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## **Standing Committee on International Trade**

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**EVIDENCE**

**Wednesday, February 6, 2008**

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**Chair**

**Mr. Lee Richardson**

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• (1550)

[English]

**The Chair (Mr. Lee Richardson (Calgary Centre, CPC)):** We have a quorum.

Sorry for the late start, but we had late votes in the House, so it was a little slower getting over here today.

I welcome you to the 12th meeting of this session of the Standing Committee on International Trade. We are continuing our discovery of the proposed Canada-Korea free trade agreement. Today we will hear from witnesses from the Canadian Chamber of Commerce and from Research in Motion.

We have on video conference, from Research in Motion, Robert Crow, vice-president of industry, university, and government relations.

Welcome, Mr. Crow.

**Mr. Robert Crow (Vice-President, Industry, University and Government Relations, Research in Motion):** Thank you, Mr. Chair and members.

I'm very pleased to be with you. I had hoped to be there in person, but there is a fair bit of snow and ice between Waterloo and Ottawa just now, and I wasn't able to get there.

As you mentioned, I am the vice-president at Research in Motion for industry, government, and university relations. I have been with RIM since 2001.

Back in 2001, we had BlackBerry service up and running in two countries, Canada and the United States, with four major wireless operators. Today, a few short years later, BlackBerry service is available in 125 countries from 325 wireless carriers. It represents a remarkable growth in the global reach of our company, in our markets. Over the same period, we have been very successful. Our revenue has doubled almost five times and our employment has gone from around 1,200 people to more than 8,000, mostly in Canada.

Today RIM remains focused on growth, and much of what I do with my colleagues is to make sure we have continuing room to grow. To us at RIM, room to grow means fair and open access to markets. In some cases, where doors are part-way open, we work hard to make them wider. Of course, we pay a lot of attention to the policy environment everywhere we do business, to make sure that open markets stay that way.

Mr. Chair and members, I'd like to acknowledge the outstanding work of Canada's trade and diplomatic colleagues in the Department

of Foreign Affairs and International Trade. I would also like to commend policy specialists throughout government, particularly in Industry Canada. We have been extremely well served as a growing Canadian company by that network of professional men and women who are part of our national public service.

Korea represents for us an interesting special case. Korea is not yet one of the 125 countries around the world that RIM does business with. It's interesting because Korea has a great many characteristics that would make it an extremely attractive jurisdiction in which to build a BlackBerry business, with a Korean wireless operator.

Korea is a large country with a highly educated population. It is very advanced technologically. Korea has tremendous aspirations. It has the ability to be a global player, perhaps to become a major financial hub in its region. Korea is home to many large domestic and foreign firms that we would like to do business with. In fact, we already do business with many of those firms in other parts of the world.

However, Korea is unique in a couple of ways. The most important way for us is that Korea has a unique domestic standard for cellular phones, particularly for cellular phones sold to the general public. The standard is known as WIPI, which is an acronym that stands for the wireless Internet platform for interoperability. WIPI as a standard was created in Korea. To the best of our knowledge, it is not used anywhere other than in Korea, but it has become for us, and perhaps for others, a barrier to entry into the Korean market.

• (1555)

We have discovered, on the downside, that this unique standard poses a barrier to doing business in Korea. Also, there have been unclear regulatory requirements regarding this application. There has been inconsistent application of the policy by the Korean telecom regulator, and the net result is that after more than a year of trying—in fact, bordering on two years—BlackBerry is still not approved for sale in Korea. This, despite the strong demand and willing partners, despite a written policy promulgated last year that devices like BlackBerry that are sold to business and not made available to the general public would be exempt from this particular requirement; notwithstanding the fact that there has even been an intervention by the ombudsman of investment in Korea at the highest levels in that country, saying that the treatment of BlackBerry is somewhat unfair; even more intriguingly, notwithstanding the fact that more than 30 non-compliant devices from our competitors are currently available for sale in Korea.

With this background—and obviously we are still working very hard with our government colleagues and business colleagues in Seoul—I think it's particularly appropriate and timely to be with you today as you consider and study the Canada-Korea FTA.

At RIM, our general position is that we are free-traders. As free-traders, we have benefited from all of the work that has gone on before in other countries, in both bilateral and multilateral trade agreements. Indeed, they have made possible the opening of markets for RIM. We are very grateful for that work.

In fact, we think it has been absolutely appropriate that Canada and Korea have sat down and had our officials involved in discussions and negotiations over many months. It's even appropriate to have put our respective signatures on documents, for without those signatures, we don't have clear indications of the strong intent of both parties to have free and open trade, nor do we have the opportunity to have the detailed work that would be required.

At this point, given where we are in the approval of BlackBerry for sale, and in particular the rather uneven treatment we have been accorded, we believe it would be inappropriate for Canada to ratify a treaty until such time as there is clear evidence that our trading partner is willing to live up to stated principles.

As you are aware, there has been a recent considerable change in the political environment in Korea. Certainly we take some of the statements that have come as positive evidence, and we trust that during this period we will, with the support and assistance of our colleagues in government, be able to enter the Korean market in due course.

Thank you, Mr. Chair. That's my opening statement. I look forward to our discussion.

• (1600)

**The Chair:** Thank you, Mr. Crow. That was fascinating.

We also have today, from the Canadian Chamber of Commerce, Shirley-Ann George, vice-president, international, who will also give us an opening statement.

Welcome again, Ms. George.

**Ms. Shirley-Ann George (Vice-President, International, Canadian Chamber of Commerce):** Thank you.

On behalf of the Canadian Chamber of Commerce and the 170,000 companies we represent from every region of this great country, I'd like to thank you for asking us to present today on this important but difficult and complex matter of the proposed Canada-Korea free trade agreement.

I'd like to start with the importance of understanding the broader context that must shape any Canadian discussion involving free trade agreements, or FTAs.

First, the number of countries keenly interested in negotiating a free trade agreement with Canada is limited. While the growing market access and international trade is an essential component of securing prosperity for Canada, this makes our need for market access to a particular country often greater than theirs.

To quote a recent published response to Minister Emerson's request for input by the Asia-Pacific gateway and corridor initiative:

Canada is not a driver of the growth in global trade, nor is it a particularly critical participant. If Canada is visionary, bold, and creative in their response to the changes in global trade, then opportunities will naturally flow.

My second point is that Canada's reputation has been damaged by years of negotiations that have led to nothing. Other governments are not interested in wasting their time and political capital on us if Canadian protests always lead to no deal being finalized. This is exacerbated by our intransigent position on some Canadian trade barriers.

Thirdly, Canada is missing a key component of its trade arsenal. We need a mechanism that supports a transition for affected companies. Every deal has winners and losers, on both sides. The OECD reports that countries that are growing and adapting well to global trade often have such mechanisms in place.

Free, open, and fair trade agreements bring about growth in GDP and in jobs, creating the economic well-being to finance vital social programs. Half of what we manufacture in Canada is exported and at least one-fifth of all Canadian jobs are directly linked to international trade.

The last point of context I would like to make is that the rest of the world is rapidly expanding their bilateral and regional trade agreements. Every time one of these is signed, someone else gains preferential treatment, giving our competitors an advantage over Canadian companies and Canadian employees.

Now I will speak to the Korean negotiations. The Canadian Chamber of Commerce has members who represent the multitude of views seen within the key business stakeholders. Like you, we are seeking to reconcile both the various opportunities and the legitimate concerns.

You have a copy of our Korea free trade agreement resolution, which was debated and passed at our 2006 annual general meeting. This is a very difficult negotiation. Canada has a pretty open economy for foreign companies, meaning the little we have left to offer in a trade negotiation will have an impact on someone.

Let me restate that every deal has give and take. What we really need from Korea is removal of non-tariff barriers, or NTBs, something that could be more difficult to nail down in a free trade agreement. It has been reported that Korea has a history of putting new NTBs in place when old ones are removed. This only makes the challenge harder, and it has created a feeling of distrust by some.

At the same time, one only has to look at the China WTO accession agreement to see that a good agreement can have a real impact on removing both tariff and non-tariff barriers. I can think of no other alternative mechanism that has shown such progress.

Negotiations with Korea have been lengthy, and we understand they are in their final stages. Some very difficult issues remain unresolved. The most contentious issue is on automotive. We are very concerned that a number of the uncompleted provisions, including the timing for the phasing out of tariffs, and hard commitments to remove NTBs may not be enough to provide balance. However, we are reserving judgment until we know what the final package will be.

We do know that the auto industry, both those who are feeling the negative consequences of a changing market and those who are benefiting from the same changes, will be impacted by any deal. Some may find opportunities in Korea, but this will take some time. How the deal is structured will have a significant impact on whether those changes are manageable.

• (1605)

There is a need for an automotive strategy in Canada. If there is a Korea deal, there will be a need for additional trade transition measures. There's an equal need to get an agreement with Japan. We know that if the WTO round concludes, our tariffs, including those on auto, will be significantly reduced, decreasing what we have to offer in the negotiations and making our ability to get a good deal with Korea even more difficult to achieve.

Lastly, any new deal must provide real market access gains for Canadian companies, including Canadian-made automobiles, Canadian beef, and important sectors such as insurance and flagship products like RIM's BlackBerry, both of which are from the very important services industry.

There's one factor that must also be considered. The U.S. has finalized their deal with Korea. Although there is much debate, and it's impossible to guarantee any kind of a trade vote in the U.S., I'm being told by some that they believe a deal may be struck to get the KORUS through Congress. Europe is also negotiating a similar deal that could be concluded in the near term.

As the auto industry moves more and more to giving their assembly plants world mandates, the worst-case scenario for Canada is to be on the outside of the tent, a tent that gives a real advantage to Europe and the U.S. At the same time, the auto industry is a critical sector to Canada, and a great deal of care must be taken to address their concerns. It is not an option to sign any deal.

So how do we move forward? Well, it makes sense to be following the negotiations closely, and we applaud this committee's work. We believe it is too early to come to a conclusion on whether or not the Canada-Korea FTA is a good or bad deal. We need to know more. What is the final package, including the treatment of non-tariff barriers and auto? Although on a separate track, will Korea remove the barriers for our safe Canadian beef? What is the dispute mechanism?

What do the MFN, or most favoured nation, clauses get Canada in the context of the Canada-European-Korean deals? Can we leverage the deal to quickly sign an agreement with Japan? Can we sign a deal and time the ratification so that we know if the U.S. and Europe will actually implement their deals? Can we leverage the signing of a deal, and the pressure this will put on U.S. ratification, into getting more concessions from Korea?

What is the Canadian auto strategy? How does it enable Canadian companies, including our friends that have established manufacturing in Canada, to flourish in this rapidly changing industry? How does it encourage Canadian plants to build for both domestic and export markets? What is the trade transition strategy?

Those are a lot of questions. The bottom line is that a good deal would be good for both Canada and Korea. The Koreans are tough negotiators, so it is up to us to continue to push for a deal that provides a positive balance for both Canada and Korea, and to sign it only when this is achieved. If such a deal can be reached—and this is still an if—by thinking through the timing of our ratification, we'll be better able to understand the impact and manage the consequences.

Only when we have the answers to all these questions—which, for many, are still too early to ask—will we be able to determine if it is a good deal.

Thank you, Mr. Chair.

**The Chair:** Thank you, Ms. George.

We will proceed to questions on our usual basis. I'm going to ask members to address their questions to Mr. Crow and Ms. George at the same time. You can direct them to one or the other or to both, as the case may be.

In this first round, members have seven minutes for both the questions and the answers. I would ask members to try to keep questions short in order to allow reasonable answers to be given in that timeframe.

So we'll try to keep it to seven minutes in the first round, and we'll begin with Mr. Dhaliwal.

• (1610)

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

Welcome, Ms. George and Vice-President Crow.

I was amazed, when I was travelling to the small village where I was born, how the Canadian technology worked. I was able to be in real touch with my office and my constituents.

**A voice:** Where was that?

**Mr. Sukh Dhaliwal:** India.

Mr. Vice-President, I have a question for you. If you are able to get the BlackBerry into Korea, what is the potential value of that market access there?

**Mr. Robert Crow:** We haven't worked that out. In any case, in a... I wouldn't disclose it even if we had it.

Let's put it this way: given the size of Korea and its technological sophistication, and given also the size of its business community, it's quite significant.

**Mr. Sukh Dhaliwal:** Vice-President Crow, you mentioned a technology called WIPI. South Korea imposed this standard, and they claim it will make it easier to create services that could run on any country's cellular networks. I have some questions for you.

Are these standards necessary to make applications work on any cellphone? Is there an easier way to achieve this goal? If it's not necessary, why would Korea introduce these rules?

**Mr. Robert Crow:** Korea introduced these rules in good faith some time ago, as digital cellular telephony was getting going, with the hope that this would catch on as the standard platform not only in Korea but also around the world.

It has not. It failed, just as many efforts in standardization fail in our industry and others. However, it remains a standard in Korea, primarily targeted at routine, fundamental cellular phones, rather than at business devices such as BlackBerry that are already programmable.

BlackBerry follows a great many international standards. Our applications are written in a version of Java, which accommodates very wide open standards.

There is actually no demand that we are aware of for any BlackBerry application to be moved over to a Korean cellphone. Indeed, that's something we've not heard of. So from that standpoint, putting the time and effort into making BlackBerry compatible with the WIPI standard would be a sheer, dead-weight loss to RIM. We would be diverting critical technical resources to a project that would have no economic value.

**Mr. Sukh Dhaliwal:** You said that you're working with government authorities. Is the government doing anything to address your concerns in these negotiations?

**Mr. Robert Crow:** Yes, the mission in Seoul has been terrific. The ambassador and the trade commissioner service have been outstanding allies for us in this effort.

**Mr. Sukh Dhaliwal:** You said it will take a fair amount of work to make BlackBerry comply with the Korean standards. Would you be able to give us a ballpark figure?

**Mr. Robert Crow:** We know it is multiple person-years of work—work that would be diverted from other economically important priorities.

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

My next question is to Ms. George. You mentioned the automobile industry. You say that Koreans are tough negotiators. Would you advise committee members or the government to be tough when we negotiate with Korea, or do you think that when it comes to automobile issues we should move from Korea to other countries where there are automobile manufacturers, like the Middle East?

•(1615)

**Ms. Shirley-Ann George:** The Koreans are tough negotiators. They've been tough negotiators with the U.S. and Europe and everyone else. Just because they're tough negotiators doesn't mean it isn't possible to get a good deal. I think it would be premature to walk away at this point and move to another market.

We're facing a couple of challenges. We are a fairly small market. Canada represents about 3% of the world's GDP. There's so much bilateral and regional work going on that every country is struggling to find people with the experience and expertise to negotiate these things. It's a problem we face with India. They have their list of who they want to negotiate with, and we aren't high enough on the list to be able to warrant the use of those scarce resources.

In many of these cases, it's incumbent on us to be aggressive in trying to pursue these deals. We're doing this with Europe, where we are more the demander. We're the ones encouraging Europe to come to the table.

That's just the nature of the environment. But it doesn't mean that we just go get a deal, that anything we can sign is a good deal. That's not the case at all, and that was the point I was trying to make.

**The Chair:** Thank you very much, Mr. Dhaliwal. And thank you for those answers.

We'll move now to Monsieur Cardin.

[*Translation*]

**Mr. Serge Cardin (Sherbrooke, BQ):** Thank you, Mr. Chair.

Ms. George and Mr. Crow, welcome to the committee.

This is my first question. Ms. George, you mentioned earlier that before rushing to sign an agreement with Korea—you also said that signing a bad deal is not an option—we need to have more information. My question to you and Mr. Crow is this. What exactly do you mean? When considering all the studies made in various sectors, we find that some are favourable and that others are not. Were you able to access all the studies the government and its negotiators are using as a guide or as a basis for their decisions? When you say we need more information, are you referring to studies you were not able to access or to studies that negotiators will use as a basis for dealing with Korea?

[*English*]

**Ms. Shirley-Ann George:** Thank you. No, it wasn't that we need to do more studies. The time for that has passed.

What I was referring to when I said we need to know more is that we need to know exactly what would be in the agreement, because there are still some unfinished provisions, and they're in very critical areas. So before we can make a judgment, we need to know what all the details of the agreements are. My understanding is that there are also provisions for what are called "most favoured nation" clauses, or MFN clauses. So if Europe ratifies an agreement that has more in it than what Canada has, through these MFN provisions we might be able to get the same terms. This is important to us, because Europe and the U.S. are larger markets and may be able to gain greater access. So it would be very helpful if we understood exactly what was in the European and U.S. agreements before we made a determination as to whether we should ratify a Canadian agreement. That was my point.

[Translation]

**Mr. Serge Cardin:** Mr. Crow, I would like to ask you the same question.

Ms. George says that we do not need more studies at this stage and that we rather need to know the details of the negotiation which would make a difference as to whether or not we should accept an agreement. Based on the elements of the deal that you presently know of, can you estimate the net economic gains?

• (1620)

[English]

**Mr. Robert Crow:** It's very difficult for me to say, because of course I see this through the eyes of one company and one sector, whereas Ms. George, my colleague, has the great advantage of looking at this across the entire spectrum of the Canadian economy.

I can certainly say, from the standpoint of my industry, that her points about non-tariff barriers are ones that have been experienced in our sector and that we are experiencing today. Again, it's the clarity—the clarity about what is actually going to happen that would be extremely helpful to us at this point. That's not studies. It's actually more about the behaviour we can expect in the event that a free trade agreement is struck.

[Translation]

**Mr. Serge Cardin:** In an ideal economic agreement, there are only winners. Obviously, there must be give and take, which means that we will have to sacrifice some things. In this case, the negotiators and/or the government will actually make the decisions. The various sectors and industries and the actual people who will lose their jobs or will find new ones will not have a say in this.

In this context, we will be somewhat bound by government decisions. If we do not have more information about the things they are ready to sacrifice and the ones they will insist on holding on to, we will be bound by decisions and policies that would not necessarily have been discussed with the various sectors and industries and with other parliamentarians.

So, how can we proceed in order to get an ideal agreement where everyone is a winner and where sacrifices that have to be made are known to all players? I am actually thinking of a comprehensive decision. So, how can we proceed to get an ideal economic agreement?

[English]

**Mr. Robert Crow:** Trading one sector's interests against another is not the job of any individual stakeholder in the process. I'm afraid it's the job that you and your colleagues have, as our elected representatives and officials. We support you and wish you the very best.

There are some underlying principles that are important, no matter how this comes out for winners and losers. But we need clarity in how we will be treated, and we need to know that we will be treated consistently against that clarity of rule. Part of the issue we now face is that we do not believe we are being treated equally or consistently today, compared to others in like situations. This is a critical outcome, even if a sector is less fortunate than another in a final outcome.

**The Chair:** Thank you very much, and thank you for those answers.

We will move on now to Mr. Julian.

• (1625)

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** That's very kind of you. Normally it goes to the Conservatives next, but I'm pleased.

**The Chair:** Well, you go ahead.

**Mr. Peter Julian:** Thank you very much, Mr. Chair.

Thanks to both of you for coming. I'm speaking on behalf of the Conservative Party today, so I'm sure you'll appreciate my comments.

I want to make sure I have understood the heart of the testimony both of you have given.

Ms. George, is it appropriate to say that according to your presentation it's too early to come to a conclusion as to whether or not a Canada-Korea trade deal should be signed?

**Ms. Shirley-Ann George:** That's right.

**Mr. Peter Julian:** In Mr. Crow's case, are you essentially saying it is inappropriate to ratify a deal at this time?

**Mr. Robert Crow:** Yes, that would be our view.

**Mr. Peter Julian:** That's very important, because as you know, there have been a lot of concerns raised about this deal—I'll come back to that in a moment—and I appreciate your caution and healthy skepticism about the merits of this deal.

Mr. Crow, I'd like to come back to what you touched on in your testimony about an agreement that was made with the Korean government that was essentially broken, around access by BlackBerry to the Korean market. Could you go into a little more detail about that agreement and how the Korean government stopped access?

**Mr. Robert Crow:** It has a couple of dimensions. The most important—and again this has been the subject of discussion back and forth for some months now—was written clarifications to the policy governing the application of the WIPI standard that was issued by the Ministry of Information and Communication in May of 2007.

This written policy sought to clarify that business-oriented devices, similar in characteristic to BlackBerry, that were not going to be made available for sale to the general public would be exempt from the WIPI standard. Our view was that this clarification was required because our intent in Korea at this time is not to make the BlackBerry broadly available to the consumer market, but rather to serve the business and institutional market, which has been the founding core of our business. So BlackBerry would not be something someone would pick up at a store on the street; rather, BlackBerry would be an offering of a service carrier and our partner to a business or an organization that would then buy BlackBerry on behalf of its employees.

So we felt, and still feel, that against that stated policy in May, we qualify for an exemption under the WIPI regulation. Notwithstanding that, when our partner submitted a proposal for a rate plan to the regulator, they were rebuffed and told, no, BlackBerry is for everybody; therefore, BlackBerry must have WIPI.

Again, this was very distressing, and furthermore, throughout this period, a number of other products that had characteristics not unlike ours were exempted from the WIPI requirement. So we were rather taken aback at this position by the ministry.

**Mr. Peter Julian:** And that's why you have this healthy skepticism today that you're bringing forward, that essentially, given that there was an agreement in place, the access should have been guaranteed. If we can extend that, if we sign a trade agreement that is in the interest of Canada, we could end up in the same situation.

**Mr. Robert Crow:** Exactly. Again, the principle I espoused in my previous answer to your colleague is that we, as business people, need to know how we will be treated and that we will be treated consistently and fairly within the regulations of that nation.

**Mr. Peter Julian:** Thank you for that.

We've had a number of people testify to potential job losses. The only credible study that's been done on the potential for a trade agreement shows over 30,000 net jobs lost to Canada. So there are obviously real concerns about the potential impacts of this agreement.

I'd like to take you to another alternative, to simply signing an agreement that may have dramatic repercussions for Canadian jobs.

We had testimony earlier this week from the Pork Council and the Canadian Vintners, both of whom testified very clearly to the fact that Canada does very little in trade promotion, product promotion, abroad. The Pork Council mentioned they get \$1.2 million from the federal government for product promotion when their export market is worth \$2.5 billion, and the Canadian Vintners testified they get a grand total of \$265,000 from the federal government to promote their products abroad, and they're competing against European vintners, who get \$120 million in trade product promotion, 480 times the Canadian budget.

Very clearly there's a problem here. Australia spends \$50 in trade product promotion for every dollar that Canada spends. There's a huge imbalance.

I'd like both of you to respond to that. What support are you aware of for the Canadian Chamber of Commerce, for Research in Motion? What support have you received from the federal government? And how does that compare to other countries, other sectors?

• (1630)

**Mr. Robert Crow:** Support of that type is not common in our industry. We have received the support, as I mentioned, of our missions around the world in assisting us by making venues available and providing counsel and advice as we move into foreign markets. We have participated in trade missions to various regions of the world, along with ministers, over a number of years.

Generally, in our sector, we don't see much of that, and neither do we see a great deal of government activity in the electronics sector from other countries.

I would need to defer to Shirley-Ann to speak to other sectors, but it strikes me that this particular issue has not to date been a problem for RIM and other companies like us in Canada.

**Mr. Peter Julian:** So that means you've not received any government support.

**Mr. Robert Crow:** Other than what is given to everybody in terms of access to the trade commission service and so forth, access to the mission and the trade missions, no direct resources have been made available.

**Mr. Peter Julian:** Thank you.

**Ms. Shirley-Ann George:** The Canadian Chamber of Commerce has not received any such support, nor have we asked for it. We have encouraged the government to continue to put more resources into the DFAIT budget. The global commerce strategy, for example, was a very good start but not with sufficient money yet.

If we are going to market Canada and our companies, there is a need for a greater budget. You just need to look at some markets like India, for example, where we could be increasing our budget by many multiples before we'd even begin to put the kind of money in it that other countries are doing.

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

We will conclude the first round with Mr. Cannan, saving the best for last.

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

Thank you, Ms. George and Mr. Crow, for your presentation, and definitely to RIM for our "CrackBerrys". We're all addicted to them here on the Hill. They're definitely a great communication device, and you are recognized around the world for your leadership and innovation in technology. We hope that other companies in Canada can take your leadership role—and to Ms. George, for the chamber.

I just want to follow up. My colleague Mr. Julian mentioned that several other witnesses have testified to the committee and presented some of the information that he has correctly stated and some that's not too accurate.

I come from the Okanagan Valley, where we have the wine capital of Canada, and talking about the Canadian Vintners Association support, there's a lot of money in kind as well as in just dollars. There is a lot of support, and also the volume that we produce in Canada versus Europe...you have to look at it on a comparison basis. The vintners are doing very well, thank you very much. It's absolutely a success of NAFTA, from the late 1980s and early 1990s.



Also, we had some reports, which are on the minister's website. Minister Emerson has also testified to the committee, and there have been a couple of independent reports tabled that very accurately articulate the fact of the impact of this free trade agreement that is in place. The numbers, based on 2005, indicate an impact of approximately a 56% increase in Canadian exports and an increase in Canadian GDP of about \$1.6 billion per year, versus the extremely flawed IWA study, which had a lot of inaccuracies. So we need to make sure that the facts are articulately presented.

I know that some of the witnesses we heard from on Monday were talking about the timing of this agreement. Some were saying we have a window of opportunity because the Americans haven't ratified yet, and some we've spoken with have said it's a window of necessity.

It's a challenge in business. You obviously have to go on faith when you work on agreements.

To deal with the non-trade barriers, is there a better way, in your mind, rather than comprehensively addressing these issues through the NTBs and through the free trade process and a free trade agreement? Do you have another way in which you think we might be able to deal with this?

• (1635)

**Ms. Shirley-Ann George:** I believe a free trade agreement would be a cornerstone to leverage additional activities for working against non-tariff barriers. For example, the fact that we're negotiating this agreement has put some pressure on the Koreans to open up their market for beef. So part of it is taking advantage of the opportunities that come along. If there is an agreement in place in Canada and Europe and the U.S., there may be an opportunity for us to work with our counterparts in trying to formulate a strategy on how to deal with any additional non-tariff barriers that pop up.

Korea put non-tariff barriers such as the WIPI standard in place, believing they were for the good of their country. At one point Canada was doing all these "made in Canada" standards. We were going to show leadership and they'd roll out around the world. We learned the hard way that it wasn't a good strategy. Korea is going through that same process, we hope, of adopting global strategies. You can encourage countries in that direction by joining arms with your international counterparts. I think that's something we need to continue to work on.

**Mr. Ron Cannan:** The Cattlemen's Association said that in fact every time the U.S. gets better access for its beef in Canada, it becomes more difficult to justify slaughtering cattle in Canada. It's another example where we need to move, as you said, cautiously, but as quickly as possible.

The value-added is something I would like to ask about. We have a very resource-rich country. In looking at this agreement, do you see the opportunity to expand our opportunities in the value-added chain?

**Ms. Shirley-Ann George:** There are some real opportunities with Korea. For example, insurance services is an area I think we would be able to do well with. The RIM BlackBerry, which is wrapped around a Canadian good, has opportunities. There are opportunities also in some of our commodity products, whether those be beef, lumber, or wheat.

I think there's definitely an upside to a good Korea agreement. We need to keep that in mind when we're looking at the legitimate concerns that exist.

• (1640)

**Mr. Ron Cannan:** Mr. Crow, in your closing comments you mentioned keeping the principles of the agreement. I wonder if you could clarify what you meant by that.

**Mr. Robert Crow:** I'm sorry, I missed that question, sir.

**Mr. Ron Cannan:** In your closing comments you refer to having an agreement in place that adheres to the principles.

**Mr. Robert Crow:** If we can reach an honourable agreement, that means we have signed to a set of principles, at which time we can delve into a number of these details. In particular, we can hold one another accountable for the kinds of behaviours I've advocated for today. It's when we can see what we are getting against the principles that have been ascribed to that we will really know whether this agreement will benefit us in the long term.

And thank you for being a customer of BlackBerry, by the way. We very much appreciate it.

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

**The Chair:** I think we all do, Mr. Crow. I think you're batting a thousand around this table.

**Mr. Robert Crow:** Thank you.

**The Chair:** We'll go next to Mr. Temelkovski.

**Mr. Lui Temelkovski (Oak Ridges—Markham, Lib.):** Thank you very much, Mr. Chair.

Thank you to both presenters.

Ms. George, in your recommendation number five you mention that we should ensure Canada is not put at a disadvantage vis-a-vis the U.S. if the U.S.-Korea FTA is ratified. Should we have a plan B?

**Ms. Shirley-Ann George:** I'm not sure if I understand your question. Do you mean if they ratify it and we don't have an agreement?

**Mr. Lui Temelkovski:** Yes.

**Ms. Shirley-Ann George:** I'm not sure what the plan B would be. If the U.S. ratifies, and it becomes easier to manufacture and ship out of the U.S. than out of Canada, that will have an impact on where some companies put their resources and where they put their jobs. So that's part of what we need to weigh in the equation.

**Mr. Lui Temelkovski:** You also mentioned that we shouldn't just sign any agreement. At the same time, you mentioned that we haven't done anything on this agreement for a long time. Those are two very obviously contrasting statements. I guess there's some middle somewhere, and that's where we have to meet and where everybody wins.

Have your companies been consulted by the government on this agreement? In your fourth recommendation, you're asking for that consultation.

**Ms. Shirley-Ann George:** It's important to note that this was from 2006, so it was more at the beginning of the negotiations that this resolution was debated and passed. We believe that the government has reached out in consultations. There have been notices in the *Canada Gazette*. They've definitely reached out and talked to us many times. We have let our members know that these negotiations are ongoing and that the government is seeking input. So yes, there definitely has been consultation.

On your point that everybody wins, I'm afraid it's not possible to get a deal whereby everybody wins. You can say very clearly that NAFTA, for example, has been beneficial to Canada, without a doubt. But when the deal was signed, there were some people who benefited from having trade barriers in place, and when those barriers were removed, they had to adapt. That's the nature of a trade agreement.

**Mr. Lui Temelkovski:** I'm saying it in the sense that if one party feels it's not winning, they're not going to sign an agreement, so there won't be an agreement.

**Ms. Shirley-Ann George:** Yes, both parties win, absolutely.

**Mr. Lui Temelkovski:** Both parties have to win in that sense. If it's not a win-win situation...I wouldn't sign an agreement, any agreement, if I didn't feel it was in my favour. I think Mr. Crow would agree with that. I'm seeing him nod.

Mr. Crow, do you see any avenue by which we can nudge and jolt the Koreans into looking at this technology we have here that is widely used throughout the world? Many of us have travelled to many places in the world, and they see us playing with these toys, and some of them know what they are, all over the world. Do you think Koreans will see the light? Or how can we get them to see the light?

• (1645)

**Mr. Robert Crow:** Yes, I absolutely do. Some of the recent political developments are a little more open and more pro-free trade, as we understand it. There has been an announcement that the telecommunications regulator will be reorganized and split up in a number of different ways. So some of the institutional barriers, perhaps, as a new government takes hold, will not be there.

What's most important is that there are tremendously strong advocates in the Korean business community who want BlackBerry service in Korea. These are people who travel the world, like we do, and who ask how it is possible that a nation as technologically advanced as Korea cannot have the BlackBerry, which has become standard equipment, if you will, for people in the world of business.

I see, frankly, great hope. This is not a monolithic stance. This is clearly an evolving situation. With this kind of continued work by us, our partners, and the mission in Seoul, and frankly, with some added discussion around the table on the FTA, perhaps we can push this one over the goal line quite soon.

**Mr. Lui Temelkovski:** Am I right in assuming that you have also been consulted by the Government of Canada?

**Mr. Robert Crow:** Very much so, particularly with respect to our own needs in Korea. We have been very well looked after in that sense.

**Mr. Lui Temelkovski:** Would you say that non-tariff barriers are playing a role in their acceptance of your products?

**Mr. Robert Crow:** Yes. On its surface, the WIPI standard and its enforcement would be considered by most economists to be a non-tariff barrier.

**Mr. Lui Temelkovski:** Thank you.

Mr. Maloney.

**The Chair:** I'll come to Mr. Maloney in the next round.

We'll move to Monsieur André.

[*Translation*]

**Mr. Guy André (Berthier—Maskinongé, BQ):** Welcome to the committee, Mr. Crow and Ms. George.

I listened to what you said and found your words full of wisdom and insight. We, members of the Bloc Québécois, agree with you because we think we need more analysis before signing an agreement. This is what our committee is presently doing.

We are concerned about this. Your brief is entitled "A Fair and Equitable Canada-Korea Free Trade Agreement" but you know that present day free trade agreements, international relations and trade are not always fair and equitable. We know that some industries in Quebec and Canada — I will not name them — suffered many job losses because the terms of trade are not always fair and equitable.

I think we have to be careful. I absolutely agree with you on this.

For 2006, the trade deficit was about \$2 billion. This being the case, do you think it would be important that free trade agreements provide for a relatively balanced trade so as to prevent such huge deficits?

You also talked about non-tariff barriers. The auto industry told us that non-tariff barriers prevent the sale of Canadian automobiles on the Korean market. These elements are therefore important.

I would like to hear your comments about this. How can an agreement deal with these situations?

• (1650)

[*English*]

**Ms. Shirley-Ann George:** Thank you.

I hope I've written down all the points you've made. You state that it's important to have a fair agreement, and we would agree with that. How you measure "fair" tends to be very different if you are on the winning side of the equation from when you're on the losing side of the equation. So perhaps another word that might be used is a "balanced" trade agreement, one that understands that there will be participants in your country who will have a negative impact. We definitely wouldn't support something that subsidizes those who are negatively impacted. It keeps them doing the same thing that can't compete on an international market. There is value in looking at what can be done to help companies transition to what they can do and compete with in an international marketplace.

You mentioned that many jobs have been lost in Quebec because of free trade agreements. I would suggest to you that many more have been created. You only have to look at some of the amazing Canadian success stories that reside in Quebec to see what real opportunities come from good free trade agreements. Look at Bombardier, as an example. We could all list many more. So Quebecers have definitely also benefited from free trade agreements.

Regarding the balance of trade with Korea, that is one of the prime objectives of this free trade agreement, to try to readjust that balance of trade and get more Canadian goods and services into Korea.

On your point on non-tariff barriers for the automotive sector, yes, they definitely exist. The U.S. has been working on trying to move some of these non-tariff barriers for a significant amount of time, and the North American automobile industry remains very frustrated that they have not been able to achieve significant success.

If you look at the percentage of automobiles that are sold in Korea that are made by a company that has a foreign parent, it's minuscule. There's no logical reason why Koreans wouldn't want to buy more cars if they had more selection. So this is something that's important. I know it was something that was of primary interest in the U.S. negotiations. It's also very much of interest to the Europeans. Where we have a 6% tariff that is helping to limit the number of Korean automobiles that come into Canada, in Europe it's over 10%, so they have an even bigger challenge. They're definitely going to be pushing for and looking for real measures that can show tangible ways in which non-tariff barriers will be removed, and real measures that will allow them to measure that and bring in some sort of dispute settlement mechanism when they feel the non-tariff barriers have not been removed properly.

[Translation]

**Mr. Guy André:** We have already lost about 150,000 jobs in manufacturing in the past few years. I would like to hear Mr. Crow's comments on this issue.

[English]

**Mr. Robert Crow:** I have very little to add to what Shirley-Ann has said, but I would say that from the standpoint of balance of trade, I believe we are attempting in any negotiation of this not to immediately redress the balance of trade, but to redress the rules by which an uneven balance of trade has come to pass. So we are trying to reset the conditions in such a way that as long as our companies and our farmers and others can compete and produce products, goods, and services that Korean consumers want, then with a good agreement we will have an opportunity to redress any balance-of-trade issue. We certainly feel that way in our case.

Finally, with respect to non-tariff barriers to trade, I think in the auto sector, in our sector, and so forth, having transparency as to what they are and having a means to address non-tariff barriers to trade—such as the standard that faces RIM right now—are essential components of a good agreement.

• (1655)

**The Chair:** Thank you, Monsieur André, for those answers.

Mr. Pallister.

**Mr. Brian Pallister (Portage—Lisgar, CPC):** Hello to both our witnesses.

It's nice to see you again, Ms. George.

Before I direct a couple of questions to you both, I want to personally, and on behalf of all my colleagues here, Ms. George, pass on our sincere and heartfelt condolences to your president and CEO. This is a tragedy beyond comprehension. So please give your president our best wishes.

**Ms. Shirley-Ann George:** I will.

**Mr. Brian Pallister:** You spoke rather openly about the reality of trade deals. There are winners and losers, and that is inevitable. This is the difficulty that always faces political representatives when we are put in a forum to discuss such trade deals.

We want our nation to win, but we should know that within the context of our victory, in signing a trade deal and conducting the negotiations that lead to the resolution of issues such as the non-tariff barriers that Mr. Crow has emphasized today, not all of our industries can possibly win. It is not feasible that every commodity producer in our country will benefit. It is not realistic to assume that every single person in our country will benefit in the short term from deals being concluded. This is a reality that all too often the opponents of said trade deals do not grasp in their pursuit of short-term gain.

That being said, there's a very real and legitimate concern that you've addressed today about the use of non-tariff barriers by Korea and other potential trading partners. I have to ask, in as straightforward a manner as I can, what better way would there be to resolve outstanding issues in our trade relationship with Korea, other than through negotiation? In what other way could we hope to address the issue of non-tariff barriers than by negotiating a trade deal with Korea at this time?

Ms. George, would you like to respond to that?

**Ms. Shirley-Ann George:** I think you're absolutely right. Undertaking these negotiations has provided us with the opportunity to put some non-tariff barriers on the table and try to deal with them if we can. In the auto industry, for example, boatloads of cars are coming over from Korea. There's no reason we shouldn't be loading up cars on our side and shipping them back. So there are opportunities there.

The U.S. auto industry is a good example of how companies have been attempting to deal with these non-tariff barriers for a good long time and have not been successful. It's through these types of negotiations that there is an opportunity to try to move the yardsticks. I would agree with you.

**Mr. Brian Pallister:** Ms. George commented—I'll misquote you, Ms. George, but I hope not too badly—that Canada's reputation has been damaged by years of negotiations that have led to nothing. We are given an opportunity at this juncture, because of the U.S.-Korea negotiations, to perhaps piggyback on the relative success of those negotiations in our own agreement.

What would be the consequences for your company if Canada failed to negotiate an agreement with Korea?

**Mr. Robert Crow:** I guess we would be in the situation we are in today, where the application of Korean policy and regulation is not governed by some kind of mutually negotiated agreement. We would be entirely dependent upon their own interpretation of their laws and regulations. Of course, that is precisely the benefit Shirley-Ann spoke to and I agreed to in the opening comments.

We are far better off to be having negotiations, but at the end of the day we want to look one another in the eye and ask, "Will you be fair and rigorous in the application of the principles we've ascribed?"

• (1700)

**Mr. Brian Pallister:** Thank you.

Ms. George, the issue of impacts is one that we've been consumed with to a large extent. We've been hearing from groups concerned about the impact on their sectors of an agreement being reached. Of course, we've heard less from those who may benefit from the establishment of an agreement but whose positions currently, whether within their industry or their very jobs, are not impacted because those jobs have not yet been created.

What do you see as being the undiscovered potential of an agreement being reached with Korea? For example, in the service sector, what kinds of potential benefits do you see accruing to the Canadian economy, and Canadians specifically, by an agreement being concluded with Korea?

**Ms. Shirley-Ann George:** Regarding services, the example that first pops to mind is that we have world-class exporters in services in the insurance industry. The two that are best known are Sun Life and Manulife. They have been extremely successful in a number of Asian countries, and one would believe that if they had access to the proper licences, there would be a real opportunity for them in such countries.

While I am not in a position to comment on what the intentions of either of them might be, you only have to look at the statistics from Manulife to understand what the potential benefit might be here in Canada. In the case of Manulife, 75% of their operations are outside Canada, but 50% of their jobs are inside Canada. So there are some real opportunities just in that one example in services.

Another opportunity, obviously, is Research In Motion, the Canadian flagship that would be creating more jobs, both in Canada and, frankly, in Korea, if they were able to access that market.

The banking industry is another one.

So there's a list you can go down to see that Canada has some significant competitive advantage, which a free trade agreement would be very beneficial towards.

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

**Mr. Brian Pallister:** Thank you.

If there is any time left, I'd like to give it to Mr. Miller.

**The Chair:** No. We'll get him in, though.

Mr. Maloney.

**Mr. John Maloney (Welland, Lib.):** Thank you, Mr. Chair.

Mr. Crow, how long have you been trying to break into the Korean market, with RIM specifically?

**Mr. Robert Crow:** It's just under two years, sir. Korea went, again, its own way and advanced what is known as 3G standards, and it's taken a while for the global standard and the Korean standard to converge. That convergence has happened within the last couple of years.

**Mr. John Maloney:** So it's a technology problem that has prohibited you from getting into that market?

**Mr. Robert Crow:** Previously, yes, it was. Previously, the Korean overall wireless standard was not widely accessible, but that has changed within the last couple of years.

**Mr. John Maloney:** So what are the prohibitions now?

**Mr. Robert Crow:** The prohibition now is the application of the regulation regarding the domestic standard, WIPI, which again is a domestic standard unique to Korea.

**Mr. John Maloney:** Are you assured that if we sign this Korea free trade agreement this regulatory regime that has prohibited you previously will be set aside and they will allow you to come into their markets?

**Mr. Robert Crow:** No, there's no guarantee of that, but we would expect that there would be a mechanism under which unfair treatment or discriminatory treatment of a Canadian company vis-à-vis other countries' companies could be addressed. We believe that, by and large, there is a very strong case within Korea that technologies like BlackBerry should be broadly embraced. We've seen evidence of movement in that direction recently.

• (1705)

**Mr. John Maloney:** Should this agreement address your sector-specific industry?

**Mr. Robert Crow:** I don't believe that is required at this point. Again, what we really have here is a situation in which a good set of principles and good dispute resolution will help. As Shirley-Ann has mentioned, the very process of negotiating brings both light to some of these issues and pressure to bear on the Koreans to be more forthcoming.

**Mr. John Maloney:** Ms. George, you've indicated that you feel it's too early to sign this agreement, but you've also stated that you felt the negotiators were getting very close to having an agreement. Is there a message that you want to give this committee and our negotiators?

**Ms. Shirley-Ann George:** No, I was saying that it's too early for the Canadian Chamber of Commerce or, I would suggest, this committee to make a determination on whether or not it was a good agreement.

Our understanding is that it's relatively close to the end of the negotiations. There will be a determination of what can be in the deal, and the Canadian government and Canadian Parliament will have to make a decision on whether or not that is enough.

It is only when we come to the final conclusion and understand these final points that are so difficult, and on which we're not making as much progress as we'd like to, that the Canadian Chamber will be able to determine whether or not it's a good deal.

**Mr. John Maloney:** You've referenced the auto sector, where we have heard from labour as well as the manufacturers, who are strongly opposed to this agreement, unless there are assurances of equal access to the Korean market. Their concern is that they won't have this access. Perhaps non-tariff barriers will address that, but others may soon pop up.

Is that the type of situation you're concerned about? Do you think we shouldn't be signing an agreement until we have assurances, perhaps airtight assurances, that it won't have a negative effect on our auto sector?

**Ms. Shirley-Ann George:** I'm not sure what type of airtight assurances you could get, beyond two governments standing up and signing an agreement. All of these agreements have a dispute-settlement mechanism. So I would suggest that if an agreement comes to this committee for review, you look carefully at the dispute settlement mechanism.

But I don't think there is a next better thing that you would get. We negotiate inside the agreement. We try to get as many most favoured nation clauses as possible. This way, if the U.S. or Europe or other large markets are able to get more, we're able to piggyback.

**Mr. John Maloney:** You've referenced a dispute resolution mechanism. The U.S., I understand, has an expedited dispute resolution mechanism for the auto sector. Would you advocate that we have the same, or better?

**Ms. Shirley-Ann George:** Well, I don't believe "better" is an option. Would it be nice to have the same? I don't know the fine details of that agreement. In fact, I know that some in the U.S. auto industry don't think the U.S. got enough in that provision. But it was what the U.S. was able to negotiate.

The real question is, if we don't get that provision, which I think is a possibility, is that a real problem for us? This would definitely be one of the factors we would need to weigh when we assess whether or not the agreement is good enough.

● (1710)

**Mr. John Maloney:** Would that be one of the lines to be drawn in the sand, an expedited resolution process?

**Ms. Shirley-Ann George:** At this point, I don't know if it would be appropriate to draw lines in the sand. I think at this point what we need to do is encourage our negotiators to do everything they can. The fact that this committee is asking these questions will give some additional incentive to our negotiators and the Koreans to see what else can be done to come together, to see where some of the gaps are. I don't know if we need to draw a line in the sand.

I would say that if a deal is struck the whole package for the auto industry will be closely scrutinized. We'll need to look at all the different components.

**Mr. John Maloney:** Thank you, Ms. George.

**The Chair:** Mr. Miller.

**Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC):** Thank you, Mr. Chairman.

Ms. George and Mr. Crow, thanks for being with us and for being able to connect through technology.

My first question is for Ms. George. There is some question about what constitutes a good agreement. I think the bottom line is, nothing ventured, nothing gained. I'm going to be the devil's advocate. If we don't sign an agreement or investigate one and the U.S. does, would Korean cars come into Canada anyway? Would you agree with that? You can answer yes or no.

**Ms. Shirley-Ann George:** Korean cars are coming into Canada now.

**Mr. Larry Miller:** Exactly. That's my point.

**Ms. Shirley-Ann George:** So if your question is whether more Korean cars will come into Canada if we don't sign a deal and the U.S. does. I believe the Koreans have some growing market share in any case. The Koreans market a product that many Canadians want to buy, and they're fierce competitors, so I don't think I could agree completely that even if—

**Mr. Larry Miller:** That's fair enough. My time is moving on here.

There's also been a lot of talk, Ms. George, about the dollar and how it's affected our manufacturing industry and our export markets, and what have you. Of course, I've heard a lot of comments here at committee and outside of committee about diversifying, about not keeping all of our eggs in one basket.

Would you agree, first of all, that it is good to diversify our exports, and could a Korea free trade agreement do that?

**Ms. Shirley-Ann George:** Yes, it is good to diversify our exports and—not to take away from the exports and jobs created by selling to the U.S.—to grow in other markets where opportunities exist. If we had a good agreement with Korea, then, yes, there would be additional opportunities for Canadian companies there, absolutely.

**Mr. Larry Miller:** Thank you.

Mr. Crow, I have one of these BlackBerrys too, and I'm not very technological, but if I can operate it, I guess anybody can. You could use that in a commercial.

**Voices:** Oh, oh!

**Mr. Larry Miller:** Anyway, I've heard you say here today that doing nothing is not an option—and I think we all agree with that.

If your company had access through this agreement into Korea... I'm not sure what all your business interests are and where they are around the world and whether you have other access into the Asian market now, but I have heard people at the committee say, from questioning, that this could have the potential to open up other markets in Asia.

Could you talk a bit about that and how it might benefit RIM?

**Mr. Robert Crow:** Well, BlackBerry has actually been in Asia for about three or four years. My response follows the comment I made to the previous member's question about the technology. We have been actively marketing BlackBerry in countries where the predominant world standard has been done, and our business is building nicely in places like Hong Kong, Singapore, Australia, etc. But these are earlier days in other areas—Japan, Korea, China—where the technology has been somewhat different. But generally, we are now launched in Japan, and our BlackBerry service has been available for a couple of years now in China. With the convergence of the world standards, we see this becoming a great opportunity.

I think the more important thing that is also happening is that the major economic powers in the Asia-Pacific region are vying for dominance, for who will be the financial centre of the region and who will be the business capital of the region. To the extent that all of those countries have aspirations, it will mean they will want to open up their economies, particularly to embrace the advanced technologies that financial sectors and other business sectors require. I think that rivalry is also extremely healthy in this regard, and, frankly, it bodes well for companies like ours.

● (1715)

**Mr. Larry Miller:** Would it then be fair to ask, while you may have been one of those companies leading the pack and have made a start there, could this deal assist in any way to at least help speed up the expansion in Asia?

**Mr. Robert Crow:** Absolutely. As we went from two countries, Canada and the United States, and then into western Europe and now into 125 countries, our brand has become well known around the world. The utility of the device is well known. Its ease of use is well known, and we have many people who comment, "I'm not great with this kind of stuff, but I can really use this"—and we take that as a high compliment.

So there's a network effect, as we call it. One begets another, begets another, and as the countries go up arithmetically, the relationships go up geometrically, which is very, very good for building a global business.

**Mr. Larry Miller:** Thank you, Mr. Chair.

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

Mr. Crow, that was Larry Miller, and you can reach him through the House of Commons in Ottawa, for promotional purposes.

We'll now move to Mr. Dhaliwal.

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

Mr. Crow, the BlackBerry and RIM technology have been part and parcel of my life since even before I got elected. It bothers me when I hear that the Korean market is deliberately trying to stop you from coming in. Do you agree that it is a deliberate effort they're making?

**Mr. Robert Crow:** It has all the features of something that would be deliberate, but I don't believe we've ever talked to anybody who said it was deliberate. But, clearly, there is pride in the standard they have. There are forces that believe this is still a good and wonderful thing to do. What their ultimate motives are is not immediately clear. No doubt there would be some that could perhaps be characterized as acting with a deliberate nature.

**Mr. Sukh Dhaliwal:** You have expressed a trust in dispute settlement mechanisms in the deal with Canada and Korea. Are the dispute settlement mechanisms in the WTO inadequate for RIM, and how?

**Mr. Robert Crow:** If you look into them, those dispute settlement mechanisms are country to country, and they're very lengthy. They would be available, but you're talking about processes that take a great deal of time and energy and would also need to be carefully considered.

I'm hopeful that we would have dispute settlement mechanisms that, first of all, would have a very strong informal component, where colleagues across the table from each other could actually discuss things informally. Then it could escalate to a more formal process that would perhaps be quicker and not as dramatic as what we have seen in some of the celebrated WTO examples.

● (1720)

**Mr. Sukh Dhaliwal:** All members agree that we have an emotional attachment to this technology, the number one technology in the world.

The other question I would ask is this. If we sign this agreement with Korea and it goes through, how many additional Canadian jobs would you be able to create here?

**Mr. Robert Crow:** It's very difficult to put that into any kind of perspective. Suffice it to say that Korea is a large country with a potential market that is large. We've been fortunate to grow our employment by nearly a factor of eight over just the last six or seven years. Most of that employment has occurred in Canada. As a rapidly growing company, I look, on a global basis, at whether we have room to grow. If we have room to grow and we have the ability to address those markets, more Canadians will be employed.

**Mr. Sukh Dhaliwal:** You mentioned that Korea has a big market that is very literate and business oriented and could use this device. I'm talking in a general perspective, looking at Korea compared to another country about the same size. Do you think more jobs could be created going into Korea than going into another country with the same population?

**Mr. Robert Crow:** Again, no two countries are quite the same, even if they're at the same levels of size and sophistication. We will certainly go into any country and adapt our product. Our product has already been adapted to the Korean character set. It's literally ready to go, from the standpoint of being useful to Koreans in their language. We've done this in other countries. It's part of our international strategy and I think a very important aspect of the work we do.

We believe we have an excellent product. We're prepared to go into that country and any other and compete with the best the world has to offer. We like the success we have had so far, and we like the growth we've enjoyed so far. We want to continue that for the benefit of all our employees and stakeholders.

**Mr. Sukh Dhaliwal:** Thank you, Vice-President Crow.

Mr. Chair, could I ask a few questions of Ms. George?

**The Chair:** Fine.

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

Ms. George, you mentioned that free trade will create a lot more jobs and that we'll also lose jobs. Do you have an estimate of how many highly paid jobs in Canada will be eliminated by creating very low-paid jobs if this agreement is signed?

**Ms. Shirley-Ann George:** Sorry, I'm not sure I understood. How many highly paid versus low-paid jobs?

**Mr. Sukh Dhaliwal:** Jobs, yes.

**Ms. Shirley-Ann George:** I apologize, I don't have the numbers you're looking for. You've already seen the analysis that's been done from DFAIT and from others. I think part of the challenge is the negative impacts tend to bring out people who are very concerned, and the negative impacts are often overdone by some groups, whereas the positive impacts are much, much more difficult to get real, hard numbers on.

As was mentioned before, it's much harder to figure out how many jobs will be created, as opposed to a worst-case scenario of how many might go away. I apologize, I don't have that information.

• (1725)

**Mr. Sukh Dhaliwal:** Thanks, Ms. George. Thanks, Mr. Chair.

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

I think we have time for one more.

Mr. Allison.

**Mr. Dean Allison (Niagara West—Glanbrook, CPC):** Thank you, Mr. Chair.

I realize it's difficult. I think most of the questions have been asked. I thought I would take time to reiterate, Mr. Crow, that we certainly appreciate the leadership role you guys are playing all over the world. Certainly I appreciate what your stock has done over the last little while. I thought I should mention that as well.

Ms. George, in terms of the Canadian Chamber of Commerce, you certainly represent a huge cross-section of businesses. I know we've talked about the potential concerns of the manufacturing and automotive sectors. Can you talk to us at all about areas of opportunity that you think may be able to benefit?

We talked about how those who are obviously concerned are always going to be out there talking about those things. What are some areas that you think we can do well at? I think my colleague was wondering whether we're trading low-paying jobs for high-paying, which may not necessarily be the case. But where do you think the potential is for us?

**Ms. Shirley-Ann George:** I think the first place to look is in the commodities that are truly export oriented, especially agriculture from western Canada. When you look at things like wheat, for example, and other products like that that are grown in western Canada, I think there's some real opportunity.

There's also opportunity for our forestry industry, which is being hit hard right now and could do with some new market opportunities. As I mentioned before, there are some opportunities for some very high-end products that Canada does so well in, such as insurance, such as products or services that are offered by Research in Motion.

Those are just some examples of where real opportunities exist. It's not to be said that you sign the paper and the next day there are x number of billions of dollars flowing, but Canadians are more than capable of competing on the world market if they have a fair and level playing field and if we get some good agreements for them.

One of the things we haven't spent a lot of time on is what we are going to do for those companies and industries that are negatively impacted, how can we put our heads together to try to manage any kind of transition, the length of time before certain tariffs are reduced, those kinds of things. That's part of the negotiations, and it's something we really need to think about.

**Mr. Dean Allison:** Mr. Crow, I know you've indicated that you guys have been consulted, maybe not specifically on Korea, but I realize consuls around the world are working with you and there are markets you're trying to break into. Do you have any thoughts for us, Mr. Crow—and I'm going to open this to Ms. George as well—in terms of your sense...? We talk about what we don't know in terms of the agreement. I'm saying we haven't all seen it; it started in 2006 and has been ongoing.

Is your sense, though, that Trade and DFAIT are listening to some of these concerns? I say once again that we don't know where the agreement is today. That's why we're conducting these meetings, to offer some suggestions and to make sure we don't sell ourselves short.

Do you have any thoughts in terms of the correspondence you've had with Trade and DFAIT over time?

Then, Ms. George, I'll ask the same question to you about some of your members who may have had some input as well.

Mr. Crow.

**Mr. Robert Crow:** With respect to Korea, we have had not only every opportunity to give our view but tremendous support from Ottawa and the mission on the specific issue we faced, as well as very strong leadership.

I would also say, more generally, that as we've grown around the world, I've spent an increasing portion of my time in discussions with our officials in DFAIT, both in Ottawa and out in various missions. Korea isn't the only area where we have had an issue or an opportunity. I will say that we have been extremely well served, and we are proud to take Canada around the world as a leading example of what Canada can do. We certainly get terrific service, top to bottom, at DFAIT.

That would be my contribution.

**Mr. Dean Allison:** Thank you, Mr. Crow.

Ms. George, in terms of your members, I'm assuming that some have been consulted. But have you any sense of how that process is going?

•(1730)

**Ms. Shirley-Ann George:** Absolutely. The government has reached out by trying to find companies that have concerns and companies that see opportunities. They have consulted very closely with the auto industry. Not always have the results been something the auto industry has stood up and applauded, but it is very fair to say that the auto industry has been consulted. The other industries have been consulted. They've been very proactive, and if anybody hasn't been reached, I don't think it is through any fault of the government.

**Mr. Dean Allison:** I'd like to thank both of you for being here today.

Ms. George, the work of the chamber has been invaluable to our small communities.

Mr. Crow, we really appreciate the leadership you guys have taken in putting Canada on the map, virtually all over the world.

**Mr. Robert Crow:** Thank you so much.

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

I particularly want to thank our witnesses today.

Shirley-Ann George, vice-president, international, of the Canadian Chamber of Commerce, I thought your opening statement was just excellent. Given the discussions we've had to date on our committee, your presentation, quite uniquely, kind of capped where we are on this committee in terms of what has to be done as we proceed. It will serve as a pretty good base document for Mr. Holden, our analyst, in writing the first draft. It is very helpful, and I appreciate your answers as well.

Mr. Crow, vice-president of industry and government relations from Research In Motion, we thank you for attending today. I must say that I very much appreciated, as I'm sure all the members here did, your kind and gracious remarks with regard to our officers who serve abroad, both in DFAIT and at our high commissions and embassies around the world. It's always nice to get some feedback from a satisfied customer. I'm sure your comments will be passed along through the minister to those officials.

To both of you, again, thank you very much for your appearance today.

With that, we will adjourn.

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