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Chair

Mr. Lee Richardson

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• (1540)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)):
Welcome to the eighth meeting of this session of the Standing Committee on International Trade.

As a committee we are anticipating a bill to come to us from Parliament. I don't know if we're particularly presumptuous, but that's usually the way these things go. To properly prepare the committee for that legislative function, we are asking the department today for a briefing on Canada-Jordan matters generally, but this is all to the end of what we presumed to be a free trade agreement coming this way.

We have had most of these witnesses here before and we're grateful that they've come back to get us started down this path. We're going to follow our normal practice of allowing an opening statement, just by way of briefing, but we find that a lot of the questions the members want to know come out of the questions and answers. So we'll do a seven-minute round after questions. Because we are about 10 minutes late starting, we'll go the full hour here, if that's all right with our witnesses.

I will begin by introducing Don Stephenson, the assistant deputy minister of trade policy and negotiations. He has been with us before. We also have Doug George with us. He's the director of bilateral market access. We have Ton Zijldwijk, the general counsel with market access and trade remedies in the law division. We have Thomas Marr here as well, acting director general, Middle East and Nagreb.

From the Department of Human Resources and Skills Development, we have Pierre Bouchard. Welcome back. Thank you again for being here.

And from the Department of Agriculture and Agri-Food, we have Denis Landreville, lead negotiator, regional agreements, negotiations and multilateral trade policy directorate.

With that introduction, I take it, Mr. Stephenson, you're going to begin with a brief overview.

Mr. Don Stephenson (Assistant Deputy Minister, Trade Policy and Negotiations, Department of Foreign Affairs and International Trade): I will.

[Translation]

Thank you, Mr. Chair. I am very pleased to appear before the committee to speak to you about the Canada-Jordan Free Trade

Agreement and the related agreements on the environment and labour cooperation.

My presentation today will briefly highlight Canada's general free trade agenda, note some of the benefits of the Canada-Jordan FTA, as well as discuss generally Canada's relationship with Jordan.

I was going to conclude by introducing my colleagues, but that has already been done. I brought along a lot of people to show that the process of negotiating free trade agreements is a multi-departmental responsibility. It was also to ensure that we would win if a vote were held.

In terms of the general free trade agenda, in accordance with government priorities, including the global commerce strategy, the government is pursuing a robust trade negotiations agenda. This aggressive pursuit of free trade is designed to ensure the broadest possible markets for Canadian businesses. To do this, we make strategic use of an entire suite of international policy tools. This includes not just regional and bilateral free trade agreements, but also foreign investment promotion and protection agreements, science and technology cooperation agreements, air services agreements, double taxation agreements and regulatory cooperation initiatives. These tools are used to secure competitive terms of access for Canadian businesses and investors by opening more doors for Canadians in international markets and helping to make Canada stronger in an increasingly competitive global economy.

The government's ambitious regional and bilateral free trade agreement contributes to Canada's future prosperity, productivity and growth. Building on the North American Free Trade Agreement and other free trade agreements, the government has recently implemented agreements with the European Free Trade Association and Peru, and has concluded agreements with Colombia, Jordan and Panama.

Last year, we launched negotiations toward a Comprehensive Economic and Trade Agreement with our second largest trading partner, the European Union, with whom we have held two successful rounds of negotiations; the third is coming up in two weeks. Negotiations remain ongoing with partners such as the Caribbean Community, Central American countries, the Dominican Republic and Korea. We have held exploratory talks with Morocco and Ukraine. We are also working with India to study the possible parameters of a comprehensive economic partnership agreement.

And we are exploring opportunities with countries like Japan and Brazil/Mercosur to deepen trade and economic cooperation.

[English]

We still face a measure of global economic uncertainty, and in a growing number of countries, Canadian companies are at a competitive disadvantage because their competitors have preferential market access under some form of free trade agreement. The Canada-Jordan free trade agreement addresses those concerns by levelling the playing field with key competitors who already benefit from free trade agreements with Jordan, namely those from the United States and the European Union.

Highlighted in both the Speech from the Throne and Budget 2010, this free trade agreement will open doors for Canadians in the Jordanian market and help to make Canada stronger in an increasingly competitive global economy.

Jordan is a growing market for Canada, with 2009 merchandise exports of \$65.8 million and 2009 merchandise imports of \$16.6 million. The top Canadian exports in 2009 included vehicles; forest products; machinery; pulse crops, mainly lentils and chickpeas; ships and boats; and plastics. The top 2009 imports included both knit and woven apparel; precious stones and metals, mainly jewellery; vegetables; and inorganic chemicals.

This free trade agreement provides Canadian companies with benefits in a variety of sectors, including forest products; machinery; construction equipment; and agriculture and agrifood products, such as pulse crops, frozen french fries, animal feed, and various prepared foods.

As Canada's first-ever free trade agreement with an Arab country, the Canada-Jordan free trade agreement will not only help improve market access to Jordan's vibrant market, which continues to grow, but it will also provide a platform for expanding commercial ties and raise Canada's profile in the broader Middle East.

A free trade agreement with Jordan demonstrates the importance Canada places on further developing relations with Jordan, especially given its role as a moderate Arab state that promotes peace and security in the Middle East. This free trade agreement is also a concrete demonstration of Canada's commitment to enhancing regional peace and security by improving economic conditions.

The Canada-Jordan free trade agreement is a first-generation goods agreement that does not cover services or investment. Our interests with Jordan, as they relate to services, are being adequately addressed in the agreements in the World Trade Organization, and the Foreign Investment Protection Agreement, signed at the same time as the free trade agreement, covers Canada's investment-related interests.

The Canada-Jordan free trade agreement contains a variety of provisions, including market access, rules of origin, customs procedures, and enhanced commitments in the area of technical barriers to trade, trade facilitation, and dispute settlement.

The Canada-Jordan free trade agreement also contains principle-based chapters on the environment and labour cooperation, expanded upon in the parallel high-quality agreements with strong binding obligations. Under the agreement, Canada and Jordan are committed to promote corporate social responsibility.

• (1545)

[Translation]

As a moderate Arab state with a constructive foreign policy on all major files, Jordan is a natural partner for Canada and an effective interlocutor between the Arab world and the west.

Over the last decade, Jordan has consistently demonstrated a leadership role in the pursuit of peace in the Middle East. Canada and Jordan have strong bilateral relations, based on common interests and values and people-to-people links.

Both countries are consistent supporters of the United Nations' efforts to promote peace and security. They were founding members of the Human Security Network and since 2000, have collaborated on the establishment of the Regional Human Security Centre in Amman, Jordan. Jordan was also one of the first parties to the Ottawa Convention banning anti-personnel mines.

Jordan has already notified Canada that it has completed all of its internal steps to allow the agreements to come into force. Should Parliament elect to pass this implementing legislation, officials would then work with their Jordanian counterparts to bring the three agreements into force on a mutually agreed-to date as soon as possible.

Mr. Chair, my colleagues and I would be happy to answer the committee's questions.

Thank you.

[English]

The Chair: Thank you. I'm just looking at the clock and wondering whether we will get two rounds. Before we start, I think we might make a quick judgment as to whether we just go to 10-minute rounds and limit those to the parties. You can decide how you want to use them and go with that.

I think that's probably the best thing to do. You can split your time if you want, but we're going to have 10-minute rounds, one for each....

Mr. Ed Holder (London West, CPC): I love diversity. Do you think we could get seven minutes and then three five-minute rounds in? Is that possible?

• (1550)

The Chair: No, that's what I'm saying. I don't think we will, because we have some trouble keeping it to seven minutes at times.

Mr. Ed Holder: Well, that's the chair's prerogative, sir.

The Chair: I'm going to turn off the microphones at 10 minutes.

You're very familiar with this. All our witnesses have been here before. We're going to cut off the microphones at 10 minutes, which will include the answers.

Monsieur Laforest, vous êtes d'accord?

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Okay, fine.

[English]

The Chair: We're going to start with the Liberals.

Mr. Silva, I'll let you divide your time as you like.

Mr. Mario Silva (Davenport, Lib.): Thank you very much. I want to thank the witnesses for being here.

I'm not sure if you can answer this. Maybe it's a political question.

Given that the nature of this deal is that it's relatively small, and I understand where we're going with it given the fact that Jordan is a moderate country in the region and we're looking for strategic partners, it makes sense. I'm not saying I'm critical of the deal, but I wonder how much of it is more symbolic. Is this part of a larger package that we're trying to do for the region or just a symbolic one-off? Is it more symbolism than real economics at play here?

Mr. Don Stephenson: I certainly think it's fair to say that we have both commercial trade and political objectives in this case. It is a small but growing market, and it's a start in a region where otherwise we are not represented.

Finally, as I said in the opening remarks, our companies are at a disadvantage to the United States and the EU where there is preferential access because they have agreements with Jordan. But again, that said, the importance of this agreement is at least equally a political one.

Mr. Mario Silva: You spoke about the issue of corporate social responsibility. I also realize that the labour agreement you have is not as comprehensive as the ones you have with both Colombia and Peru. How do you separate the two, given the fact that labour regulations are so important, if you're also going to be dealing with the issue of corporate social responsibility?

Mr. Pierre P. Bouchard (Director, Bilateral and Regional Labour Affairs, Department of Human Resources and Skills Development): I'm sorry. I think I missed part of your first comment.

Mr. Mario Silva: I'm basically tying the two together: strong policies on labour laws that we have put in place both in Colombia and in Peru that are not here, and at the same time, when you speak about corporate social responsibility, you can't really separate the

two. So if that is the objective, as Mr. Stephenson has talked about, that there's going to be enforcement of corporate social responsibility, even though I think the legislation and the policy you have in place is quite weak, isn't whatever we have in place further weakened by having labour policies that are not as strong as they could be?

Mr. Pierre P. Bouchard: Thank you for your question. The labour agreement is certainly in the same category or generation of agreements as we've negotiated with Colombia, Peru, and all our ongoing negotiations. It has the same kinds of clauses. Obviously each agreement is a negotiated outcome, so they're not identical agreements, but certainly for the most part and the most important clauses, these are very similar agreements. This agreement with Jordan is, I would say, overall just as robust and comprehensive as the ones we have with Colombia and Peru.

Hon. Scott Brison (Kings—Hants, Lib.): A FIPA is part of this. In this case, why has the FIPA been separated from the legislation? I can't remember that being done in other cases, and I'm curious as to the rationale for that.

Mr. Don Stephenson: Well, because FIPAs and FTAs are very often negotiated separately. In this case, they were negotiated in parallel. But in the case of the FIPA, there was no legislative requirement to bring it into force, so after the treaty was tabled in the House with 21 days, we were in a position to bring it into force.

Hon. Scott Brison: Isn't the FIPA part of trade agreements quite frequently the most contentious politically among those who are often opposed to trade agreements? Isn't the whole investor state area of trade agreements typically the most contentious?

• (1555)

Mr. Don Stephenson: Well, there are certainly elements of investment agreements that can be contentious, but there are elements of FTAs that can be equally contentious. Let me use, for example, access in the area of dairy, which is sensitive in a lot of countries. So I can't really characterize one as more contentious than the other.

Hon. Scott Brison: But if you look at those who are most frequently opposed to free trade agreements, the investor state provisions are often the lightning rod, and it strikes me as being less than transparent for the FIPA part of this agreement to not be tabled in the House's part of the debate. I have a different view towards FIPAs than perhaps my colleague, Mr. Julian, but I would not diminish his right as a legislator to scrutinize and to debate an investor state provision.

Mr. Chair, if I may, I'd like to have a quick question on the pan-Pacific trade discussion.

Why is it that the U.S. is boycotting Canadian participation in that discussion?

The Chair: I don't think this is the appropriate time to ask the question. You might ask the minister that question in the House. These people are here today to give us a—

Hon. Scott Brison: But we're more likely to get a decent answer here, Mr. Chair.

The Chair: Well, no doubt, but that's not the point. The point is we're here to talk about Jordan today.

Hon. Scott Brison: I have Jordan on my mind.

This is separate from the pan-Pacific trade discussion, but it is not a question specific to Jordan: we're all interested in the issue of Haiti and the development of Haiti as it moves into a period of reconstruction and development.

Brazil's foreign minister, Minister Amorim, proposed at Davos this year that the industrialized world eliminate all tariffs on Haiti to try to create the capacity for it to develop a sustainable economy, particularly in manufacturing and particularly in textiles. I'd be very interested in your views broadly on the notion of that type of policy to try to build economic capacity for the people of Haiti. So it would be beyond an aid obligation relationship—

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Mr. Chair, on a point of order, I'd just like to try to clarify. I know there was an earthquake, but I didn't know Haiti had moved to the Middle East. So I wonder what is the context to the question.

Hon. Scott Brison: We were interested—

The Chair: Yes, we don't want to take up too much of Mr. Brison's time with the question.

Hon. Scott Brison: Mr. Chair, I think all members are preoccupied and interested in long-term development of Haiti. This is an issue that has absolutely galvanized Canadians to make a difference in this part of the world, and I would be shocked if the honourable member or if you, Mr. Chair, were to preclude this committee from asking a legitimate question on Haiti and hearing the very legitimate and informed views of our guests here today.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): With respect—

The Chair: Mr. Keddy, it's fine, we don't need to—

Hon. Scott Brison: Mr. Chair, this is not a partisan question.

The Chair: You're burning your clock here, Mr. Brison. Prepare to be shocked.

Hon. Scott Brison: We're wasting more time discussing the legitimacy of a legitimate question, frankly—

The Chair: Well, it's not a legitimate question in the context of this meeting. If you want to talk about any other matter, put it on the agenda. Today we're getting a briefing on Jordan. If you want to ask questions about Jordan, they are perfectly within order.

But, Scott, you know the rules.

Hon. Scott Brison: But on this issue?

The Chair: If you want to burn your clock, go ahead. I'll give you three minutes if you want to ask something about Jordan; otherwise, we'll move on.

Hon. Scott Brison: Well, I'd like to go back, if we want to have this kind of discussion on why FIPA wasn't part of this, because I think you're denying the opportunity for my Bloc and NDP colleagues to ask the kinds of questions they typically ask on this.

Why in this case was FIPA not brought to Parliament? It is a trade agreement.

Mr. Don Stephenson: As I understand it, the treaty was tabled for the required 21 days in the House, but since it didn't require legislation to be implemented, no legislation was put before the House.

Hon. Scott Brison: Typically FIPA agreements are often part of trade agreements that are tabled in the House. That has been the case in the past.

Mr. Don Stephenson: Certainly in some FTAs there is a chapter on investment, rather than a separate agreement—

• (1600)

Hon. Scott Brison: That is what I find curious. Why, in this case, was the FIPA agreement not part of the enabling legislation and brought to the House for full and thorough debate? I find this inconsistent with the government's commitment to bring FTAs to the House. An investment agreement is as material as the trade of goods and services; the investment part of it is just as material, and I find it curious that it was not made part of the enabling legislation.

Mr. Don Stephenson: It may be that the two negotiations were initiated at different times. As I said, we often negotiate FIPAs separately from FTAs, so perhaps it's in the history of the negotiation that you may have your answer. I'd have to provide you with further information.

Hon. Scott Brison: What has been identified to you as human rights issues in Jordan? What are the principal issues that the government has identified as areas of concern? I agree with you that within the region Jordan has demonstrated more progressiveness than some countries, but there are lingering concerns, women's rights being one of them. What do you see as the most important concerns to be addressed in terms of ongoing human rights issues and the monitoring of them?

Mr. Don Stephenson: I'll let the expert answer.

Mr. Thomas Marr (Acting Director General, Middle East and Maghreb, Department of Foreign Affairs and International Trade): Thank you very much.

The point we can start with is that Jordan, considering its traditions and its location, has done quite well in a relative sense with respect to human rights. We do hear about honour killings, and they have continued in Jordan. The record will show that in 2009 the government set up a special criminal tribunal to end what might have been a sense of impunity with respect to honour killings that occur when the family takes a decision to kill a wife or a daughter. This tribunal has shown some success. Their first case was decided in October 2009. The perpetrator got 15 years. We understand there have been a series of court cases decided since then, with sentences ranging from seven to 15 years. It is what you could call an improvement.

Another thing about human rights generally in Jordan is that we get positive leadership from the executive, which is the monarch and his family. They have participated quite actively and openly with respect to women's rights and with respect to stopping the impunity when it comes to things such as honour killings, so we can take some satisfaction there.

Also Jordan has either acceded to or ratified most of the United Nations and significant international conventions that concern rights of women and human rights in general, so the record isn't bad.

Another thing to note in their favour is that when issues are brought to their attention, they welcome them. They participated in this universal periodic review of the Human Rights Council. When you bring issues to them, they are quite responsive, and not simply with rhetoric. They take it under advisement and they work toward improving the situation. The record would show that they have done fairly well on this; it's not perfect, but there is a trend in the correct direction.

The Chair: Thank you, Mr. Brison.

Go ahead, Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair. Good afternoon to all the witnesses. Thank you for being here.

Mr. Stephenson, you said that two-way trade between Canada and Jordan totalled around \$80 million. We are talking about a small market, which causes us to wonder why we should even enter into a free trade agreement.

On the flip side, at least twice, you mentioned the fact that Jordan was a moderate country and a promoter of peace in the Middle East. Is that something that was actually examined? Do you discuss that with Jordan before signing an agreement like this?

•(1605)

Mr. Don Stephenson: The reasons that we entered into trade agreement talks were largely political, but the discussion itself focused solely on trade and tariff issues.

Mr. Jean-Yves Laforest: I am asking because you mentioned it in your presentation.

Mr. Don Stephenson: Canada's motivation stems more from a desire to strengthen ties with a model country and to support its economic growth.

Mr. Jean-Yves Laforest: You also said that signing Canada's first ever free trade agreement with an Arab country was strategic. Does it have more to do with politics or a trade strategy?

Mr. Don Stephenson: It is more of a strategic move. You have to start somewhere. It is a bit like the minor agreements that we signed and are continuing to negotiate in Latin America. You can build things up over time, but you have to start somewhere. Sometimes you have to dance with the partner that is willing to dance with you.

Mr. Jean-Yves Laforest: A little earlier, I referred to the relatively low import and export levels. How much could they increase, in your opinion? Have you studied that?

Mr. Don Stephenson: Not really, but we do know certain things. After they signed an agreement with the Americans, two-way trade quadrupled. We cannot really make any projections, especially with such a small market. When you are talking macroeconomics, you can make meaningful projections, but with a market of this size, just one contract can double the total amount of exports in a single shot. So there are not really any estimates or analyses.

Mr. Jean-Yves Laforest: If you cannot say that it will improve trade by this or that much, is this agreement not a waste of time?

Mr. Don Stephenson: When we consulted with Canadian industries and the provinces, especially Quebec and Ontario, where most of these exports come from, they saw the value in such an agreement.

Mr. Jean-Yves Laforest: The agreement does not contain any provisions on government procurement or the temporary entry of business persons in general, unlike other agreements. Can you tell us why such provisions are not included?

Mr. Don Stephenson: In our consultations with Canadian businesses, there was very little interest in the service sector, especially given our obligations under WTO agreements. Canadian exports were in the neighbourhood of \$2 million a year in the service sector. As I said, there is not much interest right now.

It is always possible to reopen any agreement to add or remove something.

Mr. Jean-Yves Laforest: That is precisely my next question. Have mechanisms already been established for reopening the agreement, or is it just a general formula?

Mr. Don Stephenson: It is a general formula, but the board of trade ministers who will administer the agreement always has the authority and the power to reopen it and, as I mentioned, to add or remove things.

I did not answer the other part of your question, which had to do with government procurement. No, it is not included. At the moment, we are working on government procurement at the WTO on two levels. On the one hand, further to our agreement with the Americans, we are going to discuss the WTO agreement on government procurement with the other signatories. On the other hand, we are working with the Europeans, who want to go beyond the obligations in the WTO agreement on government procurement.

●(1610)

Mr. Jean-Yves Laforest: We have entered into other agreements, with Colombia—an agreement where we disagree—and with Peru. Those agreements carry monetary penalties in the amount of \$15 million, I believe, for violations. There are no such measures currently. Is there a reason for that? Are the ceilings....

Mr. Pierre P. Bouchard: I want to make things clear. The agreement carries monetary penalties. Quite simply, in this particular case, there are no ceilings. The possibility is there, but there are no ceilings in this case.

Mr. Jean-Yves Laforest: Why is there no ceiling? Why is there a ceiling in other cases but not this one? I want to understand the reason for that.

Mr. Pierre P. Bouchard: Good question, one that is the subject of expert debate, both in Canada and in the U.S. There were discussions on whether to impose a ceiling or not. The agreements with Colombia and Peru contain such ceilings. It is commonly thought that a ceiling is used only to limit the possible size of a penalty. But from a legal perspective, a ceiling can, in certain situations, be used to raise a penalty. The groups of experts in question have never been faced with these kinds of situations. Imagine a group of experts setting the amount of a monetary penalty with nothing but local legislation as a point of reference. If, for instance, a labour penalty were \$50,000, according to local legislation, the panel of experts might consider \$100,000 to be an appropriate amount. But if they see that negotiators have set out the sum of \$15 million in the agreement, that changes the scale and the point of reference. From our end, at least, it is quite possible that it could lead to an increase in the penalty.

It involves a legal analysis. In the case of Jordan, there was no such analysis. As I mentioned earlier, each agreement is the product of negotiations. We cannot impose the exact same model in every case; it has to be adapted to the negotiations in question. In this case, there was certainly some resistance to the idea of a ceiling for that reason, given that civil society, including the labour movement, often prefers not to have ceilings. Our partner at the negotiating table did not want a ceiling either, and it was a very contentious issue. In this case, the outcome of the negotiations was no ceiling.

It really becomes a technical, legal issue, because there are valid interpretations on both sides, in terms of whether or not to include a ceiling.

[English]

The Chair: Thank you. *C'est tout.*

Mr. Julian.

[Translation]

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you, Mr. Chair. I want to thank the witnesses for being here today.

Mr. Stephenson, you just said that the department did not do an impact analysis. But you also said that the industries concerned did carry out their own impact analyses.

Could you share those analyses with us today? In addition, which industries were consulted on the economic impact during the negotiation process?

●(1615)

Mr. Don Stephenson: I want to clarify something. If I did say that, Canadian businesses did not give us any analyses or estimates of potential deals under the agreement. In our consultations, however, they did express an interest in a particular sector. I think all of that is available on the department's Web site, but we could share with you our consultation discussions with Canadian industries. We could also provide you with a report on what they told us during the consultations.

Mr. Peter Julian: Oftentimes, Web sites do not include a list of names. They indicate that consultations took place but do not give much in the way of details. I think it would be very useful for the committee to know exactly which associations, industries and companies were consulted regarding the economic impact.

[English]

My second question is in the same vein. We've had many cases of bilaterals having been signed and exports actually falling to those countries. In some cases these are Canadian, and in some cases it is other countries that have signed bilaterals. It's not the act of signing a trade agreement that allows access to a market, but the muscle behind it.

I'm interested in knowing what the total product promotion budget is for Canadian products and services into the Jordanian market right now and whether any increase is foreseen.

My third question is related to our competitors. We've seen in this committee that the United States, the European Union, Australia, and many other countries have budgets far beyond what Canada spends in product promotion, which is partly why our manufacturing capacity is collapsing—half a million jobs lost in the past few years.

So I'm wondering how much we're spending, how much we're going to spend, and how much our competitors are spending.

Mr. Don Stephenson: I'm going to let my colleague from the other part of the department attempt an answer on the promotion side, because I don't know. But I would say that there are two different aspects to helping countries exploit the market access they get in free trade agreements. The other side, with which I was involved, at least at the multilateral level, is aid for trade; that is to say, aid to help the poorest countries actually build the capacity to export products and thereby take advantage of trade agreements.

For example, in the case of the World Trade Organization, where a good 30 of the 153 members are least developed countries, Canada chaired a process—

Mr. Peter Julian: I'm sorry to cut you off, but I only have 10 minutes, so I'd like just to go to the actual figures for Jordan.

Mr. Thomas Marr: Yes. In these times we will not be spending a tremendous amount of money with respect to promotion.

Mr. Peter Julian: How much are we spending now?

Mr. Thomas Marr: We have invested, I would say, in my division about \$10,000 to \$12,000 for material that, when the agreement is finally signed and ready to be implemented, will advise Canadian industry of the opportunities.

Mr. Peter Julian: So that's an increase; \$12,000 would be what we're spending for the entire—

Mr. Thomas Marr: That is compared to zero for Jordan the year before. Our approach on this is that industry is going to make this agreement work, or not.

Mr. Peter Julian: Okay. Can I ask you, then, how much the European Union and the U.S. are spending?

Mr. Thomas Marr: I have no idea.

Mr. Peter Julian: They have hundreds of millions of dollars in product promotion budgets. We're spending \$12,000, if the agreement is ratified. Do we have any idea of how much they're spending?

Mr. Thomas Marr: On the trade side, I don't think we do. You can see references, maybe even human rights reports, saying that the United States may throw \$1 billion at Jordan in a year, but that includes military and aid money. Our aid money to a country like Jordan is \$6 million to \$8 million a year.

We have a new program within the department to assist Canadian companies looking to invest and to develop their cooperation. That is a program, which used to rest in CIDA, that has now been moved over to our department. This is an opportunity, if companies want to pursue it, in Jordan.

We also work closely with the Canada-Arab Business Council, which has about 110 members drawn from across the country. They are quite interested in Jordan. They have been there, last year, and they're going to go again this year. That's good stuff.

• (1620)

Mr. Peter Julian: Yes, thank you. I'll cut you off there, because I have more questions. Thank you.

For the environment side agreement and the labour side agreement, we are still waiting to hear from witnesses, although I'm sure we'll have a very fulsome series of witnesses for this committee. But some of the comments that have come back initially are that both are toothless.

If they're toothless, how would you react to that? What would you say, both for the environment agreement and the labour side agreement?

And who was consulted in Canada on both of those issues? You flagged some of the human rights and labour rights issues that exist, and certainly there are a broad number of reports available. But who has been consulted on those, and how would you defend them from the concerns among many people who know these businesses that they're toothless; that they're more designed for a cosmetic than for any real impact?

Mr. Pierre P. Bouchard: Thank you.

The first part of your question was about consultation. The usual availability for Canadians occurs when it's published in the *Canada Gazette* for comments before negotiations start. That's the process.

Obviously, we always have our ongoing informal discussions with labour and employers in Canada—

Mr. Peter Julian: Who is consulted in that process?

Mr. Pierre P. Bouchard: We have a formal process, advisory committees, at which ministers meet with employers and labour leaders to discuss labour issues broadly and in general, but basically—

Mr. Peter Julian: I'm sorry to interrupt, again because of time, but who is on the advisory committee, and were they specifically consulted around labour rights in relation to the Jordan agreement?

Mr. Pierre P. Bouchard: On the Jordan agreement, no, there was no special session that took place for that. On the advisory committee, normally there are union leaders and employers who are members. We could give you the list later on. These are just to consult about broad labour issues in Canada.

Mr. Peter Julian: Yes, we'd like both of those. This would be very helpful as we start this study.

I'm interested in human rights issues. Report after report has indicated some improvement in some key areas, but also some ongoing concerns. We saw this with another country, Colombia, where there was a lowering of human rights violations, and then, subsequent to—

The Chair: Excuse me, Mr. Julian. You have one minute, so you may want to skip the editorializing if you want an answer.

Mr. Peter Julian: It's a preamble to a question, Mr. Chair.

What happened after we signed was that human rights violations went up. Now, you pointed to honour killings, and it is true that there have been some prosecutions over the last few months in Jordan, but how do we keep the Colombian phenomenon from inserting itself into Jordan, where there might be better behaviour, but where it may not be consistent and ongoing? Are you concerned about that? What measures are in place to protect human rights so that they actually move forward in Jordan, which is something we all hope for, I think, at all four corners of this table?

Mr. Thomas Marr: First of all, the commitment we have from the leadership of Jordan is encouraging on this particular subject and on human rights generally. We have ongoing dialogue through our embassy, our ambassador, and our political counsellor. They are active on these issues. Also, we have CIDA programs that are definitely focused on gender equality, empowerment, and judicial training. I think these are excellent things.

You probably have the annual state department report on human rights. There is a lot of—

Mr. Peter Julian: I'm sorry, but are the state department report and other reports something that you track and circulate within the department dealing with the negotiations?

• (1625)

Mr. Thomas Marr: Yes, we're attuned to that. We're aware of that. Based on what we know and what we understand of the trends in human rights in Jordan, that did not seem to be a block to having this kind of agreement. In fact, we don't believe that adding a free trade agreement with Jordan will diminish the move towards a better situation on human rights in that country.

Mr. Peter Julian: What reports are circulated internally, aside from the state department reports? Do you have access to other reports, such as those from Human Rights Watch or Amnesty International?

Mr. Thomas Marr: Yes, we do. Our department also does its own reporting every year.

Mr. Peter Julian: You report on the human rights situation?

Mr. Thomas Marr: Yes.

Mr. Peter Julian: Is that published?

Mr. Thomas Marr: I believe it probably is. I'm not from the human rights division itself, but—

The Chair: We'll let them get back to you on that.

Mr. Peter Julian: Could you bring that back to us?

The Chair: That's a minute and a half over time, Mr. Julian, so we'll ask our witnesses to get back to you with that response.

Thank you for that, and thank you for the answers.

We're going to head over to this side, beginning with Mr. Holder.

Mr. Ed Holder: Thank you. I'll share my time, starting with Mr. Cannan, please.

Mr. Ron Cannan: Thank you, Mr. Chair, and thank you to our officials for your hard work.

This is part of our global commerce strategy, the agreement we're moving forward, beyond NAFTA.

I appreciated the mention in your opening comments of the full-size vehicles as part of the auto pact. I know that when our trade committee went to the Middle East...they love our Ford Crown Victorias. The Crown Vics, I suppose, are the big ones there. It definitely helps our Canadian auto industry.

I have a couple of quick questions and then I'll pass it over to Ed.

Is the supply-managed sector protected within this agreement?

Mr. Don Stephenson: Yes.

Mr. Ron Cannan: There are three of us around the table here from British Columbia. The forest and pulp and paper industry is a big economic generator for our community, as for folks from Quebec and other parts of the country. Can you elaborate a little on how this agreement will help the pulp and paper industry? Do you have any statistics? What regions will specifically benefit from the agreement?

Mr. Douglas George (Director, Bilateral Market Access, Department of Foreign Affairs and International Trade): Thank you.

I would note just from the trade statistics that in recent years our second largest export was lumber, and about our sixth largest export was newsprint, so we do have those sectors represented in our exports.

Looking at western Canada and B.C., there are benefits to a range of products, largely agricultural products such as pulses, beef animal feeds, canary seeds, and forest products such as paper, paperboard, and wood building materials. When it comes to forest products, we exported \$8.2 million to Jordan in 2009, which is up from \$4.5

million in 2008. The elimination of Jordanian tariffs, which currently range between 15% and 30% on wood products, could benefit Canadian exports of goods such as doors, frames, joinery, shake shingles, and building materials.

We also exported \$2.7 million worth of paper or paperboard products. The majority of these products weren't subject to duties, but there were duties on some products, such as toilet paper, paper towels, facial tissue, stationery boxes, corrugated cardboard. There is a range of products that would benefit from the FTA.

Mr. Ed Holder: Thank you.

I'd like to thank our guests as well.

Mr. Stephenson, I was very compelled when I heard your comment—it's a theme you have sounded before in front of us—that free trade agreements bring about regional peace and prosperity. I think as much as it is important for trade for those affected, and whether it's a bilateral or a multilateral arrangement, I would say to you that the comment about peace and prosperity—and I sincerely hope members opposite believe it as well, and I know some do, but I hope all do—is in the spirit of what we're trying to do as we go forward as a committee.

Also, I heard said by a member opposite that free trade is important in terms of building economic capacity. Mr. Brison made that comment, and he's quite correct. I was also pleased, and I'd like to compliment the NDP, because what I heard was they're looking to promote business in a very positive way. I was encouraged by that.

An hon. member: Hear, hear!

Mr. Ed Holder: But I want to say to Mr. Marr, if I may, through you, that I know there's some talk about promotional budgets and all, and I have a sense that the best promotion budget you can have between countries is to put in place a free trade agreement and let industry do what it does best. From your standpoint, you talked about going from zero to \$12,000 as an initial step, but ultimately it's industry that's going to figure this out.

I would appreciate your thoughts on that, sir.

• (1630)

Mr. Thomas Marr: Thank you.

We see it as the proper role of government to try to level the playing field for our exporters, and this free trade agreement helps that immensely, given the fact that the Americans have been out in front of us for some years in this particular market.

But you're absolutely right. We think that with a level playing field and some good information to our industry, the ones who are interested in Jordan will take advantage of this. We would not be surprised to see an uptick in the business, based on the anecdotal information we have from exporters, who will either call to say that there is a 10% difference in tariff and we're not competitive because we have a sort of commodity or are just waiting for this to actually happen so that they can explore a little more deeply the opportunities there. We're quite confident. The primary responsibility rests with the private sector and their association.

Mr. Ed Holder: I'd like to underscore that the primary responsibility rests with the private sector. I love that as the spirit. I know we would carry that forward as a committee, believing it on the whole, I hope.

One of our members opposite talked about FIPA. I'm wondering, Mr. Stephenson, whether that should be a "side by each", or why it wasn't part of the original deal so that members could debate. If I understand correctly, the Canada-Jordan FIPA was actually signed in June 2009 and came into force in December 2009. What has to happen for it to be ratified is that it has to sit in the House for a period of 21 sitting days. If I'm correct, it's usually common that a FIPA agreement not be signed at the same time as an FTA, if there's already one in place.

Is my understanding on that correct?

Mr. Don Stephenson: Yes, it is, and I'm glad to have the opportunity to provide a further piece of information in response to Mr. Brison's question.

In fact, Mr. Corporate Memory from legal services here beside me, Ton, was able to whisper to me that in fact the FIPA negotiations began before the FTA negotiations. As I noted earlier, both approaches are used commonly: a separate negotiation involving only a FIPA, or an FTA that has several chapters—goods, maybe services, maybe intellectual property, or investment. So it can be separate and it can be combined.

Mr. Ed Holder: If Mr. Keddy had a chance to ask this question, he would. But in the words of my Cape Breton mother, why use 10 words when 100 can do the same thing? And that would be what I'm doing here.

What Mr. Keddy would say is, look folks, when it comes to deals and arrangements all around the world, we're already trading. Right now the way we're trading with Jordan is that we're paying a penalty to do it, and those tariffs run anywhere from 10% to 30%. As we say in French, *ça ne fait pas de bon sens*: it makes no good sense to put Canada into that kind of penalized position. All we're doing here is putting rules in place. The absence of that, obviously, is no rules or fewer rules, and I think that's an unhealthy environment for Canada. That would be my political statement.

My final question to you, Mr. Stephenson, would be this. Obviously, Jordan represents less than 1% of the whole Middle East panorama of opportunities, but I thought you said it very well when you said...we call it low-hanging fruit in business, but you would say "bite the dog in the ankle because it's closest"—I'm not sure exactly what you said.

I'd like to get a sense of your priorities. When we get Jordan done, and I believe there's a willingness around the table to do it, what would you see as your upcoming priorities, from a logical standpoint? You did a great job of enumerating the position of the department around the world globally, but where would you see your focus, knowing that we have some \$11.5 billion of current trade? How do you see it growing?

Mr. Don Stephenson: The priorities in the global commerce strategy are still in all the big emerging markets—which, by the way, everybody else is after, too. If we are able to make progress with India, that would have to be among the priorities. We are now exploring with Brazil and MERCOSUR. Those would have to be the priorities.

With respect to the region, the minister has asked us to examine the opportunity for movement in other countries in the region, including the GCC, the Gulf Cooperation Council.

•(1635)

Mr. Ed Holder: Let me interrupt to ask you a question. It strikes me, if I recall from a meeting we had in November 2009 on Jordan, that one of the things we talked about was that Jordan ratified a U.S. trade deal in 2001, and the EU's a few years—was it?—after that. I don't know the exact date.

Can you give us some logic as to how it financially benefits Canada to delay the Jordan free trade deal any longer? Help me understand that, please.

Mr. Don Stephenson: Well, I can't. Any delay in providing these opportunities to our exporters, although the impacts aren't large overall, can only be negative.

Mr. Ron Cannan: I call the question, then, Mr. Chair.

An hon. member: So why don't you bring it forward? It's been there for three months.

Mr. Ed Holder: Well, that's not my call. I would tell you that if you want to push it along as fast as we can, we would do so. Ours is not a debate with you.

Do I have a final question, Mr. Chair?

The Chair: Yes, you have one more.

Mr. Ed Holder: The last question I have, then, which is different from the last question—which was supposed to be the last question—is this. I know you talked about the BRIC countries as among our priorities, and of course we have the EU and all, but I'm trying to understand better how the Jordan FTA helps us mature the relationships we have with the other trade agreements, in whatever form they are, in the Middle East.

I'm coming back to the last question, but I'm asking you to focus just on that. We said it's a priority; we said it's a piece in the Middle East. We know it's less than 1%. Why is it so critical?

Mr. Don Stephenson: It's because it's a demonstration of Canada's engagement in the region and availability for further discussions with other countries. It is in that sense.... I think the question was asked earlier whether it was principally symbolic in nature. Yes, it's symbolic, but also, in crass commercial and trade negotiation terms, it's a signal that Canada is available for such negotiations.

Mr. Ed Holder: Thank you, Mr. Chair.

The Chair: Do you have nothing on Haiti?

Mr. Ed Holder: I'll save that for the next round, sir.

The Chair: Thank you, Mr. Holder and Mr. Cannan.

Again, thank you to our witnesses for coming and for being so well prepared. I'm sure you'll be hearing from us more, and if other questions arise, we'll follow them through the deputy to the department. Thank you again for your appearance.

We're going to take about a one-minute break while we bid our witnesses adieu, and then we'll continue in camera.

[Proceedings continue in camera]

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