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Chair

Mr. Leon Benoit

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• (1545)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone. It's good to be here. Pursuant to Standing Order....

Yes.

Hon. Dominic LeBlanc (Beauséjour, Lib.): Excuse me, Mr. Chairman. Before you begin, I would like to propose a slight change to the agenda of today's meeting. I'm conscious that we have a number of witnesses before us, many of whom have travelled a great distance. What I'm suggesting, Mr. Chairman, need not take more than a few minutes.

When we adjourned the last meeting, you were dealing with an amendment proposed by Ms. Guergis with respect to Mr. Paquette's motion on softwood lumber. We've been trying to have that motion voted upon for some time.

Mr. Chairman, I propose we go back and deal very quickly with the amendment and the motion of Mr. Paquette, and also vote very quickly on Mr. Julian's motion with respect to South Korea and the production of some documents. Since we're in the mood to change the agenda—and, as I say, Mr. Chairman, I recognize that this need not take more than a few minutes because we don't intend to speak to any of this—we would simply like to vote on these motions.

As a slight change to the order of the witnesses today, I hope the committee would agree that representatives of the Canadian Council for International Co-operation, particularly Mr. Moreno, who has travelled from El Salvador, should be allowed to testify first.

Thank you.

The Chair: We have the witnesses at the table already, Mr. LeBlanc.

Ms. Guergis.

Ms. Helena Guergis (Simcoe—Grey, CPC): Thank you.

I wanted to point out that there were four motions; two of them were mine. I noticed you wanted to talk about yours and Mr. Julian's, but you didn't acknowledge any of the other motions we have over here. Maybe we can decide which motions we are going to talk about at this moment: is it going to be all four or one? I don't think mine should be excluded from that process.

The Chair: I think there is a will among all members of the committee to deal with these motions as quickly as possible, because we do have two groups of witnesses waiting.

Mr. LeBlanc, we have other amendments Ms. Guergis talked about at the last meeting. We will deal with those as well, if we're going to deal with the motions now.

Hon. Dominic LeBlanc: Mr. Chairman, we'd be quite amenable to that. I don't disagree that the parliamentary secretary has also put motions. She said, "talk to the motions". I'm proposing we don't talk to them; I'm proposing we vote on all of them very quickly and then move immediately to the witnesses.

The Chair: I don't think we're going to eliminate debate on motions, Mr. LeBlanc. We can try to deal with them as efficiently as we can, and I'm sure everybody will do that.

Yes.

Ms. Helena Guergis: Mr. Chair, the opposition has suggested not to have any debate over any of the motions they've put forward on a regular basis. I suggest that's very undemocratic. I really don't have very much to say. I'd just like the opportunity to say what I do have to say.

The Chair: So we have to get the motion back on the table.

Mr. Julian.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Mr. Chair, you're saying we're proceeding as Mr. LeBlanc has outlined?

The Chair: I'm saying if you want to bring the motion back, go ahead, and we'll deal with that motion.

Ms. Helena Guergis: Mr. Chair, all motions.

The Chair: Yes, we'll start by bringing the motion back to the table, and then if there are amendments, which Ms. Guergis has indicated there are, we'll deal with the amendments and then we'll deal with the motion, either amended or not amended. And I hope we can deal with this quickly.

Go ahead, Mr. Julian, if you'd like to bring the motion before the committee.

Oh, it's Mr. Paquette. My apologies.

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Mr. Chairman, the motion has already been tabled. The parliamentary secretary had proposed an amendment and we had discussed it. However, we needed 30 more seconds to vote. We're now ready to do that.

[English]

Ms. Helena Guergis: I'm happy to speak to those amendments if there's an opportunity.

The Chair: Is the motion back on the...?

Mr. Paquette, have you brought the motion to the committee?

[*Translation*]

Mr. Pierre Paquette: It's the same motion that we debated at our last meeting. The parliamentary secretary proposed an amendment. We feel that it has been sufficiently debated and that it's now time to vote.

• (1550)

[*English*]

The Chair: So you've brought the motion forward.

Ms. Guergis, you have amendments you'd like to propose. Just go ahead and do that and speak to the amendments. As you know, that's the process.

Ms. Helena Guergis: Thank you very much, Mr. Chair.

Out of respect for the witnesses, which is something that we on this side of the committee table have expressed many times, we would prefer to actually hear your testimony first, before getting into these, so that we don't waste your time and so that we actually have the most amount of time to hear what you have to say. That being said, we'll proceed.

The government members on this side of the House figured out some time ago that the opposition parties were not going to agree to the amendments or to any motions we've put forward at this table. We know from past experience that they really aren't prepared to even allow me to speak, so I am pleased to have this opportunity today.

We know we will lose, because that's just how it has been when it comes to voting on our amendments and such. They continually band together and just completely vote against anything that anyone on this side of the House has to propose.

We are trying to do the responsible thing here and provide balance. We had four amendments in total. That's what I had and what I wanted to present. I did get one introduced and one voted on, but in the interest, again, of time, I'll just quickly go through them.

The first one, of course, was just to add, "based on some of the testimony heard...".

The second one was to amend the last paragraph of the motion:

That this motion be tabled in the House as the Committee's report within the next 24 hours.

I wanted to replace that with:

That this motion be tabled in the House as the Committee's interim report until such a time as a balanced report can be prepared.

Now, adding "interim report" actually would even have allowed the opposition members, at some point, to table a report that says pretty much whatever they want in it, because they can vote to decide whatever the content is, regardless of what we say on this side of the House. So I don't know why they would be opposed to this being an interim report and them having another opportunity to talk about it.

In the interest of time, I'm just going to add my other two amendments right away so we can vote on them all at once.

The next amendment was to amend the motion to include:

These recommendations do not necessarily reflect all the testimony heard by the Committee.

In fact, we had 10 witnesses here on Monday who gave us some excellent testimony, and it was not delivered before the Bloc motion was introduced, so I think it's very appropriate that we acknowledge that the 10 witnesses who were here were not included in the Bloc motion.

The last one was to amend the last paragraph:

That this motion be tabled in the House as the Committee's report within the next 24 hours.

And to say:

and the government be asked to provide a written response to this interim report within 120 days.

I would also think that this is a very reasonable request. I think anyone who's asking for the government to respond would want to put in a timeframe as to when you would want the government to respond to what you have to say.

I'm almost finished going through this.

Now, as I said, I believe that balance really has been our approach here and that the Bloc motion really has no opinion of any of the government members in it. It's very clear that much testimony has been cherry-picked to forward the political agenda of the opposition members. It is very unusual for an opposition member to draft a report on behalf of the entire committee. Hansard from the past few meetings is very clear. Anyone can see from reading the Hansard that there has been a complete lack of respect for witness testimony around this table. I refer back to the 10 witnesses who were not included in the Bloc motion. So my colleagues and I were extremely frustrated and disappointed about this.

I would just like to say, in closing, that I have read the Bloc motion, as all members have, and truth be told, point three, actually, starts to amaze me. It says:

Ensure that the anti-circumvention clause is worded so it preserves the provinces' ability to amend and enhance their forestry policy without the risk of American reprisals.

Well, one of the main points of this agreement in principle and the softwood lumber deal is to end all litigation. That's one of the main parts of the softwood lumber deal. You fail to recognize this.

I'd like to say, too, that of course the Canadian government has and will continue to negotiate in the best interests of our softwood lumber industry. That is what we're trying to do, and much of what is in the Bloc motion is what we have been very ambitious in trying to achieve.

Now, all the testimony in a proper report produced, as usual, by the researchers is what the normal procedure is around the committee table. It is, of course, what this side of the committee table would like to see happen. We respect the testimony of all our witnesses, and unlike the opposition parties, we are taking this process in a very responsible and reasonable manner, and we would like to see them do the exact same thing.

• (1555)

Thank you.

The Chair: Thank you very much, Ms. Guergis.

You're right that it is a normal process. In fact, I've never seen it done any way before...where a report is put together by the researchers and then presented to the committee for some discussion. It's very unusual. I do respect that we're in a minority Parliament, and certainly we will respect that process.

Mr. Cannan, did you want to say something on the amendments?

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

I wasn't at the last meeting, but I did read the minutes, so I just want to be on record as verifying that I've been brought up to speed in that respect.

You just answered my question in regard to being a new member to government. I've been in local and regional government for nine years. I have never seen a committee member prepare a report; the staff was supposed to.... So I wanted to clarify that it is, from your perspective, an anomaly in that way.

I'm speaking in favour of the amendments. I think they're very reasonable, and we're trying to be as accommodating as possible. I fully support the reporting out in a process that's professional and, as quickly as possible, making sure that all the information is clearly communicated. When I say "all", I mean hearing from all the witnesses, not just some. Our final report needs to reflect all the information that has been heard at this table.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Cannan.

Now, just to make it clear, Ms. Guergis, in order to speed this process up and for the sake of time, has recommended that we have one vote on all of her amendments.

Is that agreed?

Some hon. members: Agreed.

The Chair: Okay. We will do that then.

Does anybody else want to speak on Ms. Guergis' amendments? No? Then let's go to the question.

(Amendments negatived)

The Chair: Now we'll go back to the motion, unamended.

Is there any more discussion on the motion? No?

Then we will go to the vote on the main motion, Mr. Paquette's motion.

(Motion agreed to [See *Minutes of Proceedings*])

The Chair: So we have that business completed.

Mr. Julian.

Mr. Peter Julian: Mr. Chair, Mr. LeBlanc earlier proposed that we move to the motion that was provided last week on the Canada-Korea free trade negotiations and the production of documents. Notice of motion was provided last week on that. I believe the clerk has copies for every member of the committee. So I would like to agree with Mr. LeBlanc that we move to consideration of that motion.

The Chair: I'm sorry, Mr. Julian, I didn't hear what you said at the end of your statement there.

Mr. Peter Julian: I agree with Mr. LeBlanc that we should now proceed to discussion of that motion.

The Chair: Which motion is that?

Mr. Peter Julian: The motion on Canada-Korea free trade negotiations and the production of documents, which was provided to all members of the committee last week.

The Chair: Ms. Guergis, your motion was which?

Ms. Helena Guergis: Sorry, Mr. Chair, but there is a list of four motions, starting with Mr. Paquette's, then two of mine, and then Mr. Julian's. So if we're going to do all four motions, we should follow in the order that the agenda had set out. Why do we always have to change the order?

The Chair: Ms. Guergis, we certainly will do that. I just want to find out from the clerk here in fact what order the motions should be in, just so we get that right. Photocopies of the motions are coming now, I understand.

Ms. Guergis, the clerk has indicated that he hasn't received these motions.

• (1600)

Ms. Helena Guergis: They were on the agenda for the last meeting.

The Chair: They were on the agenda for the last meeting. We'll have to clarify this. I want to see that for sure.

That was my remembrance of this, too, Ms. Guergis. The clerk is saying otherwise, and I want to get it right.

Mr. Peter Julian: Mr. Chair, let me say that Ms. Guergis is correct. She did present two notices of motion last week; we received them.

The question really is whether they are in order, given that we just had the debate on the motion Mr. Paquette had proposed. In these two cases one of the motions talks about supplementary comments to a main report, and we've already adopted a motion at this committee.

The Chair: That's certainly a separate issue, though, Mr. Julian. I would argue they are in order and proper notice has been given.

It would be appropriate, do you agree, Mr. Clerk, that this should be dealt with first?

Ms. Guergis, go ahead with your first motion, please.

Ms. Helena Guergis: Thank you very much, Mr. Chair. I appreciate the opportunity to get my motions on record.

The first motion is:

Whereas it may be the will of the committee to table a report on the matter of the issues facing the softwood lumber industry without taking into consideration the testimony of the witnesses appearing before committee

—and because we didn't have a time to address it, it is actually written as if speaking before Monday, June 19—

the committee moves that interested members of the committee be prepared to append supplementary comments to the main report within 48 hours of the final adoption of the committee report

—which would now be Mr. Paquette's motion that's passed.

The Chair: Ms. Guergis, do you have further comment on that, or do you want to go straight to a vote?

Ms. Helena Guergis: Oh, no. I know they're not interested.

The Chair: Does anybody else have comment or debate on that motion?

Let's go to the vote.

(Motion negated)

The Chair: Ms. Guergis, you have a second motion. Please proceed.

Ms. Helena Guergis: Number two is:

Whereas the committee has not had an opportunity to complete all of the testimony and provide research staff with drafting instructions or parameters for the drafting of a report on the softwood lumber industry, the committee moves that discussion take place to provide staff with parameters and guidelines for the drafting of the report, a deadline for which to complete the report, and the major components that are to be addressed within the context of the testimony of the witnesses heard by the committee.

The Chair: Thank you, Ms. Guergis. Do you have any further comments?

Ms. Helena Guergis: No. I just want to be on record that it has been—

The Chair: All right. Let's go to the vote on that motion.

(Motion negated)

The Chair: Mr. Julian, you have a motion. It's in order; 48 hours' notice has been given.

Mr. Peter Julian: Yes, Mr. Chair. It provides that the government provide all members of the Standing Committee on International Trade with all impact studies performed by Industry Canada on the consequences of a free trade deal with South Korea in the automotive and shipbuilding sector, within 30 days.

This comes, of course, out of the testimony we've heard most recently that there have been impact studies prepared that have not been shared.

The Chair: Thank you, Mr. Julian.

Mr. Menzies.

Mr. Ted Menzies (Macleod, CPC): I have some concern about this. There has to be, I would think, sensitive information that's been provided by companies that would be most inappropriate to share in the public domain. I have great concerns with that precise a wording.

I think we could accept an amendment to give our industry department a little latitude to protect sensitive, commercial information, if you're capable of understanding that.

The Chair: Mr. Menzies, are you proposing an amendment, a friendly amendment of some kind?

Mr. Ted Menzies: I would like to.

The Chair: Mr. Julian, are you open to a friendly amendment along the line Mr. Menzies has been indicating, just to speed it up? Let's move it along if we can.

Mr. Peter Julian: This is about providing it to the members of the Standing Committee on International Trade, Mr. Chair, so no, I don't see the relevance of Mr. Menzies' remarks.

The Chair: Okay.

Ms. Guergis.

Ms. Helena Guergis: Thank you, Mr. Chair.

The original study was actually done by Industry Canada on the impact of a free trade agreement with South Korea. It demonstrated that the elimination of the current auto tariff of 6.1% would have little impact on the automotive production in Canada.

I have a few other points I would like to make with respect to Mr. Julian's motion, if I can.

This study, of course, was a part of a cabinet decision, and it cannot be made public, as I think he knows.

Industry Canada is currently finalizing a subsequent analysis using publicly available data and a publicly available economic model called the COMPAS model. This model is used extensively by governments and the private sector.

The overall conclusions, as I said, from the study are the same as those of the initial study, namely that a free trade agreement with South Korea will have very little impact on automotive production in Canada. This is primarily due to current trade patterns and the fact that the vast majority—85%—of Canadian manufactured vehicles are exported primarily to the U.S.A., and three out of four vehicles sold in Canada are imported. Of the remaining production, only a limited number of models are in direct competition with Korean imports. Potential import growth for Korea will also be tempered by the new Hyundai plant in Alabama and a proposed new Kia facility in Georgia.

I'm not sure if any of my other colleagues have any comment they would like to add to this, but to reiterate, this report is a part of a cabinet decision, and it's not something that can be made public.

• (1605)

The Chair: Are there any further comments on this motion?

Mr. Cannan.

Mr. Ron Cannan: Thank you.

To reiterate my colleague's comments about the sensitivity of the issue, I know that when we heard from some of the witnesses, there were some concerns from the auto sector. I know the Government of Canada will continue to work with the automotive industry.

They've got some different forums in which to present their analysis of the impact on Canadian production and the free trade agreement. No analysis to date on the impact of the free trade agreement has been submitted by the industry. I think it's important to realize that the negotiations are ongoing and are actually very premature in many ways.

As far as the application of getting this information out within 30 days, I would suggest, as a friendly amendment, that the mover remove "within 30 days" and be open to having the report when it's appropriate and when it's available.

Ms. Helena Guergis: It could be another timeframe to give them more time to get the analysis together.

The Chair: Mr. Julian, you've heard the tone here. The members on the government side are suggesting that 30 days may not be enough. They would like that specific part of the motion removed so the government has a reasonable amount of time to put the information together and get it to the committee.

How do you respond to that, Mr. Julian?

Mr. Peter Julian: Well, Mr. Chair, we had three interventions and all three of them contradicted each other.

Effectively, we know that those studies have been produced. We were told that in testimony from witnesses. In fact, we were told that the studies had already been shared with the automotive industry and with automotive workers who are in the automotive consultative group. When the witnesses from the automotive consultative group came forward, they said, no, those studies had not been shared with them.

It's important to clarify what is indeed happening. The impact studies that have been done, which we were told would be shared with the automotive consultative group, have not been shared. I think it's perfectly legitimate for this committee to request a timeline of 30 days, because as we heard in testimony, those studies have already been done.

The Chair: Is that a no, Mr. Julian?

Mr. Peter Julian: Yes.

The Chair: Yes! Oh, it sounded more like a no, Mr. Julian.

Mr. Peter Julian: It's a no. You are correct.

The Chair: I understand. No friendly amendment is being welcomed here.

Mr. Cannan.

Mr. Ron Cannan: I only want to clarify this. When I gave a timeframe as an amendment, I was going to say 90 days, but in the spirit of the all-Canadian compromise, I would say 60 days. That would give them a reasonable opportunity.

I don't know if the mover would be open to that.

The Chair: Mr. Julian, we have witnesses waiting. We're trying to get to them as soon as possible.

Mr. Peter Julian: Yes, and I'd certainly like to proceed to the vote, Mr. Chair. Let's do so.

The Chair: Okay. Does anyone want to put forth a formal amendment?

Yes, Mr. Cannan.

Mr. Ron Cannan: I'd like to make the motion that instead of "within 30 days", it's "within 60 days".

The Chair: Okay. You have all heard the proposed amendment by Mr. Cannan.

Shall we go to the question?

(Amendment negated)

•(1610)

The Chair: We'll now go to the vote on the motion by Mr. Julian.

(Motion agreed to)

The Chair: Is there anything else, Mr. Julian, or anyone else on the opposition side?

Mr. Peter Julian: Thank you, Mr. Chair.

Given Mr. LeBlanc's very legitimate proposal, we should proceed to the Canadian Council for International Co-operation, with Mr. Moreno as the first witness.

The Chair: Mr. Julian, you can see that the witnesses are listed with the departmental officials first. It's the normal way to proceed. This would be highly unusual.

We have them seated at the table already, Mr. Julian. I would suggest we move ahead. We're not going to have time to handle this without an extension of the meeting.

Mr. Peter Julian: With respect, Mr. Chair, Mr. Moreno has come from El Salvador. If what you're saying—

The Chair: Well, it would really be good if everyone would think of these things before we get into an interference before the meeting.

Mr. Peter Julian: I request a vote on that issue.

The Chair: Make a motion then, Mr. Julian.

Mr. Peter Julian: Well, Mr. LeBlanc already has. He made it at the beginning of the meeting.

The Chair: I didn't hear a motion.

Go ahead, Mr. LeBlanc.

Hon. Dominic LeBlanc: Mr. Chairman, I understand it's perfectly in order for a committee to change its own agenda. I would therefore propose that the first witnesses to testify be from the Canadian Council for International Co-operation. We would then proceed down the list as it is before us, after we hear from them first.

The Chair: Are you suggesting we have these witnesses one at a time?

Hon. Dominic LeBlanc: Mr. Chairman, no. Mr. Chairman, you're now delaying the meeting.

Some hon. members: Oh, oh!

Hon. Dominic LeBlanc: You understand exactly, Mr. Chairman—

The Chair: Please tell me, then, what you want here.

Hon. Dominic LeBlanc: Let me repeat it for you again.

I would like the first witnesses, as we normally have at all the other meetings, the group that's given the first time slot, to be those who have come from El Salvador. That's all.

The Chair: Okay, who are those witnesses? Let's see exactly who. Who are you referring to? Which witnesses? Do you want the last two witnesses to appear alone before this committee now, first?

Hon. Dominic LeBlanc: Mr. Chair, “alone” is your word. All I'm saying is that when the speaking order is determined, we ask them to speak first, and then we go through the list as normal. That's all. Instead of them speaking last, they speak first, and then we go down the list. That's all.

Ms. Helena Guergis: We understand that now, but it was not clear in the beginning.

The Chair: Okay, is it agreed by—

Ms. Helena Guergis: Does it require unanimous consent to change the agenda?

The Chair: It would require a vote, if we want to go to a vote. Do you want us to proceed with a vote? Where is the motion?

Ms. Helena Guergis: With a motion, or whatever you need to start talking.

The Chair: Mr. LeBlanc, do you want to make that a motion, then?

Hon. Dominic LeBlanc: Sure, Mr. Chairman.

The Chair: Is there discussion or debate on this motion to have the last witness speak first?

Some hon. members: No.

(Motion agreed to)

The Chair: With that motion carried, we'll have to now change the arrangement at the table.

First of all, let's open the meeting formally. I was interrupted as I started to do that.

Pursuant to Standing Order 108(2), this committee is now doing a study on the Canada-Central America four free trade agreement negotiations—Salvador, Guatemala, Honduras and Nicaragua.

We will have as our first speakers, with five minutes each, the two witnesses from the Canadian Council for International Co-operation, starting with Ms. Rusa Jeremic, co-chair, Americas Policy Group, and program coordinator, Global Justice, KAIROS.

Go ahead, please, for five minutes.

Ms. Rusa Jeremic (Co-Chair Americas Policy Group, Program Coordinator, Global Justice, KAIROS, Canadian Council for International Co-operation): Thank you very much.

I would like to have a clarification, please. We were told that Mr. Raúl Moreno would have 10 minutes total because of the translation requirements and that we would have a 10-minute presentation. We would like to clarify that before we proceed.

•(1615)

The Chair: We have a lot of witnesses here today. If we allow witnesses 10 minutes each, it would be a really long afternoon here. We agreed as a committee to have five minutes for each witness when we have a large group like this. So we will go ahead with five minutes each.

Go ahead, please.

Ms. Rusa Jeremic: Thank you.

That is not the information we received, and we do have someone here who is speaking Spanish, so a five-minute presentation in Spanish with translation would require 10 minutes total. So I would appreciate clarification that Mr. Moreno, who has travelled here from El Salvador to appear before the committee, would have a period of 10 minutes to speak, as promised by the clerk.

The Chair: I'll have to clarify what information was given to the witnesses. I want to make sure I do respect that. This is news to me.

Ms. Rusa Jeremic: Thank you.

The Chair: I now understand.

Mr. Moreno, if you would give your five-minute presentation, we'll then have the interpreter give their five-minute translation—apparently they have a script ready—and we'll carry through that way.

Mr. Moreno, you're the second speaker, I understand. Ms. Jeremic, go ahead, please, for five minutes.

Ms. Rusa Jeremic: We're requesting that he go first, please.

The Chair: Okay, I have no problem with that. Go ahead.

Ms. Rusa Jeremic: Thank you. It's simultaneous translation, interpretation.

The Chair: No, we will have Mr. Moreno for five minutes, and then we'll have the five-minute script read by the translator. That is the information the clerk has given.

Ms. Rusa Jeremic: Yes, but that's not the way the translation works. I'm not sure if the translator is prepared to—

The Chair: With all due respect, the chair has to run the committee. Do you understand?

Ms. Rusa Jeremic: Sorry.

The Chair: The clerk has given me the information on what information was given to the witnesses. So if we could, as I've said, have Mr. Moreno give a five-minute presentation, followed by a translation or interpretation apparently from a script, it should work fine.

Let's proceed, please. We're running short on time here.

Mr. Moreno, please proceed.

Mr. Raúl Moreno (Economist, University of El Salvador, Canadian Council for International Co-operation): *[Witness speaks in Spanish]*

•(1620)

The Chair: Mr. Moreno, excuse me, you have taken six minutes.

Are you very near the end? I'll just give you a little bit of time, if you can wrap it up in a minute or less. Go ahead.

Mr. Raúl Moreno: *[Witness speaks in Spanish]*

•(1625)

The Chair: Thank you very much.

Before we go to the translation, Ms. Guergis has a suggestion or motion for the committee.

Ms. Helena Guergis: Thank you, Mr. Chair.

I just wanted to suggest that perhaps we only proceed with our non-governmental organizations as witnesses today, and maybe ask the departmental officials to come back another day, in the interests of time and so that we can provide a great opportunity for our NGOs to continue their discussion with us today. But I will only suggest this with the agreement of opposition members that we will have the officials back in the fall.

The Chair: Is that agreed to?

Some hon. members: Agreed.

The Chair: Thank you for the very generous offer, Ms. Guergis. It does give the other witnesses more time, and I know they'll appreciate that.

I apologize for interrupting your busy schedules, gentlemen, but all you departmental officials may leave the meeting, and we'll have you back here, which I look forward to.

This does give us more time with the witnesses who are here.

So we can go to the translation now of Mr. Moreno's comments.

Mr. Raúl Moreno (Interpretation): Honourable members of the Canadian Parliament, we want to thank you for the opportunity you've given us to share our vision on the free trade agreement and to bring before you the main threats that an FTA between Canada and Central America would entail. With all due respect, we expect and wish for receptivity to our ideas.

The FTAs are not a tool for the development of small Central American economies. Even though the FTAs are signed between the parties with enormous inequalities—competitive, technological, and institutional—these agreements deny deferential and special treatment to the small Central American economies. Besides, Central American governments do not have the same power of negotiation that Canada has in order to be able to prioritize their interests in an FTA.

The FTAs are political instruments with a scope that goes beyond trade in such a way that these agreements invade functions and sovereign responsibilities of our states. The Central American states need to define their own public policies in order to empower strategic sectors that allow our economies to reactivate. However, these public policies are limited in the FTAs by the principles of national treatment and most-favoured nation treatment, as well as for the investment chapter.

The Central American states must guarantee access for the population to basic public services, including those with free access, such as education and basic health, since this access is one of the inalienable rights of the population. The Central American states have enormous difficulties reactivating their economies to levels that allow for a reduction in unemployment and poverty. The FTAs would create a net loss of jobs. With a CA4 FTA, the dependence on agricultural products would increase and would limit our inalienable right to food production sovereignty and to define our own public policies to protect our strategic sectors.

When ratified by the legislative branch, the FTAs, as international treaties, become laws of the republic in our countries. They have a higher legal hierarchy than all secondary legislation, for example, the

labour code, the environmental act, the health act, and even at times the constitution of the republic.

Ladies and gentlemen of Parliament, the Central American people need strong and efficient states that guarantee human rights and that undertake the function of leading the development of our nations. We consider that a CA4 FTA would operate with the opposite logic.

The history of international relations between Canada and Central America has been based on mutual respect and cooperation and in the support of democratic processes within our countries. This leads us to believe, and we trust, that you will not support initiatives that will hinder the development of Central American economies and negatively affect their people.

In any case, we are very worried for our rural communities and our environment. These may be affected because this FTA might limit the Central American governments in their state regulations, especially regarding the mining investments that are operating now in Guatemala, Honduras, and El Salvador, and for their exploitation of gold, silver, and copper.

●(1630)

In El Salvador, the ratification of the CA4 FTA was carried out in the early hours of the morning. There wasn't the adequate paperwork, and it was never read. The plenum never even read a single line of it. This generated a series of demonstrations, most of them pacifistic demonstrations, and the government took some retaliative actions, such as beatings, arrests, persecution, and some people even died.

We believe trade and investment are instruments that may contribute to the development of people when they are articulated within the national strategies built democratically. We do not believe commerce and investment are an end in themselves, as considered by the FTAs. So first and foremost, we need to get to know the text of the CA4 FTA. We need transparent negotiations, which is why we request, with all due respect, that you divulge the contents of this agreement.

We want to express that the Central American people deeply value the support that the Canadian nation has given us and can give our nations. We expect that our international relations are based on links of cooperation, solidarity, and friendship, because for us it would be inadequate to reduce foreign policy to a simple trade policy.

We need your cooperation, which we ask you for on behalf of the Central American people, mainly El Salvador. We request that you not ratify the CA4 FTA, or we respectfully request you to consider the negotiation of an agreement of cooperation between Canada and Central America that places at its core not the profit of corporations but the interest to continue contributing to the strengthening of our fragile democracies, the conservation of our ecosystem, and the reduction of inequality, in order for our people to live in justice, with dignity and happiness.

Thank you very much.

●(1635)

The Chair: Thank you very much.

Could you please state your name, just for the record, so we know who did the translation? I would appreciate that very much.

Mrs. Ana de Gortari (Interpreter, As an Individual): My name is Ana de Gortari.

The Chair: Thank you.

Now we'll go to five minutes, please, from Ms. Jeremic. Are you making a presentation?

Ms. Rusa Jeremic: I am making a presentation. We were informed by the clerk that we would have 10 minutes.

The Chair: No, five minutes, please. We'll have five minutes. Just do your best to cut it down. You've probably done that before.

Ms. Rusa Jeremic: Okay.

Thank you very much. I am with KAIROS: Canadian Ecumenical Justice Initiatives, and I'm also the co-chair of the Americas policy group of the Canadian Council for International Co-operation.

With me is Gauri Sreenivasan and Nadja Drost, from CCIC; Jamie Kneen, from Mining Watch Canada; Sheila Katz, from the Canadian Labour Congress; and Nick Milanovic and Mark Rowlinson, of the Canadian Association of Labour Lawyers, who have also submitted and made a request to appear before the committee but were not put on the witness list.

Since 2001—

The Chair: Excuse me. I'll just let you know that we can read your complete presentation that you've given on paper. We can have that read into the record, so it will be there in the minutes. Then you can just go ahead and give an abbreviated overview, but it will still be on the record as you've written it, plus what you've said. So go ahead.

Ms. Rusa Jeremic: Thank you very much.

Since 2001, the APG has striven to monitor the Canada-Central America agreement because of wide-ranging concerns with the impacts of current free trade agreements and extensive solidarity with Central America, amongst all of the constituencies we work with.

With regard to the U.S. free trade agreement, as Mr. Moreno explained, peaceful legitimate protests in the Central American countries were repressed and there was violence. Canadian civil society is very concerned that the Canadian bilateral trade deal is headed down a similar path.

Moreover, due to the leadership role Canada played in Central America during times of civil war, expectations from Canadian citizens are high that the Canadian government will maintain its support for sustainable development, prioritize respect for human rights, and encourage full implementation of the peace accords.

I would like to touch briefly on three areas. First, in thinking about trading with small-economy countries, Canada is clearly under strong pressure to pursue bilateral trade agreements. Although we have legitimate business interests that might reap some benefits from a free trade agreement, it is vital to recognize that Canada, as a nation, also has strong policy priorities and non-economic interests in Central America.

Moreover, the Central American region is comprised of small, vulnerable economies that will never be able to participate on an

equal playing field, no matter how much capacity-building or negotiating training they receive. There's no fair competition.

Many Canadians and civil society organizations fear that Canada's historic role in the region is on a collision course with our economic interests.

Recently in Geneva, the United Nations Committee on Economic, Social and Cultural Rights reaffirmed that Canada's human rights obligations need to come first. In reviewing Canada's compliance performance, the committee recommended that the state party consider ways in which the primacy of covenant rights may be ensured in trade and investment agreements, and in particular in the adjudication of investor-state disputes under chapter XI of NAFTA.

Although there are definite Canadian corporate interests in pursuing a free trade agreement, we have to acknowledge and recognize that the Central American market is actually not that big. The trade between the region and Canada still totals less than one percent of Canada's total trade globally. This doesn't mean that it's not important, but what it does allow is for Canada to have an opportunity to think through its approach to negotiating bilateral agreements and also to think about what type of content those agreements should have. It provides an ideal opportunity for Canada to look at a way to negotiate a free trade agreement that recognizes Canada's historic role, its commitment to supporting sustainable development, and its human rights obligations, while pursuing economic interests.

The Chair: Thank you, Ms. Jeremic. You've had over five minutes. You'll have an opportunity during questions, I'm sure.

Ms. Rusa Jeremic: Could I have 30 seconds more?

• (1640)

The Chair: Yes, you may have 30 seconds, if you wrap it up after 30 seconds.

Ms. Rusa Jeremic: Our recommendations for the committee are, first, full public debate. We urge this committee to pass a motion calling for full and informed public and parliamentary debate on the Canada's CA4 agreement.

Second, suspend the CA4 negotiations until there's disclosure of all draft text, until there are mechanisms developed for authentic public debate, and until there's further study on the CA4 agreement by the committee.

Third, a new process for bilateral trade deals is needed that involves and includes informed parliamentary debate.

Fourth, consistency with the human rights obligations I mentioned is needed.

Thank you.

The Chair: Thank you.

Now we will hear from Merrill Harris, the president of the Canadian Sugar Beet Producers' Association.

You have five minutes, please.

Of course, you will all have an opportunity during the question section of the meeting.

Go ahead, please.

Mr. Merrill Harris (President, Canadian Sugar Beet Growers Association): Okay. Thank you, Mr. Chairman.

The Canadian Sugar Beet Producers' Association thanks the House of Commons Standing Committee on International Trade for the opportunity to comment on the Canada CA4 trade agreement negotiations.

For some reason, trade in sugar seems to be more closely monitored and regulated at borders than that of many illegal substances. It is important for my farmers that the way of dealing with sugar in free trade negotiations is changed. My comments are going to focus on two things: the initial comments will pertain to a brief description of our industry and the experiences we've had in free trade agreements, and the second is a question for your committee to think about.

By a process of elimination, the Canadian Sugar Beet Producers' Association is now a group of 260-plus sugar beet farmers in the irrigated region of southern Alberta. There are members only in Alberta because of a historically open market for sugar in this country. A long time ago there used to be both sugar beet farmers and processors in Quebec, Ontario, and Manitoba. The CSBPA was formed during World War II by farmers from all four provinces.

Before free trade agreements became the thing to be doing, Canada maintained what was called a minor revenue tariff on refined sugar and generally no tariff on raw sugar entering the country, combined with the absence of non-tariff trade barriers on imported sugar. Because of this regulatory framework and the normal workings of the international price cycle, where overproduction of sugar in other parts of the world causes foreign producers to find any market at any price to clear their inventories, sugar beet farmers and factories in Quebec and Ontario disappeared.

The Manitoba sugar beet industry closed permanently after the 1996 crop, because its main market was eliminated when the government of the day traded off the sugar beet industry to protect another sector of Canadian agriculture. I know this because the Minister of Agriculture at that time wrote a letter to a former CSBPA president about a year after the fact saying that is what had happened. Regrettably, there are generally winners and losers in free trade, and sugar beet farmers have taken many turns at being in the losing column. We think it is time and justifiable for a win to be delivered in a negotiation.

After 82 years in total and more than a decade into the free trade agreement era, southern Alberta sugar beet production is increasing again. Acreage seeded in 2006 is up one-third from just three years ago; however, it's down roughly 20% from the high in 1999. For five straight crops we suffered adverse conditions, but never once approached the federal or Alberta governments for commodity-specific assistance. We were determined to sort out our difficulties with a processor or not at all.

Alberta sugar beet farmers voted unanimously in 1995 to terminate the national tripartite stabilization program for sugar beets, and that was right at the beginning of our experience with free trade. Sugar beet is a good crop; it is a high value-added crop for farmers and great in an irrigation rotation. We still operate as family

farms or neighbours working together, despite losing half our farmers during that bad period.

To continue to grow sugar beets profitably, we need good free trade agreements, and not just any free trade agreement. Perhaps I can partly define what a good free trade agreement is by describing some of the features that do not work for us. An example is that negotiation should aim at improving market access opportunities, not eliminating them. Before free trade we did not have any duties or tariff rate quotas on shipping sugar to the U.S. At the WTO implementation, Canada initially had to concede to a no tariff rate quota access for sugar and prohibitively over-quoted tariffs. In return, we committed to completely eliminating the Canadian minor revenue tariff and to introducing non-trade tariff barriers.

In the Canada CA4 negotiations, we pleaded with the government and Parliament to remember that these agreements are supposed to facilitate trade and not close it down. Just ask former Manitoba sugar beet farmers how the WTO implementation negatively affected them.

The Canada-Costa Rica Free Trade Agreement offers another evolution in our understanding of free trade. Canada agreed to a timed and mutual phase-out of tariff and tariff rate quotas on refined sugar. Canada offered Costa Rica asymmetrical market access volume during the implementation period as an inducement to sign. The agriculture minister of the day and negotiators suggested that if we were not comfortable with these market access arrangements, perhaps we could switch production to potatoes, because french fry access to Costa Rica would be quite promising and southern Alberta was expanding potato acreage at the time. As it turned out, Canadian market access to Costa Rica for refined sugar and french fries was thwarted by non-tariff barriers.

Lessons learned from the last Central American free trade agreement are that effective measures to ensure tariff rate quotas and other access are very important. Non-tariff barriers should not thwart negotiated access, and following a development agenda in a bilateral or regional negotiation by giving asymmetrical access leaves the Canadian industry disadvantaged. The development agenda should be left to the WTO, where domestic support and export subsidies are also negotiated. Canadian sugar beet farmers were faced in the Costa Rica agreement with making unilateral development concessions while still being exposed to the threat of material injury by the European Union's and the United States' sugar policies.

•(1645)

Please do not ask us to grow something else in a CA4 negotiation. Sugar beet in southern Alberta is a competitive crop. We are efficient and cost-competitive sugar farmers, usually producing the best or close-to-the-best quality of sugar beets in North America. Try to remember that for 82 years we have existed without protective tariffs or non-tariff barriers, in a market where most of the domestic supply of sugar comes from countries without similar labour, environmental, or food safety standards. Nor do we have a commodity-specific program. In fact, because agricultural irrigation encourages diversification, it is even hard to qualify for a CAIS payment.

Central American countries already enjoy substantial competitive advantages because of their comparative labour, environmental, and food safety standards. They do not need asymmetrical market access to level a playing field.

Also, please do not try to squeeze us into producing another crop if your negotiations get tough. For example, if we had switched to potatoes, we would now have added capacity in an industry where fluctuations and exchange rates, increasing trade friction, and North American overproduction would have left us with less product and less revenue-diversified. Let producers make the production decisions.

For a quick summary of my comments, we are not opposed at all to the concept of free trade. We firmly believe in it, but only free, open, transparent trade opportunities, with enforceable rules imposed on both parties. We also firmly believe that one commodity should not be traded off in favour of another commodity.

From an on-the-ground, in-the-field, farmer perspective, what is in a possible Canada-CA4 trade agreement for farmers? What benefit would Canadian agriculture, and specifically the Canadian sugar beet producers, get from a free trade agreement with the CA4 countries?

Thank you.

The Chair: Thank you, Mr. Harris.

You unfortunately brought back some less-than-pleasant memories of a past trade negotiation. I was here at the time.

Mr. Merrill Harris: We live with those consequences on a daily basis.

The Chair: I'm sure it's a little tougher for you than it is for me to live with it every day.

Ms. Marsden, president of the Canadian Sugar Institute, go ahead. You have five minutes, please.

Ms. Sandra Marsden (President, Canadian Sugar Institute): Mr. Chairman, I have some slides. I wanted to make sure the members could follow those. Is that possible?

The Chair: Do we have the presentation from Ms. Marsden circulated?

Do you have one? No?

Was that document—

Ms. Sandra Marsden: It was given to the clerk's assistant at the beginning of the....

The Chair: Was the document prepared in both official languages?

Ms. Sandra Marsden: Yes, it was.

The Chair: We will have it circulated. It would be better if people had it in front of them as you give your presentation; I can understand that.

Your document, Ms. Marsden, is being circulated.

Mr. Young, from McCain International, are you ready to go right now? Would you mind changing the order?

Thank you very much. Go ahead, please.

Mr. Andrew Young (Director of Marketing, McCain International Inc.): Thank you, Mr. Chairman and honourable committee members, for the opportunity to appear today.

My name is Andrew Young. I am the director of marketing at McCain International Incorporated. I'm here representing both McCain International and McCain Foods Canada, both divisions of McCain Foods Limited. McCain International is the international market development arm of McCain Foods Limited.

I will not take too much of your time. From our perspective, this is a straightforward issue. We believe the current negotiations and a speedy ratification of the Canada-Central America four free trade agreement is good for Canada, New Brunswick, and for McCain.

As you may know, the McCain group of companies was established in 1957 and is the world's largest producer of frozen french fries and other oven-ready frozen food products. Our headquarters is located in Florenceville, a small town with a population of 700 people in central New Brunswick. We employ over 20,000 people and own 55 production facilities spanning six continents. We process one million pounds of frozen french fries each hour and sell one-third of the world's frozen french fry products in over 110 countries.

In Canada, McCain employs over 4,000 people in 15 processing facilities. McCain is a leader in agronomy, technology, innovation, and new product development. Proudly Canadian, McCain has been successful by focusing on high-quality products and low-cost production and by constantly launching new products to meet our ever-changing consumer needs. We believe we can compete anywhere and with anyone, provided the playing field is level.

McCain strongly supports the timely ratification of a Canada-Central America four free trade agreement, which would help maintain existing markets and would create new trade and investment opportunities for Canadian companies, Canadian workers, and their families. Canada has been negotiating with Central American countries since 2001, and despite some progress, we have not finalized an agreement. In the meantime, the U.S. government negotiated and ratified the U.S.-Central America Free Trade Agreement, which removed almost all trade barriers in those markets for American businesses.

Maintaining and expanding markets has always been important for McCain. In particular, we have worked hard to develop markets in Central America. We currently have sales of over \$10 million, and it's frustrating to put these markets at risk when we have made so much progress in them. We risk Canadian jobs and revenue when Canadian-based operations have to account for tariffs, while American-based operations do not. The problem is simple: McCain and other Canadian producers are at a disadvantage. To sell our products into Central American markets we have to swallow a good piece of the tariff to meet the price of the U.S. producers. We cannot do this in the long term, and if it becomes clear that Canada is not going to ratify a Central American free trade agreement, then we will have to reconsider how we service this market.

Currently, McCain exports more than 25 million pounds of frozen potato products to the four Central American countries. This region is serviced by manufacturing plants in two Atlantic Canadian facilities—Grand Falls and Florenceville, New Brunswick. Both facilities employ over 500 people, making McCain one of the main employers of the region. The value of McCain exports into the four Central American countries exceeds \$10 million and constitutes more than 15% of the Grand Falls production and 5% of production in Florenceville. Added to this, each one million pounds of finished goods equates to approximately 75 acres of planted potatoes. Thus, 25 million pounds equals 1,875 acres. We contracted 23,600 acres worth of potatoes in New Brunswick for this upcoming year. Losing the CAFTA volume would equate to 8% of contracted acreage.

In addition, the strength of the Canadian currency has increasingly put Canadian-based manufacturers at a competitive disadvantage compared with American-based producers. Currency fluctuations are a normal part of international trade, which we cope with, with increased efficiencies. The new tariff disadvantage is too burdensome, and we feel Canada must act to address the situation. I am here on behalf of McCain to express our support for a trade deal that would level the playing field and allow Canadian food processors and farmers to compete with American counterparts in the region. The United States moved forward to negotiate and ratify similar trade agreements despite strong opposition from, among others, their entrenched sugar and textile lobbies. We have not. A free trade deal with Central America, particularly with provisions for the unfettered access by Canadian food processing companies to those markets, would ensure that Canadian workers and companies, as well as Canadian farmers, have the same level of access to these important and growing markets as their American counterparts.

• (1650)

McCain believes that a free trade agreement with Central America will boost trade flows between Canada and Central America and will increase investment in the region. McCain encourages this committee to support the government's efforts to develop a high-standard free trade agreement with Central America. Such an agreement will allow Canadian-based firms like McCain to maintain and grow facilities in New Brunswick and, in our case, to keep well-paying, stable jobs in New Brunswick.

To conclude, Mr. Chairman, McCain adamantly believes free trade is good for Canada—good for Canadian businesses, Canadian families, and Canadian farmers. It will help drive economic development in Atlantic Canada and allow companies to expand

production facilities as we expand access to markets like Central America. It will keep Canadian businesses competitive in a highly competitive and increasingly globalized marketplace.

On behalf of McCain Canada and McCain International, I would like to thank you and the committee members for your time. I would be happy to address any questions, if we have the time.

• (1655)

The Chair: Thank you very much, Mr. Young, for your presentation.

We'll go to the last presenter of the afternoon, Sandra Marsden from the Canadian Sugar Institute, before we move to questions.

We now have your presentation in front of us.

Ms. Sandra Marsden: Thank you, Mr. Chairman and members of Parliament.

I'm here as the president of the Canadian Sugar Institute. We are the trade association representing all manufacturers of refined sugar in Canada. The sugar is produced from imported raw cane sugar, largely from developing countries, increasingly from Central America, as well as from domestic sugar beets produced in Alberta.

Today's industry has plants in four provinces in Canada: Quebec, Ontario, Alberta, and British Columbia. We've rationalized in the face of competing pressures, and we are extremely important to Canada's food processing sector. Sugar is a fundamental underpinning to the competitiveness of particularly Canada's confectionery, bakery, and biscuit manufacturing industries.

Canada is unique in that we don't protect our sugar producers. We have a very modest tariff of \$30 per tonne, and that's essentially what I'm here to talk about today. This is a small tariff by international standards; it was 8% when the study was done and is actually 6% by today's world prices. This is a small tariff by international standards, but it's a very important tariff given the trade imbalance internationally in sugar.

The problem for the Canadian sugar industry is that trade agreements have not addressed sugar in any meaningful way. As you are probably aware from discussions at the WTO, certain agricultural products are considered sensitive and may escape even WTO liberalization. Well, sugar is very high on that list.

As a result, the Canadian industry has not achieved any improvement in export market access through the NAFTA, through the WTO, or through regional agreements. It is because countries like the United States and the European Union continue to protect producers at the expense of imports.

In fact, our access to the U.S. market for refined sugar decreased rather than improved with each trade agreement. It's not to say that we don't support the movement towards freer trade. The issue for sugar is that it must move in a multilateral context because regional agreements are not addressing the fundamental distortions, particularly when they exclude the United States.

The problem for us is that any increased access through a reduction in our small 6% tariff erodes our market. We either lose sales and close down plants or we lose earnings and are ultimately not cost-effective. We have no ability to offset the damage through exports. We are rather unique in the regional arena as well as in the WTO arena.

The Central American region is particularly problematic for us because they're surplus sugar producers. We welcome that sugar because we import a lot of their raw sugar and it's all duty free. They are in fact very good suppliers. We have a very good working relationship with the sugar producers in that region.

In fact, they are not actively pressing to remove Canada's refined tariff. The incremental benefit to sugar producers in Central America is very small, but those producers won't drive imports of refined sugar. It will be trading houses and other importers.

The problem for us is that the volume of refined sugar is a potential threat to our whole western sugar region. It dwarfs Canadian sugar beet production and will have a particular impact on our retail grocery segment.

It's very important for the sugar industry to have a large volume going through our plants, and we get that through sales to industrial users. Eighty-five percent of what is sold in Canada is for further confectionery, bakery, biscuit, and so on, processing. But the other 15% is the more profitable segment that keeps the whole alive, and it's the area that refined imports will target.

It's not to say that we're not already competing with those imports. We are competing. The 6% tariff is not prohibitive, yet its removal is like a welcome doormat.

I'd like to say a few words about the Costa Rica example. As members may be aware, we were very concerned about the model that this agreement would set for the Central America trade negotiations, so we are here today. We wanted to share the facts with the committee.

• (1700)

As you can see on page 3, Costa Rica has taken some advantage of their duty-free access to Canada. They started in western Canada, they moved to eastern Canada, and they captured national accounts.

The fact is, the volumes are relatively small at 5,000 tonnes, but the impact can be very large.

At the bottom of that page, you can see what has happened to Rogers Sugar, which owns the facilities in British Columbia and Alberta. There has been a significant decline in their gross margin—their gross earnings, effectively—and a very large part of that can be directly related to the new competitive activity of Costa Rica.

Costa Rica is a small producer relative to Central America; they produce about 400,000 tonnes of sugar and only 20,000 tonnes of

refined sugar. The Central American countries are the third largest exporter in Latin America, exporting close to 2 millions tonnes of sugar—much more than the Canadian market—and have sufficient refined sugar supply to erode the western market.

Regarding the next page, the problem for us is that we're already competing actively with refined sugar imports from many countries. Investment in sugar-containing product manufacturing is levelling off, and we're starting to feel the hurt from the loss of market share in refined sugar. Once again, we have nowhere else to go; Canada is our market. That is our market. Until there is liberalization of export markets at the global level, we can only experience harm, and we're forced into a defensive posture when it comes to regional free trade agreements.

At the bottom of the slide, I'd just like to take a moment to speak to the CAFTA agreement. No one should be under the illusion that the United States offered any meaningful access to Central American sugar producers.

As you can see from this slide, on a market share basis, and even on a tonnage basis, these countries are already exporting much more sugar to Canada than to the United States.

So the U.S. increased its share of the market to 2% through the Central America Free Trade Agreement and maintains very, very prohibitive duties above that level.

These producers, who are suppliers of raw sugar and compete with us in our refined market, already enjoy 20% of the Canadian market.

As for the last slide, members of the committee, I just want to bring you back to the negotiations around the Costa Rica agreement and to remind you that the subcommittee on international trade at the time made a recommendation, which went to the House, that the special interests and concerns of our sector be considered very carefully in subsequent trade negotiations.

What we're asking for, indeed, is that very serious work be done on economic benefits and costs, and that sugar not be used as a bargaining chip in this negotiation.

Thank you.

The Chair: Thank you very, very much, all of you, for your presentations.

We'll now go to questioning, for a seven-minute round.

First up is Mr. Eyking from the official opposition. Go ahead, please.

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

I have two questions. My first is going to Mr. Young, if he can be short and precise, because my second question might need a translator.

Free trade agreements always encourage two-way trade, and I think we are looking forward to many more agricultural products we cannot produce coming this way, too, from Central America. I'm from Atlantic Canada, where we are excited about the opportunities we're going to have to ship down there.

Can you expand a little bit on the farm products we're going to be able to sell down in Central America, with some volumes and numbers and, more specifically, what types of products we're going to be able to sell down there?

Mr. Andrew Young: I can really only speak to the potato industry, as that pertains to our own business, which is predominantly french fries in Central America. In those terms, for every pound of french fries produced, basically double that in raw potatoes comes out of the ground. We sell 25 million pounds of finished product, which equates to 50 million pounds of product that's grown in the ground.

That's really my expertise, so I can't really speak to other products that we would be able to sell.

I'm not sure that really answers your question.

• (1705)

Hon. Mark Eyking: Is that the increase or total you could see your market having?

Mr. Andrew Young: No, that's our market today, and obviously all of these markets in Central America are growing markets for us. The trend is upward in terms of our volume going into these markets.

Again, as we get further engaged with many of the customers there, and as many of our customers continue to grow their businesses, it's only a good news story for the farmers of New Brunswick. As I said in my statement, almost all of our products sold there come out of New Brunswick.

Hon. Mark Eyking: Very good. Thank you very much.

My second question is to the gentleman from El Salvador, Mr. Moreno. Maybe I'll just take my time, because the translators will have to pick it up.

In any free trade agreement there are winners and losers, and it's been brought to our attention that our textile industry is going to face some challenges as we enter into this free trade agreement. We, as a government, have to help our textile industry adapt to that.

My understanding is that many farmers in Central America are also going to have challenges, especially in El Salvador. How is your government in El Salvador helping the farmers go through their transition—assisting them? They have small plots and very challenging conditions in their area.

The Chair: Go ahead with the translation as Mr. Moreno goes along, if that would be preferable.

Mr. Raúl Moreno (Interpretation): In El Salvador, the agricultural sector has been penalized throughout 17 years of neo-liberal policies. We have been flooded with imported produce at subsidized prices, and that has forced a lot of farmers into bankruptcy. We think the government of El Salvador will not be able to create a better-balanced situation for the farmers when new crops at subsidized prices start to arrive, and this will generate exclusion and migration due to the economic conditions for these farmers, who will no longer have a sustainable situation.

Hon. Mark Eyking: How much time do I have?

The Chair: I think you have two minutes, Mr. Eyking.

Hon. Mark Eyking: We are faced with the same situation in Canada with our grain farmers. We are getting imports that are heavily subsidized, and it's causing our farmers to have a lot of financial problems. What products are you specifically talking about that are going to create the disadvantage for your farmers?

The Chair: Go ahead, Mr. Moreno.

Mr. Raúl Moreno (Interpretation): In the case of agriculture, we understand that one of the greatest problems is the import of grain.

Another area that's important for us would be cattle raising. This not only includes meat but also dairy products. Maybe the closest comparison point is the one we have with the agreement with the United States, in which it is very clear that the agriculture in Central America is going to be totally annihilated. The subsidy for grain in the United States amounts to \$1.8 billion American. In El Salvador, we have zero dollars in subsidies. Poultry, for example, is 400% more expensive than the subsidized price in the United States. In those conditions, it's impossible to compete. If we add to this the example of Mexico, with NAFTA, it is evident how 2.5 million white corn producers had to go bankrupt because of the importing of corn, much of which is transgenic, from the United States.

The theme of agriculture is very important, but from our perspective it's not the central theme of free trade agreements. Rusa has already mentioned that the volume of trade between Canada and Central America is less than 1%. What's really significant within these agreements are investments, services, and public contracts.

• (1710)

The Chair: Thank you.

We'll go to Mr. Paquette, the next questioner.

[*Translation*]

Mr. Pierre Paquette: Thank you, Mr. Chairman.

Since there won't be much time at the conclusion of the meeting and since I don't want to miss my opportunity, I want some assurances that the clerks will produce the necessary documents to allow us to table the motion tomorrow morning. I will be in attendance. Therefore, I'd also like to have the documents pertaining to the motion that we've just adopted. I'm told that won't be a problem. Thank you.

Thank you for your presentations. Right off the top, I want the representatives of the Canadian Sugar Institute to know that I'm well acquainted with this file, having served on the Subcommittee on International Trade. I've even visited the Lantic plant. The Bloc Québécois opposed the agreement with Costa Rica because the government was unwilling to take into consideration our concerns, which we felt were quite relevant. Therefore, I can assure you that I intend to make these concerns known to the committee when it examines this free trade agreement with Central American countries.

I'd now like to turn to Mr. Moreno, since I haven't had as much contact with him as I have had with our friends from the Canadian Sugar Institute. It's no secret that opposition to the free trade agreement with the United States was very intense, as he indicated. To my knowledge, CAFTA passed by a one-vote margin in the U.S. House of Representatives. Mr. Moreno described to us some of the problems CAFTA has created for the agricultural industry.

What kind of problems has CAFTA created for public services? The witness briefly alluded to them in his presentation, but I'd appreciate some more concrete examples. In what way does the free trade agreement between the United States and Central America pose a threat to the continued existence of public services in Salvador?

• (1715)

[English]

Mr. Raúl Moreno (Interpretation): Thank you very much for the question.

One of the main risks that CAFTA entails is the privatization of public services. Everybody knows that as of 1989, there have been privatization processes in El Salvador, mainly concerning public enterprises, which have become transnational companies that act as monopolies.

Regarding trade with the United States, specifically chapter IX, which deals with public hirings, this chapter allows tendering for central governments, for municipal governments, for local governments, at the same level, and with the same requests, as the local Salvadoran companies. This is very discriminatory toward the Salvadoran companies, because the only criteria is to grant the business to the lowest bidder.

The network of public hospitals is licensed to American companies. Therefore, there are concessions of private health that are given to the American companies.

This also happens with some commercial services that are public. For example, the postal service is staying liberalized.

• (1720)

One of our greatest concerns is the privatization of water and of related services. In the case of CAFTA, the Salvadoran government has no exclusion, and this includes the topic of water. This is complemented by a loan given by the Inter-American Development Bank in order to create a market for commercial water and also for drinking water. Our greatest concern is that public services such as health, education, and water are inalienable rights of our population. Our own constitution considers those rights as free rights. When all the services are commercialized, then we are actually denying access to more than half the population that lives in poverty.

The Chair: Thank you very much.

Mr. Menzies, seven minutes.

Mr. Ted Menzies: Thank you very much.

Thank you to all of you. I know some of you have travelled a very long way to get here, some from as far away as southern Alberta.

Some voices: Oh oh!

Mr. Ted Menzies: I do appreciate your comments.

I will start by making a comment on some of the issues that were raised here about this not being an open debate. It will be. In the platform we were elected on we said that international agreements would be debated publicly in the House of Commons. I hope this offers some reassurance that this won't be done behind closed doors, that it will be an open, public debate, and that we will listen to

comments such as we've heard here today. To be very frank, we've heard proponents and opponents to this.

I want to remind the witnesses of some quick numbers that will I think verify the fact that we don't want to force a bad deal on these countries. Since 1969, for example, we've contributed \$287 million worth of official development assistance to Honduras alone; Nicaragua, \$17 million in 2003-04; El Salvador, over \$8 million in 2003-04; and Guatemala, \$14 million in 2003-04.

We didn't invest in those countries to hurt them with a free trade agreement. I think you'll find that all members of this House want to make sure that whatever kind of an agreement we have benefits both of us. It will benefit Canadian companies and Canadian farmers, and it will also be able to provide tariff-free access for products coming from your countries as well. You can be assured that it will be an open debate and that we will take note of these sorts of comments, and we'll be hearing many more.

Mr. Young, you're talking about needing a high standard, and I think you're very accurate in that comment.

Ms. Marsden, you certainly voiced some concerns, and you haven't had a chance to answer here so I'll direct the question to you to start with.

Do you consider that there are more opportunities for your industry through the WTO, and will the WTO provide better access to agricultural products than bilaterals? I ask this because we're having that discussion around this table and in many more forums.

• (1725)

Ms. Sandra Marsden: That's a very big question, Mr. Menzies.

As members of the Canadian Agri-Food Trade Alliance, we fully support the position of that organization, which represents the majority of Canadian producers and farmers in Canada, that the main avenue to achieve meaningful gains in agrifood exports is through the WTO.

Where regional agreements complement that, the CAFTA, the Canadian Agri-Food Trade Alliance, as it's distinct from the agreement, supports them but also recognizes that there are situations where—and we are a clear example of that—we are actually aggravating the problem. The problem for us is that the WTO won't come fast enough. So if a free trade deal hurts us with Central America, we may lose a plant before we ever achieve any export gains.

Mr. Ted Menzies: You made a comment, Ms. Jeremic, that a free trade agreement wouldn't build capacity, and we realize that part of what we're trying to do in helping other countries is to build capacity. I guess I'd like some reasoning behind that comment, because we've been able to build capacity in other countries, through helping them and promoting them. Providing them market access in our country would, in my mind, naturally help you build capacity for your farmers, and for your food production industries as well.

Can you clarify why you say it wouldn't build capacity in those countries?

Ms. Rusa Jeremic: Yes, thank you. I can definitely clarify that. The intent of my statement was to point out the emphasis the government has placed on capacity-building and training, including training trade negotiators in Central America to negotiate with Canadian negotiators. So we're saying that even if you train them to be negotiators, it does not mean—because we're talking about two very different economies, small economies and our economy—that they would necessarily be on a level playing field.

Mr. Menzies, if I may, I was very enthused to hear your comment just now about the agreement being debated in Parliament. That's very encouraging to us. But I do have one quick question that's sort of nagging at me. When we look at Canada's approach to trade negotiations, when we look at the FTAA negotiations, and when we look at the WTO, all of these negotiations have enabled all different sectors of civil society to have access to negotiating texts and draft texts, which is one of our first demands. I find it very curious that in the bilateral realm we don't have access to the draft text, which would allow us to see the direction the government is engaging in. We see that as part of a healthy public debate.

So my question is whether the government would then support, first of all, multi-stakeholder consultations and further study on this agreement at this level with various experts, and whether there would be an actual binding vote in Parliament on the agreement. So this is all part of this process of democracy that the government has committed to. We see that the predecessor to that parliamentary debate is actually an informed public debate that then moves into an informed parliamentary debate.

The Chair: Thank you.

Ms. Guergis has a comment.

Ms. Helena Guergis: I appreciate that. I would respond that the practices you're speaking of are of course from the previous Liberal government over the last 13 years. We'll take that into account, and we'll have a discussion and forward that on to the minister and decide if we're going to continue with the previous Liberal practice or if we're going to be changing things. I know we're making a lot of other changes in the way the government is run.

Mr. Ted Menzies: Thank you for that clarification. Further to that, I think this is the opportunity this committee is providing to bring folks such as you here to discuss this. There are a lot of opportunities.

Merrill, you commented that these agreements must facilitate trade. Can you elaborate on what you mean by that? Pardon me for using your first name.

• (1730)

Mr. Merrill Harris: That's all right.

As I mentioned in what I said, for example, when the U.S.'s WTO obligations were implemented in 1995, the door was closed to Canadian sugar. Rather than trade with the U.S. on sugar being expanded, the door was closed. We went from 60-some-thousand tonnes of sugar a year going into the U.S. to zero in one fell swoop. It took some further negotiations to get that door opened back up a bit, and we're nowhere near the volumes we were at in the pre-1995 volumes of trade to the U.S.

Again with the Costa Rican agreement, access to the Costa Rican market was granted to us. But tariff barriers basically enabled us to get zero sugar down there. Import licensing and all the rest of it facilitated zero trade on sugar. Sugar was coming north from Costa Rica; we were able to get absolutely nothing going in the other direction.

As I said, we are certainly in favour of free trade agreements, but they've got to go both ways. If we're going to grant access to our market, we've got to get access back—meaningful access, not just paper access, with a route that actually works to get the product flowing. That's kind of the way we feel about market access issues. If we're going to grant access, that's great, but we need to get it back too. We need to increase the amount of product flowing rather than reduce it.

The Chair: Thank you very much, Mr. Harris.

Thank you to all the witnesses.

This meeting is adjourned.

Mr. Peter Julian: Mr. Chair, there are four parties present.

The Chair: The meeting is adjourned. It's past 5:30.

Mr. Peter Julian: I don't believe any of the witnesses would want to leave at this point. We agreed we would have a seven-minute opening round of questions for each party. We are past the time. We will take the additional seven minutes, Mr. Chair.

The Chair: Mr. Julian, the meeting is adjourned. We can discuss this at another time.

Mr. Peter Julian: No, we won't discuss it at another time.

The Chair: It was your decision to take the time before we heard the witnesses. We've gone until past the time.

Mr. Peter Julian: Mr. Chair, this is absolutely reprehensible.

I believe the vice-chair is willing to sit in your place if you have to leave—again.

This is absolutely inappropriate.

The Chair: The meeting is adjourned.

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