and unprecedented. In the U.S., it definitely would have an impact on trade in manufactured goods going across. One could argue that if we hadn't had those trade agreements in place, it would have been substantially worse.

What did we learn? The beef sector, for example, came back and said they needed to have more than one market. Then they looked at Asia, they looked at Europe, they looked at other countries, and that's where things like TPP come into play. They say they can compete in South Korea, but the U.S. got there first with their free trade agreement, and now they're at a disadvantage. They need time to gain back the market share they lost because the U.S. was there first.

If you look at the South Korea deal and say we lost trade, yes, we did. That's because we were late to the table signing the agreement, and that's what scares me about the TPP. If we're not there, the impact is going to be felt across Canada, and it's going to be substantial, because the U.S. and Mexico would be there.

In the case of the port authority, if we don't have these trade agreements going forward, what is your future?

• (1140)

**The Chair:** There's not going to be any, unless they can say their future in 15 seconds.

**Mr. Randy Hoback:** Yeah, their future's a lot brighter than 15 seconds.

**The Chair:** Is that your question?

**Mr. Randy Hoback:** The reality is these facts have failed. There are a lot of misconceptions and a lot of half-truths being spun, and that's what they are: they're spun. They're not factual.

[*Translation*]

**Mr. Patrick Robitaille:** Canadian foreign trade is largely responsible for Canada's collective wealth. Reference has been made to multinationals. Let's look at the client base at the Port of Quebec. There are companies such as Southern Chemical Corporation, Glencore, Viterro Inc. and United Steel Corporation. Those are all major international players that bring goods in through the Port of Quebec to serve various plants or companies located in Canada or in the United States. Those companies generate jobs—be they unionized or not—with their goods movement activities in the Port of Quebec. Trade is the basis of those investments. The additional spaces the Port of Quebec needs are intended to meet that demand.

You brought up Saskatchewan's agriculture. Let's meet very soon, as I'm very interested in that.

[*English*]

**Mr. Randy Hoback:** We need to coordinate that sort of thing.

[*Translation*]

**Mr. Patrick Robitaille:** Absolutely.

That's the very basis. We need new spaces to meet that demand.

Let's take for example Canadian oil, which is currently landlocked. That has really hurt the Canadian economy over the past few years. Let's not do the same to all industries. Let's make sure that we have the spaces needed to be able to engage in trade, and that's what agreements like the TPP are for.

[*English*]

**The Chair:** Thank you.

I thank all the panellists who came here this morning for doing a good job and having a good dialogue back and forth with the MPs.

That ends this fourth session. We're going to break for a minute because we're going to hear from the audience in a couple of minutes.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

•

• (1145)

**The Chair:** We have a mike available here and we have a few local citizens who want to say a few words. Can Martin Fournier come up to the mike? We'll give you three minutes.

Mr. Fournier, you have the floor. Go ahead for three minutes.

[*Translation*]

**Mr. Martin Fournier (As an Individual):** I will introduce myself. I am Martin Fournier, Executive Director of St. Lawrence Shipoperators.

We represent ship operators—in other words, Canadian commercial vessel owners—on the St. Lawrence. We represent a fleet of more than 130 Canadian ships and Canadian crews that handle shipping between the Great Lakes, the St. Lawrence, the Atlantic, the Arctic and the U.S. east coast. Those are our primary markets.

Our members' activities are made possible through the Coasting Trade Act, which protects marine transportation between two Canadian ports.

Although we wish Canada would negotiate and conclude trade agreements with various countries, including the TPP, we still have a few concerns over opening up coasting trade to foreign ships, as the case has been in the economic agreement with Europe. In fact, under that agreement, European ships with European crews can now or will be able to come do coasting trade between two Canadian ports with on-board crews whose cost is only about 33% of the Canadian crew costs. Therefore, it is impossible for us to compete with them.

We are worried that the TPP will continue in that direction when it comes to the domestic marine industry. We would actually like for coasting trade not to be opened up under the TPP agreement.

[*English*]

**The Chair:** Go ahead.

**Mr. Dave Van Kesteren:** I know this is unprecedented, but we don't have as many members and you're allowing a little more time. Can we ask a question if there's [*Inaudible—Editor*] ?

**The Chair:** Well, if it's in their time, I really don't want to open it up to questions, unless it's a quick question. He has the floor for another half a minute, so go ahead.

**Mr. Dave Van Kesteren:** Rather quickly, isn't navigation presently done by Canadian shippers? Don't you have navigators that...? Is that what you're talking about, or are you talking about foreign crews?

**Mr. Martin Fournier:** It's domestic ship owners.

• (1150)

**Mr. Dave Van Kesteren:** You're talking about the navigational part of shipping.

**Mr. Martin Fournier:** Yes.

**The Chair:** Sir, thank you for your presentation. It will be documented in our final report. Thank you.

We'll move on to our second speaker, Tomas Feininger. Go ahead, sir.

[*Translation*]

**Mr. Tomas Feininger (As an Individual):** I have two quick questions.

First, why is Canada being suicidal by signing agreements that adversely affect the country and make it lose its own voice?

Second, I know that the previous government had signed a free trade agreement with Japan with a time frame of up to 31 years. The world is changing very fast. I want to know what the time frame for this proposed TPP is. I find this agreement to be really bogus.

That's all.

[*English*]

**The Chair:** Thank you, sir. You had a couple of questions, and we have your email address. We'll find out those answers and we'll get back to you. Thank you very much.

We'll go now to Patrick Kerr.

**Mr. Patrick Kerr (As an Individual):** Hello. My name is Patrick Kerr. I'm just a concerned citizen. I don't represent anybody. I'm not being paid to be here.

I don't have a lot of time to speak, so I'll just say right off the bat that I am against this agreement. I would be very much for discussing it, if that were an option, but unfortunately, as I understand it, we've been given an ultimatum, and Canada cannot renegotiate this. As it stands, I am against it.

Why am I against it? Because of a number of things. Obviously, there's probably quite a bit in those 6,000 pages, but I'll speak to the things that cause me the most fear.

With respect to the investor state provisions, I'm not sure that all of you are aware of what is involved, but the potential implications are the things that I am the most concerned about. I say "fear" because none of these things has actually happened and the agreement doesn't exist at this point, but we can look at other agreements that are in place, such as NAFTA. I can't remember what the Chinese agreement is that was passed recently, but we already have a hearing on board with respect to that one.

These types of provisions allow these companies or corporations to sue our government, essentially, or to sue our people and take our money, if they don't agree with our environmental policies or our safety and security policies or if they deem them to be unfair and cutting into their profits. They're allowed to do that. On that, I am concerned that in order to appease these companies and these corporations for the sake of profits, we will undermine our environment and our health, and I don't think that is a wise idea in the long term.

It's a question mark. It's an unknown. We don't know what types of lawsuits are going to be put against us, but we can look at some of the things that have already been put against the country as far as

NAFTA is concerned. I won't get into those details. I don't have that much time, but those types of lawsuits are cause for concern, and that's the number one reason I'm against the TPP.

Other reasons have to do with extended patents and the implications for pharmaceuticals. Canada is the only country in the world that has a national health care program without a national pharmacare program, and it's going to make it a lot harder to have a national pharmacare program if the prices of pharmaceuticals are even higher than they already are, amongst other things.

I could go on, but I don't have time. Thank you.

**The Chair:** Thank you.

Thank you for coming. I see that you've brought your family with you. Thank you very much for spending your time here.

We have one final person at the mike. He was already here, but in a different capacity.

Mr. Serinet, you're going to speak as a citizen, I take it?

• (1155)

[*Translation*]

**Mr. Pierre Serinet:** Thank you, Mr. Chair.

I would like to respond to some of the comments I have heard this morning, as a citizen.

[*English*]

**The Chair:** Go ahead.

[*Translation*]

**Mr. Pierre Serinet:** My name is Pierre Yves Serinet and, as a citizen, I would like to respond to some of the comments made this morning about the Trans-Pacific Partnership agreement.

I first want to point out that Mr. Lebel is thumping his chest over the Conservative government's great transparency, but that's not true. No one, aside from the business sector, has really been consulted with regard to the TPP.

His colleague is giving us figures, and we are talking about billions of dollars and lawsuits in the millions of dollars. We do have to compare oranges to oranges, and not oranges to potatoes. I think that the dispute resolution mechanism between investors and states limits governments' ability to regulate in the areas of the environment, labour law and even the economy. This mechanism prevents governments from prescribing results, ensuring that they are supporting local job creation and regional development, and promoting policies on innovation and the environment.

A study is lacking—and this is an appeal to the government—on NAFTA's consequences over the past 20 years. I think we need to move away from this rhetoric whereby free trade is inherently good. Let's carry out the study.

We conducted such a study on NAFTA's impact. The government promised more jobs, more prosperity, better wealth distribution, enhanced environmental protection and better protection of labour rights. The report card indicates a big fat zero in all those areas, whether we are talking about job creation, job quality or wealth concentration.

Under this economic model, we have not seen an expansion of healthy social safeguards over the past 25 years. We see that by looking at the figures. We will submit our brief on the topic. I think that Canadians can submit briefs to the committee to raise its awareness of what aspects of the economic model have a negative impact and must be reconsidered.

These kinds of international dialogues must provide an opportunity to rethink the economic model. The government must make sure that the economy is serving Canadians and creating jobs. Most importantly, it should promote the fundamental principles of cooperation and complementarity. The idea of competition at any cost and profits at any cost must be rethought. We are facing

challenges in terms of the environment, quality of life and distribution of wealth. The discussion on the free trade economic model must enable that reflection. I think that we have much to gain by broadening the debate and making it public.

It's pretty appalling. I don't know how much the committee has done to attract more people, but I did not see a press release inviting Canadians to participate. I think that the public debate must be broadened and be based on rigorous numbers and studies. The public debate must also be expanded so that people can act on the decisions our elected officials are ultimately making.

Thank you.

[*English*]

**The Chair:** Thanks, everybody, for coming here today.

That ends our panel, and it ends our consultation in Quebec City and the province of Quebec.

The meeting is adjourned.

---







Published under the authority of the Speaker of  
the House of Commons

---

### SPEAKER'S PERMISSION

---

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the House of Commons website at the following address: <http://www.ourcommons.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : <http://www.noscommunes.ca>