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—
Chair

The Honourable Mark Eyking

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• (0900)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good morning everyone. It's great to be here in Windsor. You know that we are the House of Commons trade committee.

We are a very active committee. We have a lot of things on our plate. We're finishing up the CETA agreement and we have the softwood lumber issue, but the biggest thing on our plate right now is the TPP. Since Parliament started, our committee has been travelling the country. This is our sixth province. We have four provinces and the territories left to visit. We're also doing a lot of consultations in Ottawa with various stakeholders.

In our last few meetings, we've opened up the last hour to the public to get their views on the TPP. We'll be doing this over the next few months. We have also received submissions from the public via email, and we're at over 10,000 right now. We'll be taking them and putting them all together for our final report.

That said, we have four panels this morning. With us on our first panel we have Unifor, the Windsor and District Labour Council, and the Essex County Federation of Agriculture.

The members of our committee are from across the country. We have Karen Ludwig from New Brunswick, Linda Lapointe from Quebec, and Mr. Peterson from Ontario. We also have Mr. Van Kesteren from Ontario and Ms. Ramsey from Ontario. Gerry Ritz and Randy Hoback are from Saskatchewan. So we have good representation.

Without further ado, we'll start with our witnesses.

If Unifor wants to start for five minutes, you can go ahead, sir.

Mr. Dino Chiodo (President, Local 444, Unifor): Thank you very much, Mr. Chair.

Before I kick off, I want to say thank you very much. What you are doing, coming down to Windsor and going to the different provinces and listening and engaging individuals, is being very well received. I want to say thank you very much. It's something we haven't seen for a long period of time, and it's really great to be able to have that dialogue and discussion. Thank you for your hard work and dedication. I know it takes a lot of time away from your families.

The Chair: Thank you.

Mr. Dino Chiodo: Good morning, Mr. Chair, and members of the committee.

My name is Dino Chiodo. I'm the president of Unifor local 444 in Windsor, Ontario. As well, I'm the chair of the Ontario regional council.

Our local union represents 17,500 active members and retirees who work throughout Windsor-Essex county. Our members work in many industries, including food processing facilities, casinos, road transport, aerospace, energy, and most notably, the auto industry.

Windsor has the highest auto industry concentration in Canada with the Chrysler assembly plant, major engine facilities, including Ford, and more than 50 independent parts suppliers. In these operations alone, there are more than 12,000 direct jobs, with thousands created in spinoff jobs in industries such as steel and plastic, as well as office workers, car dealers, engineers, researchers, and so many others.

As vital as the industry is in Windsor-Essex, it is a shell of what it once was. Since 2001 Ontario has lost over 300,000 manufacturing jobs, including over 40,000 in the auto industry and more than 10,000 in Windsor alone. In just over the last decade, we've witnessed the closure of the General Motors transmission plant in 2010; the Lear parts plant in 2007; the Chrysler truck plant in 2003; and major cutbacks at Ford engine facilities, just to name a few.

It was in 2001 that a long-standing trade policy, known as the Auto Pact, was officially abolished, as directed by the World Trade Organization. I don't need to revisit the history of the Auto Pact for the committee, because I'm sure you're all well aware of it. I raise it only to reconfirm the direct and deliberate effect trade policy has on Canada's export industries, especially auto, Canada's number one export.

In 2015 Canada exported more than \$76 billion worth of auto goods to the rest of the world. Now, in 2016, where smart trade policy has been supplanted by something completely different, the Trans-Pacific Partnership Agreement that is before us offers no benefit to Canada's auto industry. It is hard to see how the TPP will help attract new auto investment to Canada. In fact, it's unimaginable how our negotiators would conclude a deal with so many major auto concessions.

We agreed to phase our 6.1% passenger vehicle tariff in five years when the U.S. protected its tariff for over 25 years. This U.S. extension is considered appropriate by industry experts to guard against more one-way trade flows from Japan. How does an accelerated tariff phase-out help Canada's auto industry? We also agreed to lower the vehicle content threshold for cars and parts in the TPP farther below the current NAFTA standard. Now, a vehicle mostly made in China, up to 55%, can enter Canada tariff-free. What's worse is that TPP allows for special flexibility that further reduces that threshold by an additional 10%.

These rules will simply encourage automakers to explore new sourcing arrangements from lower wage jurisdictions. How does this benefit auto parts workers in Ontario, and specifically in Windsor? How does this develop our Canadian productivity capacity? I think the answer is clear: it doesn't. What's worse, I think auto workers in Canada have been sold a bill of goods.

I've been following closely the committee hearings so far. I was struck by something Jim Balsillie said in his presentation on May 3. He not only criticized various parts of the TPP, he criticized Canada's overall approach to trade. I'm paraphrasing here, but he suggested the approach to trade negotiations is based on myths and orthodoxies. In fact, many of the third-party studies released suggested there is still little to no benefit for us at all. Yet we're plowing ahead on a blind faith that, if you tear down the rules and regulations, if you limit the decision-making powers of governments, and if you just give corporations more freedom to make money, then somehow we'll all be better in the long run. For more than 30 years we have followed this game plan, and it's not working.

NAFTA promised jobs and prosperity; instead, we saw our auto trade deficit in Mexico balloon to \$11.5 billion last year and we saw a series of new investor lawsuits by U.S. firms under chapter 11.

The recent Canada-South Korean trade agreement promised new opportunities in fairness for auto experts; instead, Canada's exports fell by 3.9% in the first year. Now the TPP promises more of the same: more prosperity, more jobs. We simply don't believe it.

This is a deal we simply cannot accept. The potential damage this will bring to the Windsor community in the long term is severe. We've seen what bad trade policies can do to our jobs. Ultimately, Canada needs to rethink its general approach to trade. Rejecting the TPP might help kick-start this discussion, and that's not a bad thing.

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

To the committee, thank you for being here. I look forward to any questions.

Thank you.

• (0905)

The Chair: We're going to move on now to the Windsor and District Labour Council.

Go ahead for five minutes.

Mr. Brian Hogan (President, Windsor and District Labour Council): Dino is one of the past-presidents of the labour council, and as he said, it's great to be here. Thanks for coming down. It's closer for a couple of the MPs.

My name is Brian Hogan. I'm president of the Windsor and District Labour Council, representing 40,000 members. My friend Randy is a member of the Council of Canadians, and also a labour council member.

Millions of Canadians voted for "real change" with the Liberal campaign. In February, unfortunately, there was no real change when you signed the Conservatives' negotiated TPP agreement.

At our recent labour council meeting, the TPP was panned by every committee because it affects many citizens in so many ways. Our social justice committee talked about inequality, our sovereignty, and the challenges of local solutions like "buy Canadian" and "buy local". Our human rights committee talked about our aboriginal community being affected, especially in terms of the environment. Public Health talked about drug costs. Environment talked about corporations affecting green economy initiatives we have tried here in the province.

There are some specific examples of the downside of trade agreements in our area. We've been looking forward to the construction of our bridge. Since it's a public project, it could be challenged under TPP or CETA as having unfair competition. Plenty of local workers would love to work on that project. Who knows if that will actually occur because of trade agreements?

Look at Leamington. When U.S. billionaire Warren Buffett was able to buy Heinz at the stroke of a pen, a 105-year-old plant closed. Now with the plant under new ownership, the workers make a fraction of what they made before; many are laid off, and many face the loss of their pension. This makes no sense, but it is what neo-liberal free trade has brought us. This is what the companies mean when they talk about the need to be more competitive, which is at the heart of the TPP.

Look at Hamilton just down the highway. The U.S. owners first took over a competitor, Stelco, in a smart business move. Now they're shutting it down to strengthen their empire and, in the process, using bankruptcy courts to try to get out of their legal obligations to thousands of pensioners. I'm telling you something you already know.

Obviously, the core issue of the TPP and other free trade agreements, which Dino touched on, is the control over our country's economy. Through these agreements, the global monopolies legally gain direct control over key aspects of the economy and deprive real people like us the rights to exercise control over our country, our wages, and our working conditions. When we talk about so-called free trade, we have to discuss reality. Dino touched on much of this. The downturn in manufacturing in Canada during the last two decades can certainly be traced in some part to NAFTA.

The TPP will only lead us further down the same path. It will cause more insecurity in communities like the ones all of you are from. We don't want Windsor and Essex to face collateral damage from the expanded corporate takeovers of our country under the guise of a new free trade deal. That is why workers are against it. The labour movement in Windsor-Essex is against these free trade deals, and has been against NAFTA and all the others that have come before. It's not that we are against trade; it is that we are against the selling out of our country and our communities to corporations.

Merci.

Randy has a few comments too.

● (0910)

Mr. Randy Emerson (Treasurer of The Council of Canadians, Windsor and District Labour Council): Hi. My name is Randy Emerson. I was born in Windsor and I've lived here all my life. I am treasurer of the Windsor-Essex chapter of the Council of Canadians, a member of an environmental group called Windsor On Watch, and a Unifor 444 member. I am 56 years old and have worked 32 years at the FCA Windsor assembly plant, 11 years as an assembler and 21 years as an electrician.

No doubt you've heard a lot in these hearings about, ISDS, patents, copyright, regulatory standards, etc., but I'm not going to talk about these. Instead, I wish to speak from my heart.

Trade has always been good for Windsor. As Dino said, it's gotten us Ford, Chrysler, and GM plants, and, along with those, well-paying jobs. Free trade has not been good. Free trade has created the loss of thousands of manufacturing jobs. Ford is a former shadow of itself. The Chrysler van plant, Plant 6, is gone, and GM no longer has any presence in this city. A GM transmission plant is in the process of being torn down as I speak. We have low-paying, minimum wage and temporary jobs, for example, call centres. We have more temp agencies than we do Tim Hortons. Our food banks have been considerably stressed; some have even run out of food. My city has had the highest unemployment rate in Canada off and on for over a decade.

Recently, though, it dropped by 3%. Why? Because my plant hired 1,200 people, not because of free trade but in spite of it. All these free trade jobs that we obtained before did nothing for the unemployment rate. Nothing. The call centres did nothing. The rate stayed the same. It was good high-paying manufacturing jobs that did that, and now you want to bring in the TPP.

Another free trade deal will put more pressure on manufacturing jobs. Instead of waking up in the morning and looking at my future retirement with confidence, I wonder if this is the deal that will make my employer pull out of Canada. I wonder if I will lose my pension or just get pennies on the dollar. I ask myself why the federal government refuses to see that their previous trade deals have killed hundreds of thousands of jobs in Canada. Free trade has turned Ontario from a have to a have-not province. Why does the federal government not see the devastation free trade has wreaked on working class families? I implore you to turn down this agreement.

The Chair: We're going to move over to the Essex County Federation of Agriculture. Go ahead, gentlemen, for five minutes.

Mr. Louis Roesch (Director of Zone One, Kent and Essex Counties, Ontario Federation of Agriculture, Essex County Federation of Agriculture): Thank you for the opportunity to speak. I'm not going to take five minutes. I basically have questions.

My first question is, what protection do we have as producers in all sectors of the agricultural industry from the importation of products that have medications, pesticides, or herbicides that are not registered in Canada, or have been banned by Health Canada and the PMRA—or, in our case, our own province? This takes away our competitive edge in many ways, especially with the cost of production. Have the regulations for federal inspections changed? In the near past, federal inspection was done according to the country of origin, and not necessarily following our Canadian federal regulatory standards. What will the labelling standards be for the blending of imported TPP country food products that will still be classed as a product of Canada? How will agriculture be protected for our geared up production for export to TPP countries if those countries are closed because of non-tariff issues? Our federal support programs have been reduced to a level of basic non-financial liability. These are only a few of the questions that need to be clearly spelled out.

● (0915)

The Chair: Thank you. Farmers do things quickly. We have some farmers around this table, and it's good to see you here.

I'd like to welcome another MP to our table. Over here we have Cheryl Hardcastle. Your riding is Windsor-Tecumseh. It's good to see you here.

We're going to start with some dialogue with the MPs. We'll start with the Conservatives first for five minutes, Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Thank you witnesses for being here this morning. It's great to see you. It's great to be in Windsor.

I was interesting driving through Windsor this morning, as you can see the devastation from what it used to be to what it is today. I think if you go across to Detroit, you'll see the exact same thing of what it used to be and what it is today. One thing I often ask, when you look at trade agreements like this, is how we can change that outcome. How can we leverage a trade agreements to change that? Instead of seeing trade agreements that can harm us, how can we turn around and take advantage of them? One of the concerns we always have with small and medium-sized enterprises when we do trade deals occurs when there isn't a follow-up to take advantage of those deals or the recognition of what's available for them.

I'm curious, for the companies you represent, Mr. Chiodo, and the employees, what have you looked at as far as opportunities in the trade deal are concerned, other than just saying that you don't like it? I understand your concerns about it, and I'm not going to question those. Have you looked at the opportunities? Do you see anything there that we can look at say, "Hey, we'll be part of that global supply chain, and we'll create some parts manufacturing and other manufacturing here in the Windsor region?"

Mr. Dino Chiodo: Obviously, our main focus is dealing with autos and manufacturing, with the nine supplier plants that we have and the big OEMs and Chrysler Corporation directly. All I can do is express what free trade agreements have done in the past and some of the concerns we have with this trade agreement. When you take into consideration where we have been over the past 25 years with free trade agreements, annual per capita GDP, annual business investments, and annual private sector employment grew faster prior to free trade agreements. If the committee wants the information that specifically deals with that, I can make sure you have a copy of that right after this committee hearing to make sure you can look at it.

By extension of that, to be very clear, we have committed to taking away our tariffs within five years and the United States has looked at taking away their tariffs on their auto manufacturing after 25 years and their truck division after 30 years, and places like Vietnam and Malaysia have even gone as far as looking at 13 years. I don't understand why we would diminish our strengths in the automotive sector and get rid of our tariffs. It's that much easier to be able to reduce our business capacity in Canada in auto. I see that as a major challenge, and potentially we could lose a fifth of our workforce because of it, since we have lower content in the rules and regulations for that practice.

Mr. Randy Hoback: I'm looking at the numbers here, and in 1993 before NAFTA, we had \$290 billion worth of trade in North America. In 2012 it was \$1.1 trillion. When you look at that, it's a huge number difference in a short period of time. I'm curious why we're not gaining part of that \$1.1 trillion in this region. When I look at other parts of Canada, they're benefiting greatly from these trade agreements. What is different here?

Mr. Dino Chiodo: I don't know if I agree with that. I apologize. I can tell you right now that we've lost a plant in Sainte-Thérèse. We've lost the Oshawa truck plant and the Oakville truck plant. We've lost those all in the last decade. We attribute them to trade deals, so I don't agree with that statement.

What I can tell you about manufacturing trade with TPP countries right now in current numbers is that exports to those countries are \$295 billion. Imports are \$301 billion. That's a \$5.9 billion deficit. Then when you take the United States out—let's just remove the United States and see what the impact looks like—we have exports of \$15 billion and imports of \$54 billion, which is obviously a deficit of \$39 billion. I just don't see that as fair trade at all. At best, with a 6,000-page document, obviously this is some sort of managed trade, and we're at the losing end of it.

• (0920)

Mr. Randy Hoback: You do understand that we have to look at the country as a whole. You talk about the specific auto sector in one part of it, but then when you look across the country at all the other sectors, the gains that are made are substantial.

Mr. Dino Chiodo: I think we're trading pennies for dollars.

Mr. Randy Hoback: No, I don't think so. We're talking huge dollars. It's just a matter of perspective.

Mr. Dino Chiodo: Not with a \$39 billion deficit.

Mr. Randy Hoback: Let me ask another question.

The Chair: You have half a minute left, Mr. Hoback.

Mr. Randy Hoback: You've got the ability now not only to build cars into TPP countries but also into CETA countries in the future. What are you doing to position yourselves, because Canada's one of the few countries that'll have that benefit. Why aren't we getting more of those platforms here in Canada? If the taxation is right, if the input costs are equal or the same, why are they not locating here when they know they've got unfettered market access into all of these markets out of this country alone? What is preventing them from being here?

The Chair: Sorry, you have no more time. The answer will have to go to your next time around, Mr. Hoback. We have to move on.

We'll move over to the Liberals. We have Mr. Peterson for five minutes.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): I have some experience in the auto sector. I was at Magna International for a number of years, and my father-in-law is a career GM man who just retired. He lives in Oshawa. I have a lot of respect for the auto industry here in Ontario as a driver of our economy.

I want to comment briefly. I was around the auto sector in 2007, 2008, and 2009, when, as we all know, sales were plummeting. We were thankful that both the provincial and federal governments at the time saw the importance of the auto sector to the economy and helped some of the auto companies get through that time.

Now we're looking at robust sales. They've been robust since 2010 and they're growing. What obstacles are there here in Ontario? It seems that the Ontario auto sector isn't able to tap into the increased sales market. What stands in our way? What improvements can we make? What sort of structures need to be in place to make sure that we can tap into that in Ontario so that we maintain a thriving sector here?

Mr. Dino Chiodo: I appreciate your bringing up that question because, just as of late as yesterday, we had a policy and solutions forum where the Chamber of Commerce, labour, and academics from the University of Windsor and St. Clair College came together to talk about that exact item.

The reality is, there are a lot of things we can do. One example is a one-stop shop. Bev Matthews, who was at the forum yesterday, was very much enthralled with what we had put together and how we've collaborated in our efforts to really talk about what we can do to make things better. With a one-stop shop, as an example, you have a company right now that could go to Mexico. They could talk about starting an investment. There are tax abatements, whatever they need with regard to rushing to get the job off the ground. They go to one office, and it's taken care of.

You come to Ontario and potentially you're going to 13 or 14 different offices to deal with, and the red tape is just unsurmountable. People become frustrated. It becomes a political football. It's about corporate welfare and it's not about the benefits of the people in the community.

We heard yesterday from panellists, individuals who own corporations, and a gentleman named Marentette, who was the CEO of Toyota Boshoku Automotive in Japan. He basically said that the problem he has here is that he can't get an answer for what he needs with regard to trying to go forward in investment. I think that's one component of what we need to focus on.

We've got great things that we can focus on. As an example, in Mexico, the turnover employment turnover rate is about 20-25%. In Windsor, we're at 1-2%. The reality is that we are doing much better with regard to training individuals. Our skilled trade is much better. We can do the job. We can build it right and we've got a \$2.6 billion investment with no government support to prove that.

Mr. Kyle Peterson: That's great to hear and the kind of stuff I love to hear.

Free trade, I don't think you're against free trade. I mean, the Auto Pact was the free trade deal that built the auto sector in this country. It just has to be the right deal. It has to be fair trade, is what I'm hearing. I think the problems with the auto sector, perhaps, can be solved beyond the TPP.

I think one of the big issues with the TPP is the differential between the American side deal and the Canadian side deal. I think that's an issue, and you raised it with the 25- and 30-year phase-in that the Americans have, but we only have a five-year period, I believe, on the auto and truck side, which I think is an issue. I do agree.

I also think there are ways, even with the TPP, to make sure the auto sector remains vibrant, and we have to continue to explore those. I'm glad to hear that some of those steps have already been taken.

I'd love to talk more about auto, Mr Chiodo, but I'm going to try to move on to our friends from the Windsor and District Labour Council.

Just give me an idea of the sort of trades that are represented in your council. How big is the group and how important are some of the industries, beyond auto, for your members?

● (0925)

Mr. Brian Hogan: I think Dino might be able to help us out better in terms of knowing that sector. Our labour council is made up of public unions and private unions. We have hospital workers, we have teachers, we have city employees, provincial employees, federal employees, and of course we've got all the Unifor groups and a number of other CUPE and OPSEU locals that might be in the public sector.

The Chair: You have 15 to 20 seconds left.

Mr. Kyle Peterson: Are there members of your organization who look at the TPP in a different light than maybe some of the auto sector guys would?

Mr. Brian Hogan: The answer is that I haven't heard one. As I said, we have monthly meetings of a variety of union members and we have touched on all of those committees: social justice, human rights, political action, public health, and the environment. These are all things that affect the membership and the members know that they affect their entire community and communities across the nation.

I think my closing comment really was—and maybe my opening comment, too—power to the corporations. You might know what the Auto Pact was about, but I don't think back then that a corporation could sue a government. I mean the tail is wagging the dog on all fronts.

The Liberal government wants to do right by the aboriginal community in terms of a lot of things, but in particular the environment. If you're going to continue with oil you're going to make sure you work with the aboriginal community. You come in and have an idea to do that, and some corporation says, "Tough luck, we're suing you." That's the challenge of these trade deals over the last number of decades.

The Chair: Can we wrap it up?

Mr. Brian Hogan: The power is reversed. You can talk about Monsanto, right?

Sorry, Mr. Chair, he got me on a good topic.

The Chair: I know. It's not the witness's fault. Sometimes the MPs get a little excited and throw out a question at the end of their five minutes, and it puts me in an awkward position because you guys start on a roll, and then I have to cut you off. It's not your fault, but I'm going to remind members of Parliament not to throw those balls at the end of your five minutes, because it makes it awkward for everybody to shut you down. I'm sure you're going to get more time this morning to express yourself.

We're going to move on to the NDP.

Ms. Ramsey, you have five minutes.

Ms. Tracey Ramsey (Essex, NDP): Randy, thank you for being a passionate voice for people. Often we don't have conversations about people at this table. We talk about corporations and their interests and the government, but people are a key piece of this. Of course I've shared that experience. I've been through difficult times, as you all know, in the auto industry, so I understand that well.

Before I go on, I would be remiss if I didn't mention another passionate member of our union family, Rick Reaume, and that the funeral will be taking place today. I'm sure Rick would be proud of us all sitting at this table fighting for our communities.

I'd like to say to Louis Roesch: I hear you. This deal is not the only problem that we're facing. We have many threats to our import controls that aren't being properly dealt with, and so that's a threat to the agricultural industry as well, and we've heard that at this table many times from different groups. It's a concern that I share with you.

I'd like to focus on Dino and what you're saying about the auto policy. It's interesting; you had this great meeting here yesterday talking about a pathway forward for auto, but if we sign the TPP, the ISDS provisions could put us in a position where we will be sued for trying to put into place a manufacturing policy in this country. Why would we put ourselves in a position where we can't actually make the situation better? Kyle Peterson was discussing this.

I'd like you to speak, if you can, to the auto strategy that exists in our NAFTA partners. We haven't actually had a clear path here in Canada, and we're losing jobs. Under NAFTA we have regional content rules that are 62.5% for North American content, and auto parts are 60%. Japan and the U.S. agreed secretly to reduce those thresholds to 30% for parts and 40% for finished vehicles. Canada wasn't even consulted in that. Can you speak to that?

• (0930)

Mr. Dino Chiodo: I think we have a number of challenges.

When you talk about the reduction of the parts content going from 62%, and potentially to 45%, we have some bigger detrimental effects, because obviously you're going to have more vehicles coming from countries like China, with a content of about 55% now. In saying that, within it there's a 10% flexibility, so it's potentially as low as 45%.

What that does is give you an opportunity for a bigger exodus of jobs out of our industry. You can bring it in for a cheaper labour rate in another country that doesn't have environmental controls, doesn't have health and safety regulations, and has a government that supports them and will change or fluctuate their currency in order to support that initiative. When we look at particular regions, our auto trade deficit with Japan, for example, grew by 16% last year to \$5.2 billion, with a massively lopsided ratio of \$187 coming in for every \$1 that we export to that country.

When you start to look at numbers like that, it's devastating to think what that could mean for our country. We talk about one-fifth change, because that's the number that we've been using, and potentially we're in line to lose 20,000 jobs. That's something we shouldn't take lightly, and we shouldn't negotiate ourselves out of jobs for the future. Free trade agreements should look to make our

economy stronger, better, and more prosperous for Canadians, not worse.

Ms. Tracey Ramsey: When we look at this deal, there are 30 chapters and 6,000 pages. Six of those pages are actually about trade in a traditional sense. The rest of the chapter, as all of you have highlighted, has deep and serious concerns for Canadians and our lives.

Something I think you started to touch upon, Brian, if you could expand on it, is ISDS, which is something we hear consistently. We had 19 people who came to Montreal, and 19 people mentioned ISDS and said they were against the deal. ISDS is one of the most concerning pieces of this deal. It's not the tariffs so much, because 97% of the Canadian exports that we have right now to these countries are tariff-free. We're talking about that 3% that's about tariffs, and the rest is about ISDS. I wonder if you can speak to ISDS and your concerns around pharmaceuticals.

The Chair: Make the answer short.

Mr. Brian Hogan: I've read a bit of history about pharmaceuticals, and I think Natalie Mehra will be speaking about this a little later today. We have a great health care system that could be better if we funded it properly. Why we want to give that sector on the medical side over to multinationals, I don't know. I think we need to have our public health care system beefed up by having a better pharmaceutical piece to it.

The Chair: Now, we're going to move over to the Liberals.

Madam Lapointe, for five minutes.

[*Translation*]

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Good morning and welcome. We are very pleased to welcome you today.

The General Motors plant in Sainte-Thérèse was in my riding. I saw when the plant was shut down and demolished. It was in operation for 40 years in Boisbriand. That is awful. I understand how Mr. Emerson feels about the retirees and all those affected.

In my riding, we have the company called Raufoss Technology, a division of Neuman Aluminium, which manufactures aluminum parts that you would surely see on the assembly lines of General Motors and Chrysler these days.

Based on TPP's rules of origin on original automotive parts, Unifor forecasts a loss of 20,000 jobs, which you mentioned earlier.

First, there are the workers in assembly plants and, second, there are the workers who make the parts. Do you think there will be different impacts on those making the parts and those working in assembly plants? Do you think there will be a difference in terms of jobs?

● (0935)

[English]

Mr. Dino Chiodo: Yes, I believe there's a direct threat to independent parts suppliers, and there's some concern with that. Again, we talked already about the percentages from 62% moving down to 30%, with the 10% flexibility. However, I think the bigger concern is not only the 20,000 that we think are vulnerable—the one-fifth—but also that once you start taking those independent part suppliers and moving them to other places, like the southern states and Mexico, then an OEM will want just-in-time parts. It's not conducive for them to spend \$2 billion, \$3 billion, \$4 billion in Windsor, Ontario, when most of their supply base moves to Mexico. It becomes a bigger hit to us in the long run. That is a double whammy, so to speak, because as you start to get some of these countries providing those lower cost items with government support directly to that industry, you have the OEMs who say that they want the plants as close as possible to them—Chrysler, Ford, General Motors, Toyota, Honda. They will relocate because they have tax incentives, they have tax abatements, they have training costs, they have property right now in Goiana, Brazil. Chrysler got 90% of their overall investment for a full greenfield site by the government. It's just impossible to compete with that kind of money that's thrown at the industry, and when you have a greenfield site like that, this causes more investment from that corporation into that industry because they have major support. We need more of that, and TPP doesn't provide it.

[Translation]

Ms. Linda Lapointe: Along the same lines, do you think the rules of origin in the TPP agreement could have an impact on steel workers? Do you think they could also be affected?

[English]

Mr. Dino Chiodo: Yes, as I suggested earlier in my report, we have a number that's about ten-to-one on spinoff jobs, which includes steel, which includes plastic. In essence, absolutely every job will be affected in the community of Windsor and Essex County. We just hired 1,200 new employees at the Windsor assembly plant to Fiat Chrysler Automobiles' credit. So thank you to them. That generates almost 10,000 jobs. That's in corner stores, that's in plastic plants, that's in steel manufacturing, that's in all kinds of industries that we have right here in Windsor. Absolutely, it would affect them.

[Translation]

Ms. Linda Lapointe: Thank you.

Mr. Roesch, earlier, you talked about reciprocity in agriculture. You said that the TPP agreement did not have the same standards for food products. Could you tell us a little more?

[English]

Mr. Louis Roesch: As the regulations are now, the federal inspection is done according to the standards of the country of origin. If there are different regulations for pesticides, herbicides, and health product for livestock, this is not looked at in any way,

shape, or form, nor is it reinspected as it comes into this country, as I understand it right now.

[Translation]

Ms. Linda Lapointe: So, according to our regulations, that's not working properly.

Do I still have 15 seconds, Mr. Chair?

[English]

The Chair: You have half a minute.

[Translation]

Ms. Linda Lapointe: Mr. Hogan, just now, you were impassioned as you were talking about all the members you represent. You said you had members from a number of companies, including environmental workers, teachers and federal, provincial and municipal employees. You said that the signing of the TPP would affect the whole community.

We had to cut you off earlier, so I would like you to tell us a little more about it.

[English]

The Chair: You have 10 seconds, and I don't think it's going to be fair. I think we have to move on, and maybe you'll get a chance from another question. That ends the first round.

For the second round we start off with Ms. Ludwig for five minutes. Go ahead.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Good morning. I'm very pleased to be here in Windsor. My connection to the auto industry is that my father worked for almost 30 years with Goodyear. As a student attending the University of Guelph, I had the best tires on my old Volkswagen bus.

Going back to the TPP and its ratification, I just want to be clear: our government has signed the agreement to be at the table. It has not been ratified, and that's the point of these consultations, to listen and to gather the concerns. If Canada does not ratify the agreement, and the other member countries do, particularly the United States, Mexico, and Australia, how do we adapt to the changing marketplace where Canada is going to be sidestepped, particularly by the Mexicans and the Americans, in exporting to the Japanese markets? How will that impact the auto industry and the parts manufacturers?

● (0940)

Mr. Dino Chiodo: First off, I don't believe that we can't change it. I've heard Minister Freeland say that it can't be changed, but the reality is that, according to a column in The Huffington Post, changes might still be possible.

At the same time, the EU and the United States have heard from their constituents in their countries, who have suggested that they didn't like the provisions and what was offered in CETA, and the officials were told that the changes would go back to a legal scrub through which they would make changes to their trade agreement.

I'm not sure if there's been enough pressure for us to say that we can't participate and that we need to make sure there are changes that protect our Canadian economy. I think that's the first thing we need to consider and look at with reference to that.

Ms. Karen Ludwig: Does anyone else have a comment on that question?

Mr. Randy Emerson: I've always wondered why, when we are the second-largest country in the world with 36 million people, and we're going into a trade agreement.... If anybody should have the will to say, hey, we don't have to have a trade agreement, it should be us. There's no reason why with all the resources and everything this country has and with that small population we couldn't be on our own.

I'm not saying to be isolationist, but that we should be bargaining from a position of power, not the way we're doing it now.

Ms. Karen Ludwig: One of the challenges, on that note, would be looking at the numbers. You mentioned 36 million in Canada. We are very rich in resources. We know we're threatened in terms of the manufacturing industry and we need to do more work in the value-added sector.

The trans-Pacific area actually represents 800 million people, so that really is one of the challenges we face. We either get into the group or we stay outside of the group. But if we stay outside of the group, we have to learn how to adapt and be better at, as you said, working with businesses coming into Canada for foreign investment. Maybe we could look at the example of one-stop shopping in Mexico.

Mr. Dino Chiodo: Let's look at Mexico as an example, because Mexico continues to do too much. They're growing amazingly right now. They had a \$1 billion increase just last year. That's 12% to a staggering \$11.5 billion. That's \$10 imported here to every one dollar that we export out.

I think one of the major challenges we have is that if we did absolutely nothing, it would be better than where we are currently. At the end of the day, if we negotiate our jobs out of here and we lose the major component of our industry, which right now is auto and manufacturing, our number one GDP grower in this country, then what will we really have accomplished?

Those are some major hurdles we'd have to get over, and that's why I think you need to take a step back and revisit the whole plan. The reality is that to sign a bad deal from the outset is not the right decision anyway. That's why I think we need to revisit this.

Ms. Karen Ludwig: If we don't ratify TPP, how might that affect our NAFTA situation?

Mr. Dino Chiodo: Right now in NAFTA, our regulations are better than what we see under the TPP. Again, I think I mentioned that earlier with reference to Vietnam and Malaysia. They're at 13 years before their tariffs for their independent parts will be eroded. It really begs the question of why we are at five years. It doesn't even give us a strategy or a plan to be able to react to what the problem is.

Then we take a look at the United States, the major component of the TPP with Japan, and they're at 25 years for auto and 30 years for trucks. So if we take a step back and say if we're going to negotiate, wouldn't we want to at least be on a level playing field so we're all

playing the same game instead of eroding our economy so the United States could benefit from that? That's something that just doesn't make sense to me, and I don't understand the logic of it. That's why I think we need to revisit it. They've done it in CETA. They've done it in Europe.

I'm not understanding why the answer is just no. I think there's room, and I think we just have to push further.

● (0945)

The Chair: That wraps up your time.

We're going to move over to the Conservatives for five minutes, and Mr. Ritz.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you gentlemen for your presentations today. It's always good to hear all sides of an argument, so we can make an educated decision when it comes to the final ratification of TPP.

I've heard a lot of things around the table here that seem to be at cross purposes. I understand Canada is a trading nation with a small population—that's been brought up—of only 35 million people. We do export a tremendous amount of our manufactured goods and our raw resources. Without the ability to trade them, we wouldn't have the jobs that go along with them. We have to have trade, and I agree with you that it has to be fair trade, and not free. That's why we continue under NAFTA or WTO, and take the U.S. to court, and take other countries to court, the same as they do to us. There's a big point that's been made about how we've been sued 38 times, the vast majority of which have come out to Canada's benefit. Over that time frame, \$171 million has been paid out of \$5.5 trillion worth of economic growth. We're always going to have these squabbles. Two-thirds of that \$171 million was Danny Williams' privatization of Abitibi—and of course the federal taxpayers are on the hook for that. It's not a bad news story, it's quite good.

When it comes to the auto sector, we do a tap dance when it comes to any of the major manufacturing global supply chains, I'll call them. Canada exports five times as many new vehicles as were imported from Japan, because it's a global supply chain. You can't just look at what goes to the U.S., and certainly we're in competition with them. Our current auto tariff, as you're pointing out, is 6% and TPP will phase that out over five years. The Canada-South Korea agreement, which the NDP supported, phased it out over two years, and we're starting to see some talk of investments from Korea into the Canadian market. It's the same as we've seen with Japan. They've put more investments into Canada in the last little while than Ford, Chevrolet, and Chrysler put together. There are 50 affiliated parts plants working now in Canada that are Japanese. There's been some talk about Chinese parts going to permeate, because.... But China is not part of the TPP. You guys need to get that part straight: it's only the TPP countries that will be allowed to take part in that lower number coming into our auto sector. When you put all the facts on the table, I don't see how we can stay out of TPP and maintain our ability to trade on the global stage.

Mr. Dino Chiodo: When you say it's those people who are outside of the TPP that can't participate, I don't agree, because when they're lowering their content, with Malaysia, and I'll give you an—

Hon. Gerry Ritz: I meant content specifically to TPP countries. It's not a global lowering; it's the TPP countries.

Mr. Dino Chiodo: Right, but what's going to happen with Malaysia, for example, is that they're going to go to countries that are even cheaper to get that part garnered, to be able to ship it back to us at even a lower cost. We're reducing our bottom dollar as much as you want to—

Hon. Gerry Ritz: There are points of origin, and they're stipulated in that lower number.

Mr. Dino Chiodo: I don't know of any of those stipulations, but as Tracey suggested, there's a total of six pages that deal with that trade. We must have missed it when we read it. I don't agree with that statement whatsoever, but I will tell you that there are countries that can compete, and those are the countries where their governments support the initiative. Germany has one of the highest cost industries and yet is one of the best with regard to providing their vehicles to market, and they get a lot of support. When you take a look at the European Union with regard to the amount of work they do, their deficit.... It's by 15%, or \$6.9 billion. It's \$22 they import to our dollar that's exported. I don't know why we continue to try to attract that kind of economic stability for Canadians, because it doesn't work. We've seen that it doesn't work. When you do a path like that for 30 years, it's like banging your head against the wall to find out if there's a different result. There isn't. It's a bad deal all the way around.

Hon. Gerry Ritz: On agriculture, Louis, you talked about blending products coming into Canada and when those are no longer considered a product of Canada. Product of Canada is held at 98%. It has to be produced in Canada to be called a product of Canada, and that doesn't change. If you start blending below that, then it's no longer a product of Canada, and you have to some other type of label on it. That is entrenched.

For our imports, the standards that are implemented are done in the country of origin now, so you don't end with bad products on our

shores, and then face the problem of what to do with it. It's at Canadian standards; it's not at the exporting country's standards. That is how it's done.

On the use of pesticides, and chemicals, and so on, certainly some countries are ahead of us. With the Beyond the Border initiative and the Regulatory Cooperation Council, you now have the ability to bring in any product that's accredited in the U.S. for use in Canada, that's used on their product imported into Canada. Under the GROU program, for your own use you have the ability to have access to that product today.

• (0950)

Mr. Louis Roesch: That could be true, but it's extremely difficult to get that product in, number one.

Hon. Gerry Ritz: It shouldn't be.

Mr. Louis Roesch: When did they change the federal inspection regulations? That was not the case a few years back when I sold in Ottawa.

The Chair: We'll have to wrap this up unless you have any more comments.

Mr. Louis Roesch: I just question that, because that's the way it was. It's according to the standards of the country of origin, and it's not re-inspected when it comes into this country.

Hon. Gerry Ritz: No, that's not true at all.

The Chair: Okay, you're going to have to have this conversation later because we're way over time, and we have to move on. We have to move back over to the Liberals, and we have Mr. Peterson for five minutes.

Mr. Kyle Peterson: I have a couple of questions for the agriculture gentleman, Mr. Roesch and Mr. Faubert.

We've travelled across this country now. We started in B.C. and went to Saskatchewan and Alberta, Manitoba, Quebec, and now we're in Ontario. I think it's fair to say from the testimony that we've heard from other farmers and agricultural and agrifood producers that they want to expand their markets. They want to be able to ship product overseas, and the TPP will help facilitate that. They need to expand their markets to make sure their family farms remain sustainable into the future.

What's the sense in Ontario? Ontario is obviously a bigger local market than Saskatchewan or Alberta would be, but is there a sense that shipping overseas is a way to sustain family farms in Ontario into the future?

Mr. Louis Roesch: We certainly have nothing against being able to export, as long as everything is on a very equal playing field. That's where we want to be.

Mr. Kyle Peterson: On the TPP specifically, then, is there some concern that we'll be importing competitive products against the Ontario agrifood products that won't be able to compete? Is that the concern with the TPP?

Mr. Louis Roesch: The concern is that, again, it's on an equal playing field, like some of these regulations and stuff that are in their country, and I'll still stand by the statement, as I understand it, that it's according to the federal standard of inspection of the country of origin. If there has been a change to that, I'd like to see it in writing.

Mr. Kyle Peterson: I just wanted to be clear. Yes, I'm hearing you're for exports, you look forward to the free trade. It just has to be a fair deal and there has to be an equal level playing field. That's good to hear. Thank you for that.

Mr. Faubert, do you have any comments on that?

Mr. Ron Faubert (Representative, Ontario Federation of Agriculture, Essex County Federation of Agriculture): The level playing field is a big issue. We can be competitive. We've proven that, but we need things to be equal for all of our competitors as well. We have a large export opportunity, for which we keep increasing our production to try to keep our heads above water. The need for those exports is great. That is how we're going to move forward, and that's how we're going to expand.

The Chair: Are you able to elaborate on what sorts of products—Ontario products, and from here in Essex County and Windsor—you can produce competitively and that would benefit from an expanded export market?

Mr. Ron Faubert: I think the tomato industry has demonstrated that very well. We are very competitive. We produce a larger tonnage per acre locally here than California does, and a very quality product under the restrictions that we have to work with. We are quite capable of doing it. We have everything in place to do that, and we just need to have a home to ship it to, and a processing facility to hopefully process it, with the value added to it so that we can increase our export markets.

Mr. Kyle Peterson: We would want that processing facility here in Ontario, of course.

Okay, thanks for elaborating on that.

The Chair: You have a minute.

Mr. Kyle Peterson: I want to get back to Ottawa here, and it's hard not to.

Mr. Chiodo, it's good to have you here because you have some good insight from many perspectives. I wonder if you could elaborate. When I was at Magna, the CAW was still the union that we dealt with all the time, but I think a lot of Ontarians aren't aware that Unifor, in this case, in the auto sector, actually does work hand in hand, in partnership, to make sure there's a viable auto sector in Ontario. You elaborated a little on working with government and how they're trying to work with you to make sure this remains viable.

Can you elaborate more on the partnerships you have with some of the employers your members are employed by?

● (0955)

Mr. Dino Chiodo: Let's talk about Chrysler corporation first, obviously. We have a very good relationship. We went into bargaining in 2012 recognizing that we had to play a significant role with regard to the investment into our Windsor assembly plant facility. We've entwined and accepted a culture of world-class manufacturing that we didn't understand before. We were the first plant in North America, the first OEM, to become designated as a silver recipient for world-class manufacturing. There were discussions with our CEO, Sergio Marchionne, and governments with regard to getting investment and putting that investment into our facility. He decided to do it alone because of the component of being a political football, so to speak. However, the reality is that we have a great relationship with Chrysler corporation. We've had discussions with regard to where we needed to project ourselves so the company could be viable, the company could do what was necessary in order to make sure that its new launch would take place. Again, that's because we were willing to change the culture of the workforce, and we did just that. And that's one example.

We would do the same with Magna Corporation. We have a plant with 900 employees. We have conversations with regard to changing the culture. They've invested in a new product line within our facility, have paid almost \$5 million, and have hired almost 300 new employees, which creates spinoff jobs. And that's because of the relationship between the union and the company. And they couldn't do it alone.

Thank you for the question.

The Chair: We're going to our last MP for this panel, someone who is no stranger to this place.

Mr. Van Kesteren, you're up for five minutes.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): Thank you all for being here this morning. It's been a great discussion. Congratulations on what's happening in the Chrysler minivan plant. Having been in the car business, I can say that we all know what a great vehicle it is. It's great to see the investment that's been made there.

I listen and it tears me up as much as anybody who lives in this area when I see the erosion of the auto industry. It's evident in Chatham-Kent-Leamington too. But the same thing is happening across the border. I think one has to recognize the fact that a lot of these vehicles you're talking about and a lot of these plants that used to produce vehicles have lost market share. I think about the General Motors transmission and engine plant that produced the three-litre three-speed automatic for the Lumina transmission, which was a great transmission in its day, but it lost market share. The fact of the matter is it's painful to see, but what we once called the Big Three, we now call the Detroit Three. They lost a lot of market share. Wouldn't you agree that there were some big mistakes made in the production of some of those vehicles and that they lost to competition because they just couldn't compete? Isn't that also a large part of the equation?

Mr. Dino Chiodo: I would disagree with that only because in 2008-09, there was a recession. Some people might not want to consider that, but some people even considered it a depression to an extent. The reality is that the elastic band was stretching. In the States, they call these “NINJA” loans. There were people with no income and no jobs, and they still got loans to buy houses, and the market couldn't handle that. And your SAAR rate went from 18.2 million down to almost 13 million vehicles over the course of the year. That's the seasonally adjusted annual rate of sales.

When you start to see that and the sales begin to drop, I don't think any company was facilitated to maintain that other than companies that had billions of dollars in a bank account someplace that could kind of wobble through it. But the reality is that we're stronger and better than we've ever been. We have month-over-month sales increases over the last sixty-five months. We just talked about a first quarter with one of our highest earnings, in which incomes for the company, I think, were over \$500 million. Some great things are happening, and again, they did that alone. When you really take that into consideration with regard to the investment at the Windsor assembly plant, I think it's a great thing. Also, they paid back the loans from the government from back in 2008-09 within a few years.

I think they did some amazing things. I think they're on track and I think they're going to continue to be on track because they have a plan in place to be able to maintain that.

•(1000)

Mr. Dave Van Kesteren: Let's leave those others alone.

I think we agree. You're pretty much substantiating what I'm saying. The fact of the matter is that a really great van is being built here in Windsor and it's being put together by people who really do it right, and the result is that the consumer out there wants the vehicle.

I'm listening to what you're saying. It's obviously not the first time we've heard that we feel we need to protect our markets. Are you concerned at all about what's happening across the border with the potential election of a president who is talking about even tougher tariffs than what the union is talking about on this side of the border?

Mr. Dino Chiodo: What I'm concerned with right now is that we have politics going on in the United States and the reality is that I can't change what the dynamic is going to be on that side. What I do know is when we have a bad deal in front of us.

What I also know, from a 2016 report by Jim Stanford, is that Canada's average annual trade performance is better with nations when there is no free trade agreement in place. We have that document. He's an economist. Other economists support that initiative. Canada's exports to FTA partner countries grew, not including the United States, by only 1.2% annually, while exports to non-FTA partners grew by 6.8% annually. That's between 2001 and 2014. That should tell you volumes that free trade agreements do not work. Again by extension, manufacturing exports to FTA partner countries declined by 0.3% each year, yet manufacturing exports to non-FTA partner countries grew by 4.2% each year.

Those are dynamic numbers that prove that free trade agreements just don't work, not the way they're being negotiated today.

The Chair: Mr. Van Kesteren, your time is way over.

We'll have to end it there, and we'll have to end our panel there. It's been a good discussion with lots of information, and I thank the panellists for coming and giving us submissions and the good questions by MPs.

We're going to suspend now for just 10 minutes because we ran a little over time.

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_____ (Pause) _____

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•(1010)

The Chair: We're going to start our second panel of the morning here in Windsor and continue our consultation process on the TPP.

With us for our second panel we have the Cross-Border Institute, the Linamar Corporation, and the Windsor-Essex Regional Chamber of Commerce.

Welcome. It's great to be in your city. We had a great evening here last night. We're enjoying all the flowers that are so early here. Where I come from, we're just putting away our snow blowers, so it's great to be here.

We'll start with five minutes for the Cross-Border Institute. Mr. Anderson, go ahead, sir.

•(1015)

Mr. William Anderson (Director, University of Windsor, Cross-Border Institute): Thank you for the opportunity.

My comments today address the question of whether the Government of Canada should ratify the Trans-Pacific Partnership in the case that the United States also ratifies it. If the U.S. were not to ratify, the TPP would effectively be dead, so there's no need to discuss what Canada should do in that case.

If the U.S. ratifies then Canada is faced with a choice between two outcomes. The first is Canada being in the agreement, with the U.S. in; the second is Canada being out, with the U.S. in.

This means that there are certain issues of importance that are outside Canada's decision space. For example, some might argue that the TPP dilutes the privileged access to the U.S. economy that is currently enjoyed by Canada and Mexico under NAFTA. If the U.S. is in, however, Canada does not have the power to change that situation. Expanded access to the U.S. market occurs whether Canada is in or out. So I think it's more constructive at this point to discuss outcomes that depend on Canada's ratification decision.

There has been a lot of discussion around the rules of origin in the automotive sector, where the current requirement of 60% or more of NAFTA value content will be replaced with a requirement of only 35% to 45% of TPP content. This places more competitive pressure on Canada's automotive industry in both parts and assembly. However, consider what happens if Canada is out while the U.S. and Mexico are in. Cars and parts could receive national treatment in the U.S. and Mexican markets with 45% or less TPP value content, while they could only receive national treatment in the Canadian market with 60% or more NAFTA content.

In these circumstances, automobile assemblers with plants in the U.S. and Mexico wanting to sell cars into Canada would have three options. They could pass up the TPP rules and continue under the NAFTA rules. They could run separate production lines for cars destined to Canada, or they could adopt the TPP rules and pay the MFN tariff on cars exported to Canada. The third option seems the most likely.

Canadian auto parts manufacturers will continue under NAFTA rules of origin, with Canada out and the U.S. in. Parts production in the U.S. and Mexico will source under TPP rules, so their costs will almost certainly be lower. Furthermore, auto assembly in Canada would be subject to NAFTA rules of origin, while U.S. and Mexican assemblers could take advantage of the TPP rules, creating a competitive disadvantage for Canada. Thus, it's hard to see how either the Canadian automotive industry or the Canadian automotive consumer will benefit from Canada's staying out of the TPP if the U.S. and Mexico are in.

I want to stress once more that the point I'm making is, what's the situation if the U.S. and Mexico are in and Canada is out? That is different from the issue of having no TPP and having a TPP? That's a very important point.

I want to turn broadly to the potential for the TPP to open up new markets for Canada's international trade. For context, it's frequently noted that the potential TPP members account for 40% of world GDP—but bear in mind that 62% of the combined GDP is in the U.S. alone. Combining the U.S. and Japan brings us up to over 78%. Canada is actually the largest of the remaining potential members in terms of GDP, so when you add Canada to the U.S. and Japan, you have 85% of the TPP area GDP, which leaves only 15% of the TPP GDP, or 6% of the world GDP, in countries other than the U.S. and Japan that Canada can trade with.

At least in the short run the two most important questions are whether ratifying TPP will be beneficial to Canada's trade relationship with the U.S., and whether there are substantial benefits to liberalizing trade with Japan via the TPP. Given the limited time I'm just going to focus on the second question.

While Japan is now a slow-growing economy, it's very large, and its potential for trade expansion with Canada is great. Canada's trade relationship with Japan is currently based on Canadian exports of resources and agricultural goods, and Japanese exports of manufactured goods, with a substantial deficit for Canada.

Some of the largest tariff reductions in the TPP are in agriculture, so TPP membership could help Canada increase exports to Japan and reduce that deficit. There may also be potential for trade expansion

outside the traditional pattern of Canadian resources for Japanese industrial goods. A recent report by McKinsey highlights that Japan is an important market for Canadian aerospace and financial services. More generally, Canada, with its more open immigration policy, has a comparative advantage in terms of the stock of skilled labour, thus sourcing from Canada may benefit Japanese businesses that are struggling with a contracting labour force.

Finally, while rapidly growing countries such as Malaysia and Vietnam make up a relatively small share of current TPP area GDP, their importance will increase in the future. This is the case not only because they will grow faster than the U.S. and Japan, but also because their number is likely to increase as more countries join the TPP. For example, the leader of Indonesia, with a population of 255 million, has expressed interest in eventually joining the TPP. The point is that it would be much easier for Canada to gain access to the Indonesian market as a TPP member than by negotiating a bilateral trade agreement.

• (1020)

To sum up, while there are elements of the TPP that are not especially favourable to Canada, under a scenario where the U.S. ratifies it, I believe it's in Canada's economic interest to ratify the TPP.

Thank you.

The Chair: Thank you, sir, and thank you for a very informative presentation.

We're going to move on to Linamar Corporation. We have Ms. Hasenfratz.

Go ahead for five minutes.

Ms. Linda Hasenfratz (Chief Executive Officer, Linamar Corporation): Good morning. It's a pleasure to be here.

I'll start with a few quick words about Linamar. We're a diversified manufacturing company, primarily in the auto parts business. We also supply commercial vehicles, off-highway vehicles, energy markets, and access equipment under the brand name Skyjack, where we make scissor lifts, boom lifts, and tele-handlers. There's one out front, thank you very much. In our vehicle business, we manufacture precision metallic components and subassemblies. We're mainly a machining and assembly company, but we've expanded recently into casting and forgings as well. We focus on the engine, transmission, and driveline systems of the vehicle as well as the body.

In 2015 sales for Linamar were \$5.2 billion. We should be over \$6 billion this year, which would be a new record for us. Our current forecast for 2020 is to continue to grow our business both globally and right here in Canada. We're currently booked for \$7.7 billion out in 2020. We have 24,000 employees. We're manufacturing in 11 countries in 57 facilities. The largest by far is right here in Canada. We have more than 9,000 employees and 23 plants in Canada, which has grown significantly over the last five or six years as well.

I think that there is a lot of rhetoric, which I'm sure that all of you have heard and read about, that Canadian manufacturing is not competitive. I have to say I completely disagree with that premise. I think that competitiveness drives out of two key factors.

One is innovation in the products that we're designing, the processes that we design to make those parts, and the efficiency with which we run our operations. When I look at our costs in Canada, they are globally competitive. We manage our labour costs very carefully and we're constantly working to improve productivity every single day through the ideas of every single employee on how we can do things better.

Our labour burden rates, if we look at the combinations of statutory and non-statutory burden rates, are the lowest here in Canada as a percent of our labour costs than in any of the countries we operate in globally. Our productivity, our efficiency, and our purchasing strength in our Canadian operations are by far the best that we have globally. Certainly our Canadian plants are our most productive globally.

Other benefits are here in Canada. Our taxes are lower than in the U.S. and many of the other jurisdictions that we operate in. The support that we are getting from our government is fantastic in terms of SR and ED tax credits as well as in other ways our government is helping to support innovation. In fact, our SR and ED system is one of the most beneficial globally, I think only surpassed by France, in terms of support for innovation, which again is so critical to competitiveness.

So the bottom line is: are we winning business or not? The answer is, absolutely. We're winning hundreds of millions of dollars of new business for our Canadian facility. In fact, in the last three years, we have won \$2 billion of annual sales for our Canadian facilities alone. More than half of that was well before the Canadian dollar moved to where it is. The Canadian dollar has very little impact on our business.

If I look back over the last several years since 2009, we've increased our sales just in Canada by 160%. That's almost three times. We've grown our Canadian employee base from 5,000 employees to more than 9,000. We've spent over a billion dollars in new capital just in our Canadian facilities and we've improved our productivity by 50% in that time frame, which, as noted, is our best globally.

To me it's really frustrating to hear these constant reports saying that Canadian manufacturing is not competitive, that we're shrinking, that we're not investing, and that we're not productive—that last one really upsets me—when that's absolutely not our story. I know it's not the story of a lot of other great companies. I think we should spend a little bit more time talking about the positives that can help inspire people to do the same, instead of telling ourselves that we're not productive, which doesn't inspire anything but maybe depression.

We will continue to invest hundreds of millions of dollars in our Canadian plants. We have an enormous amount of work that we're launching right now in our plants here in Ontario.

I am now going to talk about trade. How does trade fit into all of this?

• (1025)

The Chair: Sorry, go ahead, but you have to wrap up. You only have a minute.

Ms. Linda Hasenfratz: I believe an important area to our prosperity and global competitiveness as a country is free trade agreements. I think we've made great progress in Canada in trying to open Canada to the rest of the world, and to enhance that with free trade agreements with Europe and South Korea, and with the TPP. I think that having bigger markets to buy from and sell to create more opportunities, and more opportunities mean more chances to grow our business.

Approximately 90% of what we make in Canada ships to the U.S. Without free trade, our story would be different. Free trade agreements have been critical in the decision-making of auto makers on where they put plants. For instance, BMW and Audi have put vehicle plants in Mexico in the last few years, with 100% tied to their access to global markets.

I think signing on to TPP is absolutely critical for a couple of reasons. To be left out of an agreement that covers 40% of the world's economy would be nothing short of a disaster, particularly if the U.S. is signing on and key competitors to all areas of our business are in this agreement, and we're not.

It's not just on the automotive side—although that would absolutely be the case in this sector—but also in terms of Skyjack. Our two key competitors are U.S. companies. If the U.S. signs on and we don't, that's a disaster for our Skyjack business. Even if the U.S. doesn't sign on, we should still sign on because it would give us an advantage over the rest of the world. I think that's key.

There's a lot of talk about Canadian content and local content, but to be clear, Canadian content requirements in NAFTA are zero. Canadian content requirements in TPP are zero. We've won billions of dollars of work for our Canadian plants, not because of protectionist trade policies, but because we're competitive, innovative, and efficient. That's what wins business, not trade policies that try to protect.

Thank you.

The Chair: It's good to hear some positive stories out there. We're going to move on to the Windsor-Essex Regional Chamber of Commerce.

Go ahead, sir, for five minutes.

Mr. Matt Marchand (President and Chief Executive Officer, Windsor-Essex Regional Chamber of Commerce): I want to thank the committee, and I particularly Tracey Ramsey and Cheryl Hardcastle, for inviting me here today. It's good to see Dave here as well and former Minister Gerry Ritz.

My name is Matt Marchand. I am the president and CEO of the Windsor-Essex Regional Chamber of Commerce representing over 800 employers and 30,000 employee members with billions in sales. I was educated here and at the London School of Economics in London, England.

The lack of transparency during negotiation of the TPP was a source of frustration for many stakeholders, so thank you for the opportunity to participate today.

We are the epicentre of business, trade, and tourism, and we host the two most important economic sectors in the country—auto and agriculture. Depending on how you measure it, these are the number one or number two industries in Ontario that drive our economy.

Automotive could be described as the family jewels of Ontario with over 100,000 employees and \$100 billion in trade related to auto. There are approximately 800 suppliers of auto and auto-related parts in Ontario, many of which are small to medium-sized with about 100 located in the Windsor-Essex area along with FCA, which directly employs over 6,000 at our Pacifica plant.

We also host Canada's most important trade corridor in North America, with nearly one-third of trade, hundreds of millions of dollars per day, supporting tens of thousands if not hundreds of thousands of Canadian jobs, so we certainly understand trade down here.

The Windsor-Essex Chamber does have serious concerns related to TPP in its current form, particularly as it relates to auto.

Canada is falling behind the lucrative auto sector globally. Our production, employment, and investment are falling both relatively and absolutely as measured against global investment. Auto is a large funder of the economy of Windsor-Essex, Ontario, and Canada.

The TPP is a comprehensive 12-country, 6,000-page trade agreement. The Windsor-Essex Chamber recognizes that some sectors and some employers in different regions of Canada do have the potential to benefit from TPP. However, the auto sector, Canada's largest and most valuable export sector, does have significant exposure.

I am familiar with the testimony of Dianne Craig, president and CEO of Ford, and Caroline Hughes, VP Ford Canada from March 8, 2016. I have it with me right here. Not only the Windsor-Essex Chamber but also chambers across Ontario support their views.

Chambers across Ontario just had our AGM at which we passed a resolution to address the fundamental concerns that Ford and many others in the auto community have with respect to the TPP. They are currency manipulation, tariff phase-out, and content requirements. We've all had discussions about those. I'm not going to get into them at the moment to burn time, but I will speak about them after.

I would respectfully request that the Ontario Chamber resolution be part of the official record, and I have a copy with me.

It is worth restating to the committee, though, the words of Dianne Craig as the CEO of Ford Canada:

The TPP auto terms will not increase Canadian...exports in any meaningful manner, but instead will put Canada's...manufacturing footprint at...risk.

I would also emphasize the comments of Flavio Volpe from the APMA, who on March 8, when asked if SMEs in the auto sector would experience job loss as a result of the TPP, answered "Without question."

Let me add one more layer on top of this: the rising cost of doing business in Ontario. I have seen little commentary on the rising cost of business in Ontario in the record. Let me share with the committee the concerns of the chamber network. Ontario's electricity costs have tripled in the past 15 years and are getting higher. In fact, that's the number one issue that our business community faces across Ontario. Aggressive U.S. and other jurisdictions are actively courting southern Ontario businesses, including those in Windsor-Essex, to leave and are using our rising cost structure as leverage.

Windsor-Essex and Ontario business communities will have additional cost burdens facing them when the Ontario pension plan is introduced in 2018 and cap and trade is introduced in 2017. In addition, the province has undertaken a workplace review, which means more regulation and potential costs.

Many countries and jurisdictions that Canada and Ontario compete with did not have these costs, or worker safety regulations or environmental and social responsibilities. We need to ensure that we compete on a level playing field and not be in a position where we are exporting production and jobs to jurisdictions with different sets of rules.

Other jurisdictions that are successful in attracting and retaining auto investment view auto as a strategic asset. I want the committee to remember those words: "strategic asset".

• (1030)

Here's what today's front page of the *Windsor Star* says:

Business, labour and academia came together yesterday, including Perrin Beatty, my national president, and Jerry Dias, national president of Unifor. We called for an executable automotive strategy that other jurisdictions have—

The Chair: Excuse me sir, can you wrap it up with a conclusion.

Mr. Matt Marchand: Sure.

What can the government do? In once sense, I think we should look at past things and put TPP aside in the interest of time. I would suggest that the government look at doing what we can do right now without international trade agreements. One is to pass PACA, something that Perrin Beatty has requested at the agriculture committee—and I see Gerry Ritz and Dave Van Kesteren sitting here—and to pass sports betting, which would help our region as well.

In conclusion, layering TPP in its current form, on top of the existing rising cost environment in Ontario, sets us on an uncompetitive and damaging economic path—not just for Windsor-Essex, but with implications across Ontario and Canada.

The Chair: Thank you.

Before we go to questions from the MPs, I have one question for Ms. Hasenfratz.

What does SR and ED mean?

Ms. Linda Hasenfratz: It's the scientific research and experimental development incentive, the R and D tax credit.

The Chair: The R and D tax credit, okay. It's the research tax credit.

We're going to start off with dialogue with the MPs. We have the Conservatives for five minutes.

Mr. Van Kesteren, go ahead.

Mr. Dave Van Kesteren: What a great discussion we've had this morning. It's one of the few times that I can say that I agree with every one of you. I agree that the TPP has some great potential, and I agree, Matt, that it has some challenges. There's no question about it.

We have seen, as we've travelled, that the small and medium-sized businesses, almost without exception, are excited about this free trade agreement. The other thing I noted—and I was just having a short conversation about this with William and Matt—was that when we travelled through Quebec, we saw there were an enormous amount of small and medium-sized, especially small, businesses that were start-ups.

It appears to me—I'm going to ask you to jump in and weigh in on this—that the challenge is with those organizations that are, let's call them, “institutionalized”. They've been here for quite some time, and specifically the auto industry, which has been here for 100 years in this area.

What do we need to do, and what do they need to do, to possibly change the course of this, so that a free trade agreement will be advantageous to them? Can you comment on that, Mr. Anderson?

• (1035)

Mr. William Anderson: I think there are already companies in this industry, and Linamar is certainly one of them, as we've just heard, that have been able to take advantage of trade initiatives.

Mr. Dave Van Kesteren: Linamar, how long have you been around?

Ms. Linda Hasenfratz: It will be 50 years this year.

Mr. Dave Van Kesteren: Fifty years, okay.

Mr. William Anderson: They're well established.

I think the automotive industry in Ontario is already efficient. I think the challenges that it faces have to do more with differential costs than with a lack of efficiency. I think Ontario's labour force in the automotive industry is outstanding. Companies like Linamar, and many others, have been innovative. If you look at engineering types of performance metrics on assembly plants, for example, they're very good. They're faced with a world in which they have some cost disadvantages. They have disadvantages in terms of labour cost, they

have disadvantages in terms of energy costs, they have disadvantages in terms of how long it takes them to get from the point of making a location decision to having production coming out of that facility, and they have disadvantages in terms of access to markets other than NAFTA. Part of the reason you have a disadvantage relative to Mexico is not just labour costs. If a German company wants to put an assembly plant into Mexico to sell cars into Brazil, those cars will go in much more cheaply to Brazil than if they came from a facility in Canada, because of the trade relations that Mexico has established with other Latin American countries.

I think the technical ability is definitely there to compete on a global scale. There are some cost disadvantages, but I think having access to broader markets is a positive rather than a negative.

Mr. Dave Van Kesteren: I didn't know that you went to the London School of Economics. I respect you. I always did, and I respect you that much more because you understand economics.

You must agree that, in general, trade agreements—and I recognize what you're saying, that there are some serious challenges, which I see in Chatham as well, where I'm from—are a good thing. There's more to trade agreements than just conducting the business. Trade agreements are there to set the rules. Mr. Ritz always says that just as good fences make good neighbours, good rules make good trading partners, too.

Wouldn't you agree that this is a transition and a movement that is going to gain momentum. We're going to trade more and more across the world, and we need good trade agreements. I know there will be a follow-up question about whether or not this is the right trade agreement. Wouldn't you agree with that statement?

Mr. Matt Marchand: You can go back to Galbraith or Ricardo or Adam Smith, or a number of our friends in history and talk about this. With a trade agreement, if I have bananas and you have apples and we trade something like two apples for two bananas, that's what you call trade. But if one industry is getting either heavily subsidized or has favours, and you and I both have apples, but you have state subsidies to grow your trees, you have state subsidies on your roads, you have state subsidies on other things, then we have to look at that and ask if that is an accurate agreement.

The Vice-Chair (Mr. Randy Hoback (Prince Albert, CPC)): I'm sorry, Mr. Van Kesteren's time is up.

• (1040)

Mr. Dave Van Kesteren: That's a shame. We were having a good —

The Vice-Chair (Mr. Randy Hoback): You will get more chances to answer his questions later.

Ms. Ludwig, you are up next.

Ms. Karen Ludwig: Thank you very much for your excellent presentation.

My first questions are for Mr. Anderson—or is it Dr. Anderson?

Mr. William Anderson: It's Doctor, but call me Bill, please. Not even my mother calls me William.

Ms. Karen Ludwig: From someone who worked on a Ph.D, I think you are well deserved to be called doctor.

My questions are regarding our research and studies.

For starters, I represent a riding with five international border crossings in New Brunswick. We fully understand the dependence on the American market. We've heard a number of varying positions on TPP. Do you have any research or studies to support what you've put forward regarding the ramifications if we don't ratify it?

Mr. William Anderson: There are a lot of studies on TPP using what are called computable general equilibrium models, and most of them are irrelevant to my argument because those studies just generally compare a world with TPP to a world with no TPP, and I don't think that's the decision you are faced with here. The decision you are faced with here is, do you want to be in a world where the United States is a member of TPP and Canada is not.

Our research is mostly on cross-border supply chains and the integration of other industries as well, agrifood; and certainly the automotive industry is the most important at this crossing. We have an assembly plant here in town. It requires 200 to 300 trucks a day to come across the Ambassador Bridge for that assembly plant to work.

Remember that Canada and the United States are not a customs union, so it's not like Europe where stuff just goes across the border. There has to be customs administration on everything, and there are rules of origin that come into play. If we get into a situation where the United States is able to play by one set of rules of origin, and Canada is constrained to a more restrictive set of rules of origin, even if we would prefer, overall, to be using that more restrictive set of rules of origin, it will put Canada at a disadvantage because it will make it more difficult to operate those supply chains across the border.

That's how our research at the Cross-Border Institute relates it.

Ms. Karen Ludwig: Thank you.

I have just one more question on that. We've heard from, I believe, Joseph Stiglitz, in terms of his research, that there's a potential of 58,000 job losses. Taking your position of the cost of not ratifying TPP, do you have any estimation of how many jobs might be lost by not ratifying?

Mr. William Anderson: I don't have an estimation of that. Again, that's because it would come from a broad type of economic model, and I have not seen one that actually does the right counterfactual, which is to say, looking at a situation where the United States is in the TPP and Canada is not. Most of the factors that would have a negative impact on Canada will occur whether or not Canada is in the TPP. For example, on preferential access to the U.S. market, if the United States adopts the TPP, we lose that preferential access, which we've had for 20 years, and Canada's decision won't affect that.

Ms. Karen Ludwig: This question is for Madam Hasenfratz. Looking at your business, where 90% of it relies on the U.S. market, have you looked at diversifying from that? Obviously, you've been quite successful on your comparatives and have been able to be nimble and innovative. Have you considered diversifying more from the U.S. market into other international markets?

Ms. Linda Hasenfratz: Yes, we absolutely do. While 90% of what we make in Canada is shipped to the U.S., 35% of our overall business is actually outside North America. In Europe and in Asia, we do supply some products from North America, for instance, Skyjack. We do all our manufacturing here in Canada, and then export to Europe and to Asia. For our automotive business, given the volumes, we do locate internationally and supply those markets from those areas. However, we create jobs and a lot of support for those international operations in our Canadian operations because we're doing a lot of R and D, product development, process development, launch support, and that type of thing for those plants.

Ms. Karen Ludwig: How significant is the Japanese market to you and your business?

● (1045)

Ms. Linda Hasenfratz: We're not going to ship to Japan from here, that's for sure, but we certainly supply the Japanese automakers in other locations. We supply Japanese automakers in the U.S. from our Canadian operations, for instance, and we do buy products from Japan, such as equipment to manufacture the components.

The Vice-Chair (Mr. Randy Hoback): Ms. Ramsey.

Ms. Tracey Ramsey: Thank you so much for your presentations here this morning.

We're discussing the U.S. and Japan a lot. Japan has come up numerous times at this panel as a market that people would like access to. In terms of the U.S., though, I'd like to say that whether or not we sign the TPP, they still have the advantage. If we were to ratify here in Canada and go to the U.S., the U.S. still holds the power to determine whether or not they allow our entry. Therefore, really there's no push for us to sign ahead of this two-year window we have for this ratification process.

The U.S., as I said, has advantages in many ways. We heard about the auto chapter. They actually opted out of the chapter on labour mobility because they see it as a threat to their sovereignty. There are many ways that the U.S. was able to protect themselves in this deal that Canada was not. These are things that are deeply concerning to us on this committee.

I'll go back to auto, because of course we're sitting here in Windsor. Before I do that, though, Ms. Ludwig brought up the Tufts University study. It's part of the struggle we have, as well, that we have no economic impact study that exists. Global Affairs Canada hasn't done one. There are different economic models that have been done, and they show, essentially, a 0.0% to 0.2% increase in our GDP by 2030, which—by all accounts we've heard at this committee—is a rounding error. It's not being shown that the benefits are there for us, and the job losses are estimated at around 60,000.

I would like to go to Mr. Marchand and basically ask you if you can read into record that resolution you brought before us, and if you can talk a little more about how you think Canada's auto industry and our auto industry here in Windsor-Essex would be impacted by the TPP.

Mr. Matt Marchand: Before I do that, I just want to read something else into the record, too, from our policy and solutions forum that we had yesterday. I just want to read this, as I didn't get a chance to read it earlier:

The gathering heard that Canada is not only losing new auto investment to Mexico and American jurisdictions offering better incentives but also to a growing number of new countries around the world entering the lucrative industrial sector, including Indonesia, Turkey and Thailand. Tanguay said it was troubling to hear at an industry gathering he attended in Michigan that, among automotive decision-makers, Canada didn't even make the list of potential investment sites for new product.

I just wanted to put that on the record.

Ms. Tracey Ramsey: If you don't have the resolution now, that's okay, but if you can read into record, I think we would like to hear what the Ontario Chamber has to say.

When we look at the tariffs and we talk about the tariff portion—and out of 30 chapters in this agreement, 6 actually have to do with tariffs—97% of our trade with the TPP countries is already tariff-free. We're talking about 3% of the trade that we're focusing on. We'd like to see businesses succeed in Canada. We know there's a definite relationship between the amount of jobs we would see proportionate to that. I wonder if you could speak—

Did you find it, Matt?

Mr. Matt Marchand: I can speak from memory because I wrote it, or helped write it.

The resolution from the Ontario Chambers is basically on the content issue. The fact of the 62.5% going down to 30% to 35%—or to 40%, depending on how you read it—is something we need to equalize. We need to equalize the tariffs. For the reduction rate, the U.S. has 25 years; we have less than five. Also, in addition to what you were saying earlier, they asked that the Government of Canada not take a decision on TPP until after the U.S. federal election.

Also, there was currency manipulation. That was one of the big issues, and I want to speak to this. This is important. Currency manipulation is something that is of grave concern to many of my members across Windsor-Essex and also to the Ontario Chamber network. If we're going to be entering into trade deals with countries, they're going to be in a position—and they have done so in the past—to adjust their currencies to get competitive advantage. That's something we certainly find very concerning.

In the TPP agreement there's no mechanism by which to enforce currency devaluation. Caroline Hughes talked at great length in her testimony on March 8 about the IMF rules that are in place but at the moment are not able to be enforced. Under the TPP, as it sits right now, there's just no opportunity to enforce currency devaluation. Those are the concerns across the board from our Chamber network across Ontario.

• (1050)

Ms. Tracey Ramsey: These are certainly the concerns that were brought forward by the Ford Motor Company.

The Chair: Ms. Ramsey, you have only 10 or 15 seconds.

Ms. Tracey Ramsey: Ms. Hasenfratz, how many jobs do you think will be created in Canada under the TPP?

Ms. Linda Hasenfratz: I haven't done a thorough study so that's a very difficult question for me to answer, but I will say that just because nobody's added up and calculated what that job creation would be, doesn't mean that they won't come. Somebody's gone to the trouble of calculating that there are going to be 60,000 losses. Nobody has done the work—and it's a shame that they haven't—to identify the number for job creation. That doesn't mean that it's not going to happen, and—

Ms. Tracey Ramsey: I think all the economic models show that there's no job creation—

Ms. Linda Hasenfratz: I do believe strongly that if we don't ratify the TPP, Canada will become irrelevant on a global stage. We don't want to be there. We want to be relevant. We want to be on the global stage. We want to be part of what's going on in terms of global trade and the global economy, and to not ratify the TPP would leave us out of that. I think that would be a huge mistake.

The Chair: We'll have to move on to the Liberals and Mr. Peterson for five minutes.

Mr. Kyle Peterson: I want to thank Professor Anderson for basically comparing what we have to compare, a world without Canada being at the table if the U.S. ratifies it. This is not an analysis between the status quo and the TPP, which I think is something that I think we all need to keep in mind here.

As far as the economic assessments and economic impact studies go, most of those assessments were based on comparing the status quo to a world in which 12 members would be in the TPP. I don't think that's worth as much as the analysis that needs to be done if the Americans and the Japanese are in the TPP, and Canada is not? That, I think, is the analysis that needs to be done.

I'm sure Mr. Marchand can agree that any economic analysis is only as good as the presumptions made within it. That needs to be done, and it hasn't been done yet. That's the comparison that needs to be made. So thank you for basing your analysis on the reality of the situation. I do appreciate that.

I have a question for Ms. Hasenfratz. Professor Anderson talked a little about how we'd have to have separate production lines as one of the options if we're not in the TPP and the Americans are. You know the industry probably better than anyone at this table. How viable is it for suppliers to run separate production lines?

Ms. Linda Hasenfratz: There's no chance of that happening. You achieve efficiency by scale. The bigger the line, the higher the volume; the more efficient that you are, the lower you can drive your costs and the more that you can drive improvement. The concept of somebody setting up something to serve 80% or 90% of the volume in one place, and literally just 10% or 20% to serve Canada, is not going to happen.

Mr. Kyle Peterson: I wanted you to bring that up because Professor Anderson did dismiss the separate production line theory academically, as he should, but I wanted to have the practical reality. It's not feasible and never could be. The whole industry is based on efficiencies and productions and volumes, and most certainly they won't be met with separate production lines. I want to make sure we're aware of that as a committee. You can't have some NAFTA-approved product coming up, and then some TPP-produced product coming up. It's just not viable in the industry. Thank you for clarifying that.

Can you tell us a little more about your footprint here? How many facilities do you have in Ontario?

Ms. Linda Hasenfratz: We have 23 plants in Ontario.

Mr. Kyle Peterson: Are your 9,000 employees Ontario employees or Canada-wide? I would imagine most of them are in Ontario—

Ms. Linda Hasenfratz: All of our facilities in Canada are in Ontario.

Mr. Kyle Peterson: That's good, and I appreciate your success story. I've spent some years of my career at Magna International, so I understand the industry somewhat. Don't hold that against me. It's great to see your growth in the industry. I was there in 2007, 2008, 2009, a tough time for the industry, as you no doubt are abundantly aware, but a lot of that was driven by decreasing auto sales because of the financial crisis and the reasons that applied then.

Right now we see auto sales growing in Ontario and Canada, but it seems that some of the GMs, the Chryslers, the Fords, aren't necessarily here in Canada and able to tap into that growing market. They're not capitalizing on it. They don't seem to be benefiting as much as some of the other OEMs. Do you have any theory why that might be?

• (1055)

Ms. Linda Hasenfratz: You are asking why the Canadian plants are not seeing increased production?

Mr. Kyle Peterson: Yes.

Ms. Linda Hasenfratz: Yes, it depends a little on the product that you're making, obviously. Products that are gaining market share are going to be growing in volume, so it's a bit about that as well.

That said, certainly we haven't seen major additional investment coming into Ontario over the last several years, although there have been examples of it. Look at Toyota, Honda. They have both put major investments in place in Ontario. I do believe they are seeing the value that we have here in Canada, in some of those things that I talked about.

I actually think Ray Tanguay is doing a great job of getting out and busting some of the myths around why we shouldn't be operating here, and becoming more proactive at going out and trying to bring new players here, and to enhance the ones that are already here. I think people are starting to listen to him. We haven't had a very good external push, a "let's bring them in" strategy. Having one now, I think, is going to be very helpful.

Mr. Kyle Peterson: I'm presuming that you think these studies should be undertaken whether the TPP is signed or not?

The Chair: You'll have to wrap it up.

Ms. Linda Hasenfratz: Absolutely, we absolutely should be continuing to try to bring automotive volume here to Canada and continue what is a thriving industry.

The Chair: That wraps up the first round.

We're going to go to the second round of five minutes. The Liberals start off with Madam Lapointe.

[Translation]

Ms. Linda Lapointe: Good morning and welcome.

My riding is in Rivière-des-Mille-Îles. We used to have the General Motors plant in Sainte-Thérèse. That's the plant that used to build the Camaros and Firebirds. It was in my riding.

Ms. Hasenfratz, you said earlier that you are investing and you were going to have other plants. I invite you to consider my riding. We have a great deal of skilled labour and the cost of electricity is very low.

I have a question for you.

You said that Canadian content was not the reason for the success of companies. You said that we had to be competitive, efficient and innovative. Could you elaborate on that?

[English]

Ms. Linda Hasenfratz: We look at innovation as being two parts. In the products that we're designing, we try to solve market issues, for instance, fuel efficiency and lower emissions. We're redesigning products to try to reduce emissions and provide fuel economy. That brings our customers back because we're helping to solve problems that they have or helping them to do something that their customers are looking for.

Then there's innovation around process, and we're trying to manufacture those components for the very best costs and best reputability, quality, and technology. If we can do all those things, we're solving industry issues, we're reducing costs, and we've got a compelling reason to bring our customers to us. That's why I'm saying that innovation is so critical to competitiveness. Then of course efficiency is critical, how you're running your operation and how you're managing your labour costs, and your relationship with your labour is critical. Purchasing, planning, and continuous improvement to be constantly trying to drive costs out and find better ways to do things is absolutely critical to staying competitive.

[Translation]

Ms. Linda Lapointe: Thank you very much. That's very interesting. We could certainly talk about it some more.

That said, I have a question for Mr. Anderson.

We all know that there is a presidential election now in the United States. Depending on the outcome of the election, we may end up having to hold another round of negotiations for the Trans-Pacific Partnership. You talked about the need to participate if the United States does too. If renegotiations were possible, what would you like to see changed in the agreement as drafted right now?

[English]

Mr. William Anderson: I don't know that I would necessarily change the rules of origin. I think in terms of the phase-in, obviously the phase-in deal that Canada got was not as good as the phase-in deal that the United States got. Of course, that was a phase-in on a 6.1% tariff for Canada versus about a 3.1% or something like that for the United States. In some sense that balances out.

On the rules of origin, I think it would probably be better for the automotive industry in Ontario if you could get those percentages up a little bit. However, you have to look at that in the light of other global arrangements, for example.

One of the ones that I've studied is the ASEAN economic community. Those sort of 35% to 40% types of regional value content rules are kind of what's the standard in those, whereas, if you look at the west, the NAFTA, or the European Union, 60% is more typical for that. In some sense, it's a bit of a compromise among the countries from the different regions that are in the agreement.

• (1100)

[Translation]

Ms. Linda Lapointe: Thank you, that's very interesting.

Mr. Marchand, earlier you talked about the manipulation of currencies. I would like to know specifically which countries you were referring to.

[English]

Mr. Matt Marchand: Many countries globally have the ability to manipulate their currencies vis-à-vis their central bank. The TPP does not necessarily have enforceable mechanisms by which you can prevent that.

You've read stories about China, for example, devaluing its currency, and Thailand with the baht. All sorts of examples globally have happened over the last 10, 20, or 30 years involving currency manipulation. I don't think countries put out a news release to say, "By the way, we're doing this", but it happens globally, and it's something we have to take into account when doing international trade deals; there is no question about it.

The Chair: The time is up for Madame Lapointe.

We're going to move over to the Conservatives for five minutes, and Mr. Hoback.

Mr. Randy Hoback: Mr. Marchand, do you know of any other trade deals that have made dealing with currency manipulation enforceable?

Mr. Matt Marchand: The TPP is a wide-ranging deal across—

Mr. Randy Hoback: There are lots of countries with trade deals, and not only Canada is involved, but the U.S. is involved with other deals, with Mexico. Do any of them have currency manipulation charters in them?

Once you do that, everybody worries about loss of sovereignty. If you were to negotiate it into your TPP, we'd have Canadians screaming about the loss of sovereignty of our central bank.

Mr. Matt Marchand: Well, I can throw it back at you. Why would you get into an agreement with someone who can devalue their currency and make themselves more competitive?

Mr. Randy Hoback: They can do it right now, today, if they so choose. Whether it's a trade agreement or not, if they want to devalue their currency to make themselves competitive on the global stage, if they're going to go down that avenue, what do you do? The IMF has policies in place, but that's basically all you have. Whether it's in a trade agreement or not is irrelevant, because they can still do it in or out of a trade agreement.

Mr. Matt Marchand: Yes, but if you do it within a trade agreement, now you've legitimized it and have a set rules of trade.

Mr. Randy Hoback: You still have the IMF policy; it can actually go in to try to regulate it.

The reality is, countries are not going to give up that sovereignty of their central bank, so it's hard to say we're going to have currency manipulation because of TPP, when it's already happening and we're already complaining about it.

To me it's rather a wash, because unless you decide on the IMF side of it how you are going to deal with China and the way they regulate their currency in other countries, and start putting in really strong regulations at that level, which I don't think the U.S. would ever agree to, you're not going to see it happen. So whether it's in TPP or in NAFTA or any other agreement...

Mr. Matt Marchand: NAFTA is only three countries, and the FTA was only two countries. What I'm saying is, why would you, as a decision maker, put yourself in a position in which you're going to be dealing with people knowing that they're going to have another set of rules, different from ours?

Mr. Randy Hoback: I guess what I'm saying is that they're going to do what they're going to do, whether in the trade agreement or not. If you are not within the TPP, you're still going to have to compete with them, while they will have the ability to do that currency manipulation, so—

Mr. Matt Marchand: Why would you compete with them, knowing that—?

Mr. Randy Hoback: We already are today.

Mr. Matt Marchand: But why would you go one step further?

Mr. Randy Hoback: One thing about going a step further is that you're at least getting a balance in your trade agreement, so you're getting market access that's equal and equivalent, that's equal on a level playing field, so that a company like Linamar doesn't have to overcome a tariff to go into a country that somebody else has preferential access to.

For example, if the U.S. signs on to TPP and Canada doesn't, and they're going to compete out of Canada into Japan—that might not be a good example, but I'll use it for an example—they need to have market access equivalent to what they would have in the U.S.

The U.S. isn't looking at currency manipulation, and I find that really interesting, because Ford, out of the U.S., actually backs this deal. In fact, Ford out of the U.S. are the ones encouraging Korea and the U.S. to do a trade deal, yet they come into Canada and say that Canada should not do a trade deal with Korea—

•(1105)

Mr. Matt Marchand: Well, I have to disagree with you. Hillary Clinton and Donald Trump have both made currency manipulation a key issue.

Mr. Randy Hoback: Hillary Clinton started TPP when she was secretary of state.

Mr. Matt Marchand: I'm just explaining what you're saying right now. She is concerned about currency manipulation, as is Donald Trump. One of those two is going to be the next president.

Mr. Randy Hoback: Yes, and that's fair, and it's going to be interesting to see, if they rip up NAFTA too, what impact that has.

I'm going to move on. We talked about electricity costs, pension costs, cap and trade. These are things that the Ontario Liberal government has done here provincially. How has that affected the effectiveness or the competitiveness of businesses locating in Ontario versus in other jurisdictions?

I'll go to Mr. Anderson first.

Mr. Matt Marchand: Okay.

Mr. William Anderson: Right now energy costs are a big issue. I was at the auto summit yesterday, and I think it was the one issue that just about everybody brought up. On the other hand, I would say you could make the argument that the Ontario government is also doing something that the rest of the world needs to do by attacking this. I think the problem is that....

A very good point was made yesterday by a gentleman from the Canadian motor vehicle association, saying that if we make the electricity prices so high in Ontario that we drive producers to U.S. states that use coal-fired plants, then we would actually have the net impact of increasing carbon emissions. I think there needs to be some rethinking about electricity.

There are disadvantages in not having the same access that, for example, Mexico has, and you're always going to have that cost disadvantage. If you then get into a situation such that a Canadian assembly plant is going to sell cars into the United States under NAFTA rules of origin, while a Mexican plant can sell cars into the United States under TPP rules of origin, which would mean they could have some lower price content from some other places, it's going to be one more competitive disadvantage.

Mr. Randy Hoback: But if you throw CETA in with Canada—Canada has an agreement coming in CETA—and TPP, now all of a sudden you have a tremendous amount of access globally. One country has a preferential treatment into a wide range of very lucrative markets.

Is that not going to attract more businesses here?

The Chair: Mr. Hoback, I have—

Mr. William Anderson: Very quickly, I would say that's the strategy Mexico has pursued, with the same results.

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

Ms. Ludwig, you're up for five minutes.

Ms. Karen Ludwig: Again, it's a great conversation.

My questions are related to labour mobility. We've heard a number of different panellists across the provinces discuss the significance of the labour mobility chapter in the TPP. We've heard a previous panellist, from Unifor, talk about the fact that the U.S. has opted out of the labour mobility angle.

There are 350 million people who live within the United States and roughly 36 million living in Canada. In the early 2000s there were studies done predicting a skilled labour shortage in Canada.

Madam Hasenfratz, do you bring in any skilled labour to help out and provide temporary support at times, or even longer-term support within your organization?

Ms. Linda Hasenfratz: Yes, absolutely. The availability of skilled labour continues to be an issue. We're doing an enormous amount to try to develop people right here. We have more than 600 apprentices working for us globally, in our organization alone.

We're growing quite rapidly. We've been growing in double digits every year, and having strong technical people is absolutely key to the innovation that I was discussing earlier from a process perspective and that continues from an improvement perspective. As a result, we have gone beyond our borders to try to bring people into our operations to supplement what we can produce using people internally.

I think immigration is great stop-gap that we can use, until we can start to develop more and more people and encourage more people into skilled trades. That starts much younger, doesn't it, with a focus on STEM—science, technology, engineering, and math—and getting more people into those areas and increasing the number of people going into skilled trades.

I think this is working; we are seeing more people in STEM and we're seeing more people starting to go into skilled trades, which is fantastic. It's just that the numbers aren't big enough yet, so we need to keep that effort going. In the meantime we can use immigration to help fill the role.

•(1110)

Ms. Karen Ludwig: Dr. Anderson.

Mr. William Anderson: On that same issue, I think there's a skilled labour shortage in Canada, but there's a skilled labour shortage in all of the other developed countries involved in TPP, and it's worse just about everywhere else.

One reason it's a great opportunity to expand trade relations with Japan is that Japan is a very sophisticated country that is facing the most severe labour shortage of any developed country probably in history, because of their demographic situation.

Canada, having a labour force that has skills and education levels comparable to those of the Japanese labour force, could be very complementary to them. If anything, this is a comparative advantage that Canada has, which may also contribute to more Japanese investment in Canada, because that situation is a tough situation here but a terrible situation in Japan.

Ms. Karen Ludwig: When Canadians decide to travel internationally for work, particularly, let's say, in an environment like Japan's, what are the opportunities and the risks they might bring back to Canada as employees and contributors or non-contributors to competitiveness?

Mr. William Anderson: I want to quickly make sure of what I just said. I wasn't saying it's an opportunity for us to send our people to Japan. It's an opportunity for the Japanese to send their production here, where they can take advantage of the availability.

Ms. Karen Ludwig: Okay; it does go both ways.

Mr. William Anderson: Yes, that's right.

Ms. Karen Ludwig: I'll just share, as an example, as an international business educator, that I have found over the years the tremendous benefits to my students of travelling internationally and bringing back the social and cultural experience, but certainly the technical expertise back to Canadian companies, and of having that experience internationally.

From many standpoints, I don't see that as negative. I see it as quite positive.

I'd also like to hear from—

The Chair: Your time is up. We're going to have to move over to Mr. Ritz.

You also have only four minutes, so that we can tidy up the panel.

Hon. Gerry Ritz: I can talk fast.

Thank you so much for your presentations today. It was very interesting stuff.

On PACA, Matt, most certainly we were addressing that as quickly as we could. I had actually made an offer to the horticultural industry that if we were to do a check-off, I would match what they put in and we would build our own body to facilitate it.

There's a misunderstanding in the horticultural council that somehow it covers it for bankruptcies only. About \$7 million has been used over 20 years, so it's not an insurmountable amount, which could be addressed, but it's not about no or slow pay at all, as some in the hort industry think.

I know they're here later, so we'll have that discussion.

It can be fixed fairly readily without getting into bankruptcy and insolvency and so on.

Mr. Matt Marchand: That's a priority we're hearing. Thank you for addressing that.

Hon. Gerry Ritz: Yes, absolutely.

Linda, thank you for your presentation. On content rules, I would think you would be apoplectic seeing the content rules go down in the TPP, being a Canadian innovator. Or do you see it more as an opportunity to join the global supply chains?

Ms. Linda Hasenfratz: As I was mentioning earlier, if you look at Canadian content requirements under NAFTA, they're zero. There is no requirement for this work to come to Canada. Admittedly, it's a bigger bucket with smaller players. You can leap to the conclusion that you're going to get more, but really there's no requirement for that work to come here, and there isn't any requirement for it to come

in TPP. That's why I believe that we compete by being innovative, and efficient, and a great solution for our customers. I'm not worried about the content rules, because the content rules aren't how I'm winning business. That's not how I won those billions of dollars of business, and it's not how I'm going to win business in the future.

Hon. Gerry Ritz: Bill, you also made the point about Japan's building platforms here to make use of our skilled workers. I absolutely agree with you. We're actually seeing that happen already with the investments from Honda and Toyota to address the CETA opportunities that are coming. Honda is going to build the CR-V here simply because of that. Again, it creates those opportunities for Linamar to take part in that supply line as well. I wanted to reinforce that point.

Again, to Linamar, being global as you are, you must have IP concerns, you must have proprietary products, and the way that you do things. There have been a lot of concerns raised about the ISDS chapter, that it's terrible, that we're giving up our sovereignty and all that. Do you see that as a help or a hindrance in dealing with other countries where you actually have an appellate body and a set of rules that you can actually go to as an investor?

Ms. Linda Hasenfratz: Are you talking about in terms of protecting IP?

Hon. Gerry Ritz: Well, protecting you as a business in other jurisdictions, including IP. You have the ISDS clauses, which some people say are terrible, that we're giving up our sovereignty, but I see them more as rules-based adjudication when a government changes the way that they would allow you to operate.

Ms. Linda Hasenfratz: Exactly.

I think the other benefit is that if you have harmony in terms of rules, then you have fewer individual rules to follow and requirements to meet. Not having harmonious regulation adds costs to a whole bunch of different industries where they have to follow these rules, follow these rules, and follow these rules. If we have a common set of rules, then that does help to improve efficiency.

Hon. Gerry Ritz: Okay. Great. Thank you.

There is also talk that the phase-in period is too short. When you look at global investors, and I have a country that's going to hold the line for 25 years, and I have another one that is going to make changes in five years, where are you going to put your money?

● (1115)

Ms. Linda Hasenfratz: I'm all in favour of moving quickly. I think that's another key way that we compete, by being able to move fast, to be nimble, and make things happen quickly. I would always prefer to move quickly.

The Chair: We're ending our panel here right now. I thank the witnesses for coming. We had a very lively exchange.

Can I ask the MPs to stay at the table for a minute because we have some media here and they want to take some shots of all of us at the table?

We will suspend the meeting.

- _____ (Pause) _____
-
- (1130)

The Chair: We're going to start our third panel this morning and continue our dialogue on the TPP.

Welcome, folks.

For this panel we have the Ontario Greenhouse Vegetable Growers, the Lambton Federation of Agriculture, and the Windsor-Essex Economic Development Corporation.

This is the sixth province we've visited, and we've got four more left, and the territories, for our dialogue on the TPP. We're also having many meetings in Ottawas besides, dealing with softwood lumber and the European agreement. Also, we're open to the public sending their thoughts through emails to our clerk here, and we're going to be putting them in our final report. Later this morning we're going to have an open mike, which we're looking forward to.

Without further ado, we're going to start with five minutes for each group, the first being the Ontario Greenhouse Vegetable Growers, and Mr. Gilvesy.

Mr. George Gilvesy (Chair, Ontario Greenhouse Vegetable Growers): Thank you, Mr. Chairman.

It's nice to see a lot of old friends in the room.

My name is George Gilvesy, and as chair of the Ontario Greenhouse Vegetable Growers, I'd like to express my appreciation for the opportunity to address you today.

Many people are surprised to learn that Canadian farmers are a dominant force in the North American fresh produce industry. This dominance extends from eastern Canada down to the southern U.S. A., principally east of the Mississippi, but Ontario greenhouse vegetable products can be found in all the lower 48 states.

Last year, Ontario greenhouse vegetable farmers exported 247 million kilograms, totalling \$652 million, a 63% increase in value over the past five years. To put this into context, this month we expect to send the equivalent of 2,000 tractor-trailer loads of fresh cucumbers, tomatoes, and peppers across the border to the United States. This produce was grown in over 2,700 acres of hydroponic greenhouses, primarily located in southwestern Ontario, and reflects a surging expansion in our production capacity.

For the month of May we estimate that our greenhouse vegetable farmers will be harvesting a full truckload every 10 minutes. Each acre of greenhouse that is constructed represents at least a three-quarter to a million-dollar investment that replaces 10 to 20 acres of open-field production. Last year our farmers constructed an additional 150 acres of greenhouses, and this is a decade-long trend that shows no signs of slowing down. In the last five years, Mr. Chairman, our members have spent the equivalent of a new automobile factory in the province of Ontario. I think that's an outstanding number by individual entrepreneurs for us to recognize.

Our growers and marketers are extremely innovative and aggressive, an attribute necessary to effectively manage this growing production volume. We've developed new products, packaging, and

customers throughout North America, and effectively compete within the produce industry's open trade environment. The ongoing construction of the Gordie Howe International Bridge is key to maintaining time-sensitive access to this vital fresh market.

The key objective of the OGVG is to diversify its export market beyond North America. We are in support of trade, in particular to the pan-Pacific region, and our world-class food safety traceability and production systems allow us to provide a unique and desired product in new markets accessible through trade agreements like the TPP.

Access to new markets alone, however, is not sufficient. The federal government can help our greenhouse farmers extend the North American dominance in new international markets by providing resources and expertise to help develop these opportunities. Of particular importance, we support the government's efforts to quickly lower phytosanitary regulatory trade barriers from Canadian fresh vegetables. Providing access is the first step towards developing new markets. The perishable nature of fresh produce also requires investing in resources and personnel in destination countries to ensure operational barriers to entry, such as inspection delays and clearances, do not impede our ability to provide these markets with the high-quality product they expect. Unlike other agriculture commodities, our product cannot sit in customs for a week while paperwork is being evaluated or inspection tests are performed.

Canadian fresh produce will remain excluded from Asian markets unless we can negotiate and enforce rapid clearance into destination markets. Greenhouse cucumbers, as an example, are not like canola oil or frozen pork. Every minute counts, and having the trade personnel and agreements necessary to enable rapid clearance is absolutely vital.

Accessible trade tools such as the Brand Canada initiative are a necessity when developing and maintaining new markets. OGVG strongly encourages the federal government to ensure that our local and international trade staff have the resources and support necessary to help us effectively market Canadian products internationally.

Ontario Greenhouse Vegetable Growers advocate for fair trade in all markets, domestic and international, both existing and proposed. Ontario greenhouse farmers need the right trade processes supported by the right trade remedies to maintain market discipline and give our producers the chance to succeed.

Open access to new markets, as well as continued maintenance of existing markets, is vital to the future of greenhouse vegetable farmers. Part of this initiative must be a resolution to current trade irritants, which dangerously expose our farmers to market access risks. So while it's very good to pursue these new market agreements, we have to make sure that we're maintaining the ones we've got.

One example of a current trade irritant—

• (1135)

The Chair: Could you wrap it up in the last half minute.

Mr. George Gilvesy: One example of a current trade irritant would be the lack of reciprocity between the Perishable Agricultural Commodities Act in the United States and its requirement for a similar level of protection in Canada for their exporters. This ongoing irritant unnecessarily threatens our close trading relationship and should be dealt with as quickly as possible.

Another example would be the lack of an effective and cooperative North American perimeter strategy on invasive pests and diseases.

The Ontario Greenhouse Vegetable Growers are excited by the opportunity presented by the TPP and hopes to work closely with the government. We are proud farmers, proud of our farms and our products, and wholeheartedly invite each and every one of the panel to come and visit us for a personal tour at any time.

Thank you.

The Chair: Thank you, sir, for your presentation.

We're going to move over to the Lambton Federation of Agriculture.

Gentlemen, for five minutes. Go ahead.

Mr. Kevin Forbes (Member and Past President, Lambton Federation of Agriculture): Thank you, Mr. Chair, members of the committee and staff for taking your time and allowing us to speak today.

I'm Kevin Forbes, the past-president of the Lambton Federation of Agriculture. I am currently operating our family farm, which is a 200 cow dairy.

The Lambton Federation of Agriculture represents over 1,200 farm families across a very diverse array of industries, from cash crop, beef, pork, dairy and poultry, to dairy goat, sheep, alpacas, fruit orchards, vegetable crops, vineyards, wineries, greenhouse production, and maple syrup.

First off, we would like to congratulate politicians, the negotiators, and staff for all of the hard work over the past decade to bring the TPP to fruition. This has the potential to be a monumental trade deal for Canada. With all of the agriculture speakers today, we are going to try not to be redundant.

The TPP has potential to benefit industries such as beef, pork, and some of the grains and oilseed sectors by gaining access to, most specifically, Japan and Vietnam. There is also some small potential for the sugar beet industry as it tries to develop itself within Canada, which Gary will talk about in a minute.

Unfortunately, as with all trade deals, not every industry was able to make gains. The supply managed sector did have to make sacrifices to make the deal successful. We feel that negotiators did an excellent job in mitigating the losses to supply management. That being said, we've been proud so far as an industry not to have to accept direct payment from the government, and we'd like to keep it that way going forward.

However, the truth now will be how the government helps farmers mitigate the concessions made to their industries. In an October 5, 2015, press release, it stated that it government would provide an income guarantee program over the next 15 years. There is also a quota value guarantee program, a processor modernization program, and a market development initiative.

It is incredibly important for the government to step up and follow through with these programs. The two most important ones are the income guarantee and the processor modernization programs.

For the dairy industry, it is a vital time for processor investment. There are many aging dryers in Canada for processing skim milk, and they aren't going to last forever. There is currently over \$200 million dollars of product coming into Canada tariff free because our processors can't even produce this—and the product is diafiltered milk.

An investment in one plant in Ontario and one plant in the west would help alleviate the stress in our system and would also be enough to cause a quota increase itself, which would help almost eliminate the impacts of the concessions of the TPP. The side benefit of investing in processors is the windfall of jobs that can come into the economy, and not just for the benefit of farmers.

For poultry producers, they accept the concessions that were made but are looking for government to stop the current fraudulent practices, including importers being able to import unlimited quantities of chicken by simply adding sauce or other ingredients, by importing spent fowl and falsely declaring it as chicken, and allowing companies to substitute high-valued import cuts with low-valued domestic cuts.

In summary, the LFA is generally in support of the TPP agreement and we look forward to its being ratified in the future.

Gary does have something to add to that.

• (1140)

The Chair: All right.

Mr. Gary Martin (Director, Lambton Federation of Agriculture): Hi. I'm Gary Martin from southern Lambton County. I'm part of a farm there that's been in operation for 150 years as of last year.

I'll give you a bit of the history of our farm. Back in the fifties, my grandfather and father used to grow sugar beets. We still have some of the wagons kicking around the farm today. As for the history of the sugar beet industry, sugar beets had been grown locally well before 1900 and were processed in Michigan. In 1901 sugar processing plants were built in Wallaceburg, Dresden, Kitchener, and Warton. Further consolidations after those plants were built resulted in one company processing beet sugar until 1967, all the way from 1920. When cheap imported cane sugar took over, they stopped producing sugar from sugar beets.

Where are we today?

The U.S. has a protected sugar industry and bans sugar imports. The local producers today in Canada are allowed to export beets to Michigan, where they're further processed in Michigan. Beet farmers in Lambton County and Chatham-Kent are excited that the TPP will again allow for local sugar processing, with U.S. accepting imports. However, on further inspection, it appears that the TPP falls short in guaranteeing the increased market access to the United States that would allow for the investment and processing in Canada.

The main problem of predicting market viability for sugar is that sugar happens to be the most distorted traded agricultural product worldwide, with domestic exports and trade-distorting policies across the world, while Canadian processors cannot benefit from these policies.

Thank you.

The Chair: Thank you.

We're going to move on to our last panel here, from the WindsorEssex Economic Development Corporation, Mr. Naidu.

Go ahead, sir.

Mr. Rakesh Naidu (Interim Chief Executive Officer, WindsorEssex Economic Development Corporation): Thank you, Mr. Chair, and honourable members, and a warm welcome from the Windsor-Essex region on behalf of all of us here. I also want to thank the MP for Essex, Tracey Ramsay, for the invitation. I'm delighted to be here.

Thank you for the opportunity to join you here today and share with you some of our views and perspectives on the significant impact of the Trans-Pacific Partnership on the region, but specifically on the automobile manufacturing sector, which is a key sector in our region.

As the leading economic development agency in Windsor and Essex county region, we are responsible for advancing economic development to grow and sustain prosperity in the region. Windsor-Essex is the manufacturing heartland of Ontario, and it is directly next to the busiest international crossing and trade corridor in North America, right in our front yard. We have serious concerns about provisions within the trade deal that would have a significant impact on automotive manufacturing not only here, but in south-western Ontario—and, for that matter, Ontario and the rest of Canada.

The Windsor-Essex region is a place that knows international trade. Just a few metres from us is the international bridge and the crossing. You can see trucks fly by on both sides. Every day, one-third of the total trade between U.S. and Canada crosses through this border, representing close to \$500 million of goods daily. This is a place that thrives on international trade, and thrived because of NAFTA, and we know what international trade can do. We are all for international trade and we are all for free trade, as long as it is fair, and as long as it is on a level playing field.

We are an export-oriented economy. We import and we export, all the time, every day. In fact, we have 900 manufacturing companies in the region, and 90% of those export. We understand international trade and have benefited from it. Windsor-Essex proudly hosts two prominent OEMs, FCA Canada, the largest employer in the region with the greatest influence on our supply chain, and home of the

renowned Windsor assembly plant; and Ford Motor Company's Essex engine plant. In addition, the Windsor-Essex region boasts an industry profile of more than 1,000 manufacturers and \$3.3 billion in annual GDP in manufacturing, which is about 20% of the region's total. We have 90 plus auto and parts manufacturers, and in excess of 250 machine tool and dye and mould manufacturers, the largest cluster in North America. By the numbers, this represents almost 18,000 to 20,000 indirect jobs for our regional supply chain.

A TPP agreement must offer a level playing field for all. We're deeply concerned about the failure of the trade deal to align with our U.S. counterparts regarding the phasing out of tariffs, which was 6.1% earlier. As we know, the U.S. will be phasing it out in 25 years versus Canada, which is phasing it out in five years. This clearly places us in a further non-competitive situation, in addition to the existing lack of aggressive investment incentives, including increasing electricity and labour costs and the regulatory burden, and the challenges these present when competing with low-cost jurisdictions and automotive clusters in the southern United States.

Furthermore, the healthy Ontario auto industry clustered in southwestern Ontario is home to five OEMs, original equipment manufacturers, and over 10 assembly operations. We all know that there are ripple jobs in the supply chain. For every job in the OEMs, there are seven jobs that are created in supply chains, so this is a significant employment creator in the region.

Lately the industries are undergoing a major transformation because of new CAFE requirements—corporate average fuel economy requirements—and the technologies, such as added-value manufacturing, lightweighting, and autonomous and connected cars. This has resulted in increased pressure on our OEMs and suppliers to allocate additional resources to meet this new standard and stay current with the technological advancements. This is the reality.

The health of our OEMs is critical to all suppliers, the majority of which are SMEs. These small and medium-sized companies are headquartered here and are a single entity, without the benefit of an international footprint or resources to create a subsidiary. Any trade deal that places our OEMs at a disadvantage will cause a significant ripple effect on our SMEs and impose great risks to the directly associated jobs in the supply chain. SMEs are a significant part of manufacturing here, and the health of our OEMs is critical to all suppliers. Funding alone will not mitigate the proposed structural changes in TPP.

• (1145)

We stay closely connected to and in consultation with our industry associations. Our auto suppliers from the tool, die, and mould sector in Windsor have raised concerns surrounding the 35% content rules, which is down from 60% as it exists in NAFTA for automotive components—

The Chair: Excuse me, sir. Would you wrap it up there?

Mr. Rakesh Naidu: —which is even lower than the 40% minimum content requirement for the key components such as engines and transmissions.

We agree with the assessment and concerns of that APMA SMEs within the manufacturing sector that do not have the depth to compete with larger tier 1 companies, and are at grave risk of losing jobs. The diminished percentage content will create a significant vulnerability, placing them at a competitive disadvantage straight across the globe.

We need the Canadian auto sector to achieve the same terms as the U.S. This is vital to maintaining our highly integrated auto sectors and the survival of the SMEs.

We ask that you consider all the aforementioned vulnerabilities, the regional disparities, the domestic policies, and negotiate a deal that is fair and free and open for all.

Thank you.

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

We're going to start the questioning, and the Conservatives have the first five minutes. We'll start with Mr. Van Kesteren for five minutes.

Mr. Dave Van Kesteren: Thank you all for being here. We certainly would love to have visited the greenhouses, George. And believe me, we talked about it. It was a matter of time. I make that offer to any one of my colleagues repeatedly. It's something to behold and see, the largest collection of greenhouses under glass in North America, and an industry that's continuing to grow.

We're centring more on agriculture at this panel, although Mr. Naidu has reminded us of the challenges that we have with manufacturing. I'm going to spend a little more time on agriculture.

Since we were first elected in 2006, the greenhouse industry has had some challenges, there's no question. You and I have had many conversations, but I think it's safe to say that across the board the industry has seen some gains, and those gains, I would dare say, have been the result of good markets. You mentioned the importance of that bridge and how important it was to build, which you and I talked about, and the importance of the American market of 320 million people, who just consume a fraction of what Canadians do, which in turn is a fraction of what Europeans consume.

Maybe you could talk about the potential for growth and the reason that good trade agreements have to be in place and enforced in order for that to become a reality and us to continue to grow.

• (1150)

Mr. George Gilvesy: In those agreements you have to establish fail-safe positions sometimes. I would digress a bit to the U.S. one, because you've touched on our growth success in the U.S.

Our most recent growth took place with a dollar at par. One would question how that could have happened. I would have to say that it happened on the backs of some very hard-working growers who put out a world-class product and world-class services. At the end of the day, even with a dollar at par, we had a tremendous amount of growth.

The other thing, though, was a lot of that growth was based on the backbone of having the PACA regime in America that guaranteed that those growers were going to get paid for the product they grew. That cannot go understated.

Any good agreement or any good commercial environment must ensure the ability to be paid for what you produce. I think that goes for whatever commodity you're going with, whether it's TVs, nuts and bolts, or perishables like we do. We don't have that privilege in Canada. We don't have that assurance. We need those tools. We need those fail-safes.

To go back to your question, the fundamentals of how these agreements are structured are critical for the long-term sustainability and success of those programs.

Mr. Dave Van Kesteren: Of course, the government promised at the last election that they would pass that PACA agreement. So we need to put their feet to the fire and make sure this becomes a reality.

As a southern Ontario boy, I've watched farming and have been part of farming to some degree, too. This has been a theme that we've heard out west, about how important the commodity sector is. In this area, I think my recollection is correct that we're the largest corn producers in Ontario. I'm talking about Kent County, but we might as well talk about the area. I think we're second-largest in wheat, if not the top; in soybeans, likewise, I think we're number one; as well as in a number of others. But on those three commodities, how important is it for you to open up new markets, say, in the non genetically modified soybeans in the Japanese market? Do you see potential for growth there, Kevin?

Mr. Kevin Forbes: I guess any time you're dealing with a market the size of Asia or the trans-Pacific there's tremendous opportunity. As we know, grains and oilseeds travel very easily across oceans. Especially when you look at the conglomerate of counties within southwestern Ontario, which is a kind of breadbasket or heartland with soil and heat units that grow very diverse brands and types of grains and oilseeds, I believe there's tremendous potential.

The Vice-Chair (Mr. Randy Hoback): You have 10 seconds.

Mr. Dave Van Kesteren: Just very quickly, Randy and I had a conversation about farmers and innovation.

George, you talked about the Dutch. How is the greenhouse industry working with innovation?

The Vice-Chair (Mr. Randy Hoback): Can you answer in two seconds, George?

Mr. George Gilvesy: Yes: very well.

Voices: Oh, oh!

The Vice-Chair (Mr. Randy Hoback): Mr. Peterson.

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

I have a few questions, and I'll start with you, Kevin. You mentioned supply management. I think you mentioned that if you had your way, you wouldn't have to accept any government compensation, or you would prefer not to. What sectors do you represent that are supply managed right now?

Mr. Kevin Forbes: Specifically I'm a dairy farmer. I have some speaking notes on the poultry industry, but my expertise, or whatever amount I have, is in the dairy industry.

Mr. Kyle Peterson: I'll ask a straightforward question. If the TPP goes through, you'll be seeking compensation on that part?

• (1155)

Mr. Kevin Forbes: That's something our federal and provincial bodies will work with government on, to assess the actual impact of products coming in. I believe it is a bit open: 3.25% is the percentage that was given out for dairy. We'd have to assess the financial impact to our industry and could possibly be looking for compensation if our industry is negatively affected by the trade deal.

Mr. Kyle Peterson: Okay. I'm just trying to gauge whether your support of the TPP likely would be contingent on having compensation.

Mr. Kevin Forbes: I would say that by the looks of the trade deal, it would have a negative impact on our industry, and we would likely look for some form of compensation to cover our losses.

Mr. Kyle Peterson: I understand. I just wanted to get that clear.

George and Glen, I want to talk about the greenhouses. I actually find it a fascinating industry and sector.

I think Japanese consumers in particular put a special emphasis on the freshness of products and the freshness of vegetables. How would the supply chain work? How would you get greenhouse-grown vegetables to Japan? With the TPP, obviously the market would be opened up, but would you be able to tap into that market?

Mr. George Gilvesy: We already have some members who are shipping tomatoes into Japan right now, so it is happening. It is all air-freighted in, of course, because tomatoes have a two-week life. You have to get the product there immediately. Right now product is being shipped direct from North America to markets in Japan.

Mr. Kyle Peterson: So that infrastructure is already in place, and I'm presuming it's scalable as the market grows.

Mr. George Gilvesy: Yes. What's affecting the scale on it, though, is the amount of products that can go in. Currently our peppers cannot go into Japan because of a phytosanitary issue on tobacco blue mould. Those are the types of protocols we have to establish with Japan to allow Ontario greenhouse peppers to be shipped in. To add value, to be able to send a collage of products there, all three—that's where we continue to add value and add efficiencies to what you're shipping over.

Mr. Kyle Peterson: That process would take place here, before shipping?

Mr. George Gilvesy: Pardon me?

Mr. Kyle Peterson: Would there be value-added processes happening here in Ontario?

Mr. George Gilvesy: Absolutely. I mean, the packaging is different there. As the OGVG, we've done exploratory work in the pan-Pacific, and we see that package sizes and product sizes in fact are different over there as compared with what's normal in North America.

Mr. Kyle Peterson: I share Mr. Van Kesteren's disappointment that we weren't able to tour some of your facilities, because they sound fascinating.

Mr. George Gilvesy: Until you see it, you don't believe it. It's an untold story, and that's our fault, I guess. Our guys just want to do the work and keep the volume.

Mr. Kyle Peterson: That's good to hear. I appreciate that.

Mr. Naidu, you mentioned in your submission that some of the smaller and medium-sized auto parts producers will be adversely affected if the TPP comes into play. We heard from Ms. Hasenfratz that Linamar would probably benefit from it.

Is that the same dynamic that you're saying, that big players will benefit and the little ones will get squeezed out? If so, how do you balance those competing interests? Obviously both could be good for the Windsor economy. If the large guys are succeeding, they might create jobs here as well. So how do you balance those conflicting interests?

Mr. Rakesh Naidu: I agree. The tier 1's, which have a larger footprint and resources from deep pockets to set up an operation in some of the low-cost countries, will benefit. The small and medium-sized companies that are located here, and don't have available resources, will not benefit.

I would argue that even if the large companies benefit, the benefit is not going to come to local economy, because when they benefit, they're likely going to source the products from some of those offshore countries. It is not going to be from the companies based in this region. Our local companies will not have the resources to compete with the small companies that are located in some of those low-cost countries offshore.

The Vice-Chair (Mr. Randy Hoback): I'm going to have to stop you there, Mr. Peterson.

Ms. Ramsey, you have the floor.

Ms. Tracey Ramsey: I think nothing speaks to southwestern Ontario more than a panel full of farmers and business interests working together.

George, we know each other well, and we've worked on the PACA motion, which I hope the other parties will join me in supporting, so that we can get provision back in place.

Mr. Forbes, we've heard from many dairy farmers across the country. Two hundred head is a big dairy farm. I'm sure that's a big enterprise that you have. There are things of grave concern to us. We in the NDP are disappointed that the Liberals voted against the diafiltered milk issue we brought forward. That already costs you \$220 million per year. This is already a huge hit.

We heard from dairy farmers that under the TPP they will lose \$400 million per year, forever. Although there may be some compensation, it's not clear at this point if there is, what it will be, or how much it will offset. The losses are significant. For chicken farmers the losses are \$150 million. We know the hit will be hard for your industry.

These phytosanitary conditions, and other non-tariff barriers, are larger issues I think for agriculture than the tariff barriers are, and those need to be addressed.

Mr. Naidu, you said that 28% of the GDP in this region comes from auto. What would the impact be if Canada would sign the TPP, and what can we do to support the auto industry instead of signing the TPP?

• (1200)

Mr. Rakesh Naidu: Yes, it's 28%, and although we are trying to do diversify the economy, that percentage is increasing. We're seeing more and more reliance on the auto industry. It's becoming even more important for us to support the industry locally.

What we can do instead of signing the TPP is make the treaties that we do have work better. There is another treaty that we are working on, the CETA. We find that it has opportunities. It's a treaty that will open doors for European suppliers as well as Canadian suppliers. I think we will like it.

We'd like it to be a level playing field. Foreign trade and free trade are things we live with here. As I mentioned, we're not against them. We want our small and medium-sized companies to be able to compete, and we want the growth to happen in this region. We have OEMs here. If the OEMs are affected because of the tariff phase-out that's on a different schedule compared to the U.S., and the OEMs are either downsizing or we lose them, the supply chain will be devastated. We'll lose the supply chain, and that's bad for this region. It would be extremely devastating.

Ms. Tracey Ramsey: I'd like to go back to agriculture and talk about the import controls and how those controls aren't being properly enforced. It's ending up costing us a lot to our domestic market. What we often hear at this table from many different sectors is that what we currently have isn't working. We want to fix X, Y, and Z, but let's go into this new trade agreement. The TPP will not fix the harmonization issues that we have currently. Although there are committees that will be struck, it's unclear whether these will be fixed at that committee level.

I wonder if you could speak a little more to the harmonization issues that you see in the TPP in your sectors.

Mr. George Gilvesy: I can't speak to the ones particular to the TPP, but I can speak to what we did see out of the Regulatory Cooperation Council with America. There were four main issues with regard to harmonization, which are critical to ongoing success.

PACA was in that, as far as harmonization with the RCC was concerned.

There's also the North American perimeter strategy I spoke about in my remarks, which I had to rush through quickly. We need to have a North American approach on invasive pests and diseases. These are problems to us. For example, last year the Dominican Republic was banned from sending peppers into the United States because of a bug. What happened? Those immediately came to Canada. Then you get potential co-mixing of that product with our product. It hits the U.S. border and shuts our border down.

The North American strategy and the harmonization you're talking about are absolutely critical.

Mr. Gary Martin: By import controls, are you talking about import quota and stuff like that?

Ms. Tracey Ramsey: Yes, there are import controls for things that are coming to the border, like the broiler chickens we see coming in. We see pizza kits. We see things that are coming in under the guise of other products, and they are passing through that border because there isn't a second inspection point there to determine whether or not they're actually being brought in under the proper category.

Mr. Gary Martin: Well, any import quotas are going to cause a distortion in the market. In the free market, there shouldn't be any import quotas at all, but we can't control what import quotas other countries have that affect us. For instance, I'll go back to sugar. The United States has a ban on imported sugar. We can't do that, so we use cheap imported sugar.

The Vice-Chair (Mr. Randy Hoback): We're going to have to move on, and you may get a chance to finish your answer.

Ms. Lapointe.

[*Translation*]

Ms. Linda Lapointe: Good afternoon.

For the benefit of the people in the room, I am the member for Rivière-des-Mille-Îles. My riding is north of Laval and has some fine businesses, particularly in agriculture. The General Motors plant used to be in my riding, but it was demolished.

We are now studying the TPP, which was signed in February. For the benefit of the people in the room, let me clarify that we are holding consultations on this agreement, which we must ratify within two years. The committee is travelling across Canada to gather input from all Canadians in all regions, whether from agriculture or other sectors. I am saying this to you, because sometimes people think the TPP is already set in stone. No, we are actually at the stage of consultations across Canada.

Thank you for being here with us today. I very much appreciate it. The work you do in greenhouses is very interesting. I used to be a grocer and I used to sell produce. I am pleased to meet you.

In terms of your products, earlier you said that the issue of traceability was becoming an advantage. When you export your products, is the reciprocity of Canadian standards an advantage, or are there some disadvantages because of pesticides and other reasons?

• (1205)

[English]

Mr. George Gilvesy: One of the things we've particularly noticed in our travels in the pan-Pacific is the height at which Canadian products, including our own produce, are put on the global scale. There is a great deal of trustworthiness assigned to Canadian goods, and a lot of that goes to food safety and traceability factors.

I had the opportunity last year to join a trade mission with Minister Leal and Minister Chan from the Province of Ontario. We travelled all over China. It was very apparent there that they have problems with the quality of their food from a traceability and food safety perspective, and so you can understand, once you see it, why Canada is at the level we are in the international forum. Canada is at the highest level it can be, and we need to be able to take advantage of these opportunities.

[Translation]

Ms. Linda Lapointe: Thank you.

I am happy to learn that one-third of international trade is being done here, in your region. Let me say that some products in my riding are exported by road over the bridge from Windsor.

In terms of exporting the products, you said that everything was fine at customs, as long as there were no delays. I understand that the products you sell do not have indefinite shelf life. They are not like other consumer products that may have different shelf lives.

I would like your comments on that. Do your products pass through customs smoothly?

[English]

Mr. George Gilvesy: Things go fairly well here. Most of the products go through the Ambassador Bridge here in Windsor, and for the most part, things go very well. There have been some expedited processes that have been put in place. Problems occur, though, when there is, let's call it, a bump in the road and they force the vans to unload for different inspections. That creates a problem for perishables, but there are processes for our members to be able to contact the government in those cases, and they tend to rectify the processes in short order.

[Translation]

Ms. Linda Lapointe: Thank you. This is what I have heard in my riding: fresh produce is being held back at the border, preventing its delivery and putting it at risk.

Mr. Naidu, thank you for being here with us.

You talked about SMEs and the fact that this was a big concern. Do you believe that SMEs are ready to face the global competition? Would the government have ways to help them take full advantage of the Trans-Pacific Partnership agreement?

[English]

Mr. Rakesh Naidu: I think the SMEs that we have here are very competitive. Right now they are supplying not just the OEMs here but those in the U.S., so it's the global OEMs.

What can we do to support them? We need to keep the industry here. The industry that will be here will be the OEMs, meaning the Fords, the Chryslers, the Hondas, and the GMs. That's the only way to keep the SMEs because they are part of the supply chain. If the OEMs are weakened because of the treaty and the disparity in the tariff phase-out period, it will impact the whole supply chain in five years from tier 1 to tier 2 companies, and the small and medium-sized ones, which are usually the tier 3s and the tier 4s.

If you want to strengthen them, you have to keep the industry here and that is by giving strength to our OEMs. If the OEMs stay here, the SMEs will be strong.

[Translation]

Ms. Linda Lapointe: Thank you very much.

[English]

The Chair: We have in the room the MPP from Windsor West.

Lisa, are you there? Welcome, and thank you for coming to learn how the Parliament works up in Ottawa. I hope it's as streamlined as Queen's Park.

We're going to move on to our second round.

Ms. Ludwig, for five minutes. Go ahead.

• (1210)

Ms. Karen Ludwig: Good afternoon. I'm very pleased to hear your presentations.

I'm also pleased, Mr. Martin, to suggest that our government is committed to sustainable solutions regarding diafiltered milk. We have an agricultural committee that is going to be reviewing that and working together with farmers in developing a solution, which we'll hopefully have by at the end of June. If you would like to be involved in that, I can certainly pass your information along.

Mr. Gilvesy, you mentioned, very impressively, how every 10 minutes a truck is filled and moving across the international bridge. Looking at the potential for an increase in market share, how is it working in terms of trucking infrastructure? We've heard from other witnesses across the country that there is a shortage of skilled truckers?

Mr. George Gilvesy: Trucking is becoming a problem for our sector. One of the things here is that our members have control of a lot of their internal logistics as well, so they've got many of their own trucks. But with drivers, there is going to be a problem. Getting the adequate human resources to be able to fill those trucks is a problem.

Ms. Karen Ludwig: Okay. Thank you.

Regarding the agricultural sector as a whole, we have certainly heard across the country, and know demographically, that we have an aging population. Is there a plan in or strategy in place in terms of succession planning for future farming in southern Ontario as your farmers are aging or the farms are changing the succession plan for that?

Mr. Gary Martin: I think we're representing a couple of farmers here who have taken over. I'd like to think that despite my grey hair, I'm still a young farmer.

Ms. Karen Ludwig: Yes, you are.

Mr. Gary Martin: Being under 50 I think would be an abnormally young farmer. I know that Kevin is younger than I am, so I'm hoping that it shows. I know a lot of the neighbours have taken over from their fathers, who've either passed on or decided to retire.

Mr. Kevin Forbes: I believe that within Ontario there are some different programs. There is some government funding available for grants for succession planning to help farms go through that. I do believe that in the next number of years you're going to see a number of farms transfer to a younger generation. If you look at the demographics, there are a number of baby boomers who will be retiring in the next number of years. Whether those farms are passed on to their kids or sold, only time will tell, but I can say that if there's profitability in farming and agriculture, there will be a next generation there to take over.

Ms. Karen Ludwig: How much cooperation or involvement do you have with the universities and colleges for agricultural research, such as the agricultural program at the University of Guelph? Do you see the enrolment numbers increasing? Also, are the programs as innovative in terms of curriculum as they should be?

Mr. George Gilvesy: I think I heard two questions there.

Ms. Karen Ludwig: It could be three.

Mr. George Gilvesy: I think I heard two questions there. One was pertaining to the people attending and then the second was how do we use them for research.

We utilize a lot of the institutions for research purposes. We have a lot of programming going on with University of Guelph; with Ridgeway College, a subsidiary of the University of Guelph; and Vineland Research Centre. We tend to put our research dollars where we think the best programming and best researchers are available, depending on the need.

As far as the education part is concerned, we do have a shortfall in that area and we've been trying to work closely with the local colleges. Principally in the Essex region, we've got St. Clair College and Ridgeway, and we've been attempting to work with them on specific programming for greenhouse people—not necessarily those who pick the crops, but we need middle management and growers, the whole value chain within the human supply for producing crops.

It is a challenge and as our sector is growing so quickly, we've got a high level of demand there.

• (1215)

The Chair: Thank you. Your time has pretty well run out.

We're going to move over to the Conservatives and we have Mr. Ritz for five minutes.

Hon. Gerry Ritz: Thank you, gentlemen, for your presentations today.

There is good news on the agricultural front. You guys are right. As there is profitability, the young tend to come back to the farm. We're seeing about an 8% gain in the last year. I think those are the last numbers I saw, and that's fantastic. So good on you.

One of the things that is critical for agriculture, of course, is innovation—money going into research and things like that. I've always seen in my own farm operation that there's nothing that drives my own efficiencies and own innovation as being able to market into a new marketplace, and being able to ascertain that.

The other big thing is labour mobility. We were talking about it with truck drivers and so on, but George, when it comes to you, it's pickers and those types of people. Some of them are unskilled but some of them are skilled. Are you seeing programs that will allow that to happen? I know there's a tremendous amount of discussion under the TPP on labour mobility, but I see that as a good thing because it outlines exactly who can come here and what they can come for.

Do you see avenues there that will help you maintain the labour standards and quantity that you're going to need, moving into the future?

Mr. George Gilvesy: We're continuing to need a good source of labour, right from, as I said, the people picking the crops all the way through the value chain. We are challenged with that right now and we need the ultimate flexibility and the programming that government can offer on the human resource side of things.

Hon. Gerry Ritz: A lot of work has been done on PACA and there's still some more to be finished. We welcome the opportunity to work with the government to finalize that.

There are a couple of problems. One, there's a misconception out there that PACA covers no pay and slow pay. It doesn't. It covers strictly bankruptcy, and I know over the last 20 years, only about \$7 million has been used for bankruptcy. Those are the last numbers that I remember seeing as a minister. But the problem that we ran into—it's Industry Canada, but we were leading the charge at it—was that most of the regulations on bankruptcy are provincial, not federal. So you have to have that working relationship at the provincial level. We were never able to grasp that, so hopefully in the next round, with both provincial and federal Liberal governments being in place, they'll be able to push that stone up that hill. I look forward to that happening.

George, you were just talking your operations after having come back from Hong Kong and Shanghai. Neither one of them is in the TPP, but certainly diversifying your market out of the American marketplace alone is a good thing. I would think, like in any investment portfolio, the more customers you have the better off you are.

Mr. George Gilvesy: Yes, we've been pursuing those strategies because we have a total dependency on the North American marketplace right now, and we need to protect ourselves and diversify those markets.

As far as the PACA thing goes, though, Mr. Ritz, you relate it to federal-provincial relations, and there are issues there, but it takes the leadership of the federal government to drive this thing home, and we can find solutions. Professor Cummings has drafted a draft regulation that can work, initially from a federal perspective, to put that in place. We look forward to that being implemented very very shortly.

Hon. Gerry Ritz: Yes, it's only the American market that offered it to Canada. They didn't offer it to anybody else, and then they took it away when we started pushing them hard on COOL. It was one of their knee-jerk reactions. We're look forward to fixing that too.

On the economic development side, you made a point of saying 28% of the business in your area is auto. Do you happen to know the percentage that's agriculture?

Mr. Rakesh Naidu: It is roughly 14% of GDP.

Hon. Gerry Ritz: Okay. I was under the impression that it was quite a bit higher than that, but we'll go with 14%. So you've got that juxtaposition of some who want to turtle up and protect, and others who want to move forward in balance, and that's always the role of government, to figure out how you maintain that balance.

There's tremendous opportunity, even for the auto sector, and when you talk about the small players being most at risk, I actually don't agree with that statement. I think they need the diversity of having other markets to ship into—not just the big players that are here but that global supply chain. We heard that this morning from Linamar, who are now 50 years old but started out as a small operation. A lot of the small operations have aspirations of getting bigger and trading into that global market supply line, as opposed to just being a supplier to Ford or just being a supplier to Chrysler.

So I think if you drill down deeper with some of those smaller enterprises, they're not as concerned as maybe some of the first tranche of people are saying. I know from the discussions that I had with them a couple of years ago, when we started the negotiations on TPP, they were all quite excited about being able to diversify their marketplace.

Hopefully, there's some work to be done on that side.

The Chair: You have half a minute, sir.

Hon. Gerry Ritz: Kevin, on the compensation side—I hate to call it “compensation”, but it is transitional—the big push was to make sure that the value of quota was maintained. We didn't want to see a run on quota values, because those have become leveraged to allow people to build that new barn, to expand to 200 animals. You probably didn't start with 200, but you're there now using that quota value as a lever. So it's to maintain that. It's like a milk stool. There's more than one leg or you fall over, and that's why the processor money, the marketing money, all of those things.... Rather than compensation and taking money from the government, I would look at it as transitioning into a little larger outlook than you have right now. A lot of—

• (1220)

The Chair: Your time is way over.

Mr. Gerry Ritz: All right.

The Chair: Sorry, Mr. Ritz, but we have to move on.

We just have time for two four-minute slots, and we're going to go to Mr. Peterson for four minutes.

Mr. Kyle Peterson: I don't know if you wanted to follow up on Mr. Ritz's question. I want to hear the answer myself, if you don't mind.

Mr. Kevin Forbes: Yes, to add to what he was saying, any good stool or chair has four legs, and the supply management system has four pillars. The federal and provincial organizations within supply management worked alongside the previous government to come up with those compensation packages, transition packages, and certainly we would like to see the government implement those in the future as this agreement's ratified.

Mr. Kyle Peterson: Mr. Naidu, Mr. Ritz asked you about the percentage of the agricultural sector in GDP terms here in Windsor-Essex, and you said 14%. With the 28% share that automotive has, we're looking at 42%. You said you're making attempts to diversify. Obviously, that's one of your goals, one of your mandates. What are some of the other industries that may be just emerging here, that may be growing? Can they possibly benefit from having expanded markets that would result from the TPP? Have you given any assessment into that?

Mr. Rakesh Naidu: Yes, absolutely. Every day we work on diversification of the economy. The life sciences sector is something that we're growing into. Nutraceutical medical devices, clinical trials, and research and development are coming up strong. We're also diversifying within manufacturing. We are working increasingly in sectors such as aerospace, nuclear components, medical devices, green energy components. There are companies here that are doing pretty well in that. Food processing, which ties into agriculture, is a growing area, as are back-office operations.

Another sector that's growing significantly and will continue to prosper is logistics, warehousing, and transportation. Being a border community and with the new bridge that's going to come in soon, hopefully by 2020, we'll see a lot more options for us.

We're also working on a foreign trade zone designation for this region. We're hoping that once we have that, we'll have an increased number of warehousing and transportation companies locating here.

Mr. Kyle Peterson: It sounds like you're doing a lot of good work, so I commend you for that. Do keep up the good work. That's great to see.

I'll go back to the agricultural sector. As you may know, we've been across the country already. We started out west. We're working our way around. We've heard from a lot of agricultural companies and agrifood companies, and they're excited, I think it's fair to say. The ones we've heard from are excited about the opportunity that the TPP presents. There are some challenges that some may have, but generally speaking they're excited about expanding into new markets, particularly for key products within different provinces. We've heard about cranberries in Quebec, and the pulse industry in western Canada.

Would you say there's a prime product or a product that will most benefit from TPP, or is most poised to tap into the expanded markets here in Ontario, either on the greenhouse side or on the agricultural side?

Mr. George Gilvesy: If I can comment on ours, it would be all three of our products. I think that's because of the quality, the food safety, and traceability aspects. From our investigations over there, we've seen a great desire for imports there. The foreign competition that we would see there would be from Holland. Holland has a tremendous greenhouse sector. But they're doing it, and if they're doing it, there's no reason that we can't do it. I would say that all three of our main commodities have opportunities on that basis.

Mr. Kyle Peterson: Gary or Kevin?

Mr. Gary Martin: Basically, it's any product that Japan or Vietnam would import. If you think about it, they have high tariffs, and without an agreement there's no way to police what tariffs they would put on it. They can put whatever they want, as there would be no countervailing issues with it. If you think about pork, soybeans, anything that you can think of that would go into Japan would benefit from the TPP, because there would be an agreement to go against if they wanted to increase the tariffs.

The Chair: We're going to wrap it up.

Mr. Hoback, you have four minutes. Go ahead, sir.

• (1225)

Mr. Randy Hoback: Good afternoon, gentlemen.

Rakesh—and I hope you don't mind my calling you by your first name—I see that you go out and promote your community and the region. I definitely see the challenges that you have, yet I also see the opportunities that you have because of your location. What are the challenges or issues that companies have locating here in this region? What do they say of any fix or change that would make it more attractive to locate here?

Mr. Rakesh Naidu: There are a few challenges. The world cost of energy comes up as almost number one. We also have issues where we don't have enough incentives compared with some of the jurisdictions we compete with. That's second. We compete with low-cost countries such as Mexico, where the cost of labour is significantly lower than what we have.

I would say those are the major ones that usually come up on a daily basis: the cost of energy, the cost of labour, and lack of aggressive incentives.

Mr. Randy Hoback: I'm a new company and, when I'm looking at this region, what are the things you would sell me on to say, "You

should locate here"? Why should I locate here? What are the things that would be in your pitch?

Mr. Rakesh Naidu: I'd pitch access to market. We are right next door to one of the largest markets, the U.S.

There's also the competitiveness of our supply base here, especially if you're a company in manufacturing. You'll be tapping the supply chain close by and reducing your costs of bringing in products and raw materials. That whole supply chain exists here.

I'd also pitch the research and innovation capabilities that are in the region, the newer cities that we have in the region, and the skill sets of our labour. It is extremely rare to find the high level of skill sets that we have, and this is a global problem. In this region we have some issues there, as well, but in terms of the existing talent pools that we have, they are some of the best in the world. We've been doing this for decades now.

Mr. Randy Hoback: Have you gone to the automakers, such as Honda, Toyota, and Hyundai, and made the pitch to them, saying, "We understand that the Big 3 here are no longer the Big 3." They're leaving the region for one reason or another. What are you doing to bring the other ones in to fill that void?

Mr. Rakesh Naidu: The ones that you mentioned are not the ones, but there are others that we have gone after such as European OEMs as recently as the last few months. This is public knowledge. We have aggressively pursued European OEMs as well as some Chinese OEMs.

Mr. Randy Hoback: How much does the TPP and CETA impact their decision in coming here?

Mr. Rakesh Naidu: To be honest, when we were discussing it with them, it did not come up, but in subsequent discussions, it is something that has been brought up as a concern by our local OEMs. That is definitely going to be something that we'll be taking note of.

Mr. Randy Hoback: I understand that.

Your local OEMs will be benefiting from these other groups coming in and replacing what's leaving. They'll just be supplying somebody different. Wouldn't that be a benefit to them?

Mr. Rakesh Naidu: Sorry, could you repeat that, please?

Mr. Randy Hoback: Your local OEMs will be supplying... I'll use BMW, for example. Yes, Ford may be leaving, but BMW looks at the opportunity and says, "If I come into Canada, we can trade in such a wide range around the world by having our plant here." Wouldn't your OEMs be excited about that opportunity to have them come here?

Mr. Rakesh Naidu: The other OEMs that we have in the region?

Mr. Randy Hoback: Yes.

Mr. Rakesh Naidu: The other OEMs will definitely look at that as competition.

Mr. Randy Hoback: As competition?

Mr. Rakesh Naidu: Yes. The other OEMs, such as Ford and Chrysler that are already here, for them, having another OEM come in would definitely be seen as competition. They'll be fighting for the same resources, for the same talent pool, and for the same supply chain. In some ways it will help them; in some ways it will be considered a competitive challenge.

Mr. Randy Hoback: But for the region, itself, it has to be a benefit.

Mr. Rakesh Naidu: For the region, it will be definitely good. But the same OEMs will be, then, subject to the TPP constraints that we have in terms of the phase-out of the tariff. Whether they are local OEMs or others, if they're in Canada, they'll be subject to the same tariff.

Mr. Randy Hoback: So it will be equal.

Mr. Rakesh Naidu: It will be equal.

Mr. Randy Hoback: Okay. I think that's good.

The Chair: I'd like to thank all the panellists for coming. We had a very good discussion with this panel.

Before I break, I'd like to remind the audience that we're going to be here at two o'clock for open mike comments. Right now we have six speakers. We have room for a few more, if anybody else wants to speak. You have until a quarter after one to register to speak.

I'll adjourn the meeting. We're going to come back in half an hour to start our last panel.

- _____ (Pause) _____
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- (1300)

The Chair: We'll get started on our last panel for Windsor. We're continuing with our consultations on the TPP agreement.

We have with us this afternoon the Grain Farmers of Ontario, the Ontario Health Coalition, and the United Steelworkers.

Welcome. We usually give around five minutes for each group, so you each have five minutes.

Mr. Huston, do you want to go ahead?

Mr. Mark Huston (Vice-Chair, Grain Farmers of Ontario): Good afternoon. Thank you for the opportunity to present to you some of the benefits that I and my fellow farmers see in the Trans-Pacific Partnership.

My name is Mark Huston. I live and work in Chatham-Kent on a seventh-generation family farm growing corn, soybeans, wheat, and pigs. I've been elected by my fellow farmers to represent them on the board of directors of the Grain Farmers of Ontario, or GFO, where I serve as vice-chair.

GFO is the province's largest commodity organization, representing Ontario's 28,000 barley, corn, oat, soybean, and wheat growers. The crops they grow cover six million acres of farmland across the province and generate over \$2.5 billion in farm gate receipts. These result in \$9 billion in economic output, and are responsible for over 40,000 jobs in the province.

From GFO, I was appointed to the board of Soy Canada, where I currently serve as chair. Soy Canada is the national association representing the full soybean value chain. Our members include producer associations representing farmers across Canada, seed development companies, soybean exporters, and soybean processors. We facilitate industry co-operation, and represent the industry on domestic and international issues affecting the growth and development of soybeans, the crop that I will be talking about the most today.

The soybean sector in Canada is growing. Since 2005 the area of seeded soybeans grew by 87% to five million acres, with production nearly doubling to 6.2 million tonnes last year. All this production needs to find a home. Since 2005 soybean exports have increased by roughly 250%, to 4.4 million tonnes, and about 65% of our production.

Domestic use, processing, and the export of Canadian soybeans contribute over \$5.6 billion to Canada's annual GDP, and are linked to over 54,000 direct and indirect full-time jobs. We are a growing segment of the agriculture industry. With more expansion forecasted in the future, we see more reliance on export markets. This is why international trade is critical to our industry.

The Asia-Pacific region encompasses a large segment of our key markets, with roughly 40% of total Canadian soybean exports shipped to TPP nations, at a value of close to \$1 billion in 2015. TPP provides a platform for our industry to access these growing markets and build on existing trade relationships with major soybean importers.

All members of the soybean value chain—producers, processors, exporters, seed companies, and other affiliates—directly or indirectly stand to benefit from the TPP. The agreement provides a more secure and equal trade environment free from tariffs and administrative quotas on all soybeans and soy products. Canada's participation in the agreement ensures that other oilseed-exporting nations do not have preferential access to TPP markets, allowing us to better compete against some major soybean-producing nations. This is a major advantage for Canada when combined with the increase in demand throughout the Pacific Rim for high-quality Canadian soybeans.

The TPP also includes important provisions relating to biotechnology. Innovation through the application of biotech to seed development has provided tremendous benefits to crop production, but it's also a frequent contributor to trade disruption. The application of zero tolerance regulatory frameworks and increasingly acute testing technologies in a world of increasing availability of biotechnology is a recipe for trade challenges.

Recognizing this, the TPP provides a working group to facilitate co-operation and information exchange on biotech issues, including regulation of the low-level presence of GM materials and regulation of new plant-breeding technologies. These are positive steps towards reducing disruption to trade in the grains and oilseeds industry and establishing predictable trading rules with TPP members.

The TPP is a modern and comprehensive agreement, and an important milestone in reforming international agriculture trade. Canada is a trading nation, and our grains and oilseeds sector is heavily reliant on international markets. With our many commodities, while access to export markets is very important, we do not have the size and export might of our competitive nations. In order to compete, Canada relies on predictable, rules-based trade. We need a predictable environment where all participants play by the same rules. The TPP and other trade agreements seek to establish these rules and support existing trade rules such as WTO agreements.

In conclusion, I'd like to thank the international trade committee for allowing me to speak on the importance of TPP to our industry, and to participate in your study of this topic. The groups that I am a part of support the implementation of TPP and urge the committee to recommend its ratification as soon as possible.

Thanks again. I look forward to your questions when the time comes.

• (1305)

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

We're going to move over to the Ontario Health Coalition.

Ms. Mehra.

Ms. Natalie Mehra (Executive Director, Ontario Health Coalition): Thank you to the committee for the opportunity to speak with you today.

The Ontario Health Coalition is a network of organizations and individuals dedicated to protecting single-tier public health care in Ontario. We represent more than 70 local health coalitions, more than 400 member organizations, and more than half a million individuals.

There is widespread consensus among experts that the trade opportunities in the Trans-Pacific Partnership agreement are small to negligible. In fact, the term "trade deal" is from the health care perspective a misnomer; as it relates to health care, the TPP is much more a corporate control arrangement over government policy than it is about increased trade.

Such being the case, if this standing committee and our Parliament are acting in the public interest, then you must recognize and act upon the urgent concerns of public interest groups when it comes to the TPP's proposed constraints on our government's ability to set policy not strictly related to trade at all, in particularly in the new chapters of the TPP that contain implications regarding the regulation of the pharmaceutical industry and drug prices.

It's our testimony that the changes proposed in the TPP would increase costs for both public and private purchasers of pharmaceuticals. They would restrict future policy options for our government

for the benefit of brand name pharmaceutical companies' profits at the cost of Canadian patients and of the public interest.

Public health care advocates and trade experts are united in warning that the TPP's most significant detrimental impact for Canada's health care system is its impact on drug costs. Higher drug costs will impact the entire health care system, placing competing demands on scarce resources, thereby increasing pressure to cut services across the health care system, accelerating privatization, increasing out-of-pocket costs for patients, and exacerbating inequities and suffering when people are facing illness and aging.

Imposing unnecessary costs and unpredictable risks on the Canadian health care system in exchange for negligible increase to our GDP is a bad deal for Canadians and Ontarians. As health and trade policy expert Scott Sinclair warns:

The increased burden on taxpayers and consumers from higher drug costs alone would likely exceed the full savings to Canadian consumers from the TPP's elimination of tariffs on imports into Canada, undercutting one of the chief arguments for liberalized trade.

In addition, it's a deeply held principle among Canadians that we have an obligation to those less fortunate than ourselves. International humanitarian organizations are speaking with one voice when they warn about the TPP's damaging impact on access to medications for patients in some of the world's poorer nations.

Canada's drug costs are already too high. According to the most recent data available from the Canadian Institute for Health Information, Canadians pay the second-highest cost of all OECD nations for drugs, second only to the United States, and our costs are significantly higher than average.

Across Canada, drugs are primarily paid for by private health insurance or directly by individuals: 36% by private insurers; 22% out of pocket by patients and households; and the remaining 42% by public drug plans, primarily provincial and federal government plans.

Among the provinces, the proportion paid by the provincial governments varies from 31% in New Brunswick to 51% in Saskatchewan. Ontario is in the middle at just over 40%. The burden of higher drug costs resulting from the TPP would fall on private insurers, individual households, and provincial governments.

In Ontario, there may be a bit of a misunderstanding that there is public coverage for drugs through the Trillium drug program and the Ontario drug benefit program. In our experience there are very significant gaps in those programs, leaving very high drug costs for individuals already, without the TPP's impact.

I have no idea when I started.

• (1310)

The Chair: That's fine. You have about a half a minute, if you want to round to a conclusion.

Ms. Natalie Mehra: The main issues with the TPP are the limitations in chapters 8 and 25 on the ability of the Canadian government to intervene to set regulations controlling the price of drugs; the ability for investors to sue the federal government more widely; the failure to exempt health care clearly; and the intellectual property provisions.

What's clear to health care advocates is that Canada does not need the TPP, but what we do need is a national, universal, comprehensive drug program for all Canadians.

Thank you.

The Chair: We're going to move over to the United Steelworkers, with Mr. Lundblad. Go ahead, sir.

Mr. Troy Lundblad (Staff Representative, Research, Public Policy and Bargaining Support, United Steelworkers): First, I'd like to thank this committee for holding these hearings today on the Trans-Pacific Partnership and for inviting us to speak.

The USW is the largest industrial union in North America, representing more than 250,000 active and retired members in Canada. Our members proudly work in virtually every tradeable sector, from mining and metals, glass and rubber, paper and forestry, automotive and aerospace to countless other areas, including services, universities, health care, and security.

In the TPP text we see little to suggest that this deal will provide a net benefit for ordinary Canadians. We believe the TPP will not resolve the most important challenges that have decimated our manufacturing base in recent years, and we worry that this government has not fully considered the broad impacts the TPP will have on the Canadian economy, on public policy, and on Canadian workers and their families.

To be clear, the USW is not opposed to trade agreements. We recognize that Canada is a trading nation. Trade agreements that include reasonable reciprocity and fair trading provisions and adequate labour and environmental standards can serve to strengthen our economy.

But this agreement is not about free trade. It is worth remembering that currently 97% of Canadian exports to TPP countries already occur duty-free. Shockingly, the federal government has yet to complete a comprehensive economic and sectoral impact assessment of the TPP. We have signed on to a deal with little evidence that it will benefit Canadians.

In fact, independent studies suggest that the alleged benefits of the TPP have been grossly overstated. One recent study predicts the TPP will cause more than 58,000 job losses and will shift substantial wealth from workers to the corporate sector and exacerbate inequality. We believe that the very purpose of the TPP is to coerce governments into making concessions that they would not be able to justify to their constituents.

These treaties are better called investor rights agreements, and we do Canadians a disservice by not recognizing this fact. What we have is a managed trade regime, and the question we must ask ourselves is *cui bono*, or in whose interests the rules of the market economy are made.

Turning briefly to tariff reduction, we believe that the TPP will undermine an already weakened manufacturing base in this country. The privileged access of Canada's auto parts manufacturers to North American markets will be eroded, and Canada's 6.1% tariff on vehicle imports from Asia will be eliminated in just over five years, which will threaten 20,000 well-paying jobs.

The impact of these provisions will surely bleed into other areas of this country's industrial and manufacturing base and further lock Canada into a pattern of unprocessed raw materials export.

We are worried about the damage this deal could cause to the steel industry, which is already under severe stress as a result of foreign competition, dumping, and currency manipulation. The TPP will also drastically erode national and international protections for labour, among other things driving down the wages of workers in Canada by putting them into competition with poorly paid foreign workers, both at home and abroad.

Restrictions on generic medicines will increase drug prices throughout the world with serious implications on global health and well-being.

The TPP reduces environmental protection that minimizes the harm caused by logging, resource extraction, pollution, and global warming.

Most troubling however, are the controversial investor-state dispute settlement provisions—chapter 28—which are really at the heart of the TPP. ISDS operates beyond the domestic jurisdiction of states and national legal systems as it forces sovereigns into private arbitration systems dominated by international trade lawyers and economists.

In effect, ISDS severely constrains environmental, health and safety, and financial regulations deemed to have significant impacts on the ability of foreign companies to profit from their investments, but ISDS does not require of investors equivalent responsibilities to respect environmental, anti-corruption, or labour standards. ISDS leaves governments vulnerable to costly legal battles when foreign investors say they have suffered financial losses. For example, under NAFTA's chapter 11, Canada has been subject to 35 ISDS claims, with 63% of them challenging environmental protection or resource management measures.

ISDS under the TPP reflects a further evisceration of the roles of domestic policy and institutions in the Canadian economy and poses even greater risks for governments and domestic stakeholders.

Under the previous federal government, TPP negotiations were conducted behind closed doors with no input from civil society. We regard these discussions as illegitimate. We commend this committee for its efforts to consult the public in advance of making any decision to ratify the treaty, but there is no reason for this government to ratify the TPP, even as the leading U.S. presidential candidates, as well as congressional Democrats and Republicans, voice concerns. There are ways to reopen the treaty in order to preserve jobs, protect the environment, limit the power of multi-national corporations, and avoid higher drug prices.

There is a better deal for Canada, and this government can push for renegotiation or decline to ratify the deal on Canada's behalf. We strongly urge you to make this recommendation.

Thank you.

• (1315)

The Chair: Now we are going to open up dialogue with the MPs. We're going to start with the Conservatives for five minutes.

Mr. Van Kesteren, you have the floor.

Mr. Dave Van Kesteren: Thank you all for being here this afternoon as our last panel. It's an interesting discussion that we've had.

Mark, you're from my neck of the woods, and I'm going to start my questioning off with you.

We have heard repeatedly the call and the encouragement to move forward with this agreement. I know that we have two panellists who would not agree with that position, but I want you to talk about southwestern Ontario. I want you to tell us what's happening in land production, where our corn yields are going, where our soybean yields are going, and how on the one hand that creates an opportunity, but on the other hand the challenge that you mentioned. We need those markets.

I wonder if you could give us a brief history of where we've come in the last 20 years and what that's done to the farm gate.

• (1320)

Mr. Mark Huston: Agriculture has been in a time of renaissance over the last 20 years. We've seen phenomenal growth in the area being planted and the crops that we have traditionally grown just in the southwest, which are now spreading across Canada. Soybeans is the one I draw closest to, because that's the one I'm most affiliated with, but corn has a similar story, and wheat can tell a similar story in the future.

We've seen massive increases in the ability to produce these without detriment to our environment. We're doing things more responsibly, using less input, and getting more crop out.

The challenge is what you do with it afterwards. We're not seeing vibrant growth in populations here in Canada, so with that extra product we produce, we have to find homes for it. That very much depends on what interest we've been able to solicit from other countries. It's the export market that's been able to take a lot of our excess production and for us to be able to find a home for it, and it still buoys the Canadian economy.

When we look to the TPP nations—and I did an analysis on the nations that were affiliated and the ones that weren't—there are a number of them that haven't historically been large consumers of Canadian products, but they are starting to be. You're seeing some growth in those regions as their economies buoy up, and I think we have the opportunity to fill some of those opportunities.

That's where I see the hope in TPP.

Mr. Dave Van Kesteren: As a farmer and an agriculturalist, you see a bright future. Let's face it, if we go back 10 years ago, it was a different situation at the farm gate. We know.

I remember the tractors coming to Ottawa and the farmers being very concerned. What's changed? What's happened in the last 10 years?

Mr. Mark Huston: I think it's the globalization of the economies. We've gone from being able to produce domestic product for our domestic marketplace to being able to supply a lot of international marketplaces, which helps level out some of those low periods you might have in your own economy. By spreading those economic impacts out over multiple economies, you end up being able to balance the boat a bit better. I think that's what we've seen. We've also seen some challenges with some other production areas, and that's increased the prices we've been able to receive.

I think the challenge we have is how to keep a broad area where we can ship our products to, so we're not as affected by trade disruptions in certain marketplaces. The more opportunities we have to participate with other countries, I think the better off we are.

Mr. Dave Van Kesteren: We're speaking specifically about the product itself or the end product—but, of course, there's much more to it.

When Mr. Hoback and I were travelling down here, he was telling me about the former company that he worked for and the advances in the machinery and the innovation that has taken place.

I had a long discussion with a seed grower, and I think you—

The Chair: Excuse me. You have a half a minute left.

Mr. Dave Van Kesteren: Very quickly, what have you seen in those areas of industry that have given us new opportunities?

Mr. Mark Huston: It's the investment. The more successful agriculture is, the more investment you see into the industry. The more opportunity you have in an export marketplace, the more investment we can drive back into that, so you can build on each other as you move up.

For us, it's about growing the whole pie as opposed to our share of the pie. We want to see our partners do well. We want to see our seed companies and the companies we deal with do well, so we can all do well as Canadians.

● (1325)

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

Ms. Ludwig, you're up.

Ms. Karen Ludwig: For the Grain Farmers of Ontario, you noted that your current tonnage is about 6.2 metric tonnes, and that 40% of that is shipped to TPP nations. What currently is the tariff that's being charged on this?

Mr. Mark Huston: It varies. Most of the them are fairly minimal. I don't have those numbers off the top of my head, I'm sorry.

Ms. Karen Ludwig: How much of your soybeans are consumed domestically?

Mr. Mark Huston: Most of the domestic consumption would be of processed soybeans. You'd process the vegetable oil, and some of that would go into industrial processes. The majority would go into livestock feed. We're seeing about 65% being exported, so the remaining 35% is consumed domestically.

Ms. Karen Ludwig: Do you see greater potential within the industry in Canada to sell it domestically?

Mr. Mark Huston: I think we have challenges domestically in being able to grow the industry. Our hope is that we are going to be able to kind of grow that pot as well, because the more we can add value here in Canada, I think the further ahead we are.

One of the challenges we had historically is that we are exporting a raw commodity. When we look to what we want to do in the future, the more processing we can develop here in the country, I think the more we're going to benefit from it. You're able to capture more of that value in some of the manufacturing jobs.

Are we there yet? I think we have challenges moving forward in order to get that investment here. We have the demand in export nations currently for the products we're producing, and some of those are higher value products than we would normally supply the domestic marketplace with.

Ms. Karen Ludwig: Looking at your geographic location here in southern Ontario, certainly your access to the U.S. market is just—throw a rock over, and it'll hit it.

Does that come into play in comparison to the cost of shipping east-west?

Mr. Mark Huston: I depends on the regions.

Here in Ontario a lot of our product would go north-south. A lot of it actually goes to the Far East. Japan, from an Ontario perspective, is one of our bigger marketplaces for high-value commodity soybeans. The quality aspects the Japanese are looking for are ones we can match up with quite well, and we can do a better job than just about anybody else in the world.

We do have some logistical challenges in reaching some of the eastern marketplaces, but the quality aspects that we are able to do here can overcome some of those logistic challenges.

Ms. Karen Ludwig: Mr. Lundblad, have you consulted with your membership specifically on TPP to gather their support or lack of support for it?

Mr. Troy Lundblad: I think in general what we're hearing from our members is that several decades of trade agreements have only

exacerbated any quality and wiped out large swaths of the manufacturing sector, including the steel industry. They just do not see the benefits of the global trade regime as it currently stands.

Ms. Karen Ludwig: Would you have a study or any research to support that so we could put that into our report?

Mr. Troy Lundblad: I'm certain we've done surveys over the years for sure, so I can forward that.

Ms. Karen Ludwig: We've heard from most panels that there is support of trade, which you mentioned as well. Is there is a specific trade agreement that you can cite that you support or your membership supports?

Mr. Troy Lundblad: I think one that was beginning to come close, but now I'm doubtful is.... One we were hopeful about is CETA. CETA looked like it could become the gold standard for trade agreements going forward. There are quite a few things we would like to see changed in CETA.

Ms. Karen Ludwig: What would be some of the examples of what you would like to see?

Mr. Troy Lundblad: First, we'd like to see the elimination of the ISDS provision. We'd like to see the ILO standards on labour rights enshrined in the agreement rather than having a mere reference to them. We'd also like to see a thorough review of the merits and effectiveness of investor and labour provisions within five years of ratification of CETA. We would want CETA to have a positive list of service commitments and no ratchet or stand-still clauses, so that public services could be protected in the agreement. Finally, we would want local governments to be able to maintain the right to have activist economic policies, labour policies, and environmental policies in terms of procurement and also in terms of regulation. We'd like to see that enshrined in CETA as well. Those five things really aren't in that deal as it stands.

● (1330)

The Chair: Thank you very much. That wraps up your time.

We're now going over to the NDP for five minutes.

Ms. Ramsey, go ahead.

Ms. Tracey Ramsey: Thank you, Mr. Huston, for your presentation. It's been clearly represented here that your sector would benefit. We've heard across the western provinces from many farmers, and we recognize the importance of your wanting access into those markets. What you said really struck me. You said that you wished that we all do well, that Canadians all do well.

We have Ms. Mehra saying that pharmaceutical costs will increase drastically under the TPP, which would impact all Canadians—your family, your communities, everyone—in such a significant way. We hear from many Canadians that they can't afford their medication as it is, and they are making horrible health decisions because they're unable to put money on the table for those pharmaceuticals. I appreciate that your sector would thrive, but we're trying to balance this with whom it be detrimental for and hurt.

To Ms. Mehra, pharmacare is something that we have wanted to pursue for many years and we see it as the second pillar of our medicare system in Canada. It's outrageous that we have the second-highest cost. Would we be able to implement a pharmacare program if we were under ISDS provisions?

Ms. Natalie Mehra: I think it would become much more difficult to do so because of the curtailed ability of the federal government to set regulations. Even pricing would be impacted. Outside of those provisions, the other TPP countries would have a say in our regulatory regime, in general. All parts of regulation and the creation of a potential new pharmacare program would be impacted by this deal.

Interestingly, in our experience in farm communities, we've spent the last nine years trying to save small rural hospitals and their emergency departments. We've been very active in my colleague's community here, trying to save the emergency department in the local hospital. In those communities, farmers often do not have third-party health insurance and do not have extended health benefits, so drug costs are already an enormous burden on families. Increasing drug costs would be a significant burden on those families as well.

Ms. Tracey Ramsey: This is even a larger picture because we know that when people aren't able to use their medication, this affects their health outcomes, which becomes a burden on our health care system. This has a ripple effect that goes far beyond the TPP. As a country, the way we're judged is really on the way we are able to keep our citizens healthy on the determinants of that. If we're unable to do that because of inadequate access to medications, that would be an incredibly horrible experience for all Canadians.

Mr. Lundblad, in your presentation you mentioned to us that you're under stress from dumping. That's something that I've heard quite often from the steel sector, about the Chinese steel dumping. I wonder if you can speak to us about the currency manipulation and dumping, and how these would impact your sector's signing the TPP.

Mr. Troy Lundblad: It would affect us in the negative sense, in that we don't see anything in this deal that would resolve these issues. I know Brother Jerry Dias from Unifor and the representative from Ford Canada had come to speak about the impact that currency manipulation by Japan is having on the auto parts sector. Japan's currency manipulation is helping that country support its own export markets.

For us, we've had issues recently with Chinese dumping of rebar into the Canadian marketplace, and we were able to push that back through a trade tribunal case that was pursued about six months ago. The problem is that those trade cases have to be pursued by the companies, so the companies, representing a large swath of the industry, have to take the initiative to push these forward. Unlike in the U.S., unions and workers do not have similar rights to approach

the Canadian government and say they want it to pursue this trade tribunal to protect an industry here in the country.

That's something we'd like to see. That certainly hasn't been referenced in the TPP, and we know that the NDP has pushed that forward in the past, but we haven't been able to get it through the House. We'd like to see that as a domestic policy that would accompany any trade deal, setting aside our broad issues with the TPP.

• (1335)

The Chair: You have half a minute left there.

Ms. Tracey Ramsey: Natalie, do you think we need patent extension in a trade agreement for pharmaceuticals?

Ms. Natalie Mehra: Absolutely not. I think the question that needs to be answered by our government is why would Canadian residents be paying more in taxes for drug company profits? Why do we need to do that?

The Chair: Thank you. That wraps up the time.

We'll move on over to the Liberals.

Mr. Peterson, you have five minutes.

Mr. Kyle Peterson: We've sat through a number of these panels, and we've heard both sides of the equation, those who support the agreement and those who are against it. I think some themes are starting to emerge.

On the opposed side, it seems to be a three-pronged argument. The benefits are negligible; ISDS will fundamentally change Canada and the provinces' ability to regulate their own industry and their own jurisdictions; and this isn't really a trade deal at all, but a corporate framework.

On the other side, we see producers and manufacturers who see this as a way to tap into bigger markets and to be able to create jobs in their industries and their communities, which of course will benefit Canadians, if that's true.

It's hard to balance the two competing interests. I don't think there's a way to actually reconcile them. We have to decide who to give more weight to and who to believe, frankly, and who not to believe. It's sounds that crass, but that's kind of the analysis we need to do. The answer probably lies somewhere in between. I have no doubt about that.

Then we hear from the steelworkers. I think the issues that the steelworkers are bringing to the fore have more to do with the issues of the manufacturing sector in general, regardless of the TPP.

The TPP is why you're here today, Troy, and this is what we're talking about. I just wonder whether you've given any thought to what the federal government can do to support manufacturing generally and to help steelworkers in the country.

Mr. Troy Lundblad: Before answering that question, I would say that there will be a direct impact from the TPP. There will also be a secondary impact, as a derivative of the impact that the steel will have on the auto sector, from the tariff reductions in the auto sector. The Canadian Steel Producers Association has joined with their American and Mexican counterparts to release a statement to that effect. They have said that for steel producers providing products such as tubing and piping to the automotive industry, a regional value content disadvantage within the TPP would encourage offshore sourcing and supply, creating devastating consequences for North American economies.

Peter Warrian from the Munk School of Global Affairs, in an oft-cited report of his, said that every auto sector job creates seven other jobs in the Canadian economy, and every steel sector job creates five other jobs in the Canadian economy. So you can imagine the downstream impacts this deal will have.

We see no industrial policy, no industrial vision, accompanying this deal. What is our vision for the future of manufacturing in this deal? Actually, a lot of the provisions, the ISD provisions, undermine the government's ability to pursue procurement or industrial policy.

Mr. Kyle Peterson: I appreciate those comments, but we also heard from a professor earlier today from the University of Windsor, who said that the analysis has to be on what happens to Canada if the other partners are in the TPP and we're not. He seemed to conclude that the impact on the auto sector would be far more devastating if we weren't at the table and the U.S. and Japan and other countries were. Again, it's a balancing act and an analysis that we have to do.

Natalie, I want to talk to you about pharmacy. You mentioned that Canada is already the second-most expensive OECD country to buy drugs in, second only to the U.S. That is an issue, but what does it have to do with the TPP? Is it a bigger problem that can be addressed outside of any form of framework like the TPP? Are there other things we can be doing that have nothing to do with international trade whatsoever, or extension of copyright, or things like that? Are there other steps we should be taking and looking at that, if we do ratify the deal, may mitigate that factor?

• (1340)

Ms. Natalie Mehra: The problem is that, if the deal were to be ratified, chapters 9 and 28 come into effect. Under chapter 9, the cross-reference is also the WTO's TRIPS Agreements, so it's sort of WTO plus. That means that drug companies would be able to sue for cash settlements on creation, limitation, or revocation of intellectual property rights. So the issue of drug patents is inextricably linked to that. The ability of the federal government to regulate drugs is inextricably linked with that. The ability for investors to sue the government puts much more significant risk on the federal government. It would limit our ability to create a national pharmacare program, which would be the single biggest step that we could take to drug cost containment, improving safety, and improving access all at once. It has a significant limiting effect and increase of risk on the one major thing that Canada's government could do to control drug prices and improve access.

The Chair: you. That ends this round.

We're going to start a second round with the Liberals.

Madam Lapointe, you have five minutes.

[Translation]

Ms. Linda Lapointe: Good afternoon and welcome. We are pleased to welcome you today.

Ms. Mehra, I would like to go back to your comments about drug costs. Given that there is an agreement that protects intellectual property, do you not see an opportunity for Canadians to do research to develop drugs to treat diseases that are found primarily in Canada, such as multiple sclerosis? Sometimes, research is so expensive that pharmaceutical companies do not see the importance of investing or of doing research. What is your view on that?

[English]

Ms. Natalie Mehra: A couple of thoughts come to mind. One is that when the patent extension was granted to the pharmaceutical industry, there was a promise for increased investment in research and development in Canada, and those promises were never upheld by the industry, so they never actually did make the investments that were promised in the initial extension of patent term protection. The evidence internationally supports that. I mean, it just has not happened, so extending patents does not actually increase R and D investment in the host country. That's just the bottom line.

The way to increase investments in R and D... A lot of our R and D is government funded as it is and will probably continue to be, but what's important then is to have policies to ensure that government-funded research is not just given away to profit-taking companies to use for their profits and not in the interests of the public.

[Translation]

Ms. Linda Lapointe: Thank you. That's a good answer.

Mr. Lundblad, my colleague asked you a question. If there is an agreement, an agreement or a treaty that interests you, it is probably the comprehensive economic and trade agreement. That is the one you support the most.

If we ever have the chance to resume negotiations for the TPP, what would you change, within the realm of possibility? Earlier, I heard you briefly talk about the environment, but you have not mentioned it again. What would you change in this agreement?

[English]

Mr. Troy Lundblad: First, I would say that I don't think necessarily that CETA is a deal that we can support. It's just closer to being a deal that we could support. I should clarify that.

In terms of the TPP, the big thing that needs to go is the investor-state dispute settlement provisions. These are horrible in terms of the limits that they place on our ability to regulate the environment. They're going to place a regulatory chill on governments because they'll be afraid to regulate, and there are all sorts of examples.

There's the Bilcon example in Nova Scotia. When the provincial government, after some assessments, decided they didn't want to go ahead with the quarry, in return, Bilcon was able to sue the federal government under chapter 11 in NAFTA to considerable cost.

The ISDS provisions with respect to the environment are really placing a huge freeze on governments, and it's not clear to what extent these will impact municipal and provincial governments, but we do know that, in terms of procurement at the federal level, these provisions have been expanded.

More aspects of government regulation and policy are now covered, and there's also a ratcheting up effect. Once you move in a certain direction, it's very difficult to move backwards and it's difficult to respond to the requisites of your constituents.

•(1345)

[Translation]

Ms. Linda Lapointe: Thank you.

Mr. Huston, it was mentioned earlier that grain farmers had an export advantage under the TPP.

Of the 12 countries, which one do you think would enjoy the highest increase in exports?

[English]

Mr. Mark Huston: We already have great trade with Japan and the U.S. They're two of our four biggest trading partners for soybeans, but I think when you look at some of the smaller countries like the Malaysias and the Thailands, those are the ones we see the opportunity in. I think that's where we hope to get most of the benefit.

The challenge is that we don't want to have Japan and the U.S. sign a trade agreement and the U.S. gain preferential access into Japan, where we've already done the hard work of gaining those marketplaces. It's as much loss as the gain, which I think is one of the challenges that you are facing. If we aren't sitting at the table of the TPP, what are we losing? It's not an easy answer, by any stretch of the imagination. From our standpoint, we'd lose preferential access to one of our biggest and highest value marketplaces, which is Japan.

The Chair: We're going to move over to the Conservatives now. Mr. Ritz, for five minutes.

Hon. Gerry Ritz: Mark, it's good to see you again. I hope seeding is going well. The bees are good this year, I understand. They're growing back, and it's not a problem at all. I'll get to you at the end if I have time, because I know that my colleague, Mr. Van Kesteren, did a great job of questioning you and finding out your views.

I do want to start with Troy Lundblad, if you don't mind. You made a couple of comments about dumping, and it's all about China. Well, China's not part of the TPP. There seems to be a lot of misinformation out there on the World Wide Web that somehow China's the fly in the ointment here. They're not in the TPP, and they really probably will never get into the TPP because of the environmental and labour standard chapters. They'd never measure up. Whether we go there on a free trade agreement bilaterally, or not, is something for the future, I think. So, that's off the table.

Having worked in construction with equipment and so on, to pay for my nasty farming habit, the one thing I see as very beneficial is labour mobility. I know you guys are quite concerned that we're going to have a flood of unqualified workers come into Canada. I don't see that happening because there are safeguards for that. Certainly when I look at global Canadian companies like SNC-Lavalin, as they get out there in the world marketplace, in TPP countries there is all kinds of qualified work for operating engineers—which is what I was—and welders and machinists and engineers, and so on. Would you not agree that there is reciprocity, that we could actually benefit from some of those chapters?

Mr. Troy Lundblad: In principle, reciprocity exists with some of the countries that we've signed on with in article 12.1(a), I think it is. One question I think we should ask is, why did the U.S. not participate in the discussions around labour mobility? There are probably a lot of reasons that come to mind.

I would say there are three reasons to believe that temporary entry of foreign workers under the labour mobility provisions will have a huge impact.

First, it opens up entry commitments to more major developed countries such as Australia and Japan. You can imagine Japan sending over their own engineers within the auto parts sector, and taking those jobs away from our engineers. We don't really have a history of sending these people overseas. We don't find that our engineers really want to go overseas. They like working in their home country and spending time with their families.

The second is that there is broader occupational coverage under professionals and technicians, which includes lower-skilled workers under the TPP. This will have huge impacts on carpenters, tradesmen, mechanics—

Hon. Gerry Ritz: You're talking about low skilled. You have to have the skills to be a carpenter, an electrician, a plumber, and so on. Yes, you do—

•(1350)

Mr. Troy Lundblad: It's an expansion of what's under the NAFTA—

Hon. Gerry Ritz: There are three streams, and it's very prescriptive as to what qualifications you must have to come in under each stream.

Mr. Troy Lundblad: Right. This is an expansion under what currently exists under NAFTA. These occupations aren't included under NAFTA.

Third, the share of migrant work has already doubled, both in terms of access to the temporary foreign worker program and under the labour mobility provisions in free trade agreements. It's doubled just over the last decade. We can imagine that if we expand this under the TPP, it's going to exacerbate the effect it has on our labour market.

Hon. Gerry Ritz: The biggest rationale for the U.S. not to sign on to that is all their labour standards and so on are state by state. The federal government there does not have the authority to actually sign on to that, and that's part of the problem.

On the national pharmacare program, how do you ever envision that happening when the first hurdle you have to cross is that this is totally provincial jurisdiction? At the federal level, we can't even get them to talk together about bulk buying, which would make a huge difference in pricing.

Ms. Natalie Mehra: I see that the consensus among the provincial premiers is growing to move towards a national pharmacare program. There are more premiers who are supportive now.

I realize it's not an easy thing in Canada to achieve major steps forward in federal-provincial-territorial negotiations, but I think if there were serious leadership on the part of the federal government—

Hon. Gerry Ritz: Usually that means money on the table, but yes.

Ms. Natalie Mehra: Because the provincial governments pay the cost and the federal government controls—

Hon. Gerry Ritz: There are federal transfers to—

Ms. Natalie Mehra: —the introductory drug pricing and much of the regulation regarding drugs, it makes sense.

I'm reminded of Ralph Klein saying that the federal government should take the whole responsibility since it sets the prices and the regulatory framework. It was astonishing but very true what he said about the federal government needing to take the leadership on that —

The Chair: Sorry, that wraps up the time there.

We only have time for two more three-minute slots.

Madame Ludwig, and then Mr. Hoback.

Ms. Karen Ludwig: In April 2016, the United Steelworkers union in the United States was pressing President Obama to apply a 50% tariff on incoming aluminum products.

If NAFTA were not in place, do you think that discussion could have taken place and that the tariff discussion would have been dropped?

Mr. Troy Lundblad: The appeal that was made and then rescinded by the international union in Pittsburgh is really a result of domestic policy in the United States. If it's in the United States, they can look at various import levels for certain goods and the trends of those import levels and can make a case that free trade in those goods is impacting American workers in a negative way.

We don't have that right. We wouldn't have been able to file such an appeal to the Canadian government.

It really has more to do with American domestic trade policy and the relationship between the unions and the United States trade representatives than it does with NAFTA.

Ms. Karen Ludwig: Wouldn't that also be a part of the relationship that we have within that trade agreement between our three countries, that there would be that open and collaborative discussion between the two governments?

Mr. Troy Lundblad: Actually, the discussion happened internally within the union, so if anything it demonstrated the capacity of our union for democratic decision-making. When our members in Quebec wrote to Leo Gerard, our president, and said this would have

an impact on them as well, not China, we then pulled it back. So it's actually the international nature of our union that made it possible.

Ms. Karen Ludwig: My next question, if I have time, is for Natalie.

Since 1867 when the British North America Act was signed and health responsibilities were assigned to the provinces, certainly a lot of money has been transferred from the federal government to the provinces.

If in fact we did not ratify the TPP and other member countries did, a significant loss of jobs is forecast because fewer tax dollars would be collected. How might that impact a national health care strategy if the provinces and the federal government didn't have as much money to contribute to the cost of goods and the health care strategy?

• (1355)

The Chair: It must be a quick answer.

Ms. Natalie Mehra: Mr. Chair, I'm not sure I accept the premise of that question. The analysis I've seen indicates that the impact on our GDP and economy would actually be very minimal if the TPP were not signed.

The Chair: Now we're going to move on to the Conservatives.

Mr. Hoback, for three minutes.

Mr. Randy Hoback: Mark, I'm going come back to you.

The agriculture sector out west has been very clear about what they want to see happen. In fact, I think it's one of the unique times when we've seen all sectors of agriculture say, yes, we should move forward. Even the supply management sector is okay with this deal, providing there's the transitional payments to them to help them transition into the environment of some more competition coming for them.

What would you recommend to this government right now as they move forward? Would you say we should wait and see what the U.S. does, or should we move forward and show leadership? What would your association want us to do?

Mr. Mark Huston: I think one of the challenges we have is that as we've seen governments transition within TPP, the push and the urgency that we've had to get the deal ratified has faded away because there isn't that leadership factor.

I would hope that Canada would take a leadership role in getting the deal ratified. We have to address some of the challenges we may have, but we need to be at the leadership table in order to be able to do that. If we sit back and wait, I don't know if we would have as much of a play as we would if we were there trying to push it.

Mr. Randy Hoback: Of course, we're seeing other countries doing just that. In Mexico it just has to go through their senate now. Australia and Japan are moving forward rather quickly with legislation. So your encouragement here is for us to do the same?

Mr. Mark Huston: That's what would benefit us most.

Mr. Randy Hoback: Chair, I think I'm going to leave it at that, because I think that's the point that needs to get across to this committee. It's good to have debate and good to have consultations, but you also have to take action. You actually have to start moving out the project and moving the ball along. I think if you talk to a lot of our producers and manufacturers, they'd say, let's hurry up and get it done.

I'll just leave my comments there.

The Chair: Thank you, Mr. Hoback.

That wraps up our fourth panel. It was a very active morning and it was good to see panellist here and to have their briefings and the dialogue back and forth.

We're just going to break for five minutes at the most. We have two mikes set up. I have three more added to our list here, so I have nine speakers right now. We're going to give you all three minutes each.

We've got speaker one and two. I'm going to Douglas Hayes and Kurt Powell just so that you are ready at mikes one and two.

We're going to suspend now just for five minutes.

- _____ (Pause) _____
-
- (1400)

The Chair: Could Douglas Hayes come to mike one and Kurt Powell to mike two.

We've had a few situations over the last few days where a speaker would have a question. There's no dialogue between MPs and the speakers. We're here to listen.

Also, if you have a certain question and it's not answered, if we have your email address, we'll look it up and get back to you. You're up for three minutes. When you hit your two-and-a-half minutes, I'll just give a little reminder so you can gather your last thoughts and go from there.

We're going to have Douglas Hayes up on one, and Kurt Powell at number two.

Go ahead, sir, for three minutes.

Mr. Douglas Hayes (As an Individual): I'm with the Windsor-Essex chapter of the Council of Canadians. As you know, we've been involved with trade agreements right from the cusp of the first one, the Canada-U.S. Free Trade Agreement, and every one of those trade agreements has seen a little more erosion of our democracy in Canada. As someone said, we are the most sued country under NAFTA, and 70% of the suits have been against Canada. Someone said also on this panel, "Yes, but if they sue us, we sue them". How is that good for citizens? What is all this doing? How is it good for us? It's not good for citizens. We have a perfectly good court system that any country could go to if they wanted to sue our country. Why do we have these panels of three members that are chosen by...? Well, I guess it switches back and forth, two by the company and one by Canada, and vice versa. All of these lawyers that they use switch back and forth from one group to the other. One time they're

defending the country and the next time they're defending the corporation.

We try to protect our environment. One of the things that comes to mind is the St. Lawrence Seaway. We're trying to prevent the fracking industry from contaminating the St. Lawrence River. It's the only major river of that size going out of Canada, and it drains all of the Great Lakes. The upper Great Lakes are being contaminated even worse than that, but we should be protecting that river right from the source.

We have trade tribunals, and they're a farce as far as I'm concerned. They're above the law. They give these corporations more power than our government itself. Taking into account the air we breathe, the water we drink, and the land that we walk on, all of these things are being affected by these tribunals and by these trade agreements. We have no control over that. What is the main purpose of our government? Its main purpose is to work for the citizens of our country. What I saw in the last election was that these corporations didn't vote. Why are they making rules that affect all of us citizens of Canada?

Thank you very much.

- (1405)

The Chair: Thank you, sir.

We're going to go to Kurt Powell. Is he here?

If not we're going to move on to Margaret Villamizar.

Ms. Margaret Villamizar (As an Individual): I'm here as a representative of the Marxist-Leninist Party of Canada. I ran in the last federal election as a candidate for my party in the riding we're in here, Windsor West.

My party in general opposes the Trans-Pacific Partnership agreement and other so-called "free trade agreements". Through free trade agreements, the global monopolies legally gain direct control over key aspects of the economy, and they deprive the people of their right to exercise control over those affairs that affect their lives. This lack of control runs directly counter to the modern trend towards democracy by which the people are fighting for democratic renewal so that we can gain the position to exercise the legal will to exercise control over the economic, political, social, and other affairs that affect our lives.

"Free trade agreements," as they're called, introduce the competition, power, and control of the global monopolies as the dominant element in both international and domestic trade. This stands in opposition to trade and the movement of social wealth based on mutual benefit and development, friendship amongst the people, and everyone's well-being and security.

When assessing the TPP, several specific aspects also bear consideration, and I'd like to just dwell on one. This U.S.-led initiative—if anyone thought it wasn't—for a free trade agreement in the Asia-Pacific region excludes China. Several trade organizations and bilateral as well as multilateral economic partnerships or agreements already exist in northeastern and southeastern Asia, one of them being the Association of Southeast Asian Nations, ASEAN.

TPP seeks to introduce the monopolies of the U.S. and its military ally Japan into the legal mix as dominant participants, whose private interests would be considered in most existing economic relationships there. This stands in opposition to the peoples of Asia and their independent efforts to move forward from the colonial era.

The TPP comes within the context of the U.S. military pivot to Asia, specifically to east Asia and Southeast Asia, where the U.S. plans to base 60% of its overseas military forces. The pivot is well underway, with the construction of new and expanded bases in Japan and South Korea and the introduction there of the latest weaponry. War predict preparations are intrinsically linked with economic considerations and penetration of these regions to control their labour, trade, natural resources, and so on.

Rejecting the TPP, in our mind, is linked to opposing Canada's participation in U.S.-led predatory wars around the world and to our need for an anti-war government to extricate Canada from, not link it more closely with, the aggressive U.S.-led military bloc, NATO, and the U.S.-dominated fortress North America.

Thank you.

•(1410)

The Chair: Thank you.

We're going to go to Verna Burnet, and on deck next would be John S. Toth.

Ms. Verna Burnet (As an Individual): The people of Canada elected the Liberal Party to administer our democracy. The TPP destroys our democracy, replacing it with an oligarchy. We the people have never given you authority to do that. The TPP makes the Trudeau Liberals, like the reviled Harper Conservatives before them, a rogue government.

The secret ISDS courts are a swift kick in the face to democracy and a sucker punch to the gut of justice. The only right protected by this sickening trade agreement is the insane, irrational right of millionaires to make a profit.

We elected you to govern in a manner that protects our economic rights. Instead, you have sold our economic rights to the elite "one percent". You are now a rogue government.

The TPP allows the pathologically greedy millionaires to erase the last shreds of our cherished democratic and environmental protection laws. These are the same environmental laws we elected you to protect and enforce. With these toxic trade agreements, you have become a rogue government like the Harper government before you.

The TPP allows the pathologically greedy millionaires to erase the last frail shreds of our civil rights, the same civil rights we elected you to restore.

You have betrayed us. You campaigned on a theme of change. You have not changed the TPP; you have not changed the ISDS courts. You are now a rogue government.

Thank you.

The Chair: Okay.

We're going to move on to John S. Toth.

Go ahead, sir, for three minutes.

Mr. John Toth (As an Individual): Thank you.

For the record, my name is John Toth. I am first vice-president of Unifor local 195, but that in itself does not define me. I am also the vice-chair of Workforce WindsorEssex, the local labour planning council. I'm also on the campaign cabinet of the Windsor-Essex county United Way and I'm also the past chairperson of over a dozen labour adjustment committees that were established to help people who lost their jobs due mostly to workplace closures. I tell you this, not because I'm presenting you my resume, although I may need to do that at some future time, but to give you some context as to my comments and the perspective from which I come.

During the last recession, our area, Windsor-Essex county, lost over 29,000 jobs, it's estimated, in parts, in assembly—I'm sorry, that's in Canada—and only about half of those jobs returned. I am not a radical person, but I am a realist, and the reality of the situation, as I look at the TPP, is that most credible people, most analysis, and most independent analysis as well have come to the conclusion that this trade agreement will have a negative impact on the auto industry regardless of what you think it does to the other industries. I think there's a consensus that the auto industry will be deeply impacted and will suffer loss of jobs as a result of that.

During the last recession, as I said, we lost a number of jobs. Most of those companies were able to rebound, but those jobs were transferred to lower cost jurisdictions. Under the TPP, there are going to be more options for those manufacturers to go to lower cost jurisdictions, and fewer jobs will come back to Canada.

I used to work for a company that employed over 500 people here in Windsor-Essex and I saw that workplace dismantled and shipped to another jurisdiction. I saw thousands of other jobs disappear as well and I saw the impact of those jobs on the people. I saw people lose their jobs. I saw people lose their benefits. I saw people lose their homes, their wives, and their lives in some cases. I see this as a continuation of that phenomenon because, inevitably, there will be a further reduction in jobs in the auto parts sector under the TPP.

The auto parts and auto itself are a major export market for Canada. Canada employs over 500,000 people in the industry. It's Canada's number one export. Locally it's extremely important. Windsor is a microcosm of how important that industry is. Just locally in Windsor, Windsor produced \$11 billion worth of products and vehicles last year.

Does that mean I have one minute or does that mean I'm out of time?

The Chair: You have a half minute, go ahead.

Mr. John Toth: I'll just wrap up.

My point is, I urge you to consider the impact that this will have on our standard of living, on jobs in the industry, and on the human impact as well when you're continuing your deliberations.

Thank you very much for your time.

•(1415)

The Chair: Thank you, sir.

We're going to move on to Robert Andrew.

Mr. Robert Andrew (As an Individual): I'm Robert Andrew. I'm a lifetime resident of Windsor and I'm here to share with you a lifetime of experience with free trade agendas

I'm 60 years old and I've spent my working life in manufacturing in the auto-related industries. When I first started working in the auto industry as a summer student in the 1970s, we had the Auto Pact. Summer work was plentiful in the local auto industry. Full-time jobs with good pay and benefits were available when people graduated high school. Then came the FTA, NAFTA, and subsequently the loss of the Auto Pact.

We were promised jobs and prosperity. What working people have seen is the decimation of our manufacturing industry. There are no more summer jobs for students because the laid-off workers filled those jobs. Our children graduate from college and university at great expense and cannot find jobs related to their training. They struggle to find work and, when they do, it is low paying and precarious. For the first time in history, future generations cannot expect to do as well as their parents. This is what I have seen free trade do to our economy.

Now the global corporations have achieved the ability to export any job they want. They are going to use deals like TPP to import workers to do what work is left, reducing our workforce to a third-world status.

Why has the U.S. refused to sign onto this TFW provision?

Free trade is about giving global corporations the ability to exploit all levels of government and workers for the sake of profits. It is not about creating jobs and prosperity for workers. This is the world we are leaving to our children and grandchildren.

I still have time?

The Chair: Sure.

Mr. Robert Andrew: The other thing I want to add is that our foreign investment review is nothing but a rubber stamp now. I remember when it used to mean something.

With all these free trade deals we're in, where companies can just come in and buy up our Canadian companies, move them out of the country, and then ship the products back here, just exacerbates the whole thing.

They need to address foreign investment review also, throw out the TPP, and negotiate reciprocal trade agreements like the Auto Pact.

Thank you.

The Chair: Thank you, sir.

We're going to move over to Anna Beaulieu.

Ms. Anna Beaulieu (As an Individual): Thank you for letting me speak. It's the first time in my life.

I'm an idealist. I represent myself. When I was in the House of Commons as a secretary, I was also an idealist.

As far as the TPP is concerned, it is yet another step backward for humanity. It represents the cult of money and power by individuals

with total disregard for their kind. It is the latest and most threatening of all ententes being negotiated in secret in my lifetime. It is monetizing human misery.

I read that Canada would only be admitted in the negotiations under certain conditions. Excuse me. Are we a free democratic country? Material prosperity of the minority is acquired on the backs of the majority at the expense of our only home, planet earth. Have we sunk so low that we now elect governments to represent commerce and to support the banking octopus? Capitalism and liberty have become dangerous.

Unlike previous generations are we now so blasé and sophisticated that we can tell our progeny, "I've had mine. You're on your own."

Thank you.

The Chair: Thank you.

Did you say that was the first time you spoke in public?

Ms. Anna Beaulieu: Yes, it is.

The Chair: You did a wonderful job. Thank you for coming.

We're going to move on to Joan Tinkess.

• (1420)

Ms. Joan Tinkess (As an Individual): Good afternoon.

First of all, I do want to thank you for giving us the opportunity to speak today. This isn't the first time I've spoken in public. I taught school for 40 years. I did a lot of speaking in public, but I was not always listened to.

I would like to focus on the ISDS, please, the special protection that's given to foreign investors that receive a generous public subsidy against the economic risks of democracy and regulations that apply to everyone.

It's hard to understand how a government—like our own government that declares itself a government that cares about its citizens and that going to take care of its citizens, and wants to do what's best for its citizens—would give away sovereignty so easily to an unknown group that its citizens certainly don't know. If it weren't for the Council of Canadians, we wouldn't have known anything about this trade deal for the last four years. Thanks to them, little by little, word came out, and some of us have been able to read up on it and wonder. I'm not surprised about the former government, because I don't think that it cared about Canada or Canadians, but this government I still want to believe does care and wants to do what's right first of all for Canada.

I can't see how it could be right for a Canadian citizen that we would be sued, and not only us, but other countries too. Some of it I have here, and the best known cases, such as "Philip Morris challenge to anti-tobacco regulations in Australia and Uruguay." This is something that's not positive for citizens, that a country can be sued, and a country like Uruguay can be sued, and have to pay Philip Morris. Think about it. "The Lone Pine Resources challenge to fracking restrictions in Canada," the "Ethyl Corporation claim against a ban on gasoline additives" and the "Vattenfall claim against Germany's nuclear phase-out." These are examples of things that are not good for Canada and not good for any country.

I do ask that you take this message back. I certainly am not in favour of the TPP.

Thank you.

The Chair: Thank you.

Coming up to our mike next is Ralph Benoit.

Mr. Ralph Benoit (As an Individual): Hello, ladies and gentlemen. I'm sorry I didn't really have time, or make the time, to prepare a statement, but I would like to say that I concur with what the others have said.

You have all made your way into the positions you now hold. I would like to suggest to you that ceding the rights of your own children and destroying their environment will not suit you very well as they look upon you in the future.

Thank you.

The Chair: Thank you.

We'll move on to Lisa Gretzky.

Ms. Lisa Gretzky (As an Individual): Thank you.

As the MPP for the riding you are currently sitting in, I want to welcome you. I didn't prepare remarks, because I was going to come here today with an open mind and listen to what everybody said—not just the members on the panel, but those who were presenting—and highlight some points.

I want to start with some of the disturbing things I've heard. They're a little concerning for me, representing a riding where a large portion of our economy is in manufacturing. It provides a lifestyle for many people in my riding.

From the Conservative side, the ending note was a little concerning. There was some discussion about the fact that manufacturing is leaving: we're losing the Big Three in Windsor, so we should just resign ourselves to letting that happen and looking to bring in other automotive companies.

I don't agree with you. I don't agree with you. I think that's wrong-headed. I think as leaders—you were supposed to be leaders, when you had government—you should be fighting to keep what we have, fighting like hell to keep what we have, and then supplementing it by bringing others in. I don't think we should resign ourselves to letting anything go when it affects people, because it is affecting people. They're not numbers, they're not dollar signs, they're real people, and it affects their lives. It's really unfortunate that you feel we should just stop fighting for them.

There was also, in a roundabout way, an implication that the reason we've lost some of our auto sector here in Ontario, more specifically here in Windsor, is that we don't have a product that people want. Or perhaps it's not specifically the product, but perhaps it's the quality of the product.

I disagree with you. I think if the product weren't good, we wouldn't see investments from Ford and we wouldn't see investments, huge investments, from Chrysler. It's not a matter of the auto sector leaving because we don't have what people want. You have to look at the bigger picture. The economy at the time when we were losing jobs was not a good economy.

Currently the cost of energy is a big issue. I'm going to point that to the Liberal side, because you now have partners at the provincial table. Although the Conservative government wasn't interested in working with the provincial Liberals, you have an opportunity to let them know that the direction they're going in, selling off our hydro, and the rates going up, is not helping manufacturing. It's not helping any business. You have the opportunity to be leaders, working with the provincial government, to let them know they need to change course on that decision.

I also heard from the Liberal side that many people are now choosing to go work overseas, that this is what they want to do. I disagree with that. Some people want to go overseas to work, but the majority of our manufacturing and business sector want to stay in their own communities and work. I would implore you to think twice about that comment and to think about how you can fight to keep manufacturing jobs here in Ontario, and specifically in my riding.

One thing I—

• (1425)

The Chair: That wraps up your time.

Ms. Lisa Gretzky: Okay. Thank you.

The Chair: Thank you.

I went through the list and got everybody, but I think Kurt Powell wasn't here.

We still have time, sir, if you want to come up for three minutes and wrap up our day.

Mr. Kurt Powell (As an Individual): Hi. My name is Kurt Powell.

I apologize for being late earlier on. I was at my unpaid internship. I'm 21. I just came over from the University of Windsor. In my undergrad I studied social movements and geography, specifically through Bill C-51 in the Harper government. In my graduate studies at Ryerson University I'm studying policy and hopefully getting in to law school within the next two years.

There has been a lot of talk of different facts, figures, and so on and so forth, but the thing that resonates most with me, that synthesizes everything, is the sense of hope. Being part of the student government at both the University of Windsor and Ryerson, there is a sense of hopelessness among students, among the younger generation, and everybody here is telling me how I should feel and telling me how this is going to affect me. I'm feeling it, and so is my generation. NAFTA was signed in 1994, and I still feel the post-NAFTA agreement when I can't get anything but an unpaid internship and my annual income is negative \$10,000 because all I can get is OSAP, and I'm an A student. I can't get a job, and I'm working on my second degree.

Saying such, the biggest question I believe that any policy analyst should be asking is: does the TPP give hope to Canadians? Does it give hope for a better job? Does it give hope for benefits, for working hours, for women's rights, and for first nations rights? Does it give hope? That is the simplest question to ask, but it is the biggest question to ask. I can tell that the NAFTA agreement—that was the year I was born, and I'm feeling the effects of it—has given me no hope, and TPP looks to be nothing but a part of the geneology of that.

Another thing from my undergrad that I found in social movements is that, when the NAFTA agreement was signed, it sparked a social movement called the Zapatistas. This sparked a larger global movement that translated over into David Suzuki, Maude Barlow, and the Council of Canadians, and it interlinked continentally the social movement that happened and the social justice forums that we now have globally occurring.

When you sign the TPP agreement—I'm assuming it's going to happen because it happened before and it's happened many times prior to that—you're linking all these countries together socially with all their social movements. As political and public leaders, you have to be prepared for that. I know. I've been getting emails from New Zealand and from other locations around the world about how to

organize, and I'm going to be around way longer than you, I guarantee it.

If you have any questions for me because I'm the only 20-year old here and the only millennial, I think it's time for you guys to ask me a few questions, if you want.

The Chair: Thank you for your time.

We're here to listen and not to ask questions, and that's what we're doing. We appreciate somebody of your age and calibre coming up to the mike and telling us your perspective, so that we look to the future and the next generation. My children are your age and pretty well tell me the same things you are, so I'll keep that in mind personally, but we're not here to ask you questions. We're here to listen to you and we thank you for being the last speaker and for coming up and taking your time to come here, sir.

Thank you.

Some voices: Hear, hear!

The Chair: Folks, that wraps up our tour of Windsor, and we're now going to suspend and head to Toronto for tomorrow's meetings.

The meeting is adjourned.

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