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—
Chair

Mr. Lee Richardson

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• (0910)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): We shall begin.

We have everyone except Mr. Julian....

Well, we'll have to begin. Pursuant to the orders of the day, this is meeting 18 of this session on our discussion of Bill C-24, an act to implement the free trade agreement between Canada and the Republic of Peru.

Today we have witnesses from the agriculture community—and Mr. Brison; welcome.

Hon. Scott Brison (Kings—Hants, Lib.): This chair was made in America. It's just not reliable.

Voices: Oh, oh!

The Chair: That's right.

From Canada Pork International, Jacques Pomerleau, executive director, is visiting us again. From the Canadian Chamber of Commerce, we have Shirley-Ann George, senior vice-president, policy. Joining her today is Ryan Stein, director of international and trade policy. And from the Canadian Labour Congress, we have Hassan Yussuff, secretary-treasurer.

We're going to ask each group to give a brief opening statement.

Shirley-Ann, are you prepared to begin?

Ms. Shirley-Ann George (Senior Vice-President, Policy, Canadian Chamber of Commerce): Yes.

The Chair: I'll ask Shirley-Ann George, senior vice-president, policy, from the Canadian Chamber of Commerce, to begin. We'll follow that with the other two opening statements, and then with questions from the committee.

We'll go until about 10:30. I have a little bit of committee business I need to discuss in camera with the committee. So if that works for everybody, we'll have questions until 10:30.

Go ahead, Ms. George.

Ms. Shirley-Ann George: Thank you, Mr. Chair, and thank you for the invitation to join you today.

As you mentioned, I'm here with Ryan Stein, the Canadian Chamber of Commerce's director of international and transportation policy. The Canadian Chamber is pleased to provide its input into Bill C-24, the Canada-Peru free trade agreement implementation act.

We support the government's commitment to enhance our relationships in the Americas and are pleased that the government has concluded this important free trade agreement.

Breaking down investment and trade barriers during these economic times sends a strong message to the rest of the world that more market access is part of the solution. It also makes sure that Canadian companies are not disadvantaged compared to businesses in other countries. As you may know, Peru has already negotiated agreements with the United States and China, and is in the process of negotiations with the EU and Japan.

The Canada-Peru agreement makes sure that Canadian companies are well positioned to take advantage of market access opportunities in the growing Peruvian economy. As a result of political stability and commitment to market openness and disciplined economic management, Peru is realizing sustained growth it has not seen in decades. In 2008, real GDP grew by 9.2%, and even during this economic downturn, Peru's economy is forecast to grow 2.8% in 2009 and 3.9% in 2010. Canadian companies are already positioning themselves in Peru, exporting \$391 million in 2008, an 18% increase from the year before.

Canadian investment in Peru, valued at \$1.8 billion in 2007, is also on the rise. As our presence in Peru grows, it is important that we have a transparent and rules-based system in which to operate. The Canada-Peru free trade agreement does exactly that. Specifically, Peru will remove tariffs on 95% of Canadian exports within the next five to ten years. Major exports such as pulses, cereals, paper, technical instruments, and machinery will benefit from a rules-based system. More exports abroad mean more job opportunities here in Canada.

On the investment side, the agreement builds on the existing Canada-Peru Foreign Investment Promotion and Protection Agreement by adding the allowance of free transfer of investment-related capital, protecting companies against unlawful expropriations, providing non-discriminatory treatment for Canadian investments, and allowing binding arbitration to settle disputes. The Canadian mining sector is especially well positioned to take advantage of these new rules. Currently only 10% of Peru's natural resources are being explored, leaving a lot of room for growth and for investment.

Before the financial crisis, the Peruvian government was expecting an additional \$14 billion in investment in site upgrades. Expanding investment in mining also creates opportunities for mining equipment and mining service providers. The Canada-Peru agreement gives Canadian companies the ability to get in on the action.

Peru is also committed to opening its services sector well beyond the WTO agreement. Increased transparency, provisions for a temporary entry of service providers, and a framework for mutual recognition put in place new market access for Canadian companies. The service sector represents two-thirds of the Canadian economy but only 13% of our trade, making the opening of doors for new service markets especially welcome.

Key services exports, such as in mining, energy, and professional services, are especially well positioned to benefit. In addition, comprehensive rules for the financial services chapter create a transparent environment for banking and insurance and security providers. As you know, Canada has some strategic advantages and well-placed companies in the financial services sector.

This agreement also guarantees Canadian suppliers the right to bid on Peruvian procurement projects. As Peru continues to modernize, it will be investing in its national infrastructure, including energy, roads, and irrigation systems. The free trade agreement positions Canadian companies well to take advantage of government projects.

Accompanying the free trade agreement are strong labour and environmental side agreements. We support strong, responsible business conduct and government efforts to build capacity in these areas in both companies and in host governments. Canadian companies are leaders in socially responsible business practices. They lead by example and raise the standard for all companies to meet wherever they operate. The agreement on labour cooperation commits both countries to follow the ILO's declaration on fundamental principles and rights at work.

• (0915)

The Canada-Peru agreement puts in place health and safety protections, eliminates forced and child labour, protects migrant workers, and meets the minimum employment standards. The labour agreement also has a dispute settlement mechanism with financial penalties as high as \$15 million for non-compliance. The agreement on environment commits both countries to comply with and enforce their environmental laws, not weaken them to attract trade and investment. To use voluntary CSR best practices, a consultation option is part of the agreement to ensure compliance.

In conclusion, the Canada-Peru free trade agreement provides Canadian companies with the opportunities to expand trade and investment in a growing Peruvian market. In trade, investment, and procurement markets, a transparent and rules-based system well positions Canadian companies in the fiercely competitive global marketplace. We urge Parliament to quickly pass the Canada-Peru Free Trade Agreement Implementation Act.

Thank you. I'd be happy to answer any of your questions.

The Chair: Thank you, Ms. George.

We'll now hear from Jacques Pomerleau.

[*Translation*]

Mr. Jacques Pomerleau (Executive Director, Canada Pork International): Thank you.

Mr. Chair, honourable members, let me introduce the organization that I represent here today. Canada Pork International is the export promotion and development agency of the Canadian pork industry

and it brings together the hog producers, pork processors and trading companies.

I thank you for giving us the opportunity to express our views on Bill C-24 pertaining to the implementation of the free trade agreement with Peru.

From the very beginning, the Canadian pork industry has been very supportive of the negotiations to come to an agreement with Peru, even if that country has never been a significant market for Canadian pork as a result of its prevailing high import tariffs. We were and we remain more than ever convinced that population growth and dietary habits will offer significant market opportunities in Peru once tariffs are completely eliminated.

Like many other countries, Peru has always maintained high tariffs on pork and our negotiators were expecting strong opposition to getting them reduced. When they requested that Canada should get the same treatment as the United States, that is, the complete elimination of pork tariffs over a period varying between five and ten years, Peru flatly rejected it.

Knowing that we would never get what the Americans received, our negotiators became very creative in ensuring that we would still get some benefits. They accepted a longer tariff elimination period, 17 years instead of ten, but they were able to get for us a duty-free quota that will allow our exporters to better position themselves at the very beginning.

We have to admit that this quota of 325 tonnes, that will progressively extend to 504 tonnes over 10 years, is relatively small for an industry that exports over one million tonnes every year.

That being said, we have learned over the years that we need to get access to the largest possible number of countries and that some of them, which at the beginning did not look too promising, turned out to be quite significant. With such an approach, our industry, which in the 1980s was shipping more than 75% of its exports to the United States, was able, even when doubling its sales to that country, to reduce the proportion to less than 30%. In the last few years, the US has become a major pork exporter and our exports there have decreased.

You can be assured that, with the implementation of their country of origin labeling legislation, our industry is not regretting having adopted an export market diversification strategy. With the current crisis that we are experiencing, and I do not think there is a need to expand on it, could you imagine where we would be? I do not even want to think about it.

We will be back here when you review other agreements, like those that are currently being negotiated with Central America and especially with the European Union, to endorse them.

In closing, I would like, on behalf of our industry, to thank you and your colleagues of all political parties, in the House of Commons and in the Senate, for your tremendous support during this difficult period. We were very impressed that so many of you came to meet with us at the barbecue that Minister Ritz and Minister Blackburn held with our representatives. In fact, so many people showed up that we ran out of pork. Be assured that, next time, there will be more than enough.

I am ready to answer all your questions.

• (0920)

[English]

The Chair: Thank you, Mr. Pomerleau.

Thanks for the pork. I was not one who got there early enough either, but everyone said it was wonderful. And we're very pleased that things appear to be picking up in the country at least.

We're going to go now to the Canadian Labour Congress, to Hassan Yussuff.

Mr. Hassan Yussuff (Secretary-Treasurer, Canadian Labour Congress): Thanks, Mr. Chair.

On behalf of the 3.2 million members of the Canadian Labour Congress, we thank you for affording us the opportunity to present our views. CLC brings together national and international unions along with provincial and territorial federations of labour and a labour council of 137 district labour councils from across the country. Members work in virtually every sector in the economy, in all occupations, in Canada.

Today we appear here to explain why we believe the proposed free trade agreement between Canada and Peru should be rejected by the committee.

Given the severe economic crisis we face, Canada should move away from a failed neo-liberal model of global economic relations, which brought us the economic crisis in the first place. Free trade investment was supposed to bring us prosperity. Instead, it brought us a crisis.

As we know, the crisis has its roots in inequalities of wealth and income, the deregulation of financial services, and the removal of levers once used by government to support economic growth. Rather, we should embrace the kind of economic partnership that has at its core a commitment to equality, public reinvestment, and economic renewal that is both sustainable and democratic. Together with trade unions across the Americas, we have articulated elements of such an alternative trade and investment agreement in *Labour's Platform for the Americas*.

In the wake of the economic crisis, the international trade union movement has made further proposals that would put sustainable economic renewal and decent work at the centre of our recovery efforts. Instead, we see the Canadian government continuing the legacy of failed neo-liberal trade agreements and investment deals.

We share with our brothers and sisters in the Peruvian trade union movement our clear and firm opposition to the Peru free trade proposal. In our joint statement on labour movements, we declare our deep disagreement with this type of treaty, which protects the rights of investors over the human, social, economic, cultural, labour, and democratic rights of its citizens.

The free trade investment agreement between Canada and Peru does not take into account the large asymmetries between our two countries. What would this agreement look like if real development were at the centre of its goals? Where, we must respectfully ask, are the studies showing the positive impact on job creation that the Canada-Peru agreement is supposed to create?

We are also dismayed that the negotiations of the Canada-Peru FTA labour cooperation agreement were concluded in record time, without consultation with workers' organizations or civil society. These agreements were concluded without analysis of the impact of this agreement on employment and human and workers' rights in either country. This model encourages economic, social, and labour policies that result in even more precarious employment.

Experience suggests that labour provisions in the trade deals are unlikely to lead to concrete improvement for workers. Labour rights have never been treated equally with the many rights granted to investors. Labour rights protections remain in a side agreement rather than in the body of the text. There is no provision for real trade sanctions, such as countervailing duties or the end of preferential trade relations.

In conclusion, this agreement is written to protect investors' interests, not workers'. They are not enacted to improve labour standards, and there is little evidence that such an agreement can become a vehicle for the enforcement of labour rights. Why could we not have had an agreement that has as its central goal the creation of decent jobs and sustainable development? Why could we not have an agreement that protects and enforces core labour standards? We will only have a recovery based on job creation and decent work.

The CLC proposes a moratorium on trade deals currently under negotiation. We need studies that will show the likely economic and social impact of this deal on a range of issues. We urge the committee to reject this failed model of economic growth. We ask you not to impose it on Peruvian workers, and we ask you not to impose it on Canadian workers.

Thank you so much.

• (0925)

The Chair: Thank you, Mr. Yussuff.

We're going to go to questions now. We'll begin with Mr. Cannis. We'll try to get everybody through. You have seven minutes for your questions and answers.

Go ahead, Mr. Cannis.

Mr. John Cannis (Scarborough Centre, Lib.): Thank you, sir.

Welcome, panel, and thanks to all of you for the presentations.

I'm going to be tying my questions in with all three, if I may.

Shirley-Ann, you talked about leading by example. I was really pleased to hear that, especially as we put these trade agreements together. I remember that years ago when we were going to other nations—I'm not going to name them specifically—we were hammered in terms of labour rights, child labour, and environmental issues, etc.

I think the comment we had as a Liberal government at that time was that if we didn't go there to show them new innovative ways and examples and set standards, they'd never change. I can name some; China, for example, has made a quantum leap forward by us being there. I'd like you to elaborate on that, if you would.

If I may quote you, I really enjoyed hearing "rules-based system". Could you elaborate a little on that in terms of how we've done, what we've negotiated, how they see it, and how they see us as partners coming in?

With respect to the pork industry, first of all, I think, there's the fact that so many were there. It's good news that you ran out; it just goes to show you that we stood behind you and will continue to stand behind the industry.

With respect to the U.S., could you could elaborate for me a little on the duty-free quota that you talked about and how that works? Also, you said it's "not a significant market, but presents an opportunity". It's not a significant market today, but do you see it as a potential market?

The third part of my question, which I'll close with, is with respect to the Labour Congress. I'm puzzled, because, as I'm sure all others do, I get elected in an area where jobs are very important to pay for mortgages, put food on the table, and pay for kids to go to school. I don't know if I got the wrong message, sir, but if I understood correctly, you're asking Canada to stay away from everything.

You talked about the bad trade deals that we've had in the past. I don't mean to say this to be biased toward my colleagues who are now in government, but surely I recall that in the tenure we experienced as a Liberal government from 1993 until most recently, there was unprecedented growth in terms of jobs. A good portion of those jobs, if I understood correctly, resulted from exports. Are you saying to me that we did not do well by creating growth for Canada and that we should go the other way by staying an esoteric country?

Thank you, Mr. Chairman. Those are my questions.

The Chair: Are you waiting for a response?

Mr. John Cannis: If there is a response.

Voices: Oh, oh!

The Chair: Well, I know that Ms. George will always reply.

Mr. John Cannis: Otherwise, I'll take applause.

Ms. Shirley-Ann George: Thank you. Those are excellent questions.

I'll respond first to the second one you addressed to me, which is on the importance of a rules-based system. Canada, as a middle-

sized country, is subject to the whims of larger countries in changing the environment on us and providing preferential treatment to their own companies and to other countries.

If we have a rules-based system, then we're in a much more advantageous position. We're in a position whereby Canadian companies can go in and know that if they make investments, if they hire more Canadian workers to build the products and services they wish to sell in these other countries, the environment they walk into is one that is going to be maintained, that is fair, and that's negotiated. As you know, in some countries, transparency and rules do not always make it to the top of the list.

Thank you for the second question on CSR and Canadian companies leading by example. I think it's very important to note that Canadian companies are in fact world leaders in CSR. We have a large number of examples of Canadian companies that have stepped up and are doing things that other countries and other companies are striving to emulate.

If we may, we'll give you one concrete example from Peru. I'll ask Ryan to do that.

● (0930)

Mr. Ryan Stein (Director, International and Trade Policy, Canadian Chamber of Commerce): To give you an example of some of the things that Canadian companies are doing to improve the conditions or giving back to the community, I'll give the example of Barrick Gold.

In 2000, Barrick started the Cuncashca business development project, whereby they integrate farming, which is the practice of that community, with entrepreneurship. They made farmers more productive. They started developing surpluses to sell outside of the village. This project created an average household income increase of \$46 per month in 2002, which is now up to \$166 per month.

I'll give another example. Barrick teamed up with an NGO following a major earthquake in Peru and built 100 new homes in the small village of Cuchillo Viejo. They're building the economic aspect of the community and also giving back to the social aspect as well.

The Chair: Good.

Monsieur Pomerleau.

Mr. Jacques Pomerleau: Just to answer your question on the duty-free quota, Canada is the only that has it. The Americans only have the elimination of the tariffs over the five to 10 years.

We say that there are significant opportunities because of the economic growth in Peru, and also its increasing population. We've seen that in other developing countries, such as China, where the demand for meat increases right away. It's one of the first things the people will buy. They know they won't be able to be self-sufficient in pork production over the years.

The Chair: Yussuff, do you want to comment?

Mr. Hassan Yussuff: Thanks.

In regard to the point that Mr. Cannis has made, I'm not saying that we should bury our heads in the sand and not have trading relationships with other countries. As a matter of fact, the congress clearly recognizes the importance of trade to Canadian jobs. There's no denying that. That's not our point.

Our point is in regard to the many aspects of this agreement that have been highlighted. I think we're simply saying, why doesn't the government—or, for that matter, this committee—call for studies that will show examples of the benefits in terms of job creation? Certainly our largest export market remains the United States; to date, some 80% of our exports go to the United States. We're obviously trying as a country....

But in regard to specific language in the agreement that speaks to the labour side of the agreement, I want to be very specific so that we can get into the details of those, if the committee so chooses.

We saw the first model of these types of agreements in the NAFTA agreement, where we were promised that we would have a great deal of protection for workers. Twenty-eight complaints under the NAFTA agreement have been filed. Despite the fact that we have a mechanism for dealing with them, not a single one of them has been resolved with any satisfaction—and this despite the very comprehensive process we have for doing so.

Canada then moved to sign what was said to be a better type of labour protection agreement with Costa Rica. Despite the fact that I have travelled with ministers to Costa Rica to talk about the labour situation and what we can do about it, this model was again promoted as a new and different approach. To date, there's been little done by both countries in implementing the provisions of that agreement—and, of course...an adequate enforcement mechanism.

There's no question in regard to the Peru agreement that the language in it suggests it's an improvement from previous agreements. But again, the larger challenge we face is whether Peru is any more committed to enforcing the provisions of the agreement than other countries we have signed trade agreements with.

More importantly, I think the last point I made in our presentation was that these side agreements are dealt with separately, as opposed to being a core part of the agreement, with the same kind of penalties we would have if they were to deny investor rights, and where you can impose sanctions and, of course, deny special provisions for access of goods to their country.

So despite all the rhetoric, the reality in our experience with regard to the promotion of the labour side agreement to deal with the concerns of labour is that we have yet to see any degree of commitment to a mechanism that's going to give real or true meaning to this. We spend a lot of time in the Americas working with our colleagues to promote labour rights in absence of trade agreements, and while this agreement is being promoted as one that's going to do something to that effect, given our experience, we're very skeptical that will be the reality.

For my last point, I want to respond to Mr. Cannis that we're not coming here to assist you to bury your heads in the sand. That's not the issue. We recognize, obviously, that if we had clear rules that protect workers, that allow countries to develop, and that do not take away the levers of government for dealing with the issues that may

be created from time to time, we could have a better model in which Canada would benefit, but also the Peruvian government and the Peruvian people at the same time.

● (0935)

The Chair: Thank you, and thank you, Mr. Cannis.

We'll move now to Monsieur Cardin.

[*Translation*]

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

Good morning, madam; good morning, gentlemen.

Last week, we had the pleasure of hearing from Mr. Pellerin, the president of the Canadian Federation of Agriculture. He told us that the agreement as it stands is no El Dorado, if you will excuse the expression.

Even so, Mr. Pomerleau, it seems like you perhaps find the agreement to have merit. But I would like a number. We are told that the quota of 325 tons will go up to 504 tons in 10 years.

How much pork do we export to Peru now?

Mr. Jacques Pomerleau: We export 45 tons.

Mr. Serge Cardin: Okay. That is something, but it cannot be said to be a lot. It may not be El Dorado, but the witness insisted that it be done as quickly as possible because, in general, most agricultural sectors could benefit as a result.

When we look at this agreement globally in order to try to see the bigger picture of all its elements, two things concern us: investment agreements that are modelled on chapter 11 and the behaviour of mining companies.

In Peru, most of those companies are Canadian—there are 80 of them, I think. Now, we know very well that Canadian mining companies are often foreign companies that plant their flags in Canada because Canada has no policy on its mining companies overseas. So, in terms of social responsibility, these are not the best behaved mining companies.

Since the government did not accept the recommendations from the roundtable on the mining industry, how can we get those two elements into an investment agreement? If environmental legislation is not very strict and if labour rights are not at a very high level, the agreements could be held up if, when it comes to protecting foreign investments, you have the sword of Damocles hanging over your head.

I would like to know your opinion on that.

[*English*]

Ms. Shirley-Ann George: Would you like me to respond to that?

Mr. Serge Cardin: *Oui*.

Ms. Shirley-Ann George: You raise a very important point. I think that the standards for corporate social responsibility have been rising over the last numbers of years, as they should.

It is our experience that Canadian-based companies are in fact stepping up. When I've visited some of these countries, it is their nationals who are talking about how the Canadian corporation was setting the example for their own national companies to meet.

What can we do? I think the important question is, what can we do to continue to raise the standard, and what can we do make sure that the right things are being done?

I believe the current government has recently made some announcements that are very important.

It's not the larger companies, but generally the smaller and less experienced companies, who can go into a country thinking they're doing the right thing and find themselves in a situation they probably didn't intend to happen, but that clearly needs to be resolved.

We need to do more training within the foreign governments themselves to help them set the right standards place, because companies will adhere to the law, but in many of these countries, they have no standards in place to be met. If we help those countries put in place the right kind of guidelines, and also put training in place for our foreign trade commissioners, then when these companies come to that country, the commissioners can sit down and talk to them right from day one and say, "Do you know that in this country these are the circumstances you need to be aware of and that you need to plan for? And if you put the right framework in place from the beginning, you will be in a position where you won't get yourself into trouble."

So it's largely about education. It's about working with foreign governments to help them raise their standards, and it's about making sure that we have the resources in place in our department of international trade so that we can work with these companies.

• (0940)

[Translation]

Mr. Serge Cardin: That is why I still have my doubts. For companies with foreign operations, it is basically voluntary. So, if the agreement does not demonstrate a genuine will, I do not think that it can provide and real protection for people and governments, even foreign ones.

I will end there and give the floor to my colleague, who has a question.

Mr. Claude Guimond (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Good morning, everyone.

My question is for Mr. Yussuff.

You talked about labour, and I am very interested in that. You were very clear in your comments, even though the agreement we are discussing today has been negotiated and even though it contains a complete dispute-resolution process. That does not seem to satisfy you.

In your view, when we sign agreements of this magnitude, how would we best protect workers in the future? What would we need to include to satisfy you?

[English]

Mr. Hassan Yussuff: Thank you for your question.

I think that is an appropriate point. There is no question, given the evolution of our negotiations with country and free trade agreements, that the labour side of the agreement has always been dealt with as an addendum to the agreement. It's not a core part of the trade agreement. I think in the context of how they have continued to address them and treat them, they are separate. I think if there is a commitment on the government's part to give real meaning and teeth to protecting labour—as there is on the part of the countries that we're negotiating with—then it should become a formal part of the agreement. It should be a part of the core of the agreement.

Similarly, we should put measures within those agreements that would have the same weight in regard to denying special status in terms of their products, but that would also give us the ability to have countervailing provisions should they not meet the requirements.

The core issues that we're seeking to protect, and which Canadian negotiators have been promoting, are really agreed to within ILO conventions. Canada is not asking Peru to do anything different than what Peru is obligated to do legally in regard to its obligations under ILO. I think we consistently get bogged down in this debate. Somehow we have to cajole them, somehow we have to encourage them, somehow we have to educate them. Peru is not a country, with all due respect, where there's a lack of knowledge or education. They're quite sophisticated. They fully understand their responsibility. But for some strange reason they can't seem to muster the political commitment to say that they are going to enforce their rules equally, as they're expected to do as part of the ILO agreement.

I think it's only fair for us to say that, given the different nature of the treatment of labour, it is quite understandable that these governments don't take these matters as seriously as we would like them to. Similarly, the same argument applies on the environment. I don't think we're asking Peru to do anything different than they're obligated to do in their responsibility under international treaties on the environment. But because it's an addendum to the agreement, it doesn't have the same weight or the same commitment.

I think it's critical that we at least have an agreement on this point, because it also provides an opportunity for these countries to undercut and set some different rules in terms of how we compete with them in the same market. I think if we're going to have a level playing field, we should have a level playing field. There should be some timeframe and process for us to get there. But it's fair for us to say that it shouldn't be any different for Canadian workers than it is for Peruvian workers if you're going to participate and benefit from trade agreements.

• (0945)

The Chair: Thank you.

Mr. Holder.

Mr. Ed Holder (London West, CPC): Thank you very much, Chair.

I'd like to thank our guests for attending today. I had the privilege to be in Peru in March as part of a FIPA session—the Fórum Interparlamentar das Américas—where we talked about interparliamentary democracies. Much of the dialogue, when we met with congress people, business people, and indigenous people, centred around this whole dialogue of free trade. There was strong support of free trade in most circles.

I'd like to start, if I might, with Ms. George. You made some interesting comments. You're quite right that under the terms of our agreement, 95% of Canada's exports into Peru will immediately become tariff-exempt. And you talked about the trade with Peru from Canada's perspective—\$1.8 billion in 2007 and rising. I get all of that.

Here's my question to you. As you've said, the deal has been done in the U.S. and China. The U.S. was done February 1st. The EU is coming up quickly. So my question is, from your experience and from your members' perspective, what would happen if we didn't do this deal? What's the implication, please?

Ms. Shirley-Ann George: The implications for some sectors are quite significant, especially in commodities, because so many of our Canadian farmers of course work in that environment. A small tariff change can basically shut you out of the market.

To give you another example, there was a situation where the U.S. put in place a free trade agreement in Central America in which potatoes were coming from the United States at a 0% tariff and potatoes coming from Canada still had a tariff of, I believe, over 15%, and overnight literally millions and millions and millions of dollars of Canadian french fries were no longer moving to Central America because of the difference.

Mr. Ed Holder: Would you like to repeat that?

Ms. Shirley-Ann George: I said millions and millions and millions of dollars of Canadian french fries were no longer moving to Central America.

Mr. Ed Holder: I thought I misheard. Thank you. That's huge.

I'd like to come back to another question, if I can, in a moment, but I have questions for other guests as well. If that's indicative of the kind of challenge we have by not proceeding with this deal, then we talk about the greater need for Canada proceeding with this as promptly as we can, so I would agree with you.

Mr. Pomerleau, you mentioned in your comments that Peru was not yet a significant market for pork. I'll come back to a question, but I'd like to bring us back to last week, when we had Mr. Pellerin of the CFA here. He supported the free trade agreement between Canada and Peru very strongly. He said it wasn't a perfect deal, and I gave him one of the quotes my mother often made, which was "don't bite off your nose to spite your face". She made this up.

Here's my question to you. You made the comment that at least as it relates to the pork industry, you thought our negotiators were very creative, because the first time....

I'll look at the deal on the pork, where it says that for the first 10 years of the agreement, all Peruvian tariffs on pork products will remain in place, but in year one of the agreement, Canadian exporters will be able to export 325 tonnes of pork tariff-free, rising

to 504 tonnes by year 10. Beginning in year 11 right through to year 17 in equal stages, that will then become tariff-free for the first time ever.

So I would like to ask you, what impact would that have on the pork industry? What's your sense of it, and how were we creative?

Mr. Jacques Pomerleau: We were creative in the sense that we couldn't get the same tariff elimination as the U.S., so we had to give some advantage to our producers and exporters. By getting that tariff-free quota that the Americans don't have, then at least we were able to introduce ourselves for the first couple of years and then be recognized. Otherwise, if we had something that was worse than the Americans, we would have been out of that market for 17 years.

• (0950)

Mr. Ed Holder: So from your perspective, on behalf of your industry in Quebec and the rest of Canada, you support this deal?

Mr. Jacques Pomerleau: Oh, definitely.

Mr. Ed Holder: So in Quebec and the rest of Canada. Thank you very much.

Mr. Yussuff, I'll put my final questions to you, unless I have another moment. I'm always concerned about Canada going back to becoming hewers of wood and drawers of water. My mother did not make up that expression.

I'm concerned when the CLC—and I have respect for the CLC—wants to turn this deal down due to Canada's economic crisis, if I took your quote right. I've read this free trade deal. I know you would have read this free trade deal. Is there even one clause in this free trade deal that you can support?

Mr. Hassan Yussuff: I would argue that the premise of the agreement is based on the premise of all other free trade agreements we've negotiated, and we think that's a flawed approach. Again, I will come back to the point that you started with. We got into this economic crisis because the levers of government to regulate the financial industry were taken away or abandoned. I didn't make that up; that's the reality. I think in regard to how we would manage investments in our two countries, it's critical we have rules that we can also enforce from both sides.

In the context of the agreement we said this is a failed model. We think we need to think of a different model, and we've worked with our trade union colleagues in the Americas to prove the point that Mr. Cannis raised earlier. We are interested in trade, and it's very clear in terms of some of the things we think that government should consider in trade agreements that would obviously deal with the concerns, not only from labour, but also on the question of how we can continue to allow the smaller countries to develop it. It's very clear in regard to where we are at, that had some of these provisions been considered....

Most of my Latin American colleagues, including my trade union colleagues, believe there should be fair trade agreement as opposed to free trade agreement. When we are talking about fair trade, there is obviously a different measure and a different mechanism in terms of where we start from the premise that both countries would benefit mutually. There is also a question of raising the social standards in our country as it is to protect the environment and the labour provisions of each country. That of course comes from a different premise from the one we've had, where we basically said with free trade you don't have to have the rules, essentially, other than having the right to export to each other's country. The rest of it is basically going to be subjected to whatever the parties decide.

Coming back to a point that was made earlier, all of corporate social responsibility, which has been promoted quite a bit, is about voluntary measures.

Mr. Ed Holder: I appreciate all that you've said, although it did not answer my question. Can you name one clause within the Canada-Peru free trade agreement that you would support?

Mr. Hassan Yussuff: No, I don't think there is a particular clause that I could point to.

Mr. Ed Holder: I think that makes the largest statement. I thank you for your candour.

Thank you all, guests.

The Chair: I have inadvertently skipped Mr. Allen.

I welcome you to the committee today, Mr. Allen.

I'll hear from Mr. Allen for seven minutes of questions and answers, and then we'll go to Mr. Brison.

Mr. Malcolm Allen (Welland, NDP): Thank you, Mr. Chair. I'm sure my mother always used to say that I should always share, and I was quite happy to share with my colleague Mr. Holder.

Let me turn my attention to what I heard earlier from, I think, Ms. George, about a rules-based system. There's no question that most of us who live in organized societies have a rules-based system of one form or another. I would posit the suggestion to you, in fact I would say it in all sincerity, that rules-based systems are wholly dependent upon who sets the rules, what those rules happen to be, and how those rules affect those of us who are interconnected within that particular society.

Based on that, and when I look at this agreement from the perspective of civil society, the environment, and, indeed, labour groups, the rules-based writing of this particular agreement sends them to the sidebar, because it doesn't wholly integrate them into the agreement. Those of us who have done collective agreements understand why we put things on the back page as addendums, letters, because we don't give them the full weight of a collective agreement. In this particular case I would suggest we haven't decided to give this the whole weight of the agreement. We've simply sent it to the back. That's a rule, which makes it based for those who are living with those rules...less than those who are living with another rule, which is the investor class, which is actually in the agreement. I would suggest to you that this is an unbalanced rule, not necessarily a balanced rule.

The Americans didn't do that. Let me quote to you: "In the U.S.-Peru deal, the labour and environmental sections are not side agreements but chapters in the main text, chapters 17 and 18...."

So the Americans decided it was worthwhile to put the environmental and labour codes right inside the agreement, not outside of it. Yet, we have chosen, this government has chosen, through this agreement, not to do that. I would suggest we're establishing two sets of rules: the rules-based system the Americans want to have with Peru and the rules-based system we want to have with Peru. Neither of those equate one another, in my estimation.

Mr. Yussuff, do you see any sense of why we would do that differently? Why would the Canadian government decide not to incorporate while the Americans did, if indeed we're still talking about the ILO? I know we all hate acronyms. The International Labour Organization is the one that wrote the rules that most countries accept. Why were the Americans successful, or why did they think it was the right thing to do, while we seem to be not successful, or maybe we didn't think it was the right thing to incorporate those rules inside the body of the agreement?

● (0955)

Mr. Hassan Yussuff: I think that had to do with our strategy around negotiations to a large degree, to be very candid. I don't think it's impossible. Had we chosen to do so, we wouldn't have achieved the same success as the U.S. in their negotiations.

There has been a change in thinking in the U.S., because they have evolved along the same path we have in negotiating a free trade agreement. They have seen the same inherent weakness we have encountered in dealing with labour and environmental provisions of trade agreements.

I think they fundamentally believe that incorporating those two elements within the core of the agreement gives equal recognition that labour and environment matters will be treated with the same weight and commitment as public policy. More importantly, it sends a clear message to the countries we're negotiating with that they have the same reciprocal commitment.

In the absence of failing to give a clear commitment to enforce their labour and environmental provisions, they could suffer some significant penalties under the agreement. That certainly brings it into a better balance. The ultimate objective is to improve the conditions in which labour and the environment will be treated in both countries.

From our perspective with our trade negotiators, this is just a question of tactics. We have chosen not to go that route. Some would argue that's using a sledgehammer to deal with the issue. But I believe, to be fair, that despite our prodding and encouragement we haven't yet achieved the degree of success we are claiming for labour and environment within our trade agreements with the countries we've been negotiating with.

Mr. Malcolm Allen: My colleague talked earlier about whether you could accept any paragraph or sentence inside the agreement. Others have talked about whether the labour movement is hiding its head in the sand when it comes to trade. I would suggest to my colleagues that the only way you can belong to a trade union is if you work. Since we understand that we're a trading nation—and I don't want to put words in your mouth—it would be to the advantage of the CLC if more folks were working so they could have the opportunity to belong to the trade union movement.

If trade is going to work for Canadian workers and for those workers in the host countries that we enter into agreements with, what do we need to see in those agreements to enhance them so there are protections, and so this rules-based system we all accept is level and fair for everyone participating?

None of us are in isolation in this. Those folks who are going to work are going to be covered by the agreements. Other things like the environment and civil society that encompass all of the attributes of that particular country and ours are going to be parts of it.

So is there a model that we should emulate or at least look to as an approach that we should take?

• (1000)

Mr. Hassan Yussuff: I'll just offer two points. We did anticipate this debate when the FTA was being highly debated within the Americas and we did produce a document because we felt it was important. It was not just to be critical. You have to have some alternatives to suggest, and we did suggest that there are things that government can do. If you are serious about having an integrated market, what would that look like? We produced something to speak to that.

As a matter of fact, many governments in the Americas are now looking to this as a document. We go on to say that many of the governments in the Americas believe in fair trade as opposed to free trade. And what does that mean? It means they want to talk about trade and trade and development in the same context, not separately. Because these are emerging markets, they are countries obviously not of the same development as Canada, but they do recognize that, like us, they obviously have to move forward.

I would suggest, again, that the erroneous part of the free trade agreement is chapter 11, which still seems to prevail in every agreement. And similarly, I think what the U.S. has now done in dealing with labour and environment by incorporating those in the agreement certainly brings added dimension.

I also think it's critical, as we go down this road, for Canada and for these other countries, that there be an impact study especially in the context of what the employment growth would be if we're going to have a free trade agreement. What sectors would be affected, but more importantly, what transition measures would we put in place to allow those sectors to deal with changes? I think it's only fair because we ought not to do this in isolation. These agreements do have an impact.

There is no question that Peru has a large trade deficit with Canada, and we have to take steps to try to address that. But we ought not address it in a blind way. We ought to address it in a way that says this will lead to giving Canada a real voice in the Americas.

How we are going to conduct our relationship with other countries is how they will conduct a relationship with us.

We are viewed very differently from how the U.S. is viewed in the Americas. We don't have the same history. We don't have the same prejudices the Americas have for the U.S. They see Canada in a very different way, but except for policy, we don't necessarily take a different approach. And I think it's critical, given our own development, living beside the United States; there is a need for us to take a different approach.

Canadian trade unions are not suggesting we should bury our heads in the sand and not talk about how we are going to conduct ourselves with regard to trade with other countries, but in doing so we need to be very clear about what the underlying pillars are that we are going to promote. Most importantly, is one sector going to benefit more than others? And with regard to this agreement, the primary objective, I believe, and maybe I'm wrong, is to deal with the investment side of the agreement and then with the other sides of the agreement.

The Chair: Thank you.

Thank you, Mr. Allen.

Mr. Brison.

Hon. Scott Brison: Thank you, Mr. Chair.

Thanks to each of you for your interventions today.

We've met with stakeholders representing a range of sectors. The Canadian Chamber of Commerce, of course, represents a range of sectors. We've talked to, and I've had discussions with, the manufacturers. We've had the Canadian Federation of Agriculture before us, indicating that across the agricultural sectors this is a good agreement for Canada and represents opportunities.

During a period when Canada, as a small open economy that is dependent on external trade for our prosperity, has just had the first trade deficit in 30 years and has an excessive dependence on the U.S. market, it's clear we need to diversify our trade relationships. And historically we've learned that protectionism during a time of economic downturn can have a pernicious effect. We saw in the 1930s that it was protectionism, the Smoot-Hawley Tariff Act in the U.S., that led to retaliatory trade actions and protectionism from around the world that turned a recession into a full-fledged depression.

Right-of-centre economists and left-of-centre economists, people like Joe Stiglitz at Columbia, who was an economic adviser to Clinton and a Nobel Prize winner, have expressed real fears of protectionism and the need to liberalize trade.

My question is to Mr. Yussuff. Take the following agreements: Canada-U.S. FTA; NAFTA; Canada-EFTA, the more recent one; and the current negotiations with Canada-EU. Do you support any of these trade agreements?

•(1005)

Mr. Hassan Yussuff: As to the U.S. relationship, it's not a debate about the benefits of NAFTA. When we got into the free trade agreement with the U.S. we were going to end the harassment of our softwood lumber industry. Let me go back a bit in history. We're still dealing with the softwood lumber industry today, but we've evolved. Our trade with the U.S. has grown, but I would argue that our trade with the U.S. would have grown anyway. It's a natural evolution of our relationship and our integrated market.

There are things that I think we need to pursue, because they have a broader interest. But in regard to the concerns we've been raising, there has been little reflection on how the government approaches the policy mechanism. It's the same standard, or some variation of it. Nothing has really changed. We're not suggesting that we shouldn't have a good trading relationship with the European Union, similar to the one we have with the United States, Mexico, and other countries. We just think that a mechanism for dealing with the concern we're raising needs to be addressed in an adequate manner.

Hon. Scott Brison: We have a trading relationship with the EU, but we don't have a rules-based system to protect us under it. Are you suggesting that we're better off without a rules-based system to protect our interests?

Mr. Hassan Yussuff: No, I'm simply suggesting that the concerns we're raising, if we're going to have a rules-based system, should be addressed adequately, as opposed to being ignored. We don't want to be told that it will be adequately dealt with when it won't.

Hon. Scott Brison: But how is a rules-based system a step backwards?

Mr. Hassan Yussuff: I'm not suggesting it's a step backwards. I'm saying the rules-based system only covers a certain aspect of our concerns, not all of them.

Hon. Scott Brison: You're saying that the Peru FTA with the U.S. has some advantages compared with the Peru FTA with Canada. Is the labour movement in Peru supportive of the FTA with the U.S., based on that advantage?

Mr. Hassan Yussuff: We didn't ask them that question. We asked them specifically about our trade agreement. With respect to the U.S. labour movement, their desire to see the chapters dealing with labour and the environment incorporated in the agreement has been addressed by the U.S. government. How they will deal with this needs to be evolved. This is something we will watch very carefully. But we think it is a positive development.

Hon. Scott Brison: On the issues of labour rights and the environment, it strikes me as self-evident that we have a better capacity to influence countries on those issues if we have an economic relationship under a rules-based system. This has been proven repeatedly. Increased economic engagement helps to provide legitimate economic opportunity. In some cases, it has weaned countries off illicit activities that subordinate rights and threaten security.

There's no trade agreement that's perfect. But if a trade agreement puts labour and environmental issues on the table for an ongoing discussion and evaluation, isn't it an improvement over no agreement at all?

Mr. Hassan Yussuff: I can only go on experience. Despite our commitment in the NAFTA agreement to adhere to each other's legislation in regard to protecting labour, and despite the mechanism for us to have those discussions, I would argue that we haven't really enhanced labour protection within the three countries.

It's not just me saying this. I have the most recent summary of public indications from the NAALC desk that monitors these matters. We don't believe that's the case. Having an economic relationship with a country doesn't necessarily mean we have more influence on it.

As a country that believes in multilateral relationships and engagements, we have more than one way to engage countries in regard to their responsibilities, whether we're talking about labour, the environment, or other things that concern us. I believe we have to use every one of those mechanisms to address our broader concerns, not just the economic relationship. Every country in which a violation occurs needs to have some criticism. The economic relationship doesn't necessarily mean we're going to be more successful in swaying a country to our perspective than we would be if they chose to ignore our perspective in the first place. We have to continue to use all available mechanisms.

•(1010)

Hon. Scott Brison: I agree with that.

The Chair: Mr. Brison, we can come back to you. You don't have time for another question now.

Hon. Scott Brison: Thank you very much.

The Chair: Mr. Keddy.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman.

Welcome to our witnesses. I'm going to share my time with Mr. Harris.

I guess I have a statement, then a question for the board. There's a fair amount of discussion here on how we have a side agreement on labour, how we have an agreement on labour, and how we implement corporate social responsibility standards. I can't help but think....

When I was in Honduras, I went into Yamana Gold in San Andrés. There was a little town there of about 1,500 people. About 20,000 people are there now, because they're looking for jobs and opportunity at the mine. The mine's been widely criticized by NGOs and by former member of Parliament Alexa McDonough. I visited the mine site. I spoke to the workers. The people who were being most critical weren't there. They had never visited it. The people whose names were in the paper had never actually set foot into the town. So it's pretty difficult to criticize something you actually have not seen.

I think the challenge on labour protectionism—it's the same for corporate social responsibility—is the whole question of extraterritoriality here. How do you implement that? You ask for and expect Canadian companies to abide by high standards wherever they're working around the world. You expect them to respect labour. But you also have two different economies with a totally different level of sophistication. I suggest if you went back 50 years in Canada, the level of sophistication and understanding of protecting labour would not be the same as it is today.

All I'm hearing is that we're not going to accept any free trade agreement, no matter what's been signed. It doesn't matter how you can improve it, we're simply not accepting it. We'll accept the jobs they bring, we'll accept the opportunity they bring. I think it needs to be said that in third world countries and in growing economies and countries where the level of poverty is extreme by our standards, there's tremendous opportunity here. I want to put that on the record. I simply don't understand where the mindset comes from.

On that comment, to Ms. George—because you made the comment of corporate social responsibility for Canadian companies—we do have very good corporate social responsibility, especially in the extractive sector, since there have been some pretty serious questions raised about that sector around the world.

On the whole issue of extraterritoriality, for all those who are saying it's a voluntary standard, you cannot have anything beyond a voluntary standard for Canadian companies working around the world in foreign jurisdictions that, hopefully, we still respect as a nation, their ability to be an independent country and to pass their own laws and regulations. We should always look out and try to improve the standard and raise the bar. We should expect our companies to be at the forefront of that.

Would you comment on that? I know I'm cutting into Mr. Harris' time, but the whole question of extraterritoriality, I think, is one that some people want to ignore, and we cannot ignore it.

•(1015)

Ms. Shirley-Ann George: I think you raise a critically important point. Some of the concerns around CSR make the assumption that we can go into any country and do whatever kind of investigation or enforcement we'd like, but it's not that simple.

I do think that there are some measures Canada can support that do raise the bar. To give an example, most mining investments include World Bank financing. The World Bank has some very specific standards that have to be met in order to get World Bank financing. This puts everybody at a level playing field, so it doesn't matter if we're competing against a company out of Australia, or China, in order to get that financing, you need to meet that standard. Those kinds of international mechanisms can make a difference, and it does provide a platform for Canadian companies.

The issue of extraterritoriality is something that... We can encourage our companies to step forward and meet high standards through voluntary mechanisms, but we do not have the ability to go into other countries and enforce things that they don't agree with.

Mr. Gerald Keddy: There's a whole other issue of Canada's ability to work in Central America, Latin America, South America, the Caribbean. We are a welcome partner there—largely, quite

frankly, because we're not American. There's a huge degree of that. And we've never inserted ourselves into the governance of many of these nations. There's unfortunately a sad record of foreign intervention in many of them. Because of that, Canada has a different reputation. We do have an ability to work with these countries, and we are treated differently from other countries.

I don't think that's something we want to lose by suddenly becoming the nation that wants to employ gunboat diplomacy—you know, if you don't like it the way we're doing it, then we'll just come in here and change things for you. I think that recommendation, which I'm hearing from some of my colleagues, is just wrong.

Ms. Shirley-Ann George: I think the point you raise of how Canada does things differently from some other nations, and the work that we're doing now in increasing our resources, though groups like CIDA, to help countries put in place the right kinds of environmental and labour standards, and other corporate social responsibility—it goes beyond just those two mechanisms—to help put in place the right kinds of standards, the right kinds of mechanisms for monitoring and enforcement, that will have far more influence than our standing in Canada and suggesting that a country isn't doing what they should do. It's that cooperation that makes such a difference.

Mr. Gerald Keddy: Thank you.

The Vice-Chair (Mr. John Cannis): *Monsieur Cardin, s'il vous plaît.*

[Translation]

Mr. Serge Cardin: Thank you, Mr. Chair.

By definition, parallel lines never meet. So, if these are parallel agreements, there is less chance that there can be consensus on trade, labour rights and environmental rights. There is no point in concealing the fact; people are interested in investing overseas because there is an advantage for them in doing so, whether it is that labour costs are much lower or that environmental standards are often much less strict. There are also the raw materials, which brings me back to the mines, and to the idea of responsibility.

Let me give you a very quick little example. The Canadian mining company Barrick Gold is currently operating two huge projects high in the mountains where gold is extracted by cyanide lixiviation. This means that from 110 to 200 litres per second of cyanide-bearing liquid are pumped into glaciers in order to extract gold. We know what that can mean. Just one project, and there are others, covers an area of 3000 km². The mining company has managed to obtain all the necessary permits, except, of course, the one allowing it to dissolve the glaciers.

So I believe that companies must show social and environmental responsibility. I chose a mining company as an example because the case is so flagrant. In environmental matters, Canada has a responsibility that it must not leave to companies mining in foreign countries to determine. This has to be studied in the overall context of a free-trade agreement.

We in the Bloc Québécois prefer multilateral approaches to bilateral ones, but we also agree with doing business. So these agreements must be improved. I know that my colleague wants to talk to you about a concern of his, so I will yield the floor to him.

• (1020)

Mr. Claude Guimond: Thank you.

The current economic crisis allows us to take a position. The American president has been talking about this since he took office. He feels that we have to revisit the market economy system and control it more. We in the Bloc Québécois think that this is a good idea. At the moment, the system as we know it has reached its limits.

Our committee is studying bilateral free-trade agreements, although we could be working multilaterally, through the WTO, for example.

What do you think about this new way of doing things and of signing agreements?

[English]

Ms. Shirley-Ann George: Thank you for that.

Just to clarify a point first, Monsieur Cardin, what you said I think might be misinterpreted. Barrick is not releasing cyanide into the valley. They are treating their waste appropriately, and we wouldn't want somebody to misconstrue what was said.

Your point on multilateralism is an absolutely valid point. Canada will do better in a multilateral trading system. We do not have the power, the economic might, to negotiate the same types of agreements that the U.S. does, as we heard this morning, and the EU and other very large economies. The challenge is that a multilateral agreement requires....

We need now 147 countries to agree before we can get the next WTO agreement. We almost had a major step forward last July; unfortunately, India is said to have pulled back at the last minute and so we couldn't make progress. Now we're waiting for the U.S. and India to decide if they're willing to start the negotiations again. Canada is still very active over at the WTO, putting forward a number of interesting proposals to try to unlock the logjam. But without a strong multilateral agreement, we're not able to make progress.

Bilateral agreements can also be a mechanism to demonstrate how you can go further than a multilateral agreement, so it is an opportunity to extend trade agreements beyond what you'd get.

The bottom line is that multilateralism for Canada will always be the best mechanism, but bilateralism will always be a needed second stage, just as we have found with the Canada-U.S. agreement.

The Chair: Mr. Yussuff, do you want to wrap this up?

Mr. Hassan Yussuff: Yes. I wanted to acknowledge two points.

I think the importance of corporate social responsibility was raised. I'm not suggesting by any means that Canadian companies in operation abroad don't try to adhere to good measures and good behaviour, but the measures are still voluntary. In the context of the trade agreement, protecting investment is not voluntary. It's a core element of the agreement and it has teeth and retaliatory measures should those provisions not be adhered to.

I would agree with Shirley-Ann George about the importance of multilateral negotiations. They provide us with common rules around the globe as to how we're going to treat each other, and they have far better value because of the weight of other countries that are brought into the process. That always should be appreciated.

The last point I would make, and this is only because I spent a lot of time in the Americas as part of my responsibility, is that there is a degree of respect for our country, both in the Americas and in the Caribbean, that is yet to be appreciated, whether by this government or by previous governments. I think we do this on a continuous basis, treat the Americas as a relationship that we can take for granted. I do believe that as a country we have far more interests in the Americas because they're our neighbouring region, and the degree of respect that we have in the Americas ought to be treated with a lot of respect.

Most of the challenges that the smaller economies face in the Americas have to do, of course, with the devastation of poverty, which was the result of the structural adjustment programs that were imposed on these countries. This has essentially crippled them financially, and now, as they're trying to get themselves out, there's a recognition by the World Bank and other financial institutions that they have to take a different approach, and we have to bear that in mind.

There's no question that in terms of what we do in trading relationships, we need to ensure that we're not damaging our relationship with these countries, that we're enhancing our relationship with these countries. Canada needs to spend more attention and resources in the Americas than in any region, because there's a degree of respect we have that we can benefit from. This respect comes from our long interest in providing sanctuary to countries when people were under tremendous military occupation as well as the fact that we were not an interventionist force in the region.

I would hope in this committee's deliberations there will be some recognition about the things we can do to enhance our relationship with the Americas, not simply to treat it as though it's all going to revolve around trade. Trade is only one part of our relationship. Our human capacity to connect with each other is much greater, and Canada needs to be investing more in that relationship than in any other relationship.

Thank you so much.

• (1025)

The Chair: Thank you, Mr. Yussuff; I'm sorry, you were going over time there.

Mr. Harris.

Mr. Richard Harris (Cariboo—Prince George, CPC): Thank you, Mr. Chairman.

Thank you, guests, for your presentations.

Ms. George, you've stated the benefits to the companies your organization represents that employ Canadian workers. While it won't be a monster leap ahead financially, over the long term it will be beneficial. I appreciate your saying that.

Mr. Pomerleau, the benefits to the pork industry, although not a huge leap ahead, will open up some very good opportunities over the years.

I have to correct Mr. Cardin. I was here when Mr. Pellerin was here, and not once did I hear him say that the agreement wasn't worth the paper it was written on. As a matter of fact, as Mr. Holder pointed out, he said he would have seen some things go further, but overall it was something he could support and we should go ahead with it.

Mr. Yussuff, I think you contradicted yourself, and I have to bring this to your attention. You made the statement that the Peruvian people are quite knowledgeable and sophisticated in so many respects. I can't remember what the text of your statement was. But I have to remind you that these knowledgeable and sophisticated Peruvians democratically elected a government that in fact ran on free trade as part of their platform. So to say that this free trade deal they were democratically elected to negotiate is so flawed and unworkable contradicts your description of the Peruvian people. I assume you would say the government that was elected was knowledgeable and sophisticated as well.

You also made the statement that you shared with your brothers and sisters that it will not benefit workers in either countries. I don't know how you can make a statement like that when Ms. George and Mr. Pomerleau both talked about how it would benefit business, from the point of view of the Chamber of Commerce and pork producers in the country. I know that the labour movement and the socialists don't have much love for capitalists, but I doubt if you'll find any stripe-suited capitalists working at the pork producer locations in Canada. You'll find hardworking Canadians who believe in what they're doing, and they're doing a great job in this country. So I kind of think that statement is wrong about not benefiting workers.

I probably won't get time for a question here, but I take great offence to your use of the phrase "neo-liberal agreements". I've seen this very free use of the word "neo" in many presentations by folks connected with your organization. I find it very offensive, because I believe it's purposely used to try to conjure up some nefarious right-wing plot, although in this case it's used with liberal. I've never known a neo-liberal in my life who was nefarious. You lost me as soon as I read that and I find it very offensive. I know it's not an accident that was put in. I want to tell you and your colleagues that continued use of that phrase, that application, will lose me every time. I suggest you be more careful with it.

The other thing is that the booklet you held up, in my recollection, has never shown up in my office. I suggest that if you have material, you might want to circulate it, rather than keeping it in house. Whether you navel-gaze at it or not I'm not sure, but....

I know I've used up my time. I wanted to get that off my chest. I hope you heard my points.

Thank you.

• (1030)

The Chair: I'm sorry; these are five-minute rounds, and it has been five minutes, so we don't have an opportunity for a response.

Mr. John Cannis: Mr. Chair, on a point of clarification, the word "neo", according to my Greek heritage, means "young". I think as it relates to us Liberals, they are young Liberals.

The Chair: We're going to have to wrap this up.

We'll have a short question and a short answer from Mr. Silva, and that will have to conclude it for today.

Mr. Mario Silva (Davenport, Lib.): Thank you very much, Mr. Chair.

I want to thank also the witnesses for bringing forward their comments. I appreciate some of the remarks about some industries. Of course, we're all interested in the pork sector, which is very important as well. At the same time, I actually really enjoyed the closing remarks of Mr. Yussuff, which I think were very important.

He talked about the engagement of Canada within the Americas. I strongly believe in that as well. On a level of respect, I think it's very important. You're right that there have been some structural adjustment issues there in those countries, but they are coming out of it. I think everything that we can do to help them we should do. On the issue of concern about labour and also environment, the agreement does in fact attempt to address these issues.

I'm not an expert by any means on trade negotiation deals, and I know we have experts within different departments, but at the same time, I think what is missing, and maybe what we need to do, is an impact study.

On the issue of labour and the Canadian free trade agreement with Peru, it does talk about respect for the International Labour Organization's declaration on fundamental principles and rights at work of 1998. It does put in an additional \$1 million for technical cooperation programs, and the environmental stuff talks about not derogating from environmental laws to encourage trade investment, and to ensure that proceedings are available to sanction or remedy a violation of environmental laws.

It also talks about the voluntary best practice of corporate social responsibility. I've never been crazy about voluntary practice of corporate social responsibility, to be honest with you, which is why I'm hoping the private member's bill that my colleague put forward goes through. I think that's something we're a little bit weak on. Overall, it does attempt to address some of these concerns that we have.

I think the big problem with these negotiations is that we bring in these experts, and we hope that they're doing the best trade deal for both countries, which is based on respect and which will also be best with regard to both the labour and the environmental issues of concern. However, I think what is missing at times—I'm not sure whether it needs negotiation—is to also bring other parties to the table, like labour and the environment, so that we're able to get a good, solid agreement.

That's probably the reason an impact study would be quite feasible or would be something that should be done for trade agreements as we go on in the future. Or we could even assess them after a year or two, and that's something we should probably be looking at as a committee. We should do studies about how these agreements impact both labour and the environment, and we should bring those who are interested in these issues to the table. As I said, we're not experts on trade agreements; we're bringing experts to the table.

I think these experts don't always go outside the box and bring other people into the discussion as well, which I think is quite important.

That's my comment, but if Mr. Yussuff has anything else to say, I'd like to hear from him.

• (1035)

Mr. Hassan Yussuff: I'll just offer one point.

The Chair: Before you start, I would just like to say that we have a minute and half left.

Mr. Yussuff.

Mr. Hassan Yussuff: Very briefly, I'll simply say that all of the agreements we've negotiated to date have another core in terms of the side agreement to labour, which has proposed to do exactly what you're saying. It talks about how we can improve the conditions and the protection of workers within the context of the ILO conventions.

My only point is that, despite those good intentions, the reality is very much lacking in substance to achieve those objectives.

Mr. Mario Silva: Can I also have that booklet?

Mr. Hassan Yussuff: We will send a copy to everybody on the committee. We'll circulate it to everybody.

The Chair: Thank you.

That will conclude the questioning. Thank you very much.

We have two points of business going on here.

I'm going to thank the witnesses again for appearing today and for a great round of questions and answers as well as statements.

With that, I'm going to conclude this portion. We're going to move in camera, so I'll give the members a few minutes to bid adieu to our witnesses.

Thank you again for appearing.

[Proceedings continue in camera]

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