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Chair

Mr. Paul Steckle

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•(0905)

[English]

The Chair (Mr. Paul Steckle (Huron—Bruce, Lib.)): Well, we want to begin our meeting. We're just a few minutes late. We're still waiting for a couple of members; they're at another meeting right now and will be here shortly.

Anyhow, thank you for making time for this meeting this morning.

We have a very tight agenda between now and Christmas, and it is going to help us greatly if we can get this business under way this morning and perhaps undertake to conclude it this morning.

This morning we want to look at Bill S-38, which has been referred to us by the minister. This is a bill respecting international trade commitments we've made regarding the spirit drinks of foreign countries, and it's a reciprocal agreement.

We have with us this morning the Honourable Wayne Easter, parliamentary secretary to the minister, as well as Gary Koestler, deputy director for Oceania/Africa/Middle East/Former Soviet Union of the international trade policy directorate.

You two gentlemen have the floor, and we look to you to give us some guidance and some direction. Perhaps we'll have some questions for you, and then we'll see how it goes from there.

Mr. Easter.

Hon. Wayne Easter (Parliamentary Secretary to the Minister of Agriculture and Agri-Food (Rural Development)): Thank you, Mr. Chair.

We do appreciate the consideration of the committee for having the extra meeting to deal with this bill. I'll have a few opening remarks and then go to questions and see where we go from there.

In June, before the House rose, we had the pleasure of introducing this bill at committee, in the other place, where there was some extremely productive debate and some amendments, which I'll get to in a moment.

Bill S-38 represents the final chapter of Canada's implementation of the Canada-EC agreement on trade in wines and spirit drinks. This agreement was signed in September 2003, having been in the works for more than two years before that.

Bill S-38 is truly a good-news story. At a time when we hear a lot of negative coverage around trade disputes, this proposed legislation is an example of how international agreements can be successfully negotiated for the mutual benefit of both parties. Bill S-38 is a win

for Canada, and it's a win for the European Union. It's the product of extensive and broad-based consultations with the Canadian winery and spirits sector, and it's the result of close collaboration across a number of federal government departments and provincial governments. In short, Bill S-38 is an example of how the system can work for the benefit of Canadian producers and consumers.

Most of the provisions of the Canada-EU agreement were implemented before the agreement came into force in June 2004. What Bill S-38 does is tie up the loose ends by protecting the identity of certain European spirit drink names, which are outlined in the précis to the bill: names such as ouzo from Greece, grappa from Italy, pacharan from Spain, and others. A separate act is needed because the Trade-marks Act is not designed to protect generic names, nor does it provide state-enforced protection, something required under the agreement. Under Bill S-38, only spirit drinks from those specific countries, and nowhere else, can carry those names. For instance, a distiller in Niagara could not produce a spirit drink and sell it as a pacharan or an ouzo.

The proposed act will also house existing trade obligations to protect other foreign spirit drink names, and this includes Canada's obligation under the NAFTA to protect certain Mexican and United States' spirit drink names such as tequila and bourbon whisky.

I'm sorry we didn't take any samples for you to try.

I want to be clear that this bill will have no negative effect on our industry. Meanwhile, the benefits to Canada's wines and spirits sector are substantial, mainly because of the other provisions in the agreement. For instance, under the agreement Canada will be able to continue provincial liquor board practices that do favour Canadian producers. As well, the agreement allows for a simplified certification process for Canadian wine exports, and it protects Canadian wines and spirit drink geographical indicators in the EU market. The Canadian wines and spirits sector is very supportive of these measures, and I believe you have a letter from the president of the distillers association, as a means of providing greater certainty of market access and expansion of Canadian wine and whisky exports throughout the EU market. That's good news not only for Canadian distillers and wineries, it's also good news for the farmers who supply them with the grapes and the grain, and for Canadians who work in the sector and in all related industries.

Both the wines and the spirits sectors are very important to the Canadian economy. Canadian wine sales are in the neighbourhood of \$400 million a year, not to mention the extra economic activity such as agri-tourism, which is growing right across all of Canada's wine regions. On the spirit drinks side, we produce about \$1 billion in product annually and export more than half a billion dollars. Canadian whisky is the largest selling whisky in the United States.

● (0910)

As I mentioned, Bill S-38 was amended in the Senate after interventions from the Association of Canadian Distillers and International Trade Canada. Based on their input, the Senate decided to amend the bill to distinguish between the type of protection that Canada is obliged to provide for the spirit drink names under the Canada-EU agreement and the type of protection for names in NAFTA and in the food and drug regulations.

The Senate also decided to remove the blending provisions for Scotch whisky and Irish whisky from the bill as these provisions better fall under the food and drug regulations, where they are currently housed.

The other point I would note before closing is that a timely passage of the bill is really necessary. Under the agreement, Canada must meet its obligations to protect the spirit drink names by June 2006 in order to reap some of these benefits. Canada's compliance in this area will signal our commitment to the entire agreement.

With that, Mr. Chair, I thank you and open it up to questions.

The Chair: Thank you, Mr. Easter.

At this time we'll do the normal procedure of going from one party to another.

Mr. Anderson, we'll open with you.

We'll start with seven minutes and see how we get along. We may not need all that time, but we'll see.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Mr. Easter, I'd like you to tell me about consultation. Has the proper consultation been done on this bill?

Hon. Wayne Easter: Yes, it has.

I believe, Mr. Anderson, you have a letter from the president of the distillers association—

The Chair: Mr. Westcott.

Hon. Wayne Easter: Yes, Mr. Westcott.

It talks about his presentation before the Senate, as well as his agreement in compliance with the bill, and the vintners association is clearly on side.

Those discussions have been held, not by myself specifically but by officials who have been involved in the preparation of the bill.

Mr. David Anderson: Okay. We've had discussion about this in Bill C-27. The government is very quick at putting in clauses that allow them to examine, open, seize, detain, and destroy product, and that kind of thing. Is there any provision in here for those people who have had their product intercepted or detained and then are found to be innocent? Are there any compensation provisions or anything like that?

Hon. Wayne Easter: I will have to turn to Gary on that, but I think what you have to understand with this bill is that while there's a memorandum of agreement to be worked out between a number of federal departments as yet in terms of enforcement of the bill, the main enforcement provisions fall under provincial liquor boards, and it would be up to those authorities to enforce that.

Gary.

Mr. Gary Koestler (Deputy Director (Oceania/Africa/Middle East/Former Soviet Union), International Trade Policy Directorate, Department of Agriculture and Agri-Food): Thank you.

In the bill, subsection 10(2) sets out conditions for seizure and destruction of the product.

Mr. David Anderson: I'm not concerned about seizure, Mr. Koestler, because you've covered being able to detain and seize very effectively here. What happens if you've done that and you find out that the person is actually innocent?

Hon. Wayne Easter: I don't claim there are provisions. I'm quite sure there are not provisions for compensation in that regard.

Mr. David Anderson: Then I guess I raise the same concern.

Hon. Wayne Easter: There is always the option to go to a federal court, but I will admit that's a costly procedure.

Mr. David Anderson: Right, and we've had this same discussion at other times and places as well.

I want a little bit of information. I guess this idea of geographic indicators in this bill may be fine, and our party has supported the bill up to this point, but what I would like to know is, how far is that going at the international level? You said there are no negative effects of this bill on our industry, but certainly there would be some negative effects if we're going to start to make geographic indicators a major part of trade agreements and those kinds of things. Do we stand to lose more than we stand to gain?

Mr. Gary Koestler: I'll try to address that question.

The issue of geographical indications is currently being discussed in the context of the TRIPS agreement and the Doha Round negotiations.

In the context of this bill, it's protecting what are seen to be distinctive product names, and it's done in the context of a broader bilateral trade agreement. It's not a new law that will allow for a list of names to be added outside of a broad trade agreement.

In Canada, currently, there are provisions under the Trade-marks Act that allow for the protection of geographical indications. There are specific provisions for wines and spirits, and there are also provisions as to certification marks for the protection of what could be deemed to be geographical indications for products other than wines and spirits.

So there already are provisions in Canadian law for protection of geographical indications. This bill is separate from that in that it reflects protection for specific spirit drink names that were negotiated in a broader bilateral agreement such as NAFTA or our broader Canada-EU wine and spirits trade negotiations, which cover a number of trade-related issues in this sector.

• (0915)

Mr. David Anderson: Okay, but I guess I've just got a concern that it can expand to any limit. Maybe somebody else would want to talk about that later, but I'll turn it over to Mr. Miller now.

Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC): Okay

Hon. Wayne Easter: I think, though, the point should be made, Mr. Anderson, that the issue would probably fall under other acts, more so than this one. This was designed to implement the Canada-EU agreement and the protection of those names and the NAFTA. So I think the issue you're talking about would really fall under other pieces of legislation, whether it's the Trade-marks Act or the drugs... What's the proper name?

Any way, it would fall under some of the other pieces of legislation.

Mr. David Anderson: I guess I'm just concerned about the spirit of setting precedents, and then you build one on another, and they may be different acts at different times and places. It starts to set a particular attitude towards those kinds of things.

Mr. Larry Miller: Thanks, Mr. Chairman.

One comment I would like to make at the start, Wayne, is that I also think this thing should have an avenue in it for protecting somebody who is found to be not guilty of an offence, which is a flaw that should have been dealt with in there.

Wayne, you spoke earlier about how this bill was good for the Canadian wine industry and, basically, the European industry as well. Could this bill have any adverse effect on any other manufactured products? What could I use as examples? Say, cheese, or jams produced from the fruit industry, or anything else. Is there anything in there that could have trade implications with the EU down the road?

Hon. Wayne Easter: No, and I think we're pretty confident of that, Larry. They're entirely separate issues.

We really do believe this will open up the European market considerably for Canadian wines. It should expand our export market quite substantially for Canadian wines by opening up that market, with the kind of quality that we're now producing and the way our wine can be shipped and bottled. So I think there's a real opportunity here.

I think what you're thinking is that there may be a trade-off of one commodity for another.

Mr. Larry Miller: Yes, that's what—

Hon. Wayne Easter: That wasn't even on the table. It's strictly related to protecting the spirit names and, I think, of benefit for.... If we're going to sell quality product, then that market will be open to us.

Mr. Larry Miller: Okay.

Have I still got some time, Mr. Chairman? Just a little?

The Chair: The time is gone, but we'll maybe come back to you.

Mr. Larry Miller: Yes, we can do that.

The Chair: Mr. Bellavance.

[Translation]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you, Mr. Chairman.

Mr. Easter, while the bill was being developed, effort was made to ensure that it was consistent with Quebec policy, particularly on labelling and the recognition of local products? You referred to consultations with the provinces, including Quebec. I'd like to know the exact scope of those consultations and the time they took. I'd also like to know what the Société des alcools du Québec thought of it, if it was involved in those discussions.

• (0920)

[English]

Hon. Wayne Easter: Thank you, André.

I'll turn to Gary on that, but it's my understanding that the concerns of Quebec and how Quebec liquor laws operate are covered.

Gary, maybe you can answer more specifically.

[Translation]

Mr. Gary Koestler: Thank you.

We consulted all the provinces during the negotiations with the Europeans. We met at least once a month so that the provinces were up to date on the negotiations with the Europeans and the content of the agreement. All the provinces were included throughout the negotiations. The SAQ was part of the Quebec consultation group. It was completely aware of the content of the agreement and of this bill, and it agreed on everything being presented today.

Mr. André Bellavance: Were concerns expressed about the way things operate? For example, certain wine-producing businesses have sales outlets that offer only Canadian or Quebec wines and spirits. In Quebec, all wine products sold in grocery stores must be bottled in Quebec.

Was that discussed and was care taken to ensure that the bill protects all that?

Mr. Gary Koestler: Yes. The purpose of the agreement with the European Union is to maintain the practices and policies already in place in Quebec. That agreement protects everything that's being done in Quebec with regard to sales and bottling regulations.

Mr. André Bellavance: Earlier I heard Mr. Miller ask whether all this would affect other products. The agreement has a schedule containing a list of controlled designations. So these are the only products concerned. There could be other agreements, but they would only concern the products set out in the schedule.

Mr. Gary Koestler: That's correct. That's very clear, and the bill has been drafted in that way.

Mr. André Bellavance: Are agreements with other countries concerning our products anticipated as well? I'm thinking in particular of ice cider. Is this currently a protected designation? Otherwise, do we intend to protect these designations through agreements with other countries in order to ensure that these products are really domestic products and that their designations are controlled and protected?

Mr. Gary Koestler: If that's possible. In Canada, and even in other countries, there are laws to protect designations of origin and geographical indications. For example, ice cider from Quebec may be known in Canada as a protected geographical indication. According to the WTO agreement, other countries are also required to protect a product like that. So we have other protection mechanisms, and Canada is always ready to reinforce protection of its unique products.

Mr. André Bellavance: Ice cider from Quebec, for example, would already be protected under international agreements. We wouldn't need any specific agreement like the one we have before us.

Mr. Gary Koestler: It's not yet protected. The product has to be protected in Canada for other countries to be required to protect it. You have to go through stages in Canada before you can ask other countries to protect a designation.

• (0925)

Mr. André Bellavance: What is that process and why hasn't it been done yet?

Mr. Gary Koestler: The producers responsible for the product have to take these measures and make an application to Canada for their product to be recognized as a geographical indication.

Mr. André Bellavance: Briefly, what exactly has to be done?

Mr. Gary Koestler: The Trade-marks Act provides for the process that should be followed for a wine or spirit to be recognized as a geographical indication. A trademark can also be requested for the name of a Canadian product; that's included in this act. This process is very open. The procedure is available on the Web site of the Canadian Intellectual Property Office.

Mr. André Bellavance: So the Trade-marks Act wasn't enough for these products.

Mr. Gary Koestler: That's correct. This is another level of protection. Product protection under NAFTA and our agreement with the European Union is a government responsibility. That doesn't cover the products named in this legislation.

[English]

The Chair: Mr. Smith.

[Translation]

Mr. David Smith: Thank you, Mr. Chairman. My question is for Mr. Koestler. Thank you very much for being here this morning.

As a Quebec member from the riding of Pontiac, I'm definitely very interested in the Quebec side; that's my first concern.

You say that you consulted the various provinces in this exercise, that they followed you and that you cooperated with them to ensure that the bill addressed their concerns. Did I understand correctly?

Mr. Gary Koestler: Yes, that's correct.

Mr. David Smith: Were any specific concerns raised for the province of Quebec, for example, by the SAQ, which is responsible for products? Were there any specific concerns in that particular case?

Mr. Gary Koestler: The most important thing for those people is to know that they can continue enforcing their policies on the sale of alcoholic beverages in their province. Nothing in this legislation affects that responsibility. Even the agreement between Canada and

the European Union protects the policy and regulations currently in effect in Quebec. So we understand that the province and the Société des alcools du Québec are very pleased with the process and with this bill.

[English]

Hon. Wayne Easter: One of the objectives, David, was to protect existing provincial liquor board policies because of the preferential treatment given to Canadian product. That objective was in fact met.

[Translation]

Mr. David Smith: If I understand correctly, federalism is working well. There was a good level of agreement among all participants. That confirms the fact.

I'll continue. In the case of a dispute, who will be responsible for resolving it? How will we proceed?

[English]

Hon. Wayne Easter: There is a memorandum of understanding to be worked out between Agriculture and Agri-Food Canada and the Canada Revenue Agency on enforcement of the act. That is one approach. Gary may know of others, but I believe that is the main approach that will be taken.

Those two federal departments would be involved in terms of the overall enforcement of the act, with the exception, as I answered Mr. Anderson earlier, that when a complaint registered, the provincial liquor boards are also involved at that level.

Mr. David Smith: I will share my time, Mr. Chair.

• (0930)

The Chair: Does someone else want to jump in from the government side?

Ms. Ur.

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): I have a question on the ice wine situation, because it's close to my region of Ontario. Then I'll leave some time for Mark as well.

Under this particular bill, Bill S-38, will there be improved priorities for ice wines? I know you mentioned ice cider earlier with regard to André's question, but I don't know whether ice cider is the same thing as ice wine. I'm not into a lot of spirits, so this is foreign territory to me this morning. I just wonder if that will boost the opportunity for ice wines or improve their ability to market their product.

Mr. Gary Koestler: This bill itself has nothing to do with ice wine or ice cider. If I gave that impression, I didn't mean to. I was referring to other provisions in Canadian law that are there to protect these terms.

The overall agreements between Canada and the European Union will recognize Canadian ice wine and will guarantee access to the European market for Canadian ice wine, something we did not have before this agreement was signed. From that perspective, in Europe in particular there is a much higher level of recognition and protection for the Canadian ice wine product.

Mrs. Rose-Marie Ur: Well, that will be a positive for our winemakers.

This may be off track a little bit, but GIs are recognized in Europe on other commodities besides wine. Do you think this is going to open a Pandora's box or be a positive in our country?

Mr. Gary Koestler: Under the Trade-marks Act—and this may be a misunderstanding in certain areas—although there are specific provisions for geographical indications for wines and spirits, nothing prevents other geographical indications from being registered as certification marks under the Trade-marks Act in Canada. In effect, you would have a certification mark protecting what could be seen as a geographical indication in Europe. Just because there's not specific law for geographical indications in Canada for products other than wines and spirits does not prevent them from being protected under the Trade-marks Act as a trademark. I think that's something some people probably don't recognize, that we do have protection for geographical indications other than for wines and spirits.

Mrs. Rose-Marie Ur: Mr. Chair, I wish more of our bills were so easy. It's a breath of fresh air to see something come before committee that doesn't have a lot of controversy. There's nothing that's going to come back and haunt us afterwards on this. I don't want to be doom and gloom with all the positives I've heard here this morning, but is there something we should...?

Hon. Wayne Easter: Now we'll eventually get back to Bill C-27.

Some hon. members: Oh, oh!

Mrs. Rose-Marie Ur: Oh, I didn't want that mentioned.

Some hon. members: Oh, oh!

Mrs. Rose-Marie Ur: Thank you, Mr. Chair.

The Chair: We'll turn to the Conservative Party. Mr. Miller, you can finish off.

Mr. Larry Miller: Thank you.

I'll just go back to the last comments by Ms. Ur. We heard a lot of positive comments about Bill C-27 as well. Anyway, enough on that.

Mr. Chairman, there's something back in the document I have here, on page 2 of 6. It's subsection 3.1(2) of Bill S-38, an "Exception", and first I'll read it. It says it "does not prevent the use of the name of a spirit drink to sell the spirit drink if it has been blended or modified in accordance with the laws of Canada". Now, I'm reading this to mean Canadian product being blended or mixed with European or whatever. Am I right, first of all, that this is how I would read that?

Mr. Gary Koestler: It relates to what exists in Canadian law, which is currently in the food and drug regulations. It doesn't relate to blending Canadian product with foreign product; it relates to blending two kinds of foreign products together, for example, blending two types of Scotch whisky and continuing to call it Scotch whisky or adding water to Scotch whisky to bring it down to 40% alcohol. There are those kinds of provisions under existing Canadian law, because when whisky is exported in bulk, it will be shipped at a higher alcohol content—it could be 80% alcohol—and then before it's bottled, it's diluted down to 40% to meet the standards. In effect, it's those kinds of provisions that need to be set out in regulation to regulate the way the product is treated and bottled in Canada.

● (0935)

Mr. Larry Miller: I guess I'll rephrase the question a little better and give another example, Mr. Koestler, just to verify. What I'm worried about here is this, and I'll use an example from the beef industry.

If you mix a product of 10% Canadian and 90% Australian beef and put it together in Canada, it is all labelled as Canadian beef, yet it's 90% something else. My concern with this bill is that under liquors and what have you, if we use 10% Canadian product and we add 90% of something else, are we going to call it a Canadian product? It goes back to truth in labelling or country of origin, whatever. Do you see the example I mean, and could that happen under the bill?

Hon. Wayne Easter: The way a lot of this product is transported, as Gary said, is at high alcohol content, and then you add water. So you would be adding in fact Canadian water, but it still is Scotch whisky, and this relates to the foreign product.

Mr. Larry Miller: So basically my fears, what I'm talking about here, can't or won't happen. Is that correct?

Hon. Wayne Easter: That's correct.

Mr. Gary Koestler: This provision of the bill is important for the Canadian industry because Canadian distillers do import some bulk spirits; they want to be able to continue to do that, and then bottle them in Canada as foreign spirits. They're still bottled as tequila or Scotch whisky or whatever the name would be, but some provisions are needed to allow it to be done. In effect, these provisions allow for the import of some bulk spirits to be bottled in Canada. There's value added in Canada. That's the intent of that section.

Mr. Larry Miller: Okay, that's fine. If I take my wife out for dinner, I always make a habit of buying Canadian wine, if I have a glass of wine. I just want to make sure that's protected in there, so that as consumers we all have the choice of buying Canadian.

The second one goes on to page 4, Mr. Chairman. It's in subclause 10(2). It goes on talking about a person convicted of a contravention of the act, and what have you. The middle part of that clause speaks to, basically, any possession of the person or anything found with the article. If you come in and seize an article, I would see that it could almost... I think of the small corner store in Quebec, for example, that can sell liquor with the groceries. Does this mean that if they seize a product in there that's in contravention, they can take everything in the store, or tie everything up? Can you answer that?

Hon. Wayne Easter: It says—I think it's important to read it—"in relation to which the offence was committed", which is the qualifier. It kind of puts a parameter around it.

Gary, you may have a more legal mind than mine. Go ahead.

Mr. Gary Koestler: I'm not a lawyer, I have to admit. We do have legal counsel; I can come back to you with a clear legal interpretation of that.

Mr. Larry Miller: That's something I would like. Is there somebody here who can speak to that?

● (0940)

Ms. Paula Hanna (Legal Counsel, Legal Services, Department of Agriculture and Agri-Food): Good morning.

As Gary said, this would empower seizure of an article that was in relation to the offence committed, or something of a similar nature. I don't think it would apply to seizing everything that was in a corner store unless it appeared that the other articles were related to the offence.

Mr. Larry Miller: So that corner store could still continue on its main business of whatever, and the product in question would just come out. Thank you.

I'm going to turn my time over to Mr. Menzies.

Hon. Wayne Easter: I think the qualifier is there in the words you quoted earlier, Larry.

Mr. Ted Menzies (MacLeod, CPC): Thank you. I'm going to be a little scattered here with my questions. They come mostly from the trade perspective, to make sure that we're not creating any—

The Chair: Mr. Menzies, you have one minute left. We'll get you in, but it's just so you know.

Mr. Ted Menzies: Okay, I'll be quick. We talk about this being a Canada-EU agreement, and yet we're talking about NAFTA. How does this influence our trade with the United States and Mexico, as our NAFTA partners, when we're signing a specific Canada-EU agreement?

Hon. Wayne Easter: There are two areas here. One is the Canada-EU agreement, which relates to the spirit drink. The NAFTA really applies to the bourbon, whisky, and Mexican tequila, so there are really two separate issues being brought in here under the spirit drinks trade.

Mr. Ted Menzies: Is it going to interfere with our prior commitments under the NAFTA?

Hon. Wayne Easter: No. It will be reflecting them in a new law, Gary indicated.

Mr. Ted Menzies: But does this supersede NAFTA?

Hon. Wayne Easter: No, it is in accordance with it. It gives greater protection to those things like tequila and bourbon whisky.

The Chair: We'll leave it at that for now. I'll come back to you.

Hon. Wayne Easter: Just to clarify, let me say they were under the Food and Drugs Act previously. It's more correct, to put it that way, to have it under this particular act than under the Food and Drugs Act.

The Chair: Mr. Roy is next.

[*Translation*]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Mr. Koestler, I have a very specific question to ask you. In subclause 3(3), on page 2 of the bill, why has the date January 1, 1996 been used? Does that mean that, if the trademark of my sparkling wine in Quebec or Canada had been registered under the name “champagne X” before 1996, I could continue using the “champagne” label?

Mr. Gary Koestler: This bill has nothing whatsoever to do with wine names. It targets only those names listed in the schedule.

Mr. Jean-Yves Roy: Let's take De Kuyper cognac, for example. If I want to register that trademark, I can continue using the word “cognac”.

Mr. Gary Koestler: You're correct.

Mr. Jean-Yves Roy: So the bill doesn't change much.

Mr. Gary Koestler: Only one name will benefit from that aspect of this legislation.

Mr. Jean-Yves Roy: Have any spirits been registered after 1996? It shouldn't be forgotten that there have been distilleries in Canada and Quebec for more than 100 years. In fact, they all have brand names containing the word “cognac” or “whisky”. That means that the bill applies only to products that were registered after 1996. So the bill will have very little impact on trade and business.

Mr. Gary Koestler: In practice, only one name will be protected by this act.

Mr. Jean-Yves Roy: Which one?

Mr. Gary Koestler: “Ice Grappa”.

Mr. Jean-Yves Roy: That's a trademark that already exists and was registered before 1996. So it's the only one.

Mr. Gary Koestler: Yes, it's the only one. The producer can continue using that name.

Mr. Jean-Yves Roy: If I understand correctly, none of the other producers had registered their trademarks.

Mr. Gary Koestler: That's correct.

Mr. Jean-Yves Roy: Thank you. That answers my question.

[*English*]

The Chair: Yes, Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: Thank you, Mr. Chairman.

In this kind of bill, there are always things that irritate me and that often amounts to the same thing. On page 2, subclauses 5(1) and 5(2) state, and I quote:

5.(1) The Minister may designate any persons, or classes of persons, as inspectors for the purpose of the enforcement of this act.

(2) Every inspector shall be given a certificate in a form established by the Minister attesting to the inspector's designation and, on entering any place under subsection 6(1), an inspector shall, if so requested, produce the certificate to the person in charge of that place.

Mr. Easter, do you think that, at some point, it will be time for there to be something else than potentially partisan appointments? In fact, this isn't the first time we've seen this. Nothing in this bill tells us that an inspector must have a specific qualification. For example, before these people are appointed, they don't appear before a committee so that we can know who they are or what they used to do. In other words, the minister can make unilateral decisions on inspector appointments.

It also states: “Every inspector shall be given a certificate in a form established by the Minister.” That's stated in the bill. To my mind, the fact that it's not more specific about appointments to these positions is still a kind of aberration.

• (0945)

[English]

Hon. Wayne Easter: It's my understanding that these would be people who are doing excise inspections. Maybe Gary or Paula can elaborate, but they would have to meet the criteria for inspectors. That's not all spelled out in this particular act, but I expect it is in other pieces of legislation or regulations.

[Translation]

Mr. André Bellavance: Are we going to create new positions, or are these inspectors who are already active in the field?

[English]

Hon. Wayne Easter: Go ahead, Gary.

[Translation]

Mr. Gary Koestler: We don't anticipate hiring any new inspectors. We're going to reach an agreement so that the inspectors of the Canada Revenue Agency who are already inspecting distilleries are responsible for enforcing this act. I believe they conduct two visits a year. This will be another regulated job for them. There will be no new inspectors to enforce this act.

Mr. André Bellavance: I contend that the selection criteria should be very tough and that the minister shouldn't be able to appoint inspectors unilaterally. I wanted to say that.

[English]

The Chair: Is there anyone on the government side?

Mr. Eyking, do you have something?

Hon. Wayne Easter: Just on that point again, André, I would think those criteria would be part of the memorandum of understanding between Agriculture and Agri-Food and the Canada Revenue Agency. There are certain criteria that inspectors must meet, certain levels of enforcement that must be applied, certain training that must take place. It would be similar to current excise inspectors, but it would be detailed, I think, in that memorandum of understanding.

The Chair: Mr. Eyking.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Mr. Chairman.

My question is on the potential increase in sales of our exports. Does this open the door a lot more for us to sell wines to Europe? How much do we sell? What's the potential increase for the wine producers or even the spirit people?

Hon. Wayne Easter: Maybe Gary can look that up. We did have the figures of the potential increase. We'll find that for you, Mark. I know it is very substantial in terms of opening up export opportunities. We'll find it and get back to you.

• (0950)

Hon. Mark Eyking: We had people yesterday in front of our committee talking about the big sales we do in a lot of spirits in the United States. Maybe you could get that figure also.

Is Europe a big customer for our hard liquor, our spirits?

Hon. Wayne Easter: Canadian whisky is...no, that's the biggest seller in the United States. I'm not sure about Europe—maybe \$25

million? We'll find that number and get back to you. I know we do have it somewhere.

I want to, Mr. Chair, come back to Ted's earlier question on the NAFTA. There are four brands that are involved there, drink names: tequila, mezcal, Tennessee whisky, and bourbon whisky. They are already under the obligations through the food and drug regulations, as I said. It puts them in this act, where they'd be better placed. But there are four under the North American Free Trade Agreement.

The Chair: Thank you, Mr. Eyking.

Are there any further comments or questions?

Mr. Menzies.

Mr. Ted Menzies: Yes, Mr. Chair.

Thank you for clarification on that. There's been so much discussion about NAFTA lately, I want to make sure that we don't start contravening NAFTA by setting up another agreement.

I have one specific question. We talk about Scotch whisky, the sixth item in the schedule. Maybe my Scotch-aficionado friend, Mr. Eyking, might shed a little light on this. Cape Breton—help me with the name of the company—produces Scotch whisky.

Hon. Mark Eyking: Very good Scotch. Did you try it?

Mr. Ted Menzies: No, I never thought of it.

Hon. Mark Eyking: I'll bring some on Monday.

Mr. Ted Menzies: How does it impact on this Scotch manufacture in Canada?

Hon. Wayne Easter: It's not called Scotch in Cape Breton, because the Scot—

Mr. Ted Menzies: Isn't it?

Hon. Wayne Easter: No, it's called whisky. They're not allowed to call it Scotch, because Scotch only comes from Europe.

Mr. Ted Menzies: Some of my colleagues who have been promoting it refer to it as Scotch, so I guess I took it—

Hon. Wayne Easter: It is as good as Scotch; there's no question about it.

Hon. Mark Eyking: Mr. Chairman, in the Legion we call it Scotch.

Some hon. members: Oh, oh!

Mr. Ted Menzies: So it's exempt from the TRIPS agreement, in the Legion you're in.

We had a short discussion about ice wines. Among some of the manufacturers of ice wines there's a great concern with poor-quality ice wines being manufactured in China and being labelled as Canadian ice wines. That's certainly hurting our industry here in Canada. This piece of legislation does not do anything to address that, does it?

Hon. Wayne Easter: No, this is strictly meeting the Canada-EU agreement and, as I indicated, some sections under NAFTA. You're absolutely right; there are imitation Canadian ice wine products on the market in China, and they are hurting our industry. But that has to be handled under different measures.

Mr. Gary Koestler: It's an issue we're certainly aware of. We're working to try to influence the Chinese right now in the development of their standards for wine, so that they would adopt ice wine standards comparable to Canada's. We're currently engaged with Chinese officials and trying to influence that development. Hopefully we can influence the development of law in China to maintain the integrity of the ice wine market internationally.

Mr. Ted Menzies: I'm glad you recognize it.

I want to take the discussion back to GIs, geographical indications. I have great concerns that we're nowhere near being finished, with this TRIPS agreement. I can't help but be concerned, with an agreement like this, that we're going to set a precedent whereby Canada is recognizing geographical indications, just stepping up the rhetoric for the European Union and a number of other countries to come back with.... I'm concerned for Quebec, for producers of parmesan cheese. If the EU has its way, parmesan cheese will only come from Parma, Italy. It'll be the same with Roquefort. We have a lot of producers and manufacturing plants in Canada making bologna. If they have their way, it will only be made in Bologna, Italy. I'm just concerned that we're setting a precedent that will give the EU a very strong argument to come back at us. My sense is we'll lose in the big picture.

One win we have is canola—that's Canadian. The United States wouldn't be able to grow canola; Australia wouldn't be able to grow canola. Of course, in Europe they still call it oilseed rape.

Am I concerned for no reason? Are we setting a precedent here that may come back to haunt us in further WTO negotiations?

• (0955)

Hon. Wayne Easter: I think what you're doing to a certain extent, Ted, is comparing apples with oranges. It was in 1996 that Canada put in place a procedure to protect the GI for wines and spirits, under the Trade-marks Act. That's where this is placed. It's used to protect specifically European GIs, and it applies only to the wines and spirits. I think this is an entirely different issue. It may come up under the WTO.

Mr. Ted Menzies: It's already been raised under the TRIPS agreement.

Hon. Wayne Easter: It's already in place, under the 1996 one when we put that protection in place for geographical indicators. This specific piece of legislation will not establish any kind of precedent that isn't already in place.

Mr. Ted Menzies: Maybe I'm worried for nothing, but it is in negotiations and we're going to be pressured to negotiate. If we set a precedent like this, are we setting ourselves up for a weak position from which to negotiate?

Hon. Wayne Easter: My personal point of view is that this legislation would have no impact on your concerns, because what you're referring to really relates to a mechanism that was set up in 1996. This legislation wouldn't have any bearing on establishing a precedent, because that mechanism was agreed to for spirits and wines in 1996.

Mr. Ted Menzies: I certainly hope you're right. I'm just raising a concern.

The Chair: I would like to wrap this up but I don't want to use closure, and I want to have everybody get in there.

Larry has something short. Mr. Roy has something short. Mr. Bellavance is okay. We're okay on this side.

Hon. Wayne Easter: Just to answer Mr. Eyking, we're currently exporting \$1.5 million worth of wine. The wine industry believes that with this agreement in place we have the potential to get to \$5 million in Europe.

The Chair: Thank you.

Mr. Miller is first, and then Mr. Roy.

Mr. Larry Miller: Thanks, Mr. Chairman.

I just have a question on the ice wine in China. It's a little bit away from this bill, but it would still be nice to know.

Are they labelling Chinese ice wine as Canadian in China, or are they sending it in here and calling it Canadian wine?

Hon. Wayne Easter: It's occurring in China. One of the difficulties in dealing with China is there's so much counterfeit stuff on the go. Call it like it is, that is what's happening.

Mr. Larry Miller: When we're trying to do other trade deals with them, or whatever, are we bringing up things like this?

Hon. Wayne Easter: I think you'll find that most of the trading partners in the world are very concerned about what is happening in China, and it's one of the difficulties of doing business with China. The U.S. is concerned. Europe is concerned. We're concerned. But China has to put the laws in place in their own nation to protect trademarks, patents, etc. of other countries around the world, and they haven't done that yet. It's a concern for everyone, and it's certainly trying to be negotiated in bilateral and multilateral arrangements with China.

• (1000)

Mr. Larry Miller: Thanks, Mr. Chairman. That was just fresh in my mind and I wanted some clarification.

The Chair: Thank you, Mr. Miller.

Mr. Roy.

[*Translation*]

Mr. Jean-Yves Roy: It's just a technical question, Mr. Koestler. You refer to the Caribbean and, among others, you name Jamaica. However, to my knowledge, it has withdrawn from Caricom.

[*English*]

Hon. Wayne Easter: There is a Caribbean rum, and I can't think of it off the top of my head.

[*Translation*]

Mr. Jean-Yves Roy: It's the last item on the last page, page 8. You set out a list of the Commonwealth Caribbean countries, and you include Jamaica. To my knowledge, Jamaica withdrew from the Caribbean common market, or Caricom, about a year and a half ago.

I simply want to be sure about how rum is defined. Here the standards adopted by Caricom are applied to Jamaica. However, to my knowledge, Jamaica has withdrawn from this market.

[English]

Hon. Wayne Easter: In terms of Caribbean rum, this bill reflects the commitment Canada made at the Commonwealth heads of government meeting in Nassau in 1985 to establish an economic and trade development program for the Commonwealth Caribbean countries and territories. But the current standard for Caribbean rum was established through amendments to the food and drug regulations in 1989, and there was no notice of objection received at that time from the Caribbean.

[Translation]

Mr. Jean-Yves Roy: I see.

[English]

The Chair: Okay. Thank you very much.

If I can have your cooperation, with your agreement we will go to clause-by-clause.

Mr. Bellavance.

[Translation]

Mr. André Bellavance: Mr. Chairman, you talk about going to the clause-by-clause consideration. As you know, I have expressed some reservations on the subject before today. If the committee is prepared to proceed immediately with the consideration, I won't object to it, but I want to say this: for the committee to work in a serious, acceptable manner, we should ensure in future that presentations are made to the committee and that they are made in advance. We should avoid rushing passage of a bill in committee.

We could have held this meeting before today. Witnesses could also have given us their views on the bill. In other words, we should do things in a serious, disciplined manner. That's the committee's job. I'm not the only one who thinks so: my colleagues will no doubt agree with me. Bill S-38 was presented to us, and it had to be briefly addressed in the House. Today, the Parliamentary Secretary has come to talk about it, and we're immediately moving on to the clause-by-clause consideration. If the parties had 30 amendments to introduce, I believe it would be hard to do what we want.

It should also be said that it takes a certain amount of time to prepare amendments — and I don't know whether my colleagues are introducing any. I feel that matters are being rushed. That annoys me, and I wanted you to know it, Mr. Chairman, as well as the departmental people. From now on, we members of the Bloc québécois won't allow things to be presented to us in such a hurried manner.

[English]

The Chair: We're not rushing at the direction of the chair. It's simply that this has gone through the Senate; it's gone through a procedure. It isn't normally the way bills come to us, but the advance technical input on the bill has been given to other bodies, and I guess it's to reinvent the wheel. We have that opportunity, and I'm not trying to prevent this committee from doing that. But I think it's a pretty straightforward bill. I'm under the direction of this committee as your chair, but I hope we can do that on this one and move on. I'll take that under advisement.

● (1005)

[Translation]

Mr. André Bellavance: I think the deadlines were very tight. Furthermore, the President of the Canadian Distillers Association sent a letter to committee members to tell them that he had already said what he had to say in his appearance before the Senate. He thought he didn't have to come here.

I feel this is a lack of respect toward the committee. I mention this individual because he sent us a letter. It also doesn't seem normal to me. We have a serious job to do, and, without denigrating the Senate, I would say that, as elected members, our work is all the more important when it comes to considering bills. They are accountable to the committees of the House of Commons when it comes to passing a bill.

[English]

The Chair: Thank you, Mr. Bellavance.

Mr. Miller.

Mr. Larry Miller: I think Mr. Bellavance has some very good points. I don't rubber-stamp anything and I don't want to be expected to do it. There probably isn't anything in this bill that's bad, but I had one question today and Wayne said he'd get back to us on it. So to go ahead and actually finish doing it today probably can't be done. There probably isn't going to be anything that will hold it up big time, but I still think, as Mr. Bellavance said, if we have these questions we should be able to get them answered. If we're just rubber-stamping, then don't waste my time bringing it to this committee.

The Chair: I don't think that was ever the intention. In the spirit in which it was brought forward, as your chair I simply... When the minister advises the committee of a bill coming forward, it's my job and my prerogative to bring it to this committee and have it dealt with as expeditiously as possible.

I'm in your hands, and obviously I would like to see this done today. I think we have the time to do it. Time is of the essence in going forward, because we have so many issues. We have a really full boatload of issues that we have to deal with in a very short agenda.

Mr. Larry Miller: I understand that and I'm not knocking you for it. I just want to point out, as Mr. Bellavance said, that if we have questions we shouldn't ram them through. We know what happens when you do that. Hopefully this will go...but whatever.

The Chair: Mr. Smith.

Mr. David Smith: I share the opinion of my colleagues. I think it's just a question of respect. Maybe we could just advise the minister on these issues and concerns. I believe that everybody agrees on the bill today. I find it very good that people can express themselves on this issue. Maybe we could share the opinion, and at least next time it could be seen on another...

Thank you very much.

The Chair: I appreciate that.

I ask your indulgence to forward a letter to the minister indicating the displeasure of this committee in having the bill brought forward in this way. Would that satisfy the will of this committee this morning and allow us to move forward, since we will have indicated that we're not particularly pleased?

Mr. Larry Miller: I don't have a problem with your doing that. I don't think it's how the bill came at us; it's that somebody gave us the impression they were saying, okay, here's the bill, it needs to be passed today.

That's fine. If there are no problems or serious questions with it, let's pass it today. But don't give me a deadline, put a gun to my head, and say it's got to be done today, because in the event that it isn't, you still have some room. That seems to be what's happening today.

The Chair: Mr. Easter.

Hon. Wayne Easter: I agree with André's points. It's always useful to have witnesses.

This bill is a little bit different. We have the letter from the distillers association. It did go to the Senate first. But if this committee decides it wants the distillers or anybody else to come in, they're obligated to come in, because we are the House of Commons; we are the elected representatives.

It's not absolutely crucial that this go through today. We need to have it in force by June 6 of next year, but in any event, it would be great if we could carry it today. I've certainly made note of the comments. I respect the comments people have raised, and will certainly talk to the minister about them. I just see this bill as somewhat different, in that it started in the Senate and there were witnesses heard. But if we want those witnesses here, they're obligated to come.

•(1010)

The Chair: Mrs. Ur.

Mrs. Rose-Marie Ur: Just to add to Wayne's comments, it's not so much a matter of pushing the bill through. When we are here as parliamentarians trying to help the industry, I take exception when they send a letter telling us they've already reported to the Senate, so why should they report to a lowly body in the House of Commons. That's where my anger has risen a bit.

Excuse me, but we are the lawmakers and we are working to improve your industry. That's where I take a bit more exception. For them to be so arrogant to think, "Well, we've been here once. Do you not understand what we've presented in the Senate? Can you not understand what we delivered there?"—that's my objection. Excuse me, if you want us to help you'd best be ready to come, whether it's to the Senate or to the House of Commons agriculture committee.

I have no problem supporting this bill this morning. I'm sure they represented and presented at the Senate hearings quite eloquently. But it's a partnership, and if you want help, don't break the hand that's tried to feed you.

The Chair: I think we share a common sentiment this morning. I don't think we're in disagreement on any part of what we're trying to do. The process has been somewhat flawed for all of us.

I'm in your hands. If you wish to have hearings and we can find time to do that—and we have to find time, there's no doubt about that—then we'll do that. If you wish to move forward this morning and do the bill, I'm ready to move forward.

Mr. Miller.

Mr. Larry Miller: I don't have any problem with going clause-by-clause if they understand that if there's a clause that isn't suitable and we have a question about, we'll have to wait for it. I don't know whether that'll happen or not, but...

The Chair: If we have to stay a clause, so be it.

Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: I simply meant that I was relying on the committee's decision. If the other parties are prepared to begin the clause-by-clause consideration, I will do so as well. However, I'd like to make sure that we've clearly understood each other: in future, I want the comments that I've just made to be taken into consideration.

[*English*]

The Chair: I'll work from consensus this morning. We'll move into clause-by-clause consideration.

Do you still wish me, as your chair, to write a letter to the minister expressing displeasure with the process, as was mentioned? Do you want me to do that?

Okay. Your chair will do that. You'll have a copy of it.

We have the legislative clerk coming to the table.

We will begin with consideration of clause 2. The first 17 clauses are pretty straightforward.

Yes? Do you have one of these?

[*Translation*]

Mr. André Bellavance: Could we have a copy of the document you have in hand, which contains the clauses? In that way, we won't have to follow along in the bill.

[*English*]

The Chair: I just have "Shall clause 2...", "Shall clause 3...", "Shall clause 4...".

[*Translation*]

Mr. André Bellavance: All right.

[*English*]

The Chair: Basically it's repetitious, and if you follow through on your clauses, we can do them in...

Yes, Ms. Ur.

Mrs. Rose-Marie Ur: It's written in this more explicitly. Do you have that in your book?

The Chair: Yes, it's in there as well. I'm sorry, I wasn't even looking at that one yet.

What I'm going to ask, unless there is objection or anyone sees a problem...there are no amendments until we get to clause 18.

Yes, Mr. Bellavance.

[*Translation*]

Mr. André Bellavance: I want to vote against clause 5. I have no objections to the other clauses.

•(1015)

[*English*]

The Chair: You want to vote against clause 5?

[*Translation*]

Mr. André Bellavance: Yes.

[*English*]

The Chair: Okay. I think for the essence, because there may be some others of that nature, let's go through them. When I see a majority, I'm going to call it on division, unless you see otherwise.

Let's go through them individually, clause by clause. I think this is the way we can deal with it. I know it takes a little longer to do it that way, but it gives you an opportunity.

Yes?

Mr. Larry Miller: Mr. Chairman, you mentioned that the first 17 are straightforward, and that only clause 18—

The Chair: There were no amendments anywhere. We didn't have any—

Mr. Larry Miller: Yes, well, where is clause 18? The book I have doesn't have clause 18.

The Chair: I'm sorry, there is no clause 18. But there are no amendments for the first 17 clauses, and then we go into the title and a number of other things after that. I was in error. I shouldn't have used the term "clause 18".

(Clauses 2 to 10 inclusive agreed to on division)

Mr. Larry Miller: Mr. Chairman, in reference to clause 10—the one on which they were going to get a legal opinion—they think it's safe, and I think it probably is too, but I'm wondering if anybody else around the table has any concerns. I just wanted to make sure it didn't hinder a small operation that was selling a number of things, such as a grocery.

Hon. Wayne Easter: I'll put it this way, Mr. Chair. This does go back to the House. We will have a legal opinion for you early next week, and so there is that out. Okay?

Mr. Larry Miller: That's fine.

The Chair: We've carried clause 10 on division.

(Clauses 11 to 17 agreed to on division)

The Chair: Shall the schedule carry?

Some hon. members: Agreed.

The Chair: On division.

Shall the preamble carry?

Some hon. members: Agreed.

The Chair: On division.

Then we want the short title. Shall the short title carry?

Some hon. members: Agreed.

The Chair: On division.

Shall the title carry?

Some hon. members: Agreed.

The Chair: On division.

Shall the bill carry?

Some hon. members: Agreed.

The Chair: On division.

Shall the chair report the bill to the House?

Some hon. members: Agreed.

The Chair: On division.

I thank you.

We have one more matter of business. We want to conclude the Riding Mountain National Park item. We had one matter we wanted to attend to, and that was the one recommendation.... We want to deal with that, but we have to go in camera to do so.

May I ask for a motion to go in camera?

Mr. Larry Miller: I'd make that motion, Mr. Chairman, but what's the reason we have to go in camera?

The Chair: It's because the report hasn't been made public.

Mr. Larry Miller: I so move.

[*Proceedings continue in camera*]

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