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Chair

Mr. Lee Richardson

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• (1535)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): Ladies and gentlemen, we're about to begin and resume the Standing Committee on International Trade. This is meeting number 28 of this session.

Today we are going to deal with two matters. First of all, we're going to continue our reference for Bill C-8, an act to implement the free trade agreement between Canada and the Kingdom of Jordan.

To that end, we are pleased to have with us witnesses today from the National Labor Committee, from the United Steelworkers, and from the Forest Products Association of Canada. I'm going to start by introducing them. We will have just about an hour for our witnesses and then I believe we're going to go in camera for our committee business in about an hour from now.

With that, let me first introduce Charles Kernaghan. Mr. Kernaghan is the executive director of the National Labor Committee. He's joined by Tim Waters. Tim, of course, is the political director of the United Steelworkers. Joining the committee again, we also have with us Andrew Casey, who is the vice-president of public affairs and international trade for the Forest Products Association of Canada.

We're going to ask our witnesses to give us a little perspective on where they're coming from and what their views are on this potential Canada-Jordan free trade agreement, with its accompanying labour agreement and an agricultural agreement as well.

It's the usual format. I'm going to ask Mr. Kernaghan to start. He will be followed by Mr. Waters and then Mr. Casey. They'll give up to 10 minutes each of discussion and then I'll open it to questions.

Without further ado, Mr. Kernaghan, would you begin?

Mr. Charles Kernaghan (Executive Director, National Labor Committee): Thank you very much for the opportunity to testify.

I'm going to mention our experiences with the U.S.-Jordan free trade agreement. I had never heard of the U.S.-Jordan Free Trade Agreement until mid-2005, when guest workers started calling us from Jordan, begging for help and saying: they are beating us; they've stripped us of our passports; they're raping our women; they're starving us; they're not giving us our wages. It just came out of the blue. It was shocking.

We went to Jordan and investigated. We put out a major report in May of 2006. It documented that the garment industry in Jordan, under the free trade agreement with the United States, was entirely

foreign guest workers, because the Jordanians wouldn't work in a factory. At least 90% of the workers were foreign guest workers from Bangladesh, India, Sri Lanka, Nepal, China, and so on. They got to Jordan and were stripped of their passports, which is the crime of human trafficking. They were locked into the factories. They were working 12, 14, 15, and 16 hours a day. They were working seven days a week.

We put out that report and there was a very decent impact. Some factories were cleaned up. But what we also pointed out was that the big winner in this was China, because the vast majority of the textiles come from China and 63% of the value of the garment is in textiles. So the U.S.-Jordan free trade agreement actually benefited China more than anyone else: we estimate about \$100 million a year in tariff breaks for their textiles to enter the United States.

I want to just give you an update of a factory right now. Yesterday and today, we've been investigating this factory in Jordan. It's called the Classic Fashion Apparel factory. It's a big operation, with six factories in the Al-Hassan industrial zone—

• (1540)

The Chair: Excuse me, Mr. Kernaghan. Could I just interrupt you for a moment?

I'm sorry to interrupt you. We do have simultaneous translation and remarkable translators, but you are speaking rather quickly.

Mr. Charles Kernaghan: Okay.

The Chair: Thank you.

Mr. Charles Kernaghan: At this Classic factory—there are six factories in the Al-Hassan industrial zone—there are 4,500 workers, all of them guest workers from Bangladesh, Sri Lanka, India, and Nepal. With regard to production, 60% is for Walmart. Hanes is another big producer. Now, Walmart is the biggest retailer in the world, and Hanes is the most recognized label in the United States.

The workers in these factories are working from 7:30 in the morning until 10 or 10:30 at night—14 to 15 hours a day—Saturday through Wednesday. On Thursday, they work this incredible shift of 24 and a half hours. They start at 7:30 in the morning on Thursday and work through the night until 8 a.m. on Friday morning—24 and a half hours. They are at the factory for 99 and a half hours a week. The workers are being cheated out of at least 40% of their wages. For the official 92-hour workweek, they should be earning about \$78; instead, they are being paid \$40 to \$45.

The workers who don't meet their mandatory production goal are slapped and beaten. As a matter of fact, they deport the workers who don't reach their goal.

Right now, today, 300 Sri Lankan women in this factory have fallen behind their production goal for the last month. Management has stripped them of their passports—again, this is human trafficking—and they are about to be deported for not reaching their goals. As I said earlier, they are also beaten if they don't reach their goals. Right now, we estimate that in this factory there are about 2,000 workers who have been stripped of their passports. This is going on in broad daylight.

These workers have been trafficked to Jordan and are being held under miserable conditions. Their dormitories are very primitive and dirty, and they are infested with bedbugs. The workers are working 14 and a half or 15 hours a day and they can't sleep at night because they are tortured by these bugs. We have pictures of this that we have sent to scientists at the University of Ohio, who have confirmed that these bedbugs were gorging themselves on the workers' blood.

The women are locked in. They have no freedom of movement. They are locked in their dormitory compound after their work. They are prohibited from leaving. Even on Friday, the Muslim holiday, they cannot go out to shop.

The Jordanian ministry of labour has put Classic on their golden list of companies, meaning that it is among the best factories in the country and that it respects all the local and international labour laws. Of course, that is not at all true. When the workers signed their three-year contract to go to Jordan, they were told they'd get free food, free health care, free housing—all of it decent. That is not true. They charge the workers \$28.20 per month for food. The workers are paid late. They have no health care. The workers told us at our discussions yesterday that they have absolutely zero confidence in the ministry of labour.

We've seen that with a Canadian apparel company, the Nygard company. It was producing at a factory called IBG. In April, when we investigated that factory, 1,200 workers had been stripped of their passports. They were working from 7 in the morning until 11 at night: 16 hours a day, 7 days a week. For the 110 hours of time they were at the factory, they were paid less than half of the minimum wage: about 34¢. They faced sexual harassment, filthy dormitories, and bedbugs—the whole works.

We think the ministry of labour has not been able to monitor these factories. The fact that the workers are guest workers makes them very easy to exploit. They don't know the Arabic language. Their passports are frequently taken away.

I think Jordan has an enormous distance to go in order to clean up Jordan so that free trade agreements can go forward.

We know that someone from the U.S. Trade Representative's office is heading to Jordan this week. We keep engaged with the Jordanian government, but at this point it has been a massive failure as far as labour rights go.

• (1545)

The Chair: Thank you, Mr. Kernaghan.

Next we have Tim Waters, political director, United Steelworkers.

Mr. Tim Waters (Political Director, United Steelworkers): Thank you. I'll try to talk a little more slowly.

I'll read a short statement from the union, but just for a bit of background, when Bill Clinton left office in the United States, one of the final things he did was to negotiate the U.S.-Jordan Free Trade Agreement. A lot of organizations like ours that had generally protested trade policy in the U.S. actually worked to get the Jordan free trade agreement passed, simply because it had worker rights and human rights protections in the core text of the agreement.

It was not like the NAFTA agreement, which offered protections in side letters and side deals that were never binding. They were actually in the core text of the Jordan agreement, so we championed the bill and it passed overwhelmingly through the U.S. Congress. Bill Clinton signed it on his way out the door. Then everybody kind of went home and forgot about it until five years later, as Charlie mentioned, when we began to hear what this trade deal really was about.

Let me read a short statement. Then I'll wrap up.

As I said, the United Steelworkers union originally supported the U.S.-Jordan Free Trade Agreement when it was being negotiated in 2000. It's a decision that our union has come to deeply regret, as the U.S.-Jordan free trade deal has descended into human trafficking of tens of thousands of foreign guest workers into Jordan, where they're stripped of their passports and are all too often held under conditions that can only be described as slave labour.

I've travelled to Jordan three times and have met with hundreds of guest workers who toil under abusive conditions in factories that are all set up for the sole purpose of exporting to the U.S. marketplace. By the way, it's exactly what they're trying to do here now.

We heard testimony after testimony there from workers in several industrial parks, all confirming the existence of excessive mandatory overtime, grueling workloads, the shortchanging of legal wages, deplorable working and living conditions, and the routine violation of every single labour law in the country of Jordan, not to mention the ILO's internationally recognized worker rights standards, which I know are championed here in Canada.

Our international president, Mr. Leo Gerard, joined our Canadian national director, Mr. Ken Neumann, in writing to the minister of labour of Jordan on November 30, 2009, raising a number of critical issues with regard to the guest workers' continued appeal for help. Part of that letter addressed promises made to the Canadian government to jump-start this current trade deal that we believe are untrue. They were untrue then, in our opinion, and are still untrue, and in the letter, which I have left copies of for you to access, we've asked for clarification. They have yet to respond to this letter.

I'm not going to go through cases; there are some in the testimony. But I have attached a copy of the letter. Let me just say that in our opinion, and by its very definition, what's going on in Jordan is a serious violation of human rights. Set aside the profit for multinationals. Set aside the amount of money that has gone to the Chinese from this deal. Set all of that aside for a moment. This is about human trafficking.

In all of those factories I was in, I saw almost no Jordanian workers. They did this deal and then brought all the workers in from the Philippines, China, Bangladesh, and Sri Lanka. At the airport, they seize their passports and they lock them in factory compounds. It's the basic definition of human trafficking. They're unable to move freely in the country and the laws don't apply, so all of a sudden they're there, and they have no country and they have no laws. If they move about without papers, they're arrested and thrown into a Jordanian prison, where they have no rights.

• (1550)

In my opinion, and in the opinion of the United Steelworkers, this is a question of the human rights of these people. You have an interesting opportunity right now to help 30,000 workers in these factories simply by saying that you won't do a deal with these people until there are certain guarantees to protect the human rights of the people who are brought in to service these factories.

You have a unique opportunity. Jointly, we ask that the country of Canada take exception to what's going on there, to the violation of the rights of these many people, and put your foot down and say that this is going to end right here, right now.

Thank you.

The Chair: Thank you, Mr. Waters.

We'll hear from one more witness before we go to questioning. That would be, of course, Andrew Casey, the vice-president of public affairs and international trade for the Forest Products Association of Canada.

Welcome back, Mr. Casey.

Mr. Andrew Casey (Vice-President, Public Affairs and International Trade, Forest Products Association of Canada): Thank you, Mr. Chairman.

Thank you again to the committee for inviting us to appear on Bill C-8, an act to implement the Canada-Jordan free trade agreement.

It was our pleasure to be here when you were studying the Canada-Colombia Free Trade Agreement. I'm going to make a similar case today as to why we support this particular bill and this agreement. Even though the numbers may not be staggering, I think it sets a precedent for this industry from our standpoint, which we'd like to see carried forward in a number of other areas in the world.

By way of introduction, the Forest Products Association of Canada is the national voice, the national trade association, for Canada's lumber, pulp, and paper producers. We have about 22 members in our association and that membership represents the lion's share of Canada's forest products industry nationally from coast to coast in communities across the country.

The industry represents about 12% of Canada's manufacturing GDP and about 2% of GDP in general. We continue to employ over 220,000 Canadians directly. If you add our indirect employment of another 340,000 or so, we get up in and around the 600,000 job mark. That is, of course, spread across the country in pretty much every single province.

I want to mention one other aspect of this that leads you to a place where I want to go, which is the community aspect. Obviously, a lot

of those jobs are located in rural parts of the country, and they're also centrally located in a number of small communities across the country. The past two to three years have obviously been extremely difficult for this industry, as members around this table and members in the Commons know. Daily, we've seen members from all parties get up and express support for the industry. For that, we're appreciative. Many of you have communities that have been subjected to the hardship this industry has been subjected to over the past couple of years, so you're no stranger to it.

Thankfully, we're starting to see a light at the end of the tunnel, to use an overused expression, or a light around the corner, or whatever you want to call it, but things are looking up. We're seeing the markets in China start to grow. We're seeing an increase in pulp sales and wood sales to markets such as that and we're feeling somewhat optimistic. Of course, we still need the U.S. housing market to rebound for it to really be rock solid and for us to feel comfortable moving ahead.

That said, one of the things the industry needs to do—and has been doing for the past couple of years—is preparing for when those markets do return. We've identified a four-part plan, if you will, a strategy on where we need to go.

A big part of that, of course, is to become more productive and more competitive ourselves. It is incumbent upon our companies to do a lot of that, and they've been doing this over the past couple of years. Some of the restructuring you've seen—the difficult decisions that have been made in terms of closing mills—is part of the restructuring and part of that new competitiveness going forward.

Another element of it is to better our environmental and sustainable resource management track record further. We are leaders in the world. That has increasingly become a market advantage for the industry. We need to continue along that path and use this to our best advantage in the marketplace.

A third part of our strategy going forward is looking to maximize the resource. You've seen terms like “added value”, but this is more a question of maximizing the tree and what we extract out of that tree. Right now, we use about 95% of the tree, but we'd like to it up that closer to 100%. This takes you into a world where you're into the bioeconomy, with bioenergy and biochemicals that can be extracted from the tree, a world where you still have the wood/pulp base as your economic base for the products, but then you go beyond that by expanding into the bioeconomy side of things.

A fourth part of the strategy going forward—and that's where this free trade deal comes into play—is that we need to expand and diversify our existing markets. Obviously, the U.S. market is our most important market. It will remain so for quite some time. It represents about 70% of our product exports. We export about \$24 billion a year in total, so it's a fairly significant portion of our product that goes to the U.S.

But we can't depend solely on the U.S. marketplace. The softwood lumber dispute has shown that there are times when the relationship can be a little frayed. For that reason, the industry has looked to other marketplaces such as China and India. In this case, believe it or not, we see some potential in the Middle East, and maybe just in that context, it will open up the Jordan bracket.

•(1555)

You've probably seen the numbers. I think Canada's total exports to Jordan represent something like \$60 million a year. As for our percentage, I think we happen to be the largest single exporter to Jordan at around \$11 million a year. Those aren't big numbers, obviously, for an industry exporting \$24 billion a year outside of our borders, but there are two important opportunities, one on the paper side and one on the lumber side.

The Jordan forest products market represents a general marketplace of about \$370 million. Unfortunately, we account for only about 3% of that marketplace. It's also a market that's growing. Depending on the product lines, you're looking at 16% to 100% growth over a year-to-year basis, so we see enormous potential there.

Certainly, on the paper side, there's some potential to get rid of the tariffs and make us more competitive vis-à-vis some of our main competitors coming out of Indonesia and Germany. On the lumber side, we're seeing a very important marketplace in the form of plywood. Again, the reduction or elimination of tariffs would give us a leg up on some of our major competitors, primarily, again, coming out of Indonesia and of course China.

Again, as I've said, at \$11 million, what we're sending there now is not a big number. Even if that were doubled it wouldn't be a big number in the grand scheme of things. But the reality is that a lot of these products come from certain parts of the country and can sometimes come from one particular company. So when you narrow it down, all of a sudden what seems to be a fairly insignificant number can be a very significant number for one or two companies.

We certainly feel that's the case here with the Jordan deal, where most of the products come from the two provinces of British Columbia and Quebec. If we can increase market share in that regard, that would be an important step in expanding existing markets and maybe even diversifying existing markets.

I'll leave it at that.

[Translation]

I am ready to answer any questions, and I can do so in French, if you prefer.

[English]

Thank you again for the opportunity to appear today, Mr. Chair.

The Chair: Thank you.

Thanks to all of you for those opening remarks. We're going to begin questioning. Considering the hour, I'm going to ask that we stick pretty close to seven minutes for each of the parties for the opening round. That might give us time for a quick, rapid-fire round after that. If you want to make sure to get somebody in, I suggest that you split your time.

We'll start with the Liberal Party and Mr. Cannis, the vice-chair.

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

Welcome to our guests.

I'll just throw my questions out to our guests. They will be directed specifically to individuals and we'll just try to rebut as quickly as we can for the sake of time.

Mr. Kernaghan, I listened very carefully to your comments. I can appreciate your frustration.

I was curious when you talked about how the violations unfold, how these people are not let out, and how their passports are taken. You've "estimated", to quote you. I'm just curious how you estimate. How do you go about getting this information? Do you have one-on-one interviews with these workers?

This is for my own curiosity. If they're picked up from the airport, as has been described, and put into these compounds, do you have access to them? Can you give me an idea of how you go about gathering your data?

•(1600)

Mr. Charles Kernaghan: I've been to Jordan many times. We generally go to the poorest neighbourhoods surrounding these free trade zones or industrial parks. We meet with the workers in locations where business people would never show up. They are just not the kinds of places they would go. All of our research is done face-to-face with dozens and dozens of workers from these factories.

Mr. John Cannis: So they do go out, then?

Mr. Charles Kernaghan: Well, they can leave.... The particular factory I was talking about is a different case.

Mr. John Cannis: Okay.

Mr. Charles Kernaghan: At this Classic factory, the women are locked in, but the men can leave. Of course, they're working until 10:30 or 11 at night, so it's very difficult to meet with them.

But they can leave at 11 after their shift and meet us in some rundown tea shop. In those places—and Tim has been there—we've interviewed hundreds of workers. We've just sat there for several hours. They bring with them the labels, all the documentation, and the notices that are up. I've travelled a lot around the world, and these conditions are very bad.

Mr. John Cannis: They're appalling, from what you've said.

You talked about how China is taking advantage and how they're the big winner. Is that because there was a policy some years ago of the textile industry being duty free, for example, into Canada from the least developed countries? Is that how China is benefiting? Is it because they set up shops there? Is that what you are driving at?

Mr. Charles Kernaghan: When the United States government negotiated the free trade agreement, they had to know that the Jordanians wouldn't work in the factories, because they just don't. The women aren't allowed to. So there were guest workers from the very beginning. The owners of the factories are not Jordanian. They're from India, Sri Lanka, and China. They knew the textiles were going to come from China, because they're cheaper.

Mr. John Cannis: They're cheaper.

Mr. Waters, you and your organization initially supported, as you said... Under the Clinton administration, you had set down firm guidelines.

We're embarking on this, and obviously we should learn. Obviously, we have set guidelines as well, or we want to. Can you recommend, based on your experience, what Canada can do to make sure the guidelines are enhanced, for example, or fine-tuned?

Mr. Tim Waters: Well, you have a unique opportunity. When this happened in the U.S., we had no idea that all the workers in these factories would be Indian and Chinese. We thought it was a Jordanian deal.

Just as when you do a trade deal with somebody, you don't expect them to import the workers. The new human trafficking is the movement of workers. My advice would be that you take them at their word and not do the deal until they clean it up. And if they're....

Mr. John Cannis: What you're saying is that it's okay if the rest of the world goes and puts on paper firm guidelines and agrees to the wording, and it's firm and it's strong and so on, and says, "Canada, you continue being the boy scout, and we'll continue doing business". The farmer and the machine supplier and so on can keep on supplying and exchanging, but it's "Canada, you hold true, don't stay away...". Is that what you're telling the Canadian worker to do?

Mr. Tim Waters: With all due respect, I don't think that argument holds, simply because you can't say that since everybody else is wrong and everybody else is doing it, then we should too.

Mr. John Cannis: No, but I have to tell my constituents something. I'm asking you to help me get a message to them.

Mr. Tim Waters: Yes, sir. You asked for my opinion on this. What I'm saying is that you have a unique opportunity and a unique position.

Had we known what was going to happen, we never would have supported this, okay? We supported it only because we took it at face value. We took it with the language of the deal written into the deal. We took that at face value.

Mr. John Cannis: Tim, I hear you, and I empathize with what you're saying in terms of human trafficking. It is a concern globally. Knowing that, then, and the world knowing that, why isn't the world as a whole acting on this collectively? Wouldn't you think that would be the best approach rather than just having Canada saying that we're going to be the only ones doing it?

• (1605)

Mr. Tim Waters: I think there is support in the U.K. There is support in Germany. There is support in Australia for what we're doing. Look, there's—

Mr. John Cannis: We support it in Canada.

Mr. Tim Waters: Sorry?

Mr. John Cannis: We support it in Canada. We're going to put in firm guidelines—at least, I'm going to make sure there are guidelines in this agreement to make sure that it addresses these concerns that you and Charles and whoever bring forward. It's a good start.

Mr. Tim Waters: I think that's a wonderful first step, yes.

Mr. John Cannis: That's great.

This is my last question. In terms of the forest industry and forest products, I agree, Mr. Casey, with what you're saying. We have to diversify. There's a piece of the pie out there that Canada deserves a share of.

I don't come from an area that produces lumber or softwood lumber or pulp and paper, but I do have industries that are affected. I am very pro on making sure that Canada does what it needs to within the right guidelines, Tim and Charles, so that we get our share of the pie. I suggest that if there is anything we can do to help you expand your industry, so that we don't just focus on one major client....

I don't know if there is anything you want to add, but that's my view on this.

Mr. Andrew Casey: I appreciate the support. The only nuance is that rather than deserve it, we've already warranted it; we're the most successful national forest products exporting nation in the world. We export more than any other country in the world. We're already in all those other marketplaces.

In any new marketplace we can open up, where we just need a level playing field to compete, where our major competitors are receiving either zero tariff rates or rates significantly lower than ours, we need to knock those down to put us on the same footing.

Mr. John Cannis: That's great.

The Chair: Thank you, Mr. Casey.

Thank you, Mr. Cannis.

We're moving on to Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chair.

Good afternoon, everyone.

Mr. Waters, you said earlier that you supported the free-trade agreement between the United States and Jordan at the time but that you came to regret it afterwards. You thought Jordanian workers would be the ones benefiting from the agreement. And that was not the case. It was foreign workers who were practically imported, as you say, getting the work. You noted an increase in trade within Jordan. Raw materials were being processed, numerous products were being manufactured, but not by Jordanians. Were Jordanians completely excluded from the higher workload or production? Was it only foreign workers who were affected?

You made it seem as though foreign workers were the only ones whose workload increased in order to meet production requirements in the wake of the new agreement. Did Jordanians not have the opportunity to work more, as well?

[*English*]

Mr. Tim Waters: *Merci.*

I want to be clear. We didn't support the trade deal just to help Jordanian workers; we supported the trade deal to try to create a level playing field among all countries, which is the way we think trade should be. Trade should be level, with the rules applying the same in one country as in another, to eliminate the chance of exploitation of people, exploitation of the environment, or whatever the case is. Just to be clear, we were trying to help Jordanian workers, but only because we're trying to level the playing field and make it fair.

The law in Jordan calls for these factories to have 10% of the workforce as Jordanians. I never saw that, not once. You see a handful of Jordanians here and there, always with different work hours, always with different work rules, but there are very, very few. For instance, I was in a factory that produced clothing for Walmart and Kmart and some other retailers as well. There were at least 1,200 workers in there, almost exclusively Filipina young women—and they look for young women—and Chinese and Bangladeshi young women. I saw no Jordanians. It's very, very easy to see.

The answer is that there's a small percentage there, but not what the law calls for, and nothing like we would ever have thought would be the case for this trade deal of the U.S. government with Jordan.

•(1610)

[Translation]

Mr. Jean-Yves Laforest: Unless I am mistaken, trade between Jordan and the United States increased, but you noted that it did not translate into more work for Jordanians. Yet that was the case for other workers. That is basically what you are telling us.

Do you know how many more workers percentage-wise were needed to meet the stronger demand resulting from the free-trade agreement, Mr. Kernaghan?

[English]

Mr. Charles Kernaghan: In 2008, 86% of the exports from Jordan to the United States were garments. In 2009 it dropped a little bit, to 83%. The trade with the United States is almost entirely garments. Those garments are made by 30,000 foreign guest workers, so it hasn't spurred much production in any other part of Jordan.

Mr. Tim Waters: Let me respond further. I think I see what your question is.

You have factories owned by Chinese and Indians and others outside the country of Jordan. You have the work being performed by Bangladeshis and Chinese and Filipinos, who are trafficked in, and who sometimes have to spend many thousands of dollars; whole villages get together to send one young person. Then promises aren't kept, and passports are taken.

So in many cases, the factories are owned by Indians and Chinese, they're staffed by Bangladeshis, Chinese, Filipinos, Sri Lankans, and Nepalese, and China's the winner on the fabric side, so when it comes to what the deal really did for Jordan, you have to begin to ask.... Although that wasn't our fight to begin with: I think it's—

[Translation]

Mr. Jean-Yves Laforest: Thank you.

Mr. Casey, you said in your presentation that the Forest Products Association of Canada had prepared a four-part action plan and that you needed to seek out new markets. Have you also considered pursuing new products? Has enough research been done to identify new products? You can seek out new markets for old products, but you can also identify new markets for new products.

Mr. Andrew Casey: Yes, you are right. We also need to identify new products. FPInnovations is doing some good work for the industry. It is working on research in order to develop new products and is seeking out new markets for those new products.

Mr. Jean-Yves Laforest: If the federal government had given you the same level of assistance as it gave the automobile industry—I am referring to the \$10 billion the government handed out last year—I would think the research would be much further along.

Mr. Andrew Casey: The federal government gives FPInnovations enough money.

Mr. Jean-Yves Laforest: Does it get enough?

Mr. Andrew Casey: The government has supported it in the past.

Mr. Jean-Yves Laforest: Would you not like to receive more?

Mr. Andrew Casey: Of course, always.

[English]

The Chair: Thank you, Monsieur Laforest, and thanks for the plug.

We'll go now to the NDP and Mr. Allen for seven minutes.

Thank you.

Mr. Malcolm Allen (Welland, NDP): Thank you, Mr. Chair.

Mr. Waters, I say this in a spirit of cooperation as an auto worker. I know you're a steelworker, so we'll try not to bare knuckles with one another as we normally would do in the outside world. You and Mr. Kernaghan have painted a very grim picture of what we see in a textile factory in Jordan, with some recent evidence. I read through the other report entitled "Dirty Clothes", which is actually an earlier report, and you're talking about a more recent one today.

But if I heard you correctly, Mr. Waters, you talked about the inside of the U.S.-Jordan free trade deal. You talked about the labour code, about the labour pieces being internal in the document. Is that correct?

•(1615)

Mr. Tim Waters: That's right.

Mr. Malcolm Allen: Are you aware that the Canadian free trade agreement talks about the labour rights and labour organizations outside the agreement? I say this in terms of what both you and I have experienced in doing collective bargaining and what we think it means when you put things outside the body of an agreement versus inside it.

Do you have any comments on how you feel about that, knowing full well what happened with the U.S. free trade deal with Jordan, which had that internal to the main body of the document?

Mr. Tim Waters: Yes. If I may, before I answer that, let me just say that Mr. Casey here works for an industry that's represented by the United Steelworkers, so we're here today understanding the kinds of things he's saying and the importance of products being sold elsewhere to help our members as well, notwithstanding our argument today. I just want to point that out.

The North American Free Trade Agreement had the language that protected so-called worker rights in side letters, outside the core text of the agreement, and by all rights, as far as what it has meant for workers goes, I think it has been a disaster. Not only have there been significant job losses and an exodus of jobs to Mexico in the first five years after the North American Free Trade Agreement as multinational corporations chased lower wages south of the U.S. border—not only from the U.S., but also from here—but it brought downward pressure on wages. With worker rights protections being in side letters and decided by tribunals and these kinds of things that were outside the scope of the agreement, it just didn't allow for real protection.

Again, the Jordan free trade agreement did allow for that, but it didn't work because it wasn't enforced. So not only does it need to be in the core text of the agreement—otherwise, you don't have any weight—but it also needs to be enforced. There are two pieces to that.

Mr. Malcolm Allen: There's no doubt that clearly the enforcement has to come from the Jordanian government through its ministry of labour or whatever due process it has to make sure that happens.

Let me talk to Mr. Kernaghan about a number of these corporations that you've mentioned, places like Walmart, Nygard, and a number of others. Are you familiar with the sense that over the years a lot of these companies have—and it was spearheaded by Nike a number of years ago—had these so-called “workers' charters” when they were looking at the offshore industries they were producing?

In Nike's case, they are the ultimate brand in North America in the sense of not making anything here. They make no product here. They keep the brand here. They make the swoosh that they basically put on a product, but they actually don't make any shoes in this country or in the United States anymore. They also have become the ultimate in branding in the sense of not having to own the means of production anymore in the sense of owning a factory: you let someone else do it.

Of course, the big complaint—and it started on campuses—against Nike was sweatshops, as they called them then. This goes beyond the sweatshops, in my estimation; this basically is like a jail. Ultimately what you have is a throwback to the 1600s or 1700s, where we actually have a bunch of slaves. That's what these folks are. They've been trafficked into a slave situation under the guise of a free trade agreement, which I find hugely reprehensible.

Can you speak to the sense of why it is that these major multinationals—Walmart being one of the largest retail outlets in the

world, if not the largest—where they have a workers' charter, seem unable to or simply don't enforce what is supposed to be in their charter and work with their so-called offshore producers, if you will, when they said they would make sure to take care of that?

Mr. Charles Kernaghan: Well, corporations have what they call corporate codes of conduct or charters, and they do say they investigate the factories to make sure they are in compliance with those codes. It never works. As a matter of fact, not long ago, Professor John Ruggie, the Harvard professor who is the Special Representative of the UN Secretary-General on the issue of human rights and transnational corporations, came right out and said that corporate monitoring never works because people cheat. In other words, when they send in these monitors, the workers are already threatened and are trained in what to say.

We've been tracking this stuff for 20 to 25 years now, and it doesn't work. The only way to implement labour laws is for the Jordanian government and the ministry of labour to do it, and for the United States government to do it through the U.S. Trade Representative's office. In the United States now, under this administration, there is more push-back from the U.S. TR's office. In fact, as I said earlier, someone is leaving to go to Jordan next week just to look into these violations and all of that.

Monitoring can't be done by companies; it has failed for the last 20 years. It has to be done legally, by the U.S. government in this case, and by the Jordanian government.

• (1620)

Mr. Malcolm Allen: I heard my colleague, Mr. Cannis, say earlier that we don't want to be on the sidelines being boy scouts per se, and I understand that two wrongs don't make a right, as Mr. Holder's mom from Cape Breton would say. My mother taught me the same thing. It seems to me that if we have evidence that says this is what's happening in Jordanian factories under a free trade agreement, why would we want to be complicit with that?

My sense is that if we can't learn the lesson from what happened, then shouldn't you be pressuring your own government in the U.S. to withdraw it as well and saying to us at the same time that until the Jordanians intend to push for their own laws to be upheld...? We're not asking them to increase their minimum wages, but only to apply their own laws; we're not taking ours and extrapolating them and putting that on top of them. So is it not fair for us to say to you, well, if we hold back—which I believe we should, because the evidence is clear in my mind—should you not also be saying to the U.S. government, like the United Steelworkers, the AFL-CIO in the States, and the social justice groups are, that they should terminate this or at least put it in abeyance until some point at which you can be assured that the Jordanians can actually implement and uphold their own labour law?

Mr. Tim Waters: We've asked for a review. We have also worked to pressure the companies operating there, with some success. But we also don't want to see the 30,000 guest workers, who borrowed from loan sharks and spent all of the money they had to get to that country, thrown out of Jordan. Because as bad as things are in Jordan, what scares the workers more than the conditions they're in is being sent home without the money to pay back the people they've borrowed from. It's a tricky situation.

The interesting thing about the situation the Canadian government finds itself in right now is just as you said: you're in a different situation than we were because you know what has happened. We have shown you the proof and would be happy to show you more. You have a unique opportunity to try to change it. That would change it for everyone. We're not interested in ending the free trade deal if we can get enforcement like it was supposed to be. We supported this thing from the beginning, but it needs to be enforced and cleaned up.

The biggest export from the U.S. to the country of Jordan is money, so there is a big stick there. We give a lot of foreign aid to the country of Jordan and have for a long time. They're a key ally in a key place, but they need to understand that decency and respect for human rights and labour rights by a country like Canada will take precedence. I think you guys have a unique opportunity to do that right now.

The Chair: Thank you for that, Mr. Allen and Mr. Waters.

Mr. Allen, you just took two minutes of Mr. Julian's time next week.

Voices: Oh, oh!

The Chair: We're going to move to the final round. I think we're going to wrap it up with Mr. Keddy.

You have seven minutes.

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

Welcome to our guests.

I have to say that I'm a little bit perplexed by the testimony up to this point. I actually am going to pick up where Mr. Allen left off. I don't quite understand how we have two witnesses here who are saying to the Canadian government that we should somehow cancel this trade agreement, that we need to take it on the chin, but, by the way, the United States will continue to trade with Jordan because that's okay.

I'm not trying to be cute here, guys. That's what I'm hearing. Quite frankly, that's unacceptable. You can't come to us and tell us we have to change the rules. Under our agreement on labour cooperation, we have put some very strict guidelines in this agreement. This does not apply simply to Jordanian workers; it also applies to migrant workers and migrant labour. It is under the International Labour Organization's international guidelines and, quite frankly, it recognizes that some of the migrant worker regulatory regime in Jordan has been less than perfect, that there have been some abuses and some mistakes made, and that we need to have a more robust system to govern this.

I appreciate—I think we all do—the challenges surrounding labour and human rights, but what I'm not hearing is that your union is willing to take on the Walmarts of the world or the Hanes of the world. You're not willing to do anything about this in the United States, but you say that in Canada we should. That is simply not fair.

•(1625)

Mr. Charles Kernaghan: I would respond by saying that when we released our report, it was very directed at the U.S. government's

failure to monitor the situation. In fact, the core ILO labour standards are violated in Jordan right now. Guest workers have no right to organize, so you can't possibly implement that because at this moment they have no right to organize as guest workers.

Mr. Gerald Keddy: On that point, in our agreement we also have the ability to facilitate the dissemination of information—specifically, labour information—to guest workers and migrant workers so that they actually do understand their rights. I'm going to ask you just to shorten up your answer because I know Mr. Holder has a question and I want to let him get some time here.

Mr. Charles Kernaghan: Very quickly, we asked the Jordanian government to allow NGOs in from the countries where the workers are from, from Bangladesh and from Sri Lanka—and that would be the single biggest element—so that the workers would have advocates. They flat out refused. They said that you cannot have foreign NGOs in Jordan. That would have changed the picture enormously.

We've been struggling on this for years, probing every way we can to move this thing forward and, at the same time, being very critical of the U.S. government. It's not like we're jumping up and down with pride about these garments that are made under these conditions coming into the United States. We're trying to push this and push the Jordanian government as well.

Mr. Gerald Keddy: Ed?

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

I want to thank our guests for being here today to present their testimony.

My sense is that we're missing a piece here, that I haven't yet heard testimony about, and that is, what about the Canadian worker? What about taking care of our economy as well? I have huge respect for our obligations internationally, I absolutely do, but here's the circumstance: can any of our guests tell us about the change in two-way trade between Jordan and Canada in 2008 to 2009? Can any of our three guests tell us what that number is, what the change is in overall trade...?

All right. I'll assume you may not know and, respectfully, I understand that. Trade between Canada and Jordan decreased over 11% in 2008 to 2009. While that number in and of itself may not be the biggest number relative to all the trading we do in the Middle East, the fact that we have a double-digit drop should concern us all. The fact that Canada has something like 80% of the balance of trade in its favour over Jordan means that it dramatically impacts the Canadian worker over the Jordanian worker, or the guest worker, as you've indicated. But in fact, from an economic standpoint we've been penalized that much more.

What this is intended to do is to allow the elimination of tariffs immediately, by some 99% of Canadian exports to Jordan, and what does that do for us? That allows us to put quality Canadian products produced by quality Canadian workers into Jordan, and I think that's critical: that for our sake, we don't forget that we have to take care of the Canadian worker. I think that's essential.

What is that going to help? That's going to help our farmers, our manufacturers, and our agriculture and agrifood. It's going to help pulses, frozen potato products, animal feed, and beef. Folks, it matters to us, not just because of Jordan, but because of what it means. Because we have something like \$11.5 billion of two-way trade between Canada and the fifteen countries in the Middle East. Please, let's not forget that: Jordan becomes the starting point.

The thing I'd like to capitalize on as one quick follow-up to what Mr. Keddy said—and I think this is important—we trade with Jordan anyway. We all know that we trade with Jordan, so why don't we have a rules-based system in place whereby we can have some influence over treating not only Jordanian workers and the International Labour Organization agreement, which, Mr. Waters, as I heard you say, is a great standard, an appropriate standard.... I appreciate that, but what does it do? It means that collective bargaining and freedom of association are guaranteed, and it means the elimination of forced labour and child labour, the elimination of discrimination in the workplace, minimum standards in employment, workplace safety, and compensation for sick and injured workers.

My point in all of that is this: is that perfect? Well, I think it's probably a far sight better, knowing that we trade with them anyway, to have some rules in place. And if we're at the table, then we have the opportunity, gentlemen, to be able to have some dialogue—

An hon. member: He's on a roll.

Mr. Ed Holder: I'm sorry. I—

• (1630)

The Chair: I take it that you've finished your question; you've just not quite finished your answer—

Mr. Ed Holder: I had a question, but I'm sorry. I did take time.

The Chair: No. Carry on. Ask your question. I want to hear it.

Mr. Ed Holder: But if we would agree that generally this is better not for Canada.... By having a rules-based system in place—

A voice: It's better for Jordan.

Mr. Ed Holder: —it's better for the Jordanian worker and, frankly, better as a standard for what we're trying to do in the Middle East, how can we say no to trying to be at the table? How can we say, "You know what? Since we're trading with you anyway, we're going to take all our rules off the table".

If you and I were doing business together and I told you that I wanted to try to influence your conduct—you were trying to

influence mine—if I decided that I wasn't going to play anymore, that I was just going to take my circumstance and go away, my sense is that your ability to influence me would be very limited. But the stronger the relationship is and the more I'm in contact with you—and I say this to all our guests here—my opportunity to influence you in a positive way is there.

So can you please explain to me how taking our marbles and going home helps the Canadian economy and the Canadian worker?

Mr. Tim Waters: Your chance to influence this—and as for what's going on over there, I don't think anyone in this room would disagree, it's flat out wrong—is best right now. That's what we're saying.

As for the criticism, Mr. Keddy, just to respond, the initial part of your question assumes that somehow there was a benefit to the U.S. in the U.S.-Jordan Free Trade Agreement. There was very, very little, if any. The benefit—

Mr. Gerald Keddy: For the trade balance—

Mr. Tim Waters: The benefit was for the producers in Jordan to have duty-free access into the U.S. market. But I think what we're saying is that.... Of course, we want the Canadian worker to do well, too; we have 356,000 members here. But for your time, your opportunity, and the opportunity to change what's going on over there, regardless of who should have done it first or who might have known about it when, your best chance to do that is right now, because there's a reason they're at the table here. They're at the table here because they want the same duty-free access to the Canadian marketplace that they have to the U.S. marketplace.

So my response is that I don't know if you can make changes later. I don't know. That's the future. Once the trade deal is in place, the deal is in place. But—

Mr. Ed Holder: I'd finally end up on this, Mr. Chairman, by saying that I appreciate our American friends coming to share their thoughts with us. I think in the standards that we've established, based on what the ILO is all about and what that means for our Canadian worker, our ability to influence is that much greater.

Thank you, Mr. Chairman.

Thank you, gentlemen.

The Chair: Thank you, Mr. Holder.

I'm sure the committee enjoyed that; it's unanimous. Thank you very much. It was very useful. We have some thoughts on the table today that we haven't heard before. I appreciate that.

We're going to wrap up this section now. I thank our witnesses for joining us. We'll take a two-minute break whilst we go in camera. We'll say farewell to our witnesses today.

[Proceedings continue in camera]

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