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## **Standing Committee on International Trade**

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**EVIDENCE**

**Wednesday, September 28, 2016**

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**Chair**

**The Honourable Mark Eyking**



## Standing Committee on International Trade

Wednesday, September 28, 2016

● (0800)

[English]

**The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)):** Good morning, everyone. Welcome to the House of Commons Standing Committee on International Trade.

We are a very busy committee. We deal with international trade. This year has been quite busy for us because we're dealing with CETA. We have many U.S. issues with softwood lumber and agricultural products. Right now we're dealing with TPP. TPP, as many of you know, is composed of 12 countries with 40% of the world's GDP. There are over 800 million people in this trade block. When you take a good look at it, it will affect all Canadians whether you're producing something or buying something. It's going to potentially have an impact somehow on your lives.

Our committee has been travelling across the country and also having meetings in Ottawa. This is our ninth province now. We're finishing up with Atlantic Canada. We also had video conferences with the territories.

My name is Mark Eyking. I'm the chair, and I'm from Cape Breton, Nova Scotia. I don't live far from this rock; I'm from another rock. Lots of Newfoundland people live in Cape Breton.

We don't have all of our committee members here. Some had to stay back in Ottawa to keep an eye on things for us. Our committee comprises MPs from right across the country from all parties. We have Tracey Ramsey and Dave Van Kesteren from southern Ontario. Mr. Ritz is from Saskatchewan. Ms. Ludwig is from New Brunswick, Madame Lapointe is from Quebec, and Mr. Dhaliwal is from British Columbia.

We've received over 125 briefs. We've had almost 300 witnesses. We're also doing something different that most committees have not done. We are receiving input from the public, from average citizens, and we've received over 20,000 emails so far. We are going to receive those emails, and continue on with our study until the end of October.

The other thing is we have an open mike at the end of each session, so if citizens want to say a few words, they can come right to the mike. That's been quite well-received, and we have a lot of uptake on that.

We are probably going to continue with this consultation process until the end of October. Then our analysts will put together a report with us, and we will table a final report with the House of Commons probably later on in the year or at the beginning of the following year.

As you know, more Canadians are looking at trade now than they did ever before. When you look at the U.S. presidential debate the other night, trade was right up front. It always makes us a little concerned, as Canadians, what the Americans are thinking, and where they're going because it has a big impact. Of course, they're a big player in this TPP, so we're watching that closely.

We're glad to be here in Newfoundland. We had a wonderful flight. We had the tailwinds coming with us from P.E.I. yesterday. A bunch of us went down George Street where I had cod tongues, and that was good. We weren't screeched in yet, so I don't know when that's going to happen. It's always great to be in Newfoundland and Labrador. I remind my colleagues that it's not Newfoundland, it's Newfoundland and Labrador.

We'll have three or four panels today. For the first panel, I'm thanking you people for coming today. We have Citizens against CETA, Canadian Manufacturers & Exporters, Newfoundland and Labrador Federation of Labour, and St. John's Board of Trade.

Folks, we ask that you keep your opening remarks under five minutes. That way we can have enough time for a dialogue with every MP who is here.

We'll begin with the St. John's Board of Trade.

Mr. Whelan, go ahead, sir.

● (0805)

**Mr. Des Whelan (Chair, St. John's Board of Trade):** Thank you, Mr. Chair, for the opportunity to speak to the committee today about the Trans-Pacific Partnership Agreement.

I'm speaking to you today, as you mentioned, as the chair of the St. John's Board of Trade. The St. John's Board of Trade is the voice of business in Newfoundland and Labrador and an advocate for sustained economic prosperity.

As a business owner and an active member in the board of trade for many years, I'm passionate about the components to make up a healthy economy. The opportunity to work with the Asia-Pacific region to make a meaningful impact on our economy is something the St. John's Board of Trade fully supports.

The main principle for trade is what economists call “comparative advantage”. That is the ability of an individual or a group to carry out a particular economic activity, such as making a specific product or service, more efficiently than another activity. In other words, find out what you're best at and export it. But it's a two-way street. If we have a specialty or an area of expertise and are able to trade that with another country for their specialty or area of expertise, then both nations benefit.

Across this province and country there are countless examples of where we have been more successful working together. There are many reasons that we support a TPP agreement, but in the time I have today, I will outline three.

The first is about economic opportunity. Trade is an area in which we in Newfoundland and Labrador have not been performing particularly well of late. In many parts of Canada, and in Newfoundland and Labrador, there are opportunities to enhance the number of companies that export. Part of the problem has been our failure to diversify trade towards high growth markets like the Pacific Rim. The Asia-Pacific region is an increasingly important market for Newfoundland and Labrador and Canadian businesses. In 2014 Newfoundland and Labrador businesses exported to nations such as Japan, Chile, and our biggest trading partner, the U.S., to a tune of over \$7 billion. However, that is only three of the 11 other nations in this trade partnership. We could be trading with many more. The TPP offers a huge growth potential for our province and for our country. If Canada does not ratify this agreement, these other 11 nations will offer each other privileged arrangements that we will be locked out of. A TPP that eliminates trade barriers will open up new opportunities for businesses in Newfoundland and Labrador, Canada, and the Pacific.

Another reason that we support the TPP agreement is modernizing our international trade agreements. Innovations and technology have changed the world in which we now do business. Today over 10% of goods traded and 60% of services traded are happening online. Knowledge industries like financial services, management consulting, and information technology are among Canada's top five fastest-growing export sectors. That said, nothing in our current trade agreements prevents countries from blocking data flows or imposing local data storage obligations. A TPP would help extend free trade into the online realm and bring our international trade agreements into how we do business in today's technologically advanced world.

The third reason is similar to the position of the Canadian Chamber of Commerce. A TPP would be favourable for environmental reasons. The TPP requires participating countries to maintain and enforce strong environmental laws and regulations under threat of economic sanction. One environmental group went as far as to say that TPP has the strongest environmental provisions of any trade agreement in our history.

In conclusion, we recognize that there are those that could be negatively impacted by such an agreement, and there are tough choices to be made ahead. I echo the words of the Canadian Chamber of Commerce's CEO, Perrin Beatty, who said: “There are workers and companies who face challenges, and those concerns deserve respect, but if we stop doing trade negotiations except in cases where no one is affected, we stop negotiating at all.”

We think this province and country would fare much better for generations to come by taking advantage of opportunities available to us through the TPP. We at the St. John's Board of Trade support the TPP agreement and hope for a swift ratification.

Thank you very much for the invitation and for your time this morning.

● (0810)

**The Chair:** Thank you, Mr. Whelan, for a very concise and informative report in a timely manner.

We'll move over to the Newfoundland and Labrador Federation of Labour. We have Ms. Shortall and Mr. Murray.

Go ahead for five minutes.

**Ms. Mary Shortall (President, Newfoundland and Labrador Federation of Labour):** Thank you and good morning.

[*Translation*]

Good morning, Mr. Chair and members of the committee. Welcome to our beautiful province of Newfoundland and Labrador.

[*English*]

On behalf of the 65,000 working women and men and the affiliates that make up our federation, we'd like to thank the committee for the opportunity to express the important views of working people on the impact of a ratified TPP, not only on Newfoundland and Labrador but all across Canada.

We'd also like to acknowledge the recognition by this government of the need to have an open and transparent dialogue on the TPP, a trade agreement negotiated by the previous administration in secret, with only corporate interests at the table.

The history of international trade agreements negotiated by previous governments in Canada has rarely ever resulted in working people being better off, in our opinion. Areas such as health care, procurement, public services, labour laws, and wages have all been impacted by past trade agreements in a manner that has cost working Canadians and their families. These agreements have become less about trade and more about increasing the wealth and influence of corporations.

A substantial body of independent research points to the negligible positive outcomes that will flow from this agreement and the negative impacts that will be felt by workers, especially lower- and middle-income earners. These include a 2016 study from the C.D. Howe Institute, which predicts that the macroeconomic impact of the TPP on the Canadian economy would be a mere 0.068% growth in GDP by 2035. Perhaps even more interesting is that the study predicts only a 0.026% drop in GDP by 2035 if Canada does not ratify the TPP.

This mirrors the recent U.S. international trade commission study that showed that the TPP will increase the U.S. trade deficit and will have almost no positive impact on the U.S. economy. A Tufts University study also shows that Canada will actually suffer a net job loss across all sectors of 58,000 jobs if the TPP is put into effect, and that the problem of income inequality will be made worse.

The temporary entry commitments contained in the TPP cover a wider range of occupations in sectors than past trade deals. It also prohibits countries from applying any form of economic needs test or numerical quota, including labour market impact assessments. Therefore, employers hiring migrant workers under the TPP will be able to do so even in areas where unemployment is high and qualified local workers are available.

Furthermore, unlike the temporary foreign worker program, which can be reformed, the temporary entry system in the TPP cannot easily be altered once the treaty is ratified. Allowing multinational corporations to bypass the current regulations around assessing foreign workers does not contribute to a healthy labour market, and will only increase unemployment, suppress wages...and working conditions.

Due to the smaller size of the Newfoundland and Labrador labour market relative to most other provincial jurisdictions, the ability to absorb such numbers is challenging and the impact magnified. The collective impact on the national labour market would be significant as well, and would result in downward pressure on wages, higher unemployment, as well as higher inequality.

In addition to the impact on labour markets is the absence of any binding requirements that will see improvement in and increased protection of the rights of workers. As per chapter 19 of the agreement, employers are only required to comply with the labour laws and regulations in their own countries, however bad they are. The attempt in this part of the agreement to establish and promote labour rights actually serves to diminish the strength of Canadian labour laws.

While requiring parties to have laws governing minimum wages, hours of work, occupational health and safety, and unionization rights, the TPP is void of any minimum standards that govern these areas. Without any acceptable minimum standards, the recognition of the importance of workers' rights carries little weight.

The enforcement obligations are equally light. There would have to be a sustained failure to enforce labour measures over time to the point that it negatively affected trade and investment before any form of remedial action could be initiated.

When you compare this level of protection for workers with the investor-state dispute settlement at the disposal of corporations, it clearly shows how much the TPP is weighted towards the interest of corporations and not workers. This area of TPP accelerates lowering the floor for workers and the global race to the bottom, especially in the areas important to working people.

A highly problematic aspect of the TPP agreement is the inclusion of generous foreign investment protections enforced by the investor-state dispute mechanism. Giving international investors the right to seek compensation when public interest regulation interferes with their commercial objectives clearly weakens democracy. It restricts

our ability to create and apply legislation that protects our standard and quality of life, as well as laws that govern occupational health and safety, labour standards, and even areas such as climate change and the environment.

● (0815)

Newfoundland and Labrador has seen the impact of this measure first-hand.

**The Chair:** Excuse me. Could you make your final comments and wrap up, please?

**Ms. Mary Shortall:** Absolutely.

The TPP represents an unprecedented erosion of the ability of all Canadians to ensure that they will be guaranteed access to a decent standard of living and that Canadian legislation protect the right to that standard of living. The entire structure of this deal is drafted so heavily in favour of multinational corporations and at the expense of working-class Canadians that it simply cannot be improved or fixed with minor changes.

The Minister of International Trade herself has confirmed that there are only two options—to ratify the TPP as it is or to reject it outright. On behalf of working Newfoundlanders and Labradorians, we implore the federal government to reject the TPP outright as a bad deal for working people here and across the country.

Thank you.

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

Before I go to the next witness, I'd like to mention a couple of things. We do have translation, French-English, and there are headphones provided for that. As well, there's tea, coffee, and juice available. Another thing is that you can't take photographs or record videos when presentations are happening, but in between sessions, you are free to talk to us or take pictures or whatever.

We'll move on now to Canadian Manufacturers & Exporters, with David Haire.

Go ahead, sir.

**Mr. David Haire (Vice-President, Newfoundland and Labrador Division, Canadian Manufacturers & Exporters):** Good morning.

I'm pleased to be here on behalf of Canada's 60,000 manufacturers and exporters and our association's 2,000 direct members to discuss the Trans-Pacific Partnership. I want to come at this from a Newfoundland and Labrador standpoint, to give an NL perspective on TPP.

From a CME Newfoundland and Labrador point of view, members and non-members who represent the manufacturing and exporting sectors seem to know very little about the TPP and the positive and negative features and benefits. Those who know about the TPP are only focused on the impacts, both positive and negative, that affect their specific industry sector. The seafood sector appears to be the one that's keeping the closest eye on the TPP trade agreement process, but they are not asking a lot of questions.

Out of Newfoundland and Labrador's top 10 export destinations, the United States and Japan are the two that are in the TPP. One of them is worth \$6 billion. Japan is worth \$190.8 million.

The people who know about TPP understand that all the countries must ratify the deal. Any specific country can veto the deal. There's a strong sense that the U.S.A. does not have an appetite to enter into large trade agreements post the 2008 recession and that their Buy American stance can block this.

There are three key areas that CME feels strongly about with regard to any trade agreement. The first is that it create a fair and level playing field for Canadian manufacturers and exporters to ensure that they have as equal opportunity to export to foreign markets as our competitors do to import into Canada. The second is that the agreement must allow value-added exports from Canada, not just the export of natural resources. The third area is that the agreement must not undermine the existing integrated manufacturing supply chains developed through previous free trade agreements, especially NAFTA.

CME has supported Canada's entry into and our signing of the principle of the Trans-Pacific Partnership because of Canada's small domestic market, the export orientation of our manufacturers, the deal's inclusion of our major trading partners, and the significant new opportunities it affords.

To be blunt, Canada has a poor history of success in free trade agreements. Aside from NAFTA, very few, if any, agreements have led to an increase in our exports. On the flip side, we have also typically not seen a massive increase in imports either. So free trade agreements are signed, and business generally continues as it did before.

This time it will be different. We're entering into an agreement with very aggressive, export-oriented, and coordinated countries. If we don't have similar domestic strategies for success, Canada has the potential to lose. We need a national strategy that aims at supporting domestic competitiveness with global supports.

One of the things we see first is that free trade has opened the door to increased competition. This can and should be perceived as a good thing. However, we need to be ready for that competition. The private sector is willing and ready to compete on a level playing field, but our business environment is often not level. While our corporate tax regime is world-class, there are many other areas that are not. Canadian companies face high input cost, a much more costly regulatory burden, higher labour cost, and higher energy cost. Meanwhile, domestic supports for investment in innovation and advanced technologies are significantly lacking compared with our international competitors.

CME believes that with the right support network in place for the TPP as well as other international trade, Canada could double manufacturing output and value-added exports by 2030. That's why we launched *Industrie 2030*, a national conversation on the future of manufacturing and exporting in Canada. We would like to create a long-term national strategy and road map to meet these growth objectives.

Thank you for your time this morning. I look forward to the discussion.

● (0820)

**The Chair:** Thank you, sir, for a good report in a timely manner.

Now we'll move over to Citizens against CETA.

Ms. Reid, go ahead. You have the floor.

**Ms. Marilyn Reid (Volunteer Spokesperson, Citizens against CETA):** *Merci beaucoup.* Thank you very much for giving me the opportunity to present.

Citizens against CETA is a rather grandiose-sounding name for a local group of concerned citizens. We submitted a brief last June filled with statistics refuting the supposed benefits of the TPP, but today I'd really like to talk to you about values.

In his meticulously researched book on wealth and income, *Capital in the Twenty-First Century*, French economist Thomas Piketty concluded that we were heading into a period of inequality such that the world had never seen. If we want to change that, he said, we have to bet everything on democracy.

I believe inequality continues to grow precisely because around the globe, democracy is under attack. The aggressors aren't terrorists or rogue nations. The aggressors are international corporations backed by financial elites. The weapon used is a contract.

The TPP and CETA are gigantic contracts that define not what corporations can and can't do in our country. Instead, these contracts define what government itself can and can't do. Any government action, present and future, that is not clearly defined or not written into the contract can be challenged by corporations in those infamous offshore tribunals, where the public good and environmental protection count for nothing. There, it's all about entitlement under the contract.

According to Osgoode Hall investment treaty expert Gus Van Harten, these contractual agreements have succeeded in doing what no parliament has been previously able to do under our English common law system, which is to fetter or straitjacket future parliaments. That is huge.

I believe government is asleep at the wheel when it comes to acknowledging the threat these trade agreements pose for our democratic rights. But then too, I'll acknowledge that so are the passengers in the back seat, and that's the public. The reason in both cases is that we live in an age in which economic values trump everything.

I'm a retired social studies teacher. Around the turn of the century, every single course that allowed a discussion of democracy and politics was deleted from the high school curriculum in this province and was replaced with economic education courses. There was a consequence. In the 2011 federal election, the last election for which we have a breakdown by age, only 29% of our young people aged between 18 and 24 years bothered to vote.

I'm going to suggest that the same neglect of our democratic values has happened in government. Economic values now dominate, more precisely the economic values of neo-liberalism with its emphasis on free trade.

This committee now has all sorts of hard evidence—I've read the briefs—disputing the Liberal Party's claims about the benefits of free trade. Two important reports came out last week that I want to highlight. The first was a Tufts University study on CETA. This is a direct quote: "...CETA will cause unemployment, inequality, welfare losses and a reduction of intra-EU trade." That certainly suggests that CETA is not the gold standard of trade agreements that Prime Minister Trudeau and Minister Freeland maintain it is. Will the Prime Minister and the trade minister now reverse direction and call for a halt to the provisional acceptance of CETA? Well, it all depends, I think, on what their true values are.

The new OECD report that has just come out is even more interesting, in spite of its blinkered call for more trade liberalization. Trade as a driver of GDP has fallen steadily since 2009. In fact, trade growth is now lagging growth in the broader world economy this year. That lag—this is really interesting—is likely to continue, particularly because emerging nations are pulling back from a dependency on exports and choosing instead to develop internal markets as a means of increasing GDP.

As for OECD countries, governments are increasingly being forced by their citizens to question the benefits of a free trade model that has heightened inequality, caused job losses, and straitjacketed government's ability to deal with either.

Consider the way the TPP unexpectedly became a campaign issue in the U.S. elections. Consider Brexit, or last week when 320,000 Germans in multiple cities demonstrated in the streets against the TPP and CETA.

You know, these will not be isolated incidents. According to the OECD report, election results and polls in OECD countries are pointing to a shift away from the traditional left-right divide amongst voters and toward anti-globalization and pro-globalization electorates. That's a very significant development for you to consider.

● (0825)

As members of the trade committee, you hold I think an enormous responsibility, and I know how hard you are working. I'm sure you've been watching closely how public opinion and the research against these trade agreements are developing everywhere. But you're also affected by the unwavering ideological enthusiasm that those who control policy in our two major parties still have for free trade.

**The Chair:** Your time is up unless you have a few comments to wrap up. Go ahead.

**Ms. Marilyn Reid:** How do you choose between ideological faith in free trade on the one side and substantial evidence on the other side that our trade policy will hurt Canadian value-added industries, increase inequality, and fetter democratic governance?

Surely it's with values. What do you value most? Do you believe you have a responsibility as MPs to your children, grandchildren, and communities to preserve democracy and fight initiatives that promote inequality? Because I'm really hoping that, if you do, you will say a resounding and public "no" to trade agreements like the TPP.

Thank you very much.

**The Chair:** Thank you.

That ends our presentations.

We'll get into dialogue with the MPs right now. I think we have enough time for every MP to have an interaction with you.

We'll start off with the Conservatives.

Mr. Ritz, go ahead, sir.

**Hon. Gerry Ritz (Battlefords—Lloydminster, CPC):** Thank you, Mr. Chair.

Thank you, ladies and gentlemen, for joining us this morning. They were great presentations. Some of it we've heard before, and some of it is a new twist on some of the old ideas. Thank you for the time and energy you put into this.

I want to start with St. John's Board of Trade, because you went first, Mr. Whelan, and also because Mr. Haire raised another point, as well, that I thought was similar to some of what you were talking about.

When you talked about comparative advantage and diversity of trade, Mr. Haire, you made the point that we don't, as a country, spend enough on R and D, innovation, and those types of things. I'm sure Mr. Whelan would echo that.

What is the partnership role of government and business in making sure those things are addressed? What percentage is our role and what percentage is your role?

**Mr. Des Whelan:** The St. John's Board of Trade is an accredited organization. We have a strong policy development group that does take some feedback from the Canadian chamber, and then it comes up through.

● (0830)

**Hon. Gerry Ritz:** You regionalize it.

**Mr. Des Whelan:** Absolutely.

Our position on your question would be that government's job is to create opportunity by setting the table for things to happen, then business's job is to get it done.

In Newfoundland and Labrador, 59% of employment rests in the private sector, so we see this as an opportunity for government to do its job. It's setting the stage for business. Understand the perspective that my organization represents 72% small business.

**Hon. Gerry Ritz:** What's your definition of small business, Des?

**Mr. Des Whelan:** Small business is under 50 employees.

My company has three employees. We just hired our first person outside of the ownership, and my company is two years old. The best example I can give is based on the way I look at this from my own personal perspective in that we're growing local services that we are providing in the community, but we have a larger plan to build a piece of technology and then go to the outside world. These sorts of agreements are going to allow us to do that, and that's why we're supportive.

**Hon. Gerry Ritz:** David, do you have anything to add?

**Mr. David Haire:** In regard to innovation and new technologies, I know you work with us on Canada Makes, the federal government does, and provincially they're involved with innovation and technology committees. I think that somewhere along the line, it would be getting into some of the larger companies and doing assessments on exactly where they stand with innovation and technology, more in-depth understanding of where they are and where they could be, and helping work with the industry associations to close the gap in regard to the innovation and technology adoption.

**Hon. Gerry Ritz:** How successful would your businesses be if they were constrained to simply doing business in Newfoundland?

**Mr. Des Whelan:** There's been a long-term discussion in this province about diversification. We had a premier in 1949, our first premier, whose philosophy was develop or perish.

At the St. John's Board of Trade, we have spent quite a significant bit of time talking about what exactly diversification means. I have an economics degree from Memorial. As I said in my brief, I continually go back to the idea that you do what you're good at, and that's what you export.

We believe our version of diversification is not about creating crazy products and services that we don't really know will sell or fit into our environment. We have an environment where transportation is tough, so creating goods you have to ship out is a tough thing to do for a small business. We focus on looking at what it is we do well and what we can provide to the international marketplace, whether it's a service or a good. Trade and export becomes our version of diversification.

**Hon. Gerry Ritz:** Yes, I've had some interesting discussions. I had the opportunity to be on a 15-hour flight with Rick Hillier. As the chancellor of Memorial and a great representative for Newfoundland, he's very much involved in a lot of the new tech sector that's being developed here, which didn't exist even ten years ago. Those are the things that are exciting, and they demand a global marketplace in order to make use of that technology and those new discoveries. The trick is how to find markets. There are tremendous opportunities around the world for a lot of what Canada designs and develops. We've seen that for decades.

At the end of the day, how do you identify the marketplace in another country? Do you make use of government services to do

that? Do you do it on your own? The World Wide Web has all the answers, if you know where to look—

**The Chair:** Mr. Ritz, sorry, your time is up.

**Hon. Gerry Ritz:** Are you sure?

**The Chair:** Yes. I don't think you could punt a question now, because your time is up, but there will be another time and maybe you can pass it up front to your colleagues.

**Hon. Gerry Ritz:** Thank you.

**The Chair:** We have to move on if we're going to get all the MPs in.

We're going to go the Liberals.

Mr. Dhaliwal, go ahead, sir.

**Mr. Sukh Dhaliwal (Surrey—Newton, Lib.):** Thank you, Chair.

Thank you for your presentations.

Ms. Shortall, a study done in 2014 by Ciuriak and Xiao projected an approximate 0.8% increase in labour, which is very significant.

What is your opinion on this? Does it give any credibility to ratifying TPP?

**Ms. Mary Shortall:** What did you say the percentage increase was?

**Mr. Sukh Dhaliwal:** It was a 0.8% increase in labour.

**Ms. Mary Shortall:** Well, all the research that we've been using to study TPP points to exactly the opposite. Even Joseph Stiglitz talked about wage inequality. Tufts and the research done by unions like Unifor, by Jim Stanford on the auto manufacturing, have shown the exact opposite, to the point of 58,000 jobs. When you look at the Japanese auto parts coming in, we are facing a possible loss of jobs in auto manufacturing and auto production.

The same is true in farming. Jobs are threatened every year. What's happening with dairy farmers, what's possibly going to happen with public services and procurement, the investor-state disputes around labour-market policies, the influx of more foreign workers, and the broadening of what defines a skill in a trade—to us, all these point to layoffs and job losses right across the spectrum.

• (0835)

**Mr. Sukh Dhaliwal:** Mr. Haire, over the past two weeks, quite a few manufacturers have come and said that opening markets to globalization...and particularly in British Columbia, they can't compete. They are shutting down. For the Europeans it is the other way around.

How would you be able to convince those manufacturers, who are coming to me and telling me that it's very difficult to compete in the open globalization?

**Mr. David Haire:** My advice to those manufacturers would be to adopt lean, to Six Sigma problem-solve, and to aggressively chase new technologies. Be very innovative and be agile. I think that would be my recommendation to anyone in the country.

We have problems in skills and labour. We're competing with other countries. Japan, for instance, is very advanced in their management sciences. They're very advanced in adopting problem-solving techniques. They're very advanced in new technology. I think we must constantly be running to keep up with those types of countries.

**Mr. Sukh Dhaliwal:** What are some of the value-added industries in Newfoundland and Labrador that would be able to take the advantage of TPP participation?

**Mr. David Haire:** For the most part, our economy is based on natural resources. The bulk of our exports are oil and gas. There is oil and gas, minerals, seafood, and then you get into forestry products, lumber products. I'd say seafood is probably the industry that will chase this most aggressively. I don't believe we're going to send rocks from the IOC to Japan or Australia. I think seafood is the area of most interest.

**Mr. Sukh Dhaliwal:** Ms. Reid, we all know that globalization is a reality now. We can't avoid it. We have to deal with it. You talked about heightened inequality.

A key promise that the Prime Minister made, and that we are trying to deliver, was to help the middle class—

**The Chair:** It will have to be a very short question and a very short answer.

**Mr. Sukh Dhaliwal:** Do you see globalization as a reality? Are there any alternatives, or are there any suggestions that you can make to the panel?

**Ms. Marilyn Reid:** I think it's interesting that in the media response to the OECD reports, the headlines were about the end of globalization, and whether globalization was going to fall.

One of the biggest reasons is the rampant inequality it has caused. It has been great for certain sectors—rather, elites—but it has been really terrible for workers. It's not just in Canada; it's everywhere.

I would say that globalization is being questioned, big time, everywhere in the world. If we rush into globalization—I'm horrified by CETA, which is worse than the TPP—while the rest of the world is getting away from it, we're going to be constricted by these ISDS lawsuits and trapped. We're going to be trapped by globalization.

**The Chair:** Thank you. You might be able to get some more comments in later on with another question.

Now we are going to move over to the NDP.

Ms. Ramsey, you have the floor.

● (0840)

**Ms. Tracey Ramsey (Essex, NDP):** Thank you so much for your presentations this morning. I have so many questions, I think it's going to be tough to narrow it down. You all gave a great snapshot.

Mr. Haire, you said we have a poor history in trade agreements, and that's the truth. Under the previous government, we signed the most trade agreements we ever have, yet we have not seen the

benefit of that. Our trade has actually gone down after every FTA we have signed with a country. By Global Affairs' own admission, in the economic impact assessment that was released two weeks ago, trade will go down, under the TPP, with all of our current FTA members. That means the U.S., Mexico, Chile—everyone we currently have a deal with, we will lose trade with.

From what we've heard on this panel, the largest trading partner we have is well known; it's the U.S. To enter into an agreement that would put that in jeopardy, or see that trade go down, wouldn't make sense from a business perspective either, because that is the market where most people are trading. I am certain that would be reflected by you as well.

I want to talk about jobs. I want to talk about the potential 58,000 jobs lost. I would like to ask my colleague Mr. Dhaliwal to please submit the brief he was referring to, because I haven't heard of it either. I'd ask him to please submit that brief to the committee so that we can study it, because the only study that has labour included—our own impact assessment does not include labour—shows 58,000 jobs lost.

I want to ask you, as a representative of 65,000 members, what would the impact be? Can you also give us a snapshot of your current situation around jobs, the unemployment, and inequality that you are experiencing?

**Ms. Mary Shortall:** In our recent budget, the government predicted, just based on its own budgetary decisions, that the unemployment rate in this province is going to rise to almost 20% within the next five years, that the labour market is going to be reduced to the same numbers that it was in the year 2000, and that economic growth will slow down, obviously, because of that. We are already seeing signs of that. We are already seeing the closure of some manufacturing places. Scotsburn dairy just closed down last week, throwing 300 people out of work.

That's happening anyway. Obviously, in a resource-based economy, the price of oil and the decisions the government makes are having an impact on that. When you throw in what can happen....

We already, as a nation, export a lot of raw materials. When we talk about diversification, we are talking about how to change that. How do we export things that are already finished, value-added? That will be restricted under the ISDS. Anything that has local procurement or, from our point of view, anything that will make it a little easier to employ Newfoundlanders and Labradorians will be challenged and has been challenged already under previous trade agreements.

Besides the actual loss of employment that we see predicted from this, the other thing is the downward pressure on wages from things like an influx of temporary workers or skilled workers from the countries that signed the TPP. Although they talk about labour standards, there is nothing written in the TPP that's going to ensure that those labour standards ensure a good quality of life: there are no minimums there, and there is no enforcement, or the enforcements that are mentioned are very weak. Those things in the trade agreement are real signals for us that it is not going to benefit workers in this province.

**Ms. Tracey Ramsey:** I think workers across Canada have struggled to compete with the low wages in Mexico, and now we'll be forced to compete with low wages, like 11¢ per hour, in Malaysia, a market that we won't be able to have any type of labour competition with, unfortunately.

Ms. Reid, I wanted to give you the opportunity to finish your thoughts. I know you were cut off a bit there. I think it's been well documented that there are real conversations around whether to continue to pursue these trade agreements that end up hurting our country.

**Ms. Marilyn Reid:** Just to respond to some of the arguments that were posed here, the whole idea of comparative advantage has really been quite nonsensical. When it was first put forth 200 years ago, or 150 years ago, it was comparing the British exporting wool and importing grapes. It was that simple.

We don't have comparative advantage. A computer manufacturer will use the value-added chain to have the computer parts made in six different parts of the world. One of those, or two of them, are always tax havens so they can avoid paying taxes. There is no comparative advantage to international trade. I think we have to start looking at that.

The other thing you want to be aware of—

● (0845)

**The Chair:** Sorry, you're going to have to finish.

**Ms. Marilyn Reid:** —yes, I will—is that the UNCTAD study reported that Canada would suffer a 26% loss in value-added exports if we went into the TPP: wow. I'm passionate about democracy, but economically I think it's horrible. I think we need to start looking at that.

**The Chair:** Thank you.

I would remind the MPs to try not to punt a question when you're getting close to the end of your five minutes, because I am given the hard task of cutting off the witnesses; it's my job. If you can get your questions in early, and if you only have a half a minute or so left, ask your witness to give a short answer. I don't like cutting off witnesses, especially when they have something good to say and we're not getting their whole thought.

We're going to move over to the Liberals now and Madame Lapointe.

Go ahead, please, for five minutes.

[Translation]

**Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.):** Thank you, Mr. Chair.

Good morning and welcome to the witnesses.

Mr. Haire, my question is for you and it follows up on your comments.

You said that Canada was not doing much to help businesses before and after free trade agreements were signed. It seems to me that this is what I understood. What suggestions could we make for the trans-Pacific partnership to help small and medium-sized businesses? What would you like to see in the free trade agreements?

[English]

**Mr. David Haire:** I would look certainly at the education for small to medium-sized countries in regard to export readiness, getting ready to go into new markets, understanding upfront homework on where they're going, and what kinds of challenges they'll have in those countries.

[Translation]

**Ms. Linda Lapointe:** Do you think that small and medium-sized businesses are familiar with the free trade agreements and that they are ready to take advantage of the markets available to them?

[English]

**Mr. David Haire:** I would say that a lot of them are unaware of the.... In Newfoundland, I'd say there are small companies that start out with the intent to export right from the get-go, and they probably know exactly what markets they're going to enter into. I'd say there are a lot of small to medium-size companies in Newfoundland that are only interested in export diversion. They don't exist to export.

● (0850)

[Translation]

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

I have a question for Mr. Whelan.

Earlier, you talked about modernizing the technology. Not many of the witnesses who appeared before our committee talked about e-commerce and the ways technology could help businesses.

From Newfoundland and Labrador's perspective, are there measures that would help businesses with technology that may have been forgotten in the agreement and could foster free trade?

[English]

**Mr. Des Whelan:** My understanding is that these new agreements will modernize the way that business happens. I'll give the example of the technology sector in Newfoundland and Labrador. I was involved in the sector 10 years ago. It was a \$30-million sector. Right now it's over \$100 million of business, and the majority of that has been achieved through international trade.

They're expecting the sector to double in the next 10 years. I would say that based on that and the work I do.... I'm a training company and I do business with small tech companies. We're hearing from them that in the analysis they've done of TPP, along with the work that the St. John's Board of Trade has done, it's going to create opportunities. That makes it a good thing, from our perspective, for our small companies.

[Translation]

**Ms. Linda Lapointe:** Which kinds of businesses do you think would see an increase in sales because of technology? Will this help other existing businesses? What are you seeing?

[English]

**Mr. Des Whelan:** It will. As Mr. Haire said, I think the fishing industry is probably the one that's primed the most. Our organization is very broad. We're seeing opportunities for technology companies. We're seeing opportunity for new media companies.

It's going to depend on readiness, as Mr. Haire said. With our organization, we work on that. I guess I could answer one of your questions about how small companies get ready. They should join the St. John's Board of Trade. We would help them to get ready.

[Translation]

**Ms. Linda Lapointe:** That's a good observation.

I have a question for Ms. Shortall and Mr. Murray.

You talked about chapter 19 and the minimum labour standards that should be in the agreement. What would you like us to add to that end?

[English]

**Mr. Kerry Murray (Director, Economic and Social Policy, Newfoundland and Labrador Federation of Labour):** When it comes to the protection of working people, I think this agreement and agreements that have come before, which have been the foundation of international trade, have been more weighted in the protection of the interests of the corporation and not of the working people. It compromises, as a country, our sovereign right to enforce our legislation and laws that protect workers and working people.

The investor protection pieces in these agreements are weighted to the corporation. If there's a violation of any form of labour standard, it has to happen over a sustained period of time, more than once. It has to negatively impact trade or the bottom line of the corporation before any remedial action can happen. If a corporation is thought to have its ability to earn a profit infringed on, they can use the investment protection mechanism for one instance for remediation. We've seen first-hand here how skewed that framework is.

When we spoke about R and D, we had ExxonMobil that was... We have an agreement here called the Atlantic Accord, which governs local benefits. Companies that extract resources here have to invest in R and D in the local economy. That's economic development, training for workers, innovation. Under the investor-state protection mechanism, Exxon made a complaint. The decision was in their favour, and they were awarded \$17.5 million. We all know that ExxonMobil is one of the biggest oil companies in the world, and a lot bigger than the Newfoundland and Labrador economy. That just—

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

We're going to move over to Ms. Ludwig for five minutes.

**Ms. Karen Ludwig (New Brunswick Southwest, Lib.):** Good morning, and thank you all very much. Thank you for your presentations. They were quite interesting and very thought-provoking.

I'm going to try to get my questions out quickly, but I will give you a bit of my background. I have an international trade designation that I earned in the late nineties. That probably puts me in a different viewpoint in terms of trade, but in terms of trade education, I taught trade education for almost 20 years. There has never been a time when I have not oriented students and businesses toward focusing on corporate social responsibility. I think that's critical.

On that, my first question is for you, Mr. Whelan. You said that in terms of getting prepared for trade and looking at opportunities, certainly joining a board of trade or working with the Canadian Manufacturers & Exporters is really critical. What I've talked about with my colleagues and with other witnesses is that so often businesses don't know what they don't know, so they're not exporting in their second or third years.

At the St. John's Board of Trade, do you work with your businesses to focus on some element of corporate social responsibility, whether domestic or international?

• (0855)

**Mr. Des Whelan:** We do. One of the things the chamber of commerce movement tries to achieve is full education. I'll just give you an example. We had a meeting with members and other organizations yesterday, and we started the whole day with a conversation about corporate social responsibility. This is a small town we live in. We have to live both socially and economically. We believe very, very strongly in social responsibility.

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

For about seven years I worked back and forth with Cuba, not only on trade education but also on social development, and teaching with the University of Cienfuegos. Certainly I've seen first-hand, where countries are not heavily involved with trade, particularly with the restrictions with the United States, the devastating effects it can have.

We are a country of 33 million people. If we only traded interprovincially from coast to coast to coast, where would that leave us, currently and looking to the future, in terms of trying to provincially cover costs of education and health care? Can we sustain ourselves from within with very limited trade and export—and also import?

This is for anyone, because we also have to look at the importing side.

**Mr. Des Whelan:** I look at it from the Newfoundland and Labrador perspective. We have some of the worst demographics in this country. We're challenged every day with how to grow an economy at a time when we have an aging population, a population that's declining, and only half a million people. There have been some studies that show that a city is only self-sustaining when it's at a half a million, so we're really a big city that's spread across a very large geography.

Trade becomes the most important component of what we do. International trade is critical to us. As I said, at our organization, we focused in on our version of diversification for Newfoundland and Labrador. We have to bring new money into the economy; we have to bring new people into the economy; and the only way to do that is to look externally. We will perish if we do not get outside our borders and bring new business to our companies and to our community.

**Ms. Karen Ludwig:** Looking at Newfoundland and Labrador, for example, and your small business numbers, 98% of your businesses are small. That's less than 100. In terms of micro-businesses such as yours, Mr. Whelan, which is from one to four, that's about 54% of Canadian businesses. When we look at who's presented before this committee, we've often heard the comment that it's only large corporations that will benefit. Please keep in mind that associations will represent so many small businesses, businesses of less than four, less than ten.

We have a manufacturing business of less than 20. My husband and his business partner would not have time to come out and present to a committee, although they do go to a board of trade or a chamber of commerce to represent them. Small businesses are being represented. Keep in mind that 98% of businesses in Canada are small—they're not large—and there are benefits; there are pros and cons.

**Mr. Des Whelan:** Our membership is 72% small business. As I said, we count that as 50 and under. I represent a company of three. I'm here making a presentation and my business partners are back in the office trying to get the job done.

This is critical. As I said, I value the points of the co-panellists we have here. The work they do is important, but the group that I represent sees this as a way forward, and we intend to use it as it gets ratified.

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

We're going to move on to the last MP on this panel, Mr. Van Kesteren, for five minutes.

Go ahead, sir.

**Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC):** Thank you, Chair.

Thank you all for coming and thank you for this invitation. This is a wonderful place to be. Every time I come here I feel so welcome.

I appreciated the questions by Ms. Ludwig. I was going to go along the same directions, but I'm going to take a bit of a twist.

When I was first elected, the United States represented 28% of the total world GDP. Think about that: 5% of the population and 28% of the GDP. Now, they have slipped significantly. I think the last figures are somewhere around 20% or 21%, or something like that. Nevertheless, we live next door to the largest market in the entire world. We are the luckiest people on planet earth. Quite frankly, I'd rather be here. Once I listened to some South Koreans complaining about the United States; I said I'd rather live here than next door to Red China.

At any rate, the Americans, interestingly enough...because we've heard quite a discord, actually, about whether or not we should go

forward or even scrap these things. The Americans are in a heated debate, at this present time, on scrapping free trade, scrapping NAFTA. TPP is not even being discussed, or at least the Democratic Party doesn't have the nerve to discuss it because there's such an appetite to scrap this.

I'm going to use a different line. I'm going to ask every one of you: what do you think the effect to the Canadian economy will be if the Americans take the approach that we need to scrap or stop having free trade agreements?

I'll start with you, Ms. Reid, and then we'll go to Mr. Haire and across.

• (0900)

**Ms. Marilyn Reid:** I think if the Americans scrap NAFTA, we're going to, in some ways, have problems particularly with the auto sector if they go into the TPP or elsewhere. Frankly, I'm for trade. I think if we can have trade without these trade agreements that impose all these restrictions on us, we're going to do just fine. We really are. We're going to have to start working on our small businesses. I think everybody here feels that way. We have to give opportunities to small businesses.

So if NAFTA goes, it's going to be quite a challenge for us to get into the American market, but there are global markets. Let's not forget that at the moment we are primarily an exporter of primary resources—

**Mr. Dave Van Kesteren:** I only have five minutes, and I want to invite others to answer. But thank you: you think we'll do fine. Okay.

Mr. Haire.

**Mr. David Haire:** I can't see it being scrapped, just because of the natural resources we have.

**Mr. Dave Van Kesteren:** It's a hypothetical question. What would happen to the Canadian economy if they scrapped NAFTA and walked away from free trade agreements? It's really simple, actually. It's either going to be good or bad. What do you think?

**Mr. David Haire:** I'd say it would be bad.

**Ms. Mary Shortall:** I have to go where Ms. Reid went on the argument. Obviously, there is an issue if trade agreements stopped altogether. Our issue and our objections to the trade agreements aren't that they're trade agreements; it's the other conditions that are put in. I guess we'd be left to have to try to negotiate a trade agreement with—

**Mr. Dave Van Kesteren:** Good or bad: what do you think would happen to the auto industry?

**Ms. Mary Shortall:** For the auto industry, it would be bad.

**Mr. Dave Van Kesteren:** It would be pretty bad, yes.

Mr. Murray.

**Mr. Kerry Murray:** We've been trading forever, so the problem is not trade. It's the trade agreement, the way we do it.

**Mr. Dave Van Kesteren:** So you're saying trade agreements...?

**Mr. Kerry Murray:** I think there will be bad and good. That's a big question. Certain sectors would suffer, but it would give us a chance to revisit and restore balance to how we trade with our partners.

**Mr. Dave Van Kesteren:** Mr. Whelan.

**Mr. Des Whelan:** Let me give you this example. I was on the phone this very week with a company from England, the U.K., about doing business together. We got into a conversation about Brexit. It's going to make it more difficult for me to provide a service that isn't locally available to my customers that is available through this U.K. company, because of Brexit.

Without agreements, we actually place restrictions on ourselves to international trade. When we have agreements we have a basis to go forward.

To answer your question, it would be terrible. I think at times of great economic distress we would fear that a country like the United States would become insular, and that's exactly what's being pointed to. They're our biggest trade partners, so if they become insular, we're going to lose business opportunities. We're going to need TPP, CETA, and a new agreement with the U.K. directly to counter the challenges of Brexit.

• (0905)

**The Chair:** Thank you.

That wraps up our time. We're finishing this panel right on time. I appreciate everybody keeping to the schedule. It's a little more difficult to get everybody's point of view when you have so many panellists. I appreciate your coming here and giving your briefs and having a dialogue with the MPs.

Anything you feel you couldn't convey here today, or if you feel you need to add to your submissions, please send them to the clerk.

The things you've said today in the dialogue with the MPs will be put into our final report. Thank you for coming.

We'll break for five to ten minutes and then start on the next panel.

• (0905)

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

• (0920)

**The Chair:** I would ask all the MPs to take their seats, please.

Welcome, panellists, to our House of Commons international trade committee. I don't know if you heard our earlier remarks, but we are a very busy committee. This year we are dealing with the European agreement being tidied up. We have many issues dealing with the United States—softwood lumber and agriculture products. We have some issues there with them now.

One of the biggest things we're taking on this year is the TPP and how it will impact Canadians, the opportunities and challenges that we face in this agreement. It's a huge agreement. There are 12 countries, 40% of the world's GDP. We're talking about 800 million consumers. One way or another, this agreement will affect all Canadians in various ways.

We've been on the road quite a bit, and in Ottawa, receiving briefings. We had over 125 briefings and heard almost 300

witnesses. We've done pretty well eight provinces. We're here now, and we're going to Nova Scotia tomorrow, and we've had video conferences with the territories.

We're one of the first committees in the House of Commons to open up quite a bit to the public. We've been getting emails. We're at over 20,000, and we're still getting them in. We also do an open-mike session at the end, where the audience can have some input.

We're very proud of our committee and we're getting a lot of input. We're learning a lot, too, about what's in the agreement and the details of how it affects Canadians.

We will be finishing up our consultation process at the end of October, then we'll put a report together for the House of Commons, then let the members of Parliament decide where we go from here.

Without further ado, I welcome the panellists here today. What I'd like to do over the next hour is make sure that you guys get your input in and have a dialogue with each of the MPs here, so if you can keep your briefings to five minutes or under, it would be appreciated.

We'll start here with the Social Justice Cooperative of Newfoundland and Labrador. We also have the Association of Seafood Producers and Ocean Choice.

Bill Hynd, go ahead.

**Mr. Bill Hynd (Co-Chair, Social Justice Cooperative of Newfoundland and Labrador):** First, let me thank the committee for allowing the Social Justice Cooperative to present.

The Trans-Pacific Partnership is being sold as another free trade agreement that will expand trade opportunities and thereby help economies grow. If only.

The trickle-down impact, we are told, will lead to increased economic activity and more jobs for everyone. If reducing tariffs and increasing trade was the start and end of this agreement, I am sure the opposition to the TPP would be much more muted. However, any serious cost-benefit analysis of the TPP will tell you that social, environmental, and political costs are simply too great, and the economic benefits limited.

At its core, TPP is less about increasing trade and more about securing corporate investor rights. That is why there is such strong opposition from people like Joe Stiglitz, Nobel Prize-winning economist. In a recent CBC interview, Mr. Stiglitz called the TPP the worst trade deal ever, and he called on Canada to demand renegotiation. The problem is that renegotiation is not part of the equation or on the table as a possibility. Stiglitz has also co-signed a letter with 200 of the U.S.A.'s leading law and economic professors, and gone to the U.S. Congress opposing the inclusion of investor-state dispute settlement, ISDS. These scholars are firmly opposed to the inclusion of such a regime because it creates a parallel legal system granting multinational corporations undue power.

A few weeks ago, Prime Minister Trudeau hosted a Global Fund replenishment conference to fight AIDS, tuberculosis, and malaria. The Prime Minister's website explains the Global Fund this way:

By uniting around a common vision of a better and healthier future, the international community can fight diseases more effectively, and tackle the associated issues—including poverty, lack of access to education, and social and political inequality—which disproportionately impact women, girls, and young people.

Our Prime Minister should be congratulated for his vigorous support of this worthy effort. However, his concern for the Global Fund does not square with the government's support for the TPP. Doctors Without Borders, one of the most prestigious medical humanitarian organizations in the world, has called TPP one of the worst trade pacts for restricting access to affordable life-saving medicines for millions of the world's poorest people. Doctors Without Borders depends on accessing generics to treat people with HIV, TB, malaria, and other infectious diseases. The new intellectual property rules will see them lengthened and strengthened, and they'll allow for new patent and data protections for pharmaceuticals. This will only lead to higher prices and could affect thousands or millions of desperate people who need access to generics.

It's our view that public health needs should trump commercial greed.

Bringing it back to Canada, Canada is the only developed country with a universal health care system that does not provide national coverage of prescription drugs. Canada has the second-highest per capita drug costs in the world. There are simply too many personal stories of sick people who have had to forgo their prescriptions simply because they could not afford them. For far too many, the choice is food or medicine.

Canada needs an affordable pharmacare program that makes available selected medicines at little or no direct cost to patients in need. Canada should not be supporting any deal that will force extended intellectual property provisions, including patent and data protection, which, for the general populace, will mean higher drug costs. Research by the Canadian Centre for Policy Alternatives has estimated that Canada could add \$636 million annually to the price of drugs in Canada, and Canada should not be signing any deal that ratchets up the ISDS, that allows pharmaceutical companies to bypass Canadian courts and take their case to a non-judicial arbitration process. How can it be that government has no right to bring a claim against a foreign investor, yet foreign investors are granted the power to sue sovereign nations?

● (0925)

**The Chair:** Sir, you've just got half a minute. Would you like to wrap it up with some final comments?

**Mr. Bill Hynd:** Sure.

With this ISDS, we're seeing Eli Lilly sue Canada for \$500 million. We're seeing, right now, a Canadian corporation trying to sue the U.S. government, that's trying to take action on climate change, for \$15 billion.

We're just saying that, if you sign on to these things, this is the road we're going down, more of this behaviour. If we can sign a UN climate change pact in a transparent way, then maybe it's time that we renegotiated a trade deal that was more transparent, that supported people, and advanced the Universal Declaration of Human Rights, which was initially drafted by a Canadian. That's the core.

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

We're going to move on to Ocean Choice.

Go ahead, Mr. Sullivan. You have the floor.

**Mr. Martin Sullivan (Chief Executive Officer, Ocean Choice International L.P.):** Good morning. My name is Martin Sullivan. I'm the CEO of Ocean Choice International. Thanks for the invitation to appear before the committee and share our thoughts on the TPP.

First of all, I'd like to give you a little overview of our company, and then I'll give you our perspective on the TPP.

OCI, as we're commonly known, is a family-owned company based here in Newfoundland with operations in the Maritimes as well. We employ about 1,700 people on an annual basis, with most of them in Newfoundland, and others in the Maritimes and in sales offices around the world. We also buy fish from over 1,400 fishers here in the province. The total payroll for both fishers and employees is about \$130 million per year. We operate six processing facilities and six offshore vessels in Atlantic Canada.

In our global sales and marketing network, we sell about 80 million pounds of seafood, and that's 20 different species, to more than 400 customers in over 30 countries. We have sales offices in six countries. We've invested heavily to try to maximize the value of all the products we sell.

Our annual sales are about \$280 million Canadian, with about one third each to North America, Europe, and Asia. We are strong proponents of sustainable science-based fisheries and we engage regularly with DFO with respect to science and research on many species. About 90% of our seafood is either certified by the Marine Stewardship Council or is in the process of being certified.

With respect to the Trans-Pacific Partnership, we believe opening up trade opportunities like this for our industry is extremely important, as our industry relies on trade for its existence. We believe trade agreements like this are an important factor in increasing the size of the economic pie and will lead to increased returns for all participants. Too often we engage in battles over sharing a smaller economic pie rather than trying to work together to increase the economic pie so that all participants can experience a better return.

As you know, the TPP is a major trade initiative involving 12 countries, including seven new free trade agreement partner countries, with a combined market of nearly 800 million people and a GDP of almost \$29 trillion. The biggest incremental opportunity for us is in the Asia-Pacific region. Our company currently sells in six of the 12 countries in the TPP, and we see many opportunities to increase sales in those six countries and expand to many of the others.

We have seen from past trade agreements the tremendous opportunities and extra value that resulted after implementation. The lower tariffs will lead to increased opportunities and make the Canadian seafood sector much more competitive in the international marketplace. This is especially true when you look at competitors in countries such as China, Russia, South Korea, and Thailand, which are not part of the TPP.

In this particular agreement we will see tariff reductions on many species that are important to Newfoundland and Labrador and the rest of Atlantic Canada. This includes snow crab sold to Japan. We'll see the elimination of the 4% tariff come into force immediately upon entry. There will be an elimination of the 5.3% duty on shrimp and processed shrimp into Japan immediately, which will provide more opportunities for our cooked and peeled shrimp sector. There will be a reduction or an elimination of tariffs on lobster in several of the TPP countries. The 15% tariff on scallops to Japan will be eliminated over 10 years, and on frozen fillets tariffs it will either be reduced or eliminated.

For a country like Malaysia, all tariffs will be eliminated immediately, which will open a lot of new opportunities for our seafood.

There are many other examples too numerous to outline in detail here. We will also have strong provisions on non-tariff measures, which are important with respect to dispute settlement provisions.

As an industry, we've experienced the benefits that trade liberalization can provide and the huge impact it has on the incomes in our sector. This is particularly true in rural areas, which is where most of our employees and fishers who supply us live. When you combine the reduced tariff access, as well as the resulting new market opportunities in these countries for many new product forms, there are many examples where it has led to increased prosperity for our people and communities. For example, on snow crab, which is important to Newfoundland and certainly to the other maritime provinces as well, we have seen the expansion to Asia, and particularly to Japan in addition to the traditional U.S. market, resulting in significant price increases to fishers, this year, in the range of \$3 a pound. I can remember when we were paying 35¢ a pound in the 1990s before we had some of these trade agreements in place. This has meant significantly more money in the economy of

rural Atlantic Canada, and on other species we have seen similar results.

• (0930)

As we expand tariff-free access, we open up whole new markets to buy various product forms that add significant value to our industry and result in a larger economic pie shared by all participants. For example, we may get the best value from fillets in the U.S. market, raw crab sections and parts in Japan, whole fish in China, raw scallops in Australia, and headed and gutted fish in southern Europe. Each market has its own unique culture and tradition of eating fish in different ways than we're used to. As we expand our free trade agreements to more countries, we bring back significant value to Canada. We believe this has a very positive impact on incomes for people in the industry, and greatly enhances the communities in which they live.

In conclusion, we strongly support the TPP, we strongly support lower tariffs and better market access, and we encourage Canada to finalize and implement this very import trade agreement.

Thank you.

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

We're going to move on now to the Council of Canadians.

Mr. Kavanagh, go ahead, sir.

**Mr. Ken Kavanagh (Chair, St. John's Chapter, Council of Canadians):** Thank you, Chair.

Let me first of all thank the Standing Committee on International Trade for the opportunity to make these few brief remarks with respect to the Trans-Pacific Partnership.

In case there is any doubt, let me say unequivocally and with the strongest conviction, right from the start, that I do not support the TPP.

On September 16, 2016, I did submit a written submission on behalf of the St. John's chapter of the Council of Canadians. I'm here today to express the concerns of my chapter on this controversial trade deal. While I represent a local chapter of the Council of Canadians and the council in general, I wish to state that I am not simply and blindly regurgitating the official position of a much-respected and widely supported, citizen-led organization. The council did not come to us. I and my chapter or colleagues came to the council, because it represented our values and views on a number of critical issues, including trade. The views expressed here today on the TPP are not just the views of the council; they are my views and those of my chapter compatriots.

The Council of Canadians was founded in 1985 to bring Canadians together to act for social, economic, and environmental justice here and abroad. We are Canada's leading social action organization, mobilizing some 100,000 Canadians and a network of 60-plus chapters across the country. Through our campaigns we advocate for clean water, fair trade, green energy, public health care, and a vibrant democracy. We educate and empower people to hold our governments and corporations to account.

Let me be very clear: the Council of Canadians, contrary to the stated opinion of some political and corporate leaders, is not anti-trade. We are for fair trade. We support trade deals that respect the rights of people, labour, and the environment and that reduce inequality between and among nations.

An early definition of "trade" was the act or process of buying, selling, or exchanging commodities within or between countries. Modern-day trade deals are no longer just about the exchange of goods and services between countries or about the reduction of tariffs. No, modern-day free trade agreements have morphed into a comprehensive and complex bill of rights for huge and powerful multinational corporations that desire to enshrine and protect their right to maximize profits at the expense of the rights of people and the environment.

Perhaps the most offensive and insidious aspect of FTAs is their investor-state provisions or investor-state dispute settlement mechanisms. As a Newfoundlander and Labradorian, I am quite familiar with investor-state provisions as a result of chapter 11 of NAFTA.

In 2011 Stephen Harper paid a record \$130 million to AbitibiBowater to avoid a chapter 11 challenge. In 2012 ExxonMobil won its challenge to premier Danny Williams' insistence that it spend a few paltry million dollars on R and D.

Under NAFTA, Canada has twice as many claims against it, 34, compared with the U.S. and Mexico. Canadian investors have zero successful claims, while we have paid out nearly \$180 million. There is some \$2.5 billion in eight outstanding claims, including a \$500-million challenge by Eli Lilly.

Investor-states are an infringement on the right of nation-states to enact laws, policies, and programs that are in the best interest of citizens. The underlying premise in such laws, policies, and programs interferes with a corporate entity's right to make profit. Fundamentally, the concept of investor-state provisions is an affront to democracy and an assault on the sovereignty of a nation.

A further affront to the oft-promised open transparency and accountability of our democracy is the ultra-secretive manner in which the TPP and other trade agreements have been negotiated. Canada first engaged in discussions on this mammoth deal in October 2012. Then, for years the Harper government continued negotiations in absolute secrecy. That's a far cry from what happened in New Zealand, which held a series of stakeholder sessions with the country's chief negotiator to keep business groups and the public informed. There are many other issues with the TPP that others have dealt with, all of which are of concern to ordinary Canadians.

Most Canadians are very busy earning a living and living a life. The matter of an international trade deal may not seem important or

top of mind most days. But the more they learn about TPP, the more they oppose the deal. Interestingly, citizen opposition to the deal is growing steadily on both sides of the political spectrum. Both Bernie Sanders and Donald Trump attracted millions of supporters because of their respective positions on trade deals in general, and the TPP in particular. Clearly, citizens are waking up to the false promise of these new generation trade deals. It is also very interesting that both U.S. presidential candidates oppose the TPP.

● (0935)

With all due respect to committee members here, I can't help but wonder if this whole process of conducting these cross-country hearings is nothing more than a charade by the Trudeau government in the hope that the U.S. will scuttle the deal in due course anyway. There is some irony in the fact that I find myself depending on the U.S. government to save Canadians from a trade deal that is not in their best interest.

Thank you, Chair.

**The Chair:** Thank you, Mr. Kavanagh, and thanks for being on time.

We're going to move to our last panellist, Mr. Butler from the Association of Seafood Producers.

From what we're hearing today, you guys are big seafood producers in this province. It's been your mainstay for hundreds of years, and it looks like it's going to be for a while to come.

Welcome. You've got the floor. Go ahead, sir.

**Mr. Derek Butler (Executive Director, Association of Seafood Producers):** Good morning.

Welcome to our province, and thank you for the invitation to appear before the committee to share our position regarding the Trans-Pacific Partnership trade deal, or TPP.

Let me first make some quick remarks regarding the association—who we are, what we do—and then provide some additional brief remarks with respect to the TPP.

In short, we're an industry trade association and we represent seafood producers, both small and large, in the province of Newfoundland and Labrador. Our membership includes mostly family-owned companies and some harvester-owned as well.

ASP's members produce the vast majority of the province's seafood by value and by volume, ranging from 90% of the province's inshore shrimp production and 80% plus of the snow crab—those two represent most of the value in the industry—and a large majority of pelagics, such as capelin, mackerel, herring, and varying percentages of groundfish. ASP is also the client for several fisheries holding the Marine Stewardship Council, or MSC, label, a third-party, independent, eco-certification. We certified the first fishery in Canada, the first on the eastern seaboard of the continent, and the largest cold-water shrimp fishery in the world.

Achieving MSC certification is an important element in maintaining market access. I call it the democracy of the marketplace, assuring consumers who want to buy from sustainable fisheries that the fish from Newfoundland and Labrador are sustainable. We now hold four certificates for shrimp in the Maritimes and Newfoundland and Labrador, as well as snow crab in the province. I raise it here because I think it is a trade issue and is of interest to you.

I've appeared more often before trade committees of the House than I have before fisheries committees. I like that, because we are a trading industry. It is 80% to 90% of all Newfoundland and Labrador production that is exported. It's a considerable figure.

Since ASP's founding in 2004, a rough estimate would place our industry exports at \$10 billion. That is a significant contribution to our economy, to the region, through transportation linkages, and to the country as a whole. While some are quick to say that we lost the fishery in the 1990s, which we did with the moratorium, and while it is true that the fishery's overall contribution to provincial GDP has declined in relation to the overall growth in the economy, the value of the fishery has more than doubled from what it was in the groundfish days with the rise of shellfish. It remains the largest private sector employer in the province. Just last year, I'm pleased to say, it reached its highest ever historical production value, of \$1.2 billion.

As a trading industry—this is the reason we're here today—we support the Trans-Pacific Partnership. This trade agreement, with reduced tariffs, can mean more exports to the participating countries. There's room to grow. The issue is not just what is sold now, but what that could be in the future.

As I said in a press release when the deal was announced, we're an export industry, pure and simple. Eliminating tariffs and ensuring fair market access is imperative for us. While we're pleased to sell in our home province and across the country, the reality is that 80% to 90% of Newfoundland and Labrador's seafood will be sold in international markets. Thus it ever was and ever shall be. That was the reason we were settled in the first place. Cod, in our case, was a proxy for the European stock market. It's quite amazing.

We have hundreds of years of experience in exporting, and that will always be the case. While other business sectors might be engaging consultants or attending seminars in light of the TPP or CETA or the South Korea deal, figuring out how to enter those markets, Newfoundland seafood producers, like Martin, are doing what we've always done: selling internationally, exporting the world over.

Very importantly in this instance, the countries in TPP represent a significant and growing proportion of the world's key markets for seafood, both established and new markets. As you will know, the tariffs on seafood in the countries represented in the TPP have been quite high, in some instances as high as 34%.

● (0940)

If you think about any business and what margins might be required to make that business sustainable, and then think about those kinds of tariff rates, well, essentially we're prevented from selling and we prevent consumers from accessing quality fish. These kinds of tariffs thwart market access. They limit where we can sell.

Another point I made in May, when I testified before this committee via telephone, is worth repeating. Reducing tariffs is not really only about the straight math calculation of what happens in those given markets in the TPP countries. When tariffs change in a given market, or several markets, as represented by this deal, the trade flows can be impacted in other countries outside of the TPP. It might mean additional returns from existing markets that now have new competitors, even though the trade flows might not change.

In closing, let me simply say that we support the TPP. We support reduced trade barriers. We support better market access. We think it makes everyone winners.

Again, I want to thank the committee for the invitation to appear, and I'm available for any questions you might have.

Thank you.

● (0945)

**The Chair:** Thank you.

That finishes our presentations. Before we go on, I'd like to remind everybody we operate in our two official languages, so there are translators in the back and you can wear the earphones provided. There's also coffee there. You cannot take pictures or videos here when we're in session, but in between sessions you can.

I have a quick question before we go to the MPs, and I guess it's to you two gentlemen here, on that certification process. I'm from Cape Breton and I know our fishers there are into it.

First, how much of the wild seafood in the world is under certification now, what percentage? I'm thinking of a company like Red Lobster in the United States. Do they put that on their menu? Do they look for it? Is it a big deal with our buyers, like Japan, the United States and Europe? Is that certification something that's really taking off and they're looking for it? What's your scope on that?

**Mr. Derek Butler:** On the first question, I think the figure is just over 10% in the MSC program. There are some other competitor labels as well. I could send the committee some information afterwards, just to be sure, but I think it's around 10%, and increasingly more fisheries under assessment.

**The Chair:** Canada has taken the lead on that.

**Mr. Derek Butler:** Internationally, Canada is one of the leaders in this, absolutely. As I think Martin mentioned, most of your seafood is under MSC labels.

On the Red Lobster piece, Martin can speak to it more specifically. It is increasingly prevalent in the marketplace, both in the restaurant trade, food service, and particularly in retail. We see it here in our stores, even, for products from other jurisdictions. The MSC label is well known.

It varies by country, obviously. There are jurisdictions like the U. K. where for cold-water shrimp it was an absolute imperative. There are places where it's growing in importance, including in China.

**Mr. Martin Sullivan:** I'd just add that most customers now demand third-party accreditation of the fisheries. We think that's good for our industry, because it's another check to make sure that things are being managed properly. You'll see at the retail level the blue check mark, which is the MSC logo. In our case, in the U.S. market, we have product in over 3,000 supermarkets now, snow crab and other things, and throughout the world, actually. It particularly started in the U.K., in western Europe, spread in North America, and now we're seeing it has growing importance in Asia as well. It is important, and we think it will continue to grow.

**The Chair:** It's only for wild species, though. That certification doesn't go for farm-raised fish, does it?

**Mr. Martin Sullivan:** There's a sister organization called the Aquaculture Stewardship Council that would cover farm-raised fish.

**The Chair:** Mr. Butler.

**Mr. Derek Butler:** This is simply a historical note that might be of interest to the committee. The MSC label, the world's most pre-eminent label for eco-certification, was actually developed on the back of the groundfish moratorium. It was when Unilever and the WWF and other organizations asked: is there a mechanism by which we can bring market forces to bear, the rights of consumers to demand sustainable fish, that will force fisheries to change behaviours in terms of bottom impacts, ecosystem impacts, management regimes?

It actually was developed on the back of the groundfish collapse in Atlantic Canada.

**The Chair:** That's very interesting. Thank you very much.

We'll go to the MPs now, and start off with the Conservatives for five minutes.

Mr. Van Kesteren, you have the floor.

**Mr. Dave Van Kesteren:** Thanks, Chair.

I don't know, that's exactly what I was going to ask, so maybe I'll pass.

**The Chair:** Sorry about that. Now you've got more time.

**Mr. Dave Van Kesteren:** No, let's keep going on that, because this really is important.

In essence, what you're telling this committee is that this certification is one major important step to not ever have happen again what happened, say, to our cod industry. Is it correct when I say that?

**Mr. Martin Sullivan:** Absolutely.

**Mr. Dave Van Kesteren:** You mentioned that it started in Europe and now it's spread to Canada. Is there momentum for that, because I'm sure—well, I would hope—that we continue in that vein? But there are areas of the world where there is overfishing. Does this put pressure on them to...?

It does. Can you maybe elaborate on that? Would a trade agreement force them to adopt those policies as well?

**Mr. Martin Sullivan:** Yes, I think what we've seen is the customers now demand you have third-party accreditation. It's almost like a market access issue. As we expand to new areas with trade agreements and opportunities for our products, people require certain basic parameters under which you operate. One of them increasingly is having a third-party accreditation of their fishery, like the Marine Stewardship Council.

We're seeing in Japan, for example, the usage is much lower than in North America or Europe, but the largest retailer, the Aeon Group that we deal with, is now setting targets that they have to have a certain percentage of their products MSC-certified. If we can't supply that product, then we can't sell to them. Japan, of course, is an important part of the TPP, and getting better access and more competitive access to that market will certainly create more opportunities for us.

**Mr. Dave Van Kesteren:** Go ahead, Mr. Butler.

● (0950)

**Mr. Derek Butler:** With respect to the MSC program and similar eco-certifications, it is expanding in respect of developing-world fisheries, for example, data-poor fisheries. The standard is being developed such that it can apply to fisheries throughout Africa and other jurisdictions, where we might not have the rich history of fisheries management that we have in Canada. So it is expanding, yes.

**Mr. Dave Van Kesteren:** I'm getting a little off topic, but this really is near and dear to my heart, and I think it's the same for most Canadians. What are the areas of greatest concern on the planet right now? Which areas are being overfished, and why would that be?

**Mr. Martin Sullivan:** I think the areas that don't have as much attention would be parts of Africa and southeast Asia.

**Mr. Dave Van Kesteren:** Who's doing it? It can't be the Africans. Are the Chinese and Japanese overfishing in that area?

**Mr. Martin Sullivan:** Yes, you have other countries that are coming into these areas, but increasingly it's a global marketplace. With social media, you can't run and hide. You can't engage in practices like people could at one time. There are things now like a list of restricted vessels. If you engage in illegal, unreported, or unregulated fishing, there's a blacklist. People won't buy from you, from those vessels.

There's a lot of customer-based enforcement, really, in terms of market access. If you don't comply, you can't sell your products. It's very effective.

**Mr. Dave Van Kesteren:** Mr. Butler, how many of your organizations would you call large corporations as opposed to smaller businesses, such as local fishermen and family-owned organizations?

**Mr. Derek Butler:** Most of the membership is family-owned. There's one publicly traded company that's a member of ASP through some affiliates within the province, but essentially they're all family-owned businesses. Two are harvester-owned businesses along the co-operative models, but not fully co-ops. All have invested uniquely and primarily in rural Newfoundland and Labrador. There are no fish plants on the waterfront here.

**Mr. Dave Van Kesteren:** Is Ocean Choice a multinational?

**Mr. Martin Sullivan:** Well, we're a family-owned business based in Newfoundland, but we do business all over the world. I'm not sure how you'd define that, but we're a private company.

**Mr. Derek Butler:** Martin's a man of the world.

**Mr. Martin Sullivan:** We always say that when you live on a rock in the Atlantic and you're trying to sell fish, you have to travel all over the world to do it. It's just the nature of our business. Seafood is the most traded commodity in the world.

**Mr. Dave Van Kesteren:** We've heard that these trade agreements really are instruments for multinational companies. Would either one of you be considered, or would you consider yourselves, shills for multinational corporations?

**Mr. Martin Sullivan:** Not really, no. I wouldn't consider our company a multinational corporation. We're a Canadian company that's selling fish all over the world.

**Mr. Derek Butler:** I would concur. We're the mechanism by which we transfer payments from consumers into the pockets of rural Newfoundlanders and Labradorians through the sale of fish.

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

**The Chair:** Madame Lapointe, five minutes.

[*Translation*]

**Ms. Linda Lapointe:** Thank you, Mr. Chair.

Good morning and welcome to our witnesses.

Mr. Butler, earlier you said that the market for fish had doubled. You also indicated that 80% and 90% of fish were exported to other countries. Mr. Sullivan said he was hoping that the market would expand and that Newfoundland and Labrador's share would grow.

Since the idea is basically to remove tariffs, could you tell me how this could help the market grow, in your view?

**Mr. Derek Butler:** Are you talking about kinds of fish or numbers?

**Ms. Linda Lapointe:** I am talking about numbers.

Could that double or even triple the market or would it lead to stagnation?

**Mr. Derek Butler:** That's a good question, but I will answer it in English.

● (0955)

[*English*]

**Ms. Linda Lapointe:** It's okay. I just prefer to ask in French.

**Mr. Derek Butler:** It's a good question. We haven't done the particular analysis because it's absolutely so difficult to do. You could have no change in exports or values in returns from the TPP countries, but there could be, out of the 40, 50, 60 markets we sell in, impacts from other markets.

So we might see no change in respect of snow crab exports to Japan or to the United States—both in the TPP deal and two principal markets for snow crab—but maybe now we'll introduce opportunities to sell in Australia or some other jurisdiction, which might impact on returns.

It's really difficult to do a case analysis. There are so many different scenarios on what it might mean.

[*Translation*]

**Ms. Linda Lapointe:** Mr. Sullivan, earlier you talked about jobs. My understanding is that your company has about 700 employees, including 400 fishers.

In your view, if eliminating tariffs led to expanding the market, how would this affect the job opportunities in your company?

[English]

**Mr. Martin Sullivan:** Can I respond in English?

**Ms. Linda Lapointe:** Sure.

**Mr. Martin Sullivan:** We have 1,700 employees in Atlantic Canada, and we buy from over 1,400 independent fishermen. In responding to new trade agreements and opening up new areas, we always look for new ways to increase value. When you have more places to sell your product and more opportunities, it creates more leverage for companies that are selling in the market. If we have five new countries to sell to, and we're now selling a particular species in two or three, then we can spread that around, allocate some to each, and get the price up.

That's what I've seen in our industry. As we've expanded our trade agreements, we have more opportunities. We used to sell 70% or 80% to the U.S. market in the 1980s, and we didn't have other opportunities. The North American Free Trade Agreement, together with other trade agreements Canada has negotiated, have created more legs on the stool. We now have more leverage going to market. If you're going to a single market, you're not going to get the best price. But if you're going out to several markets, then you have leverage to tell them you're not going to sell them all your product, but you'll sell them a little bit if they give you a certain price.

From what I've seen in our business, that's really what's happened with these trade agreements. It's been a real opportunity to bring greater value back to our province and the country. That value gets shared among all the participants. Trade means higher prices for the fishermen, better opportunities for companies, and increased revenues for government as a result of higher incomes. It's a win-win, as we see it, and that's really what happens, because we have a finite supply of fish.

[Translation]

**Ms. Linda Lapointe:** Earlier, you said that culture and needs vary with the places to which you are exporting your products.

Are you ready to develop other markets?

I noticed that there was a lot of talk about frozen shrimp, live products and fresh products.

In your view, what is the best prospect?

We are talking about Asia. It's not next door.

[English]

**Mr. Martin Sullivan:** This is a very good question. What we've seen with the Pacific region is that people eat fish very differently than we do. We're used to a boneless, skinless fillet or products like that. In Asia, quite commonly, people are eating the whole fish. In some countries, they want to see the eyes for the freshness. They serve it whole on a plate on something like a lazy susan.

As we've travelled, one thing we've learned is that if we want to get the maximum value from the limited resources we have, we have to be able to supply what the market wants. This is an opportunity. In Malaysia, for example, we sell a little bit of product, but there are high tariffs. We see opportunities to expand our product forms from what we're used to in North America and western Europe. We want

to expand our horizons and sell products that will bring better value back to everybody.

Thank you.

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

We're going to move on to the NDP.

Ms. Ramsay, go ahead.

**Ms. Tracey Ramsey:** I think the difficulty in this agreement isn't the six chapters you two gentlemen are speaking about that would reduce tariff and non-tariff barriers so that you would be able to export more product and employ more people here in the province, I would presume. It really is about the other chapters, the 24 of them that have nothing to do with trade.

I want to ask you, Mr. Sullivan and Mr. Butler, if you support the initiatives in the intellectual property chapters.

• (1000)

**Mr. Derek Butler:** Thank you for the question. It's obviously a complex one. It's a complex deal.

At the provincial level, we defer to the tariffs piece, which is the piece we look at in terms of selling—

**Ms. Tracey Ramsey:** But specifically the intellectual property chapter: are you familiar with that chapter in the TPP?

**Mr. Derek Butler:** I was going to address that. We would defer, in this instance, to our federal counterpart, the Fisheries Council of Canada, which is based in Ottawa. We'll attend meetings next week, for example. They keep a closer watch on all the other aspects, such as intellectual property rights, non-tariff trade barriers, and whatnot. They haven't red-flagged for us—

**Ms. Tracey Ramsey:** I'm sorry, I'm going to have to interrupt you, only because we're short on time. I wanted Mr. Sullivan to tell me if he's familiar with the intellectual property chapter.

**Mr. Martin Sullivan:** It's a similar answer to Derek's, to be honest with you.

**Ms. Tracey Ramsey:** Fair enough.

This is the chapter that is really concerning to a lot of Canadians, because this chapter contains a provision that will extend drug patents and increase the cost of drugs to Canadians. I think someone in our earlier panel spoke to exactly this type of situation, where when you see the benefits and you're looking at it sector-specifically, you're taking a narrow view of an extremely huge piece of trade legislation, at 6,000 pages. I would venture a guess that neither of you would want to support increased drug costs for Newfoundland and Labrador people.

I'm going to ask our other participants, Mr. Kavanagh and Mr. Hynd, if they can elaborate on what the impact of increased drug costs would be to the people in Newfoundland and Labrador, and if it's similar to what we've heard in other provinces where people are already struggling under the high cost of drugs.

**Mr. Ken Kavanagh:** It's a good question. I'm glad you made the point about other aspects of the trade agreement.

That would be devastating for Newfoundland and Labrador. The bulk of our budget goes to health care. We are a province with an aging population, and a province where it is difficult to deliver health services because we're so spread out geographically. If we saw further increases in drugs, that would have a devastating impact on us being able to deliver health care to our citizens.

**Mr. Bill Hynd:** I would just add that clearly there's a push. We are the only country that doesn't have a pharmacare program that does believe in public health, so again, there's a contradiction here. In one way, given that we're an aging population and given that we know the provinces are spending up to 40% of their budget on health care, we understand that any extra cost will be devastating.

We are already a province with a huge deficit, largely because of health care costs. We have to stop health care costs from increasing. To go down this road of allowing for increased patents will be troublesome. To allow pharmaceutical companies to sue us, after bypassing two Canadian courts, is another problem. There's \$500 million on the table. That's a lot of money in this province.

**Ms. Tracey Ramsey:** I think other chapters come up too. We've had a lot of open-mike sessions where we have a lot of Canadians come in. What they typically speak about are the ISDS provisions, the investor-state dispute settlement, which you've covered off, the cost of drugs, and the labour mobility chapter.

I have to ask you, Mr. Sullivan and Mr. Butler, if you're familiar with the labour mobility chapter and the implications for Canada in that.

**Mr. Derek Butler:** I would give the same answer. I appreciate the question. It's very complex, as you can appreciate. We're here to speak on behalf of the seafood industry in support of the tariff reductions.

**Mr. Martin Sullivan:** I would just add that of course we're focused on our sector and what the impacts are on our sector.

I'm sure there are others who will come before you and speak more to that. Our umbrella trade organization would deal with the general agreement.

**Ms. Tracey Ramsey:** I have to plead with you to please learn about these chapters, because it impacts the communities that you represent as well.

We heard from the Grand Manan Island fishermen's co-op when we were in New Brunswick. They said we can't only look at the bottom line and not look at fishermen and fishing communities. We have a lot of sustainability rules here in Canada that we honour. We respect both the sea and the land in order to preserve it and to continue years of fishing. ISDS provisions could threaten us. We could be sued—

**The Chair:** Excuse me, Ms. Ramsey. Your time is up.

We're going to move over to Ms. Ludwig.

You have the floor for five minutes. Go ahead.

● (1005)

**Ms. Karen Ludwig:** Good morning, and thank you all for your excellent presentations.

To Mr. Butler and Mr. Sullivan, we've heard from a number of witnesses on the ISDS provisions and the concern about the government being sued and corporations being sued. Are you concerned about being sued if the ratification goes forward with the TPP?

**Mr. Derek Butler:** I would go back to the same answer we gave previously. We don't see a concern. I could address it from my personal perspective on my position on free trade agreements and whatnot, but I think I'd rather confine my remarks formally on behalf of the association in respect to the tariff component of the deal.

I would say this: I've been around a bit, and I was around in the days of FTA and NAFTA. I'm not in the camp with Mr. Trump. I think these deals are good deals for the country. In reference to one of the previous witnesses in respect to the hydro payout, or Newfoundland being sued—Abitibi I think is the pulp and paper mill—it was a very particular issue. There was legislation passed at the provincial level expropriating assets. It reached beyond the intent of legislation and therefore set up an expropriation challenge. It was a particularly unique situation. My members haven't been sued under NAFTA or FTA, or any other deal that I know of.

**Mr. Martin Sullivan:** I would just add that, no, we don't expect to be sued under the trade agreements. One thing we've learned is that when you enter trade agreements like this, there are always trade-offs.

This is a very detailed agreement. The tariff chapters alone are hundreds of pages. I certainly haven't read all of the agreement, and I wouldn't profess to. But from what I understand, from what we've experienced with other trade agreements that Canada has done, by and large they turn out to be very positive. They create a lot of new opportunities for our companies and our people. As well, the benefits do get shared back to fishing communities and rural areas.

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

Mr. Sullivan, you mentioned that you employ 1,700 people here in Newfoundland and Labrador and that you have six international sales offices. In the event of a change regarding trade agreements—let's say, for instance, we did not ratify the Trans-Pacific Partnership but the U.S. and Japan did ratify—how might that complicate, challenge, or create opportunities here in Newfoundland and Labrador for the fisheries industry?

Perhaps you could then tie that into the high cost of drugs, because that certainly is a concern we've heard from coast to coast to coast. How will that affect it, and how can we also pay for the drug costs, even as they are right now, from a provincial level?

**Mr. Martin Sullivan:** Well, there are a few questions in there.

**Ms. Karen Ludwig:** I know.

**Mr. Martin Sullivan:** If we're not part of it and our competitor countries are, it certainly will put us at a trade disadvantage. There's no question about that. We've seen how even a small country like Iceland, which did a trade deal with China, increased their competitiveness vis-à-vis other competitor countries in the North Atlantic, as an example. Really, from our perspective, if we can have these trade agreements and provide opportunities for better incomes for people, then they can afford more.

As I said, we don't fully understand all the minutiae of the agreement, and I wouldn't profess to be an expert, but as exporters and producers here, and as employers of a lot of people, we're trying to increase the value back to the country so that people have better incomes and better lives and we can have sustainable rural communities. I mean, that's really what we're about.

**Ms. Karen Ludwig:** Okay.

To Mr. Kavanagh and Mr. Hynd, certainly we've heard across the country the concerns you've expressed, and they are of vital importance.

**The Chair:** Ms. Ludwig, you have only 45 seconds. A quick question would be appreciated.

**Ms. Karen Ludwig:** Okay.

Through the opportunity of export, is there an opportunity for us to also export our own values and share them with our trading nations, so that we also raise the level of expectations and values that we share here in Canada?

**Mr. Ken Kavanagh:** That's a difficult question to answer.

• (1010)

**Ms. Karen Ludwig:** And you have 10 seconds.

**Mr. Ken Kavanagh:** I'd say the answer is no. In fact, I'm worried about the other way around. Some of the trading partners in the TPP are doing some un-humanitarian things.

**Ms. Karen Ludwig:** Which countries would that be?

**Mr. Ken Kavanagh:** Let's look at Malaysia as an example.

**The Chair:** Mr. Hynd, did you have a quick answer?

**Mr. Bill Hynd:** I think our support for the Global Fund shows that we can show our values in supporting public health globally, but again, it doesn't square with TPP. That's my problem. Charity efforts don't square with trade.

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

Mr. Dhaliwal, go ahead, sir.

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

I'd like to carry on with regard to the ISDS provisions and give Mr. Kavanagh and Mr. Hynd the opportunity to speak.

Do you see any alternative proposals to ISDS? As well, how would you suggest balancing a member state's commitment to TPP with on the other hand making sure that the corporations won't abuse the system?

**Mr. Ken Kavanagh:** My alternative to investor-state provisions in trade deals is to remove them. We have a pretty stringent independent court system in this country. I just think there's something wrong when we allow our governments to be hamstrung by an outside investor-state process that in fact does tie their hands to implement laws and policies that are in the best interests of Canadians.

There is no grey area, sir. With all due respect, the only alternative is to remove investor-state provisions from trade deals.

**Mr. Bill Hynd:** Again, very similar to Mr. Kavanagh, I'd say look at what happened with Eli Lilly. Two Canadian courts looked at their patents and said there was no real new utility and said it should go generic. They've said, under investor-state, that you don't have to really show new utility, you have to show a "scintilla" of utility. I think the problem is, who rules, who determines? We're a sovereign nation, very sophisticated, and I think our Canadian courts should be allowed to decide if a drug should be patented or if it should be considered generic.

**Mr. Sukh Dhaliwal:** You also talked about free trade being not only for the corporations but also for the rights of labour and environment. When it comes to the TPP, do you see that balance there?

**Mr. Bill Hynd:** No, I don't see any real balance there. As I say, when I think of our commitment under Paris climate change, there's probably no more serious issue facing humankind than climate change. Yet here we have now a Canadian corporation suing the U.S. government for \$15 billion. I just think this has gotten out of hand.

Now, a company, if their profits are expropriated, should be able to claim equal value. But to all of a sudden claim for future losses of profit of \$15 billion when we're trying to advance a climate change deal that the world signed on to, then, yes, I have real problems with how we're moving forward. I just believe, like Stiglitz and many others, the investor-state dispute settlement mechanism has to go.

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

Mr. Butler and Mr. Sullivan, one issue that comes to mind is food processing. Do you have any concerns about safety when it comes to labelling food?

**Mr. Martin Sullivan:** Not really, because I think in a lot of cases the food safety requirements of customers are higher than the minimum requirements imposed by countries. Our experience is that we have third-party audits by independent organizations of our food factories and vessels, and we get levels of approval that are higher than the national standards even of Canada. That gets regulated very well in the market.

**Mr. Sukh Dhaliwal:** I'm not concerned about Canadian food; I'm concerned about the other TPP countries. Let's say a TPP country, the exporting country, says their safety is equivalent to Canada's safety. Would you be satisfied by that statement or would you like to see more when it comes to labelling?

• (1015)

**Mr. Martin Sullivan:** Of course, when product get imported into Canada, it still falls under the requirements of the Canadian Food Inspection Agency, which has very high standards. If they don't meet those standards, they can be rejected at the border.

**Mr. Sukh Dhaliwal:** So the TPP takes care of that?

**Mr. Martin Sullivan:** I don't think that will be a big concern, because the regulatory environment we have in Canada is at a very high level compared with around the world.

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

We're going to move on to our last questioner.

Mr. Ritz, you have five minutes. Go ahead, sir.

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

Thank you, gentlemen, for your presentations. The one thing you have in common, even though you differ on the issues, is that you're very passionate. We welcome that and thank you for it.

Mr. Butler already corrected Mr. Kavanagh on the Abitibi thing, so I won't do that, but I will make a comment on the whole secretive nature of the TPP and other trade agreements. There was the ability to sign a non-disclosure, and hundreds of individuals and businesses took advantage of that. They were briefed on the day-by-day, issue-by-issue basis that pertained to them. That was available to people. No governments negotiate through public, through media, or whatever. We're seeing that right now with health care. We're seeing it with Petronas moving forward with the LNG. It's not done in the public purview because it just can't be. So there was the ability to sign those non-disclosures and move forward.

I want to move on to you, Mr. Sullivan and Mr. Butler. Thank you for your presentations. I understand that you're coming at it from the tariff only, but there is certainly overview on labour standards and environmental standards that will pertain to you as you go into foreign countries and here. It really levels the playing field on a lot of the ancillary parts to a trade agreement.

Would you be interested in making investments, to move forward into the world economy, if they weren't secured?

**Mr. Martin Sullivan:** That would make it extremely difficult, of course.

**Hon. Gerry Ritz:** Exactly.

**Mr. Martin Sullivan:** As we've traded with countries, like China, for example, sure they have a lot of questionable practices, but we've

seen that the wages of people have increased more than 10-fold since we started trading with them back in the early 2000s.

Trade agreements may not be perfect, and there are concerns, but when you look at it in balance, can we have some impact in those countries in terms of increasing how they look at things, changing their view? I think we have a significant impact. I travel quite a lot in Asia and a lot of these countries, and I've seen a dramatic change in China, as an example, and in some of the other Southeast Asian nations as a result of opening up trade.

**Hon. Gerry Ritz:** That builds on the question that Ms. Ludwig asked about in terms of the social morals of Canada being exported to these partner nations. I see it as well. I've made those same trips. I'm not sure if we've crossed paths over there or not, but I think we have. Derek and I have, I'm sure.

**Mr. Martin Sullivan:** Yes, I think we might have once or twice.

**Hon. Gerry Ritz:** I've always said that trade stability and predictability drives investment, drives efficiency, and drives innovation. You guys are living proof of that in the expansions you've done. You also need to have diversity in your trade portfolio, the same as you need to have diversity in your investment portfolio.

By dealing with more countries, as you rightly point out, Martin, instead of selling everything to the U.S., you keep the U.S. honest, because you're dealing with six other nations as well that are also looking for your product. So that builds strength into Canada. In order to pay for health care costs and all the social costs in this country, you need to have taxpayers who are paying taxes. When you're driving up the rural economy in Newfoundland by doing all of this, of course, you're setting the stage to be offering all of those social programs. It's a self-fulfilling prophecy at the end of the day.

The one other point I wanted to make is that we hear a lot that trade agreements have done nothing, that everything is stagnant. Yet I think it was you, Martin, making the point, and Derek to a certain extent too, that in every trade deal we've made you've seen positive steps coming out of that, incremental at times, but always positive steps.

I would like you to build on that a bit, because we're hearing about Tufts University—it's American, and that was their study—and 58,000 jobs being lost, but they never start to look at the positive side. We're hearing from a lot of small businesses. One young fellow today increased his by 25%. It was only one, but it was 25%. It's about the ability to build your footprint.

**Mr. Martin Sullivan:** There are so many examples that we've experienced in the U.S. market, in Europe, and Asia. As we broaden our trade horizon, as I said earlier we get much more leverage to deal with and to get better value. That's what it's all about, really. We have a finite amount of fish and we want to get the most money we can for it so fishermen, employees, and businesses can share.

Really, that's what we've experienced in every single area where we've expanded trade.

**Hon. Gerry Ritz:** You also made the point that we have to sell out in the world what they want, not what we have, and I totally agree with you. We've set up a Canadian centre of excellence for beef, and we've done it with pork so that they can actually bring people in.

When we talk about exchanges of labour, are you guys involved with bringing in people who would, say, cut the fish this way, make the fish this way? Are you bringing in experts from, say, the Japanese market to show your processors how they want it done?

• (1020)

**Mr. Martin Sullivan:** Yes, we'll have technicians, for example, if we have to do new products. We started with sea cucumber, for example, for Asia a couple of years ago. We would bring in experts from those areas to train our people to produce it in the proper way and to the proper specifications. That's a normal part of our trade activity.

**Hon. Gerry Ritz:** Then you would send experts from Canada into these markets to help develop the markets. That's what the whole trade exchange is about: people with the expertise to further that trade. It's not a bad thing; we're not going to flood anybody with workers going back and forth. It's all this expertise.

**Mr. Martin Sullivan:** That's right.

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

That ends this panel. We're pretty well on time. I would like to thank very much the panellists for coming in here and the good exchange we had with the MPs. If there is anything that you're thinking about, or you couldn't get conveyed, we will take more submissions from you. Our clerk is here. We are going to be taking all submissions to the end of October, and then we're going to go to our report.

Thank you again for taking the time to come here. We really appreciate it.

We'll only break for about five minutes, because we're on a tight schedule. Don't go too far.

• (1020)

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

• (1030)

**The Chair:** Welcome, sir, and welcome to everybody else who just came in.

This is the last of our panel and we'll continue now with our study on TPP. We've done most of the provinces and dealt with the territories, and we've had a lot of submissions from individuals. It is over 20,000 emails now, almost 300 witnesses, and 130 briefs. It's a big undertaking and we'll be doing this until the end of October, then we'll put a report together and present it to Parliament.

As you're well aware, Mr. Taylor, it's a big agreement. It's 40% of the GDP, it's 12 countries, and 800 million people. I think it's one of those agreements that one way or another is going to affect all Canadians, some maybe more positive than others, but our job is to listen to Canadians. We'll have an open-mike session after this. I think with all the goings-on in the United States, trade has become more of a topic now than it ever was before.

Without further ado, sir, you have five minutes. If you can keep it around that, we'd appreciate it. Then we'll open with dialogue from the MPs.

Go ahead.

**Mr. Ron Taylor (Chief Executive Officer, Newfoundland and Labrador Association of Technology Industries):** Thank you very much.

I'm Ron Taylor, the CEO of the Newfoundland and Labrador Association of Technology Industries. I want to thank you all for inviting us to come here today.

I find it interesting, because being in the technology sector I get to travel all over the world and I see various levels of security. I think in the 14 years living here in St. John's, it's the first time I've seen this level of security here. It was kind of interesting seeing that here. I'm certainly used to it, because I go to a lot of places where I don't get through the front door because it's bullet-proof glass, but it's interesting to see it in my own backyard.

Thank you very much for inviting us here. International trade is very much a part of the technology sector here in Newfoundland and Labrador. We've seen some exponential growth in the last number of years.

I'll tell you a little about what we do and what we affect. We oversee about 165 or 170 companies here in Newfoundland and Labrador. Annual sales are about \$1.6 billion a year. Interestingly enough, 10 years ago that was \$460 million. We're looking for that to double again in the next 10 years. Most of that is coming from outside of Canada. In a lot of cases it's coming from outside of North America. As far as international trade, if you're a technology company in Canada and don't have access to international markets, well, you're not going to grow very much.

In terms of open trade, obviously, if you've been around a long enough time you go back to the NAFTA days and some of the apprehension that was felt by people at that time, the sky was going to fall and the Americans were going to come and take us over with NAFTA. Of course, that didn't happen. As a matter of fact, a lot of people say today that Canada certainly saw some real benefits of being part of NAFTA.

I think we take the same approach with both TPP and CETA—you know I'm going to talk about that today—in the sense of open trade and the lowering of the barriers and tariffs. I understand that about 18,000 barriers and tariffs are being lowered here. It has a huge effect for us. When you're with a sector where most of its trade is outside of the country, being able to not have to deal with these types of challenges makes life a lot easier for us.

We're fortunate enough in that we're in a part of the world that can be a little bit challenging, moving goods back and forth, but with technology we don't have those impediments. As such, our sector has grown quite a bit and we continue to see that kind of growth.

If we look at some of the tech giants that are out there, the Apples, the Googles, the Facebooks of the world, they all support TPP. The fact of open border trade with easier access to markets plays a huge part. The fact that the TPP will protect things like...will restrict governments from throttling data on us, and will not allow governments to say that we have to store the data in any particular place, which leaves us open to using the cloud as much as possible, is definitely a benefit to us.

From a technology standpoint, from what we're doing as an organization, I realize some of the details are still forthcoming, but from what we see and from talking to some of the larger technology players out there in North America, this seems to be very, very much in our best interests. As a technology community, we don't really see anything that causes us any concern. We like the idea of open markets. We like the idea of people coming here. We don't see foreign companies coming in to Newfoundland and Labrador in the tech sector as an impediment, we look upon it as a partnership and an opportunity.

From the standpoint of our organization, our membership, we certainly support this initiative.

• (1035)

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

I know you mentioned the security. It's no reflection on the people of Newfoundland or on the trust; it's just a sign of the times with the House of Commons. That's the way it is. Wherever we go, we need to have the same amount of security. That's just the way it is. You realize too, in your travels around the world, that it's a different place right now.

**Mr. Ron Taylor:** I grew up in downtown Toronto. I'm used to things being a little dodgy in some places. Moving here a dozen years ago, it's certainly not the norm. But I appreciate where you're coming from.

**The Chair:** Before we move to the MPs, there are a couple of things.

We operate in two official languages. There are translating machines in the back, and some coffee. You cannot take pictures or video during the process.

Before we move on, though, I have one other witness here, Kathleen Connors. I don't know if she's here. Her name was on the list.

If she's not here, we'll move on. That's fine.

We'll go right to the MPs. We'll start off with Mr. Ritz.

Go ahead, sir, for five minutes.

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

Thank you, Mr. Taylor, for your presentation today. It's a little lonely at the table, but certainly we're all fixated on what you're saying. It's great.

There's a lot of discussion about the TPP, that it's only going to benefit the multinationals and so on. You don't head up any multinational organizations out of Newfoundland. It's more smaller

memberships. What would be the average size of some of your members?

**Mr. Ron Taylor:** You hear in presentations across Canada the term "SMEs" used a lot: small and medium enterprises?

**Hon. Gerry Ritz:** Yes.

**Mr. Ron Taylor:** Well, in Newfoundland that stands for "small and micro". We deal with a lot of companies that are typically under 20 people. These are companies that look upon access to trade as very important to them. We're very good niche marketers here. We're not going after the next Google or something like that—

**Hon. Gerry Ritz:** But you might stumble onto it, you never know.

• (1040)

**Mr. Ron Taylor:** You never know. Exactly.

**Hon. Gerry Ritz:** The old cliché is that size matters, but in this case, the smaller size actually benefits from the strength in a trade agreement like this. The service industry is going to gain exponentially from something like the TPP. That can be very small shops, architects, engineers, all of that type of service that Canada is renowned for.

It was a Dutch company—is that not right, Mr. Chair?—that built the Confederation Bridge, but it was an engineering firm out of Calgary that designed it. There's that type of interoperability that is already out there. Or was it the other way around...? At any rate, there's that type of partnership on the global stage, and I'm sure you're striving to take part in that.

When you look at training for your members, how do you decide...? When you look to the future and you see these types of things opening up, is there a different training schematic that comes in, a different metric that you use?

**Mr. Ron Taylor:** There are a number of sectors that we represent as an organization. We represent the ICT sector, we represent the ocean technology sector.

When I say oceans, I'm not referring to shipbuilding or to fishing. I'm referring to things like—

**Hon. Gerry Ritz:** Specialized equipment.

**Mr. Ron Taylor:** —maritime security defence, a lot of software. It's not much in the way of hardware. Most of our technology sector is made up of software.

**Hon. Gerry Ritz:** Right. I've had that discussion with Rick Hillier.

**Mr. Ron Taylor:** Yes, exactly.

You don't see our names on a lot of products, but we're inside a lot of products. As a matter of fact, we do an incredible amount of work in the United States, in aerospace and defence, ocean security. We're dealing with a lot of the major defence integrators in the U.S. We deal with a lot of the major aircraft manufacturers in the United States, major financial institutions. We do a lot of things in the way of money laundering, terrorist tracking, that sort of thing. We have software-based companies out of here that are world leaders in that.

As a smaller organization, the easier the access is to market and not having to second-guess things going into it.... Traditionally we'll start off, if we're going into a market where there isn't a free trade agreement, by asking what are the impediments, what do we have to concern ourselves with—

**Hon. Gerry Ritz:** What are the safeguards?

**Mr. Ron Taylor:** —and what's the cost of entry? If there are a lot of regulations or impediments up front, the company may decide not to go in there. They're smaller companies, and they can't afford to spend \$200,000 just to gain entry to do business.

In terms of free trade, I always go back to the NAFTA agreement. That opened up the United States to us. We went in there and made some great things there.

**Hon. Gerry Ritz:** We've had a lot of people in here who've said that NAFTA gave us nothing, free trade gives us nothing, and trade goes down after we sign free trade agreements.

You're not saying that. You're saying it's actually a stage for you to take advantage of that global supply chain that's out there.

**Mr. Ron Taylor:** I found that Canadian organizations as a whole can compete with anyone—

**Hon. Gerry Ritz:** Absolutely.

**Mr. Ron Taylor:** —either here in North America or globally. If you talk to people in the United States, they will tell you that we got the better part of the NAFTA deal.

If you look at the TPP, obviously people in the automotive sector are going to be somewhat concerned, but if you look to Newfoundland and Labrador and the type of industries we represent, I think open markets are going to be to our advantage.

**Hon. Gerry Ritz:** Thank you.

**The Chair:** Ms. Ludwig, for five minutes.

**Ms. Karen Ludwig:** Good morning, and thank you to the only panel member.

In terms of the tech industry in Newfoundland and Labrador, you represent 165 tech companies. Do you know roughly how many tech companies there are in Atlantic Canada?

**Mr. Ron Taylor:** That's a good question.

As a sidebar, I actually chair the IBDA ICT committee for Atlantic Canada, so I deal with this on an ongoing basis. I don't have that answer for you, but I know that Nova Scotia has a large presence, P. E.I. has a smaller one, and New Brunswick has a very healthy sector there. They all tend to be more or less small and microsize companies. Most of them are under 250 people, and that's what we call a small company if you look at the definition.

That's why I use the words small and micro, because in Atlantic Canada, a company with 250 people is considered a large company.

**Ms. Karen Ludwig:** As we know, 54% of companies are micro.

•(1045)

**Mr. Ron Taylor:** Absolutely.

**Ms. Karen Ludwig:** Looking at the technology sector, it's interesting. We haven't heard a lot from the technology sector in terms of the consultations from coast to coast to coast.

Certainly it's interesting, because your sector probably has to do some importing in terms of technology, building components or building systems. Looking at the service side of it that's exported, do you work at all in the area of cybersecurity?

**Mr. Ron Taylor:** Yes, we do. We have a company here called Verafin.

Are you referring to financial cybersecurity?

**Ms. Karen Ludwig:** Yes.

**Mr. Ron Taylor:** We do. We fall into that area.

**Ms. Karen Ludwig:** Are you working together or in collaboration with the universities or colleges either in Newfoundland and Labrador or in the Atlantic region?

**Mr. Ron Taylor:** The great thing about moving to a place like Newfoundland and Labrador, after growing up in a place like Toronto, is that in half a million people, everybody knows everybody.

Last night I held a Hacking Health event at the university with 130 people. Here, there is collaboration because there are only half a million us in the entire province, and 250,000 of us thereabouts in the greater St. John's area. We all tend to collaborate together, which is really nice. I can pick up the phone, and I can call a provincial minister or a federal minister here. Those kinds of things are more difficult if you live in a place like Toronto.

**Ms. Karen Ludwig:** Mr. Taylor, we've heard from witnesses here, and I've also heard from colleagues in the United States—I was at a conference earlier this year in Nashville—about their concerns about copyright and intellectual property, particularly on the online technology side and certainly in the music sector. Can you speak to that as well?

**Mr. Ron Taylor:** Intellectual property is always a concern, and the protection of that is very important.

We don't deal in types of technologies that are going to be taken and copied by a number of people. They are very specialized technologies.

I understand what you're saying. Having the protection of your copyright is very important. We have many clients who look at some of the other markets out there that are not included in this agreement. In those particular markets, the joke in the technology sector is that's a great place to sell your software once, because it will probably be reverse engineered, and it will come out in a different format somewhere else, so copyright and protection is very important, and I believe this agreement protects that.

**Ms. Karen Ludwig:** Can you inform our committee on any work you are doing or your sector is doing for research and development?

**Mr. Ron Taylor:** In the research and development end of it, we're doing a lot in the oceans. We're doing many things like remote power and wireless power. Data security is big.

We have one company called Camouflage. It is doing a lot of research in data masking. When I talk about data masking, I'm not referring to encryption. For example, if someone steals all of your credit card information on your company, that information can be mixed up in such a way that it looks like it's real but it's not. That is the best way to describe it. If the data is compromised, the people who have it, even though it looks real, it's not. In its simplest form, it may show your first name, this person's last name, that person's address, so the information as such can't be used for criminal activities.

**Ms. Karen Ludwig:** Mr. Taylor, is your business located in St. John's?

**Mr. Ron Taylor:** Yes, it is.

**Ms. Karen Ludwig:** Internet connectivity must be better in St. John's than other parts of the island.

**Mr. Ron Taylor:** We have about 98% Internet connectivity here in the province. For the most part, the people who don't have it are in really small communities, but most businesses do have that.

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

We're going to go over to the NDP.

Ms. Ramsey, you have the floor.

**Ms. Tracey Ramsey:** Thank you for your presentation. It is something that we have heard a small bit about at this committee. I was out on the west coast, and there are a lot of folks out there who are really concerned because they're educating a lot of young people in the tech and innovation sector who are then heading to the U.S. They're leaving us. So there's a concern that we're not able to retain that talent here in Canada. I'm curious as to whether you have that same issue out here.

Also, talking about innovation strategy and the importance of that in Canada has been highlighted well here, but we had Jim Balsillie before the committee, the CEO of RIM, and he was quite strong in his presentation to us. He said the TPP will lock Canadian innovators into perpetual second place in the IT sector and the knowledge economy. He went on to guarantee us that there will never be another large Canadian tech company under the TPP: "The best thing for a Canadian innovator to do under TPP is to move to the United States."

Could I get your thoughts on that and where Canada needs to go in terms of protecting innovation and ensuring that patents and the innovation remain here?

•(1050)

**Mr. Ron Taylor:** First all, there will always be people who want to live and work in other places. I have 30 years of doing that, so I get that part of it. At the same time, there are a lot of people who wish to stay and work in the places they were born and raised. The reason a lot of them will leave sometimes is that they don't have access to opportunities there. The great thing about the technology sector is it doesn't really matter where you live. It's not like you need to be right next to a port or an airport or right next to a transportation hub. A lot of the information is being moved electronically.

With regard to younger people, it's a challenge not just here in Newfoundland and Labrador but across Canada once you get outside

the major cities. If you look at Newfoundland and Labrador, most of the focus in technology has been in the greater St. John's area. However, we have done a lot of work to reach out to other areas within the province in order to set up innovation hubs in those particular places that will help drive innovation and create opportunities.

We're a huge player in the start-up community here. The Hacking Health event I did last night was for 130 young people. It's about creating opportunities so that people who wish to stay and work here in Newfoundland and Labrador can. Some will want to leave just to get the experience outside, but I don't really—

**Ms. Tracey Ramsey:** Sorry, I'm going to cut you off just because I have another question and I know I'll run out of time.

I think we share similar concerns on the committee around SMEs being able to access the foreign markets as well. Only 10.4% of small and medium-sized enterprises were exporting in 2011, and there are very serious challenges to be able to get them into those markets. When we come to communities and hear that the vast majority of businesses are SMEs, or micro, as you're saying, it's an even greater concern for the viability of not just your sector but others as well.

I want to ask you about the data localization. I've heard from folks who are very concerned about the data localization in the TPP. Essentially what will happen is that there will be no way to ensure that we keep data in Canada. It could go to the U.S., and of course they have the Patriot Act and different things that apply in the U.S. I live on the border of the U.S. in southwestern Ontario.

Could you speak about the data localization in the TPP?

**Mr. Ron Taylor:** It's always a challenge in the sense that you will get people who will say that in order for you to do business in their particular locale, you must store the data there. Most locales do have local storage of data, so the question is, what happens, then, when you can't have that clause in there that says, "You must store it here"?

**Ms. Tracey Ramsey:** And we won't have that under TPP.

**Mr. Ron Taylor:** I know. It's really difficult for me to give a definitive answer on that, because there are so many different thoughts. There are people who would ask, "Well, will our data be protected?" A lot of the data is up in the cloud now anyway. If you're carrying around your hand-held device, that data is not in your backyard. It's—

**Ms. Tracey Ramsey:** But it's held in Canada. It's held in clouds in Canada versus being held internationally or in any of the other countries. It's not just the U.S. that's a concern. Malaysia and other countries in the TPP certainly don't have the protections around data that we do here in Canada. Two of our provinces actually have provincial legislation to protect that data from going outside.

I think it's a real concern for Canadians when they're worried about where that data may be stored and what may be done with it.

**Mr. Ron Taylor:** I guess most of the people I deal with on a day-to-day basis don't see it as a Canadian situation, they see it as global. They realize that globalization is here to stay. It's about ensuring that people's privacy is protected, obviously, but the markets are global.

Just coming back to your earlier point, most of our small and micro-sized companies begin from the very beginning going out into international markets; they're not looking domestically. They're looking upon it as globalization, and the storage of information on a global basis.

**Ms. Tracey Ramsey:** And I guess that goes back to—

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

**Ms. Tracey Ramsey:** —whether we should look at having that information held out of Canada, and whether it's a concern for Canadians.

**Mr. Ron Taylor:** Yes, there are different viewpoints.

**The Chair:** We're well over time. We're going to move on Mr. Dhaliwal.

Go ahead, sir. You have the floor.

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

Welcome, Mr. Taylor. On the 165 small and micro-sized companies, \$1.6 billion in sales, and your vision to double it in the next 10 years, congratulations.

•(1055)

**Mr. Ron Taylor:** Thank you.

**Mr. Sukh Dhaliwal:** I'm going to carry on with what Ms. Ramsey was talking about. Jim Balsillie also commented that innovation needs to be the primary consideration prior to undertaking any trade agreements. What are your thoughts on that?

**Mr. Ron Taylor:** Innovation is huge. It plays a big part in what we're doing here in innovating and improving and creating new opportunities. We've been fortunate to have Minister Bains down here on a couple of occasions. I'm working with the province right now on a provincial innovation strategy.

So yes, it's very important to have a good innovation strategy and a good innovation blueprint, not only as a province but as a country.

**Mr. Sukh Dhaliwal:** Okay.

On the other hand, you also said that protection is very important. Michael Geist commented that extended copyright periods prove more costly for consumers and do not encourage creativity. What are your thoughts on that?

**Mr. Ron Taylor:** When you look at copyrights in terms of technology, most of what you're talking about has a very short lifespan. Typically, most of what we're dealing with today is obsolete three to five years from now. For what we deal with, most of the copyright protection that we have, we're not selling ourselves directly here in Newfoundland and Labrador in a lot of cases to end users, we're part of a supply chain. If we're selling to Boeing, Boeing is protecting that IP. If we're selling to the banks and financial institutions, they're protecting it.

**Mr. Sukh Dhaliwal:** Okay.

Is there anything else that you did not mention that you wanted to put in as part of your deliberations? You have two minutes of my time.

**Mr. Ron Taylor:** From our standpoint, coming back to some of your earlier questions, most of our companies start out of the gate as global players. A lot of our players are not trying to sell domestically. They're immediately going out into the global marketplace, so access to those markets is huge. Because we come from such a small place, with such a small population, if you're producing a type of software here that can be applied in global markets and you're not starting out there from the very beginning....

As a matter of fact, many of our companies were in business for five, six, in some cases eight years before they made their first sale in Canada. They almost immediately out of gate started going to the global marketplace, because that's where the greatest opportunities are for us. Having access, where trade barriers are lowered, just makes that path a lot smoother.

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

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

We'll go to Madame Lapointe.

Go ahead.

[*Translation*]

**Ms. Linda Lapointe:** Thank you, Mr. Chair.

Good morning and welcome, Mr. Taylor. Thank you for telling us about this little-known aspect of the industry. As Ms. Ramsey said, we have not heard a lot about technology so far.

We are talking about 165 small businesses. That's very interesting. My understanding is that you are mainly working on developing software for aerospace, aviation and banks, as well as anything related to security.

Among the 12 countries of the trans-Pacific partnership, is there one where it's more difficult to open doors to sell your software?

[*English*]

**Mr. Ron Taylor:** We sell to most companies through third parties. We are not selling directly. We are selling through a supply chain.

[*Translation*]

**Ms. Linda Lapointe:** For instance, Boeing might be present in the other countries.

[*English*]

**Mr. Ron Taylor:** Yes, that is correct.

[*Translation*]

**Ms. Linda Lapointe:** You seem to be saying that you had a significant spectrum in relation to ocean technology.

Is it easy to sell ocean security systems in Japan?

[English]

**Mr. Ron Taylor:** Yes. The security systems will deal with ocean observing, deepwater oil and gas applications, maritime security and defence, and high-resolution imaging. If you look at the Franklin ship that was just discovered, you'll see that Newfoundland technology was involved in finding that wreck, with subsea sonar and gliders. There are all kinds of things we do in the ocean.

Interestingly enough, I think people think that, being in Newfoundland, a lot of it falls into shipbuilding and fishing, but that's really a very small part of it. Even when we talk about shipbuilding, most of it is not the metal-bashing. It's not going into the hull. It's going into the technology on the bridge.

• (1100)

[Translation]

**Ms. Linda Lapointe:** It is a question of public contracts and Canadian components.

In your case, are Canadian technology components on the rise?

[English]

**Mr. Ron Taylor:** Yes.

[Translation]

**Ms. Linda Lapointe:** Earlier, we were talking about labour mobility between the countries signing the trans-Pacific partnership.

Do you think it would be beneficial to bring workers here to Newfoundland and Labrador?

[English]

**Mr. Ron Taylor:** Absolutely. Although we have a lot of great talent on the ground here, because a lot of our firms are specialized sometimes they just can't find that person. Right now, although our companies utilize as much local Newfoundland and Labradorian and Canadian content as they can, there are times when they have go abroad to find those developers and those specialists.

We have been doing that for many years here already, so this is just a continuation of that. I like the idea of the free flow of labour where if we need to bring someone in here, we can, and if we need to go somewhere else to work, we are not going to be impeded by regulations and red tape.

I think we've proven ourselves here in Newfoundland and Labrador. The types of technologies we are offering to the world are world-class. They can compete with anyone. So we don't have that fear of people coming in here. As a matter of fact, we wish more would.

[Translation]

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

Earlier, we talked a great deal about privacy protection and the physical location where the data are stored. You said that it was a challenge.

In the trans-Pacific partnership, could there be an incentive if some parts were renegotiated? Are there parts that you would like to see improved?

[English]

**Mr. Ron Taylor:** I think people are always concerned about their personal information: financial, health, legal. They want to know that this information is protected. They know that within Canada we have regulations, firewalls, and ways to protect that information. I think the unknown for people is what happens when it goes outside the borders. What happens when it goes up in the cloud? From my experience, I know how secure that is, but nothing is 100%.

People think, well, what happens? Is my information safe? We deal with that here just on a provincial basis, when we have data breaches and people have access to things they shouldn't, but we have ways of checking that here. We need to understand that as part of the TPP the same type of protection is there. and if it's not, I think people are going to be reluctant. They are going to be concerned. I think that's a normal reaction by people. I want to know that my data is safe. I want to know that my data is secure. I want to know that some third party 10,000 miles away is not accessing things on me it shouldn't.

We are dealing with that regardless of the TPP. We are dealing with that on a global basis with all of the big providers that are out there, and we've seen some of the challenges. Technology is not like a lot of the traditional industries. It moves at the speed of light, and it changes so quickly. There are so many opportunities that are opened up, but whenever you open an opportunity, there can be some portals, things that are created that people can get access to and do some nefarious things with. I understand that.

**The Chair:** Thank you. We're well over our time.

We're going to move over to our last MP today, Mr. Van Kesteren.

Go ahead, sir.

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

Thank you, Mr. Taylor. I was just thinking that in all my years, I don't think we've had only one witness—aside from possibly a minister—and you've handled yourself very well, sir. I thought we were going to run out of questions, but each one of us has had some issues that we wanted you to address, and you've done very well.

I might add, too, that for a mainlander, you've done the island proud, so congratulations.

• (1105)

**Mr. Ron Taylor:** Thank you. I like living in Newfoundland. I tell people it has added years to my life.

**Mr. Dave Van Kesteren:** Yes, terrific.

I'm looking at the different groups you represent and thinking about wireless, the advantage that you have here, the need to produce that, and the market that was here. Obviously the mother of invention is need itself. There are lots of countries in the world, and I'm thinking that this might be a really great opportunity. I'm thinking about places like Vietnam, that don't have the infrastructure, and some of these other third world countries. The world is just an open field for you.

I'm sure you've thought about that. Maybe you can just share that with the committee.

**Mr. Ron Taylor:** I can remember when I moved here 12 years ago, people said to me, “You’ve worked all over the world. Why would you go to Newfoundland?” My answer was that was where the opportunities were. There are some great things happening here.

If you talk about wireless technology, for instance, wireless power, a lot of our stuff goes under the water. Traditionally, even for things like the ocean gliders, their weak points were where things connected, because of corrosion. You don’t have that when it’s all housed. You reduce that risk quite a bit.

Even from a standpoint of just looking at what’s on your desk today, look at how many wires connect everything. Coming up with a way to wirelessly power things and recharge things is the future. Goodness gracious, any of us can look behind our desks today and see what’s there in terms of wiring. It’s unreal.

We have a world leader company here, Solace Power, that has the attention of people like Boeing. They are doing things with the U.S. military. Think about the average soldier out there. As I understand it, they carry about 25 pounds of battery packs on them. Being able to jump into a vehicle where all they are wearing is wirelessly powered, when it goes to the next location, whether that be a truck, a car, or a ship, and getting off there and being automatically re-powered up, is pretty incredible stuff. We’re doing that here.

One of the things people are surprised by when they come here, and they are blown away by, is the fact that we are a world leader in ocean technology here. We’re very successful at it. We’re doing some world-class things in fraud, money laundering, terrorism, and movement of capital. These things exist here, and the sector as a whole has done incredibly well.

I talk about doubling it again in 10 years’ time. I sat in a room last night with 130 young people who wanted to do technologies that go into the health care system, and the stuff that they’re already working on themselves is mind-blowing. I’m always amazed about Newfoundland and Labrador, how innovative our society is, how entrepreneurial it is, and the fact that in such a small population we have so much talent here on the ground. It’s one of the things that brought me here, and it’s certainly one of the things that keeps me here.

**Mr. Dave Van Kesteren:** That’s an exciting story, and that leads me to my final point. We all search for critical mass. It sounds like this has become an incubator for that kind of movement: wow. Maybe you want to comment on that. Do you envision a time when Newfoundland and Labrador may become like the Silicon Valley, only for a whole new set of technologies that will propel Canada in the future?

**Mr. Ron Taylor:** We’re trying to create that kind of environment here. I think if you looked at Newfoundland and Labrador in a traditional sense, it was heavily reliant on the natural resources that we have. Natural resources are cyclical. They come and they go, and the price points fluctuate. All we have to do is look at what’s happened to the oil and gas over the last couple of years.

The great thing about the technology sector, where we’re selling knowledge, is that we are not disadvantaged here. The growth for the advanced technology sector and all the things that go with it is endless. It’s growing exponentially. Newfoundland, being an island,

perhaps does inhibit us sometimes. It isn’t easy to move things off and on here. But with technology, we don’t have any of those impediments. We are no more advantaged or disadvantaged being here in Newfoundland than in Toronto or in Silicon Valley. As a matter of fact, we have a lot of our companies that are out in Silicon Valley, that are in incubators there.

In February I’m taking 16 companies that are in the gaming business to the biggest game developer show in the world. We’re doing things in New York City. There they call themselves “Silicon Alley”, and are trying to position themselves as being, if you’re in the technology sector, the place to go if you’re on the east coast.

We’re just at the beginning of it here. Every time I turn around, we’ve done incredible work with setting up startup ecosystems, taking innovation outside of just the major centres, working on that, and creating a place where all these young talented people can produce top work.

If you look at a lot of places, there’s so much talent on the ground there, but then they don’t know where to start. It’s about creating those ecosystems, those innovation systems, where if you have an idea, then you know somewhere you can go and you can talk to someone tomorrow. Of course it will lead you into some of the federal and provincial departments that can assist you, but it’s about getting it up off the ground. That’s a huge part of what we do. We’re a huge player in the startup ecosystem here. I don’t really care where it falls, as long as it happens.

• (1110)

**The Chair:** Thank you.

Thank you, sir, for coming. It’s an eye-opener for all of us. I mean, if you think it’s just fish and oil here in Newfoundland and you hear about what your company is doing, it’s very inspirational. Thank you for coming and doing a presentation. If you have anything you want to add or send to us, you’re welcome to put it in the report. If you’re ever in Ottawa, drop in and see some of our committee hearings. We’d appreciate it.

**Mr. Ron Taylor:** Thank you very much.

**The Chair:** Thank you.

That wraps up our panellists today with the MPs. We’ll take a little break for five minutes, and then we’ll start up with the hearing from the audience.

We have a list here of the people who want to present. You have two minutes, so keep your presentations to two minutes. I sometimes stretch it to two and a half, but that’s it.

We’ll start in about five minutes and then we’ll get on with our show.

Thank you.

•(1110) \_\_\_\_\_ (Pause) \_\_\_\_\_

•(1115)

**The Chair:** This is the time when we have an open mike for the audience. It's gone quite well across the country. We usually go for about two minutes. When you hit the two minutes, I'll hold up a white piece of paper so you can wrap up. We go mike to mike, so we start off with mike one and get somebody on deck for two, and we go back and forth.

We're here to listen. There is no back and forth. There will be no comments from the MPs about what you say, and everything you put forward will be put into our text or our submission. Anything you feel you didn't convey or get across we can also receive through emails from you.

We'll start off with Mary Tee at mike one, and then Marjorie Evans at mike two.

Go ahead, Ms. Tee.

**Ms. Mary Tee (As an Individual):** Thank you for this opportunity.

I'll confine my remarks to some of the negative impacts this agreement would have on the environment and on the most vulnerable in our society.

Canada has promised to transition to a low-carbon economy. As Canadian governments are involved in discussions on how we might work towards a clean energy future, we're at the same time facing what might be termed a derailment of this process in the TPP agreement, which threatens to undermine economic environmental progress.

This agreement poses a devastating threat to the common good by favouring multinational corporations. In similar trade agreements, Canada has already been sued 35 times, and 63% of these claims have involved challenges to environmental protection. The TPP would most likely only serve to increase the number of these suits, especially in investor-state dispute settlements.

With the removal of gas export restrictions, this agreement would further encourage the extraction of fossil fuels and advance the rate of exploration and extraction of natural gas. In addition, there is a high probability that Canadian manufacturing jobs would be outsourced to Vietnam and Malaysia to avail of cheap labour. There the production of goods is two to four times more carbon-intensive. Added to this, the added shipping-related greenhouse gas emissions would have significant negative environmental implications, thus further severely impacting the lives of this and future generations of the entire earth community.

Clearly, the dangers involved in signing an agreement that would protect the interests of large multinational corporations—

•(1120)

**The Chair:** Excuse me, you're going to have to wrap up.

**Ms. Mary Tee:** —at the expense of the elected governments, the poor, and the environment far outreach the benefit a TPP might have. Without an ethical approach, the economic development and the growth of any nation cannot function properly.

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

We will move to Marjorie Evans. Can Michael Power be ready at mike one?

Go ahead, Ms. Evans.

**Ms. Marjorie Evans (As an Individual):** Good morning, ladies and gentlemen. Thank you for the opportunity to speak to you today.

I have been very concerned with the protection of the natural environment in this province for probably the last three decades. On a number of occasions I have been concerned with environmental assessments. That process is under Canadian law, and we're hoping that it is there for Canadian people, not just companies but individual people. Government should be concerned with the millions of individual Canadians and their rights, and the rights of the environment in the country we live in.

I don't know a great deal about the details of this TPP. I do know that NAFTA permitted challenges, as in Digby Neck and the quarry there that was proposed by Bilcon, an American company, I believe. They wanted to have a quarry and a port and to send ships through the Bay of Fundy. The environmental assessment process worked when the people who lived there objected, but now the company is coming back with a NAFTA challenge. They want \$101 million American dollars from the Government of Canada.

This is all very fine. Big companies can afford to bring challenges to court. What about the people? If the quarry were to go ahead, if the company were to win the NAFTA challenge, would the people be compensated for the quality of life they have lost? Would they receive several hundred thousand dollars each for the loss of their property value? What about the whales in the Bay of Fundy? How will you be able to compensate them?

•(1125)

**The Chair:** Thank you, Ms. Evans, for your presentation.

We'll move to Mr. Michael Power. If Christina Dawn could be ready at mike number two, I'd appreciate it.

Go ahead, Mr. Power.

**Mr. Michael Power (As an Individual):** Thank you, Mr. Chair.

I work for the International Brotherhood of Electrical Workers. One area I want to touch on is labour mobility. In this province we have a resource-based type of economy. We have several ongoing projects in gas and oil, hydro development, and that sort of stuff. Our concern, when we buy into the global economy and all these sorts of things, is the protection of Canadian workers. Canadians come first. That's our priority.

I've negotiated agreements for the fixed-link transmission to Nova Scotia, the Muskrat Falls hydro dam and the transmission lines from there, and of course all the equipment that's going into that project. We're in partnership with the energy company, Nalcor, in developing that project. Our concern with the TPP is whether we can build these partnerships internally with our own corporations and protect the rights of Canadians to these jobs first.

There's absolutely no doubt that we need expertise. If a piece of equipment was made in a certain part of the world, we have provisions, in collective agreements that we bargained, that enable us to bring those people in so that we can have a transfer of technology from wherever it was manufactured to the people who can maintain it into the future. That's a concern of ours when we talk about that.

There's also the issue of labour mobility and being able to go across Canada. If there's a shortage of power line technician workers in Newfoundland, we would like to be able to go to all the other provinces and take those workers if they're available. If they're not available, then we can go to the United States or we can bring them in from foreign countries. We're not opposed to that at all as an organization. As a matter of fact, we have language that covers all of that in the project agreements we've signed off on in the building of these hydro projects.

Equipment for this project comes from all parts of the world. It is made in China, made in India, made in Turkey. It comes from everywhere. Of course, with that equipment to be installed, there are going to be manufacturers' representatives. We work with those folks to make sure there is that transfer of technology, that Canadian jobs are protected, and that we can sustain a future for the people who make their living from the construction industry.

When I talk about mobility, this is exactly what we want; we want Canadians first. If we have aboriginal groups within our communities that are close to these construction projects, we look at them and give them the first choice to get that type of work if they have the skills and qualifications.

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

Some of your concerns were raised by some of your brothers and other workers across this country. If you have any more thoughts from your union, you can bring them to us, no problem.

We're going to move to mike number two, and we have Christina Dawn. At mike number one we have Sharon Halfyard.

Go ahead, Christina.

**Ms. Christina Dawn (As an Individual):** Thank you for the opportunity to attend this public consultation today.

I stand before you as a concerned citizen—super nervous. I believe it is our responsibility to protect our natural environment, not only for ourselves and our future generations but also for the plants, the wildlife, and the organisms that our actions affect.

My biggest issue with the TPP is the inclusion of the rights for foreign corporations to sue our government if we make changes to our laws that harm their investments. I cannot see how we'll be able to protect our environment with these restrictions on the creation of our environmental laws.

For this reason, I'm against the TPP agreement.

**The Chair:** Thanks very much. Thanks for coming to the mike.

Could Anthony Middleton go to mike number two?

Go ahead, Sharon. You have the floor.

**Ms. Sharon Halfyard (As an Individual):** I guess I'm speaking as a parent, as a former teacher, and as a former small business owner who did work with the trades in France, the United States, and Ireland. I very much understand the value of trade.

Lastly, though, I'd like to speak as a research student. I'm a Ph.D. candidate. Last week I had the opportunity to read a book on ethical research by Dr. Susan Tilley of Brock University. She talked about transparency. She talked about ethical interviewing. She talked about ethical analysis. I'm doing all of those things right now, as I write my thesis.

I have to say that I am upset and disappointed by the process that has happened here today. I don't feel it's a very fair process. I went to a Blue Jays game last week. If I were to score this panel on what is already set in your minds, which a researcher is not supposed to have, the score would be five pro, one no. That is not fair research.

Thank you very much.

• (1130)

**The Chair:** Thank you.

We're going to move on to Anthony Middleton.

**Mr. Anthony Middleton (As an Individual):** My name is Tony Middleton. I'm a retired computer science professor, and I'm here as Joe Citizen.

In Canada and the U.S., wealth inequality is increasing. Quality jobs are being offshored. Debt loads are threatening economic stability. In the U.S. in particular, stability is maintained by increasing debt. Stability would disappear if they couldn't increase debt. Independent studies suggest that trade treaties may make things worse.

Furthermore, trade treaties limit our ability to repair the damage that's already been done. ISDS lawsuits can neutralize government attempts to stimulate their own economy. That can result in huge lawsuits, which can depend on projections of profits that can be rather fictitious.

ISDS lawsuits essentially make offshore tribunals superior to nation-state courts. They effectively rewrite the constitution of a country. They don't literally rewrite the constitution, they just declare that it's increasingly irrelevant.

Thank you.

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

**Mr. Anthony Middleton:** Did I make it in two minutes?

**The Chair:** You made it in well under two minutes. You did very well. Thank you.

Thank you to everyone for coming today.

That ends our consultation process in Newfoundland and Labrador. We'll be moving on to Nova Scotia this afternoon.

The meeting is adjourned.

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