



House of Commons  
CANADA

## Standing Committee on International Trade

---

CIIT • NUMBER 034 • 3rd SESSION • 40th PARLIAMENT

---

EVIDENCE

**Monday, November 15, 2010**

—  
**Chair**

**Mr. Lee Richardson**



## Standing Committee on International Trade

Monday, November 15, 2010

• (1540)

[English]

**The Vice-Chair (Mr. John Cannis (Scarborough Centre, Lib.)):** Ladies and gentlemen, I'm going to call the meeting to order. Our chair, Mr. Richardson, is unexpectedly slightly delayed, so as the vice-chair I'll call the meeting to order for this Monday, November 15.

We have today, pursuant to Standing Order 108(2), the study of free trade between Canada and the European Union.

We're very pleased to have with us from the Department of Foreign Affairs and International Trade Mr. John Kur, director general, Europe and Eurasia. With us also is Mr. Steve Verheul, chief trade negotiator, Canada-European Union. Then later on, between 4:30 p.m. and 5:00 p.m., from the Canada-Europe Roundtable for Business, we have Jason Langrish, executive director. Then later on we have Sandy Boyle, Jean-François Bence, Rose D'Sa, and José Isaias.

We welcome them all and we welcome our chair. As I said, he was just a little bit late.

Mr. Chair, we're ready to go. Get back in your chair.

**The Chair (Mr. Lee Richardson (Calgary Centre, CPC)):** Thank you very much. Thank you, Mr. Cannis—as always, very efficient and effective.

I take it we're ready to hear from our first witness. Mr. Verheul, are you going to start? Thank you. I'm sure you've been duly introduced. Welcome back, and thank you for coming. I think you know we're essentially going to have a briefing on an upcoming visit, so I'll let you carry on.

**Mr. Steve Verheul (Chief Trade Negotiator, Canada-European Union, Department of Foreign Affairs and International Trade):** Thank you very much, Mr. Chairman.

Good afternoon, everyone. Thank you for inviting me back to speak to you about your upcoming trip to Europe to study and promote the negotiations toward the Canada-European Union comprehensive economic and trade agreement, known as the CETA.

As you requested, I will focus today on your trip next week and then provide you with an update on the negotiations. To complement today's briefing we have also prepared materials on specific issues that may come up during your trip. Embassy staff will also brief you on additional countries' specific issues prior to your meetings.

First I'd like to offer you some context on the roles of member states in the European Parliament post-Lisbon. Neither member

states nor members of Parliament participate in the negotiations themselves. We negotiate with the European Commission exclusively. However, member states and Parliament are kept abreast of the progress of negotiations, and they have a real influence on the substance of what is negotiated.

While member states have always had a role in treaty-making, there was a new role for Parliament as of December 1, 2009, when the Lisbon treaty came into force. The European Parliament now has an enhanced role in EU decision-making. One of its most important new powers is that its consent is required for all international treaties, including trade agreements, negotiated by the European Commission. As such, the commission now provides regular briefings on the progress of negotiations, resulting in a better informed Parliament that can exert influence over the commission on the substance of an agreement.

This has greatly increased the visibility and importance of the European Parliament in EU policy-making, and has resulted in the need for non-EU countries to ensure that clear and open lines of communications are established between them and European parliamentarians.

Canada must ensure that its views, policies, and positions are understood and appreciated by parliamentarians as issues pertinent to us come up for votes in Parliament.

Member states also have a role, beginning with the development of a negotiating mandate, as well as decision-making on the progress, approval, and implementation of treaties. The commission provides regular briefings to member states in the trade policy committee, the TPC—formerly called the 133 committee. This group is instrumental in developing negotiating positions, preparing offers, and reviewing the texts. The trade policy committee meets every week, and in this context I will tell you about the program and member states you will be visiting.

First of all, the United Kingdom, one of the European Union's big three member states, is generally seen as supportive of the CETA. The current coalition government sees trade as a key focus for its foreign relations. Although attention has recently been drawn toward China and India, the U.K. still has a strong affinity for trade with North America and Canada. The U.K. has expressed particular interest in professional and financial services, intellectual property, and sub-federal government procurement.

However, the U.K. is sensitive on labour mobility, one of Canada's top interests in these negotiations. We have provided a brief for you on this issue, and you might like to talk to interlocutors about this subject in particular.

The embassy is planning a round-table discussion with the Canada-U.K. chamber of commerce members and business guests, a meeting with the minister responsible for trade, and a meeting with the House of Lords EU subcommittee on economic and financial affairs and international trade.

Moving on to Strasbourg, our mission to the EU is working to develop a program of meetings with members of the European Parliament, including a meeting with the European Parliament's international trade committee as well as the European Parliament's delegation for relations with Canada. This will be an excellent opportunity to signal strong support for the CETA negotiations in Canada as well as to underline the importance Canada sees in enhancing close and open trading links with the EU. It will be important to underline Canada's continuing commitment to rejecting protectionism, reducing barriers to trade, and promoting environmentally and socially responsible trade. You should expect to hear a wide variety of views expressed by members of the European Parliament, ranging from strong support for the CETA negotiations to strong criticism and skepticism of free trade agreements in general.

In addition, it is quite probable that members of the European Parliament will want to discuss other trade files, including Canada's FTA agenda, the anti-counterfeiting trade agreement, intellectual property reforms in Canada, as well as oil sands and seals. We have prepared background briefing materials on these issues as well.

After Strasbourg the committee will split into two groups, one heading to Rome and the other to Budapest.

For the group travelling to Rome, the prospective program entails a meeting with Italian deputies and senators; a meeting on agricultural issues of importance to Italy, likely with the national association of food producers; a meeting with Italian government trade officials; and a meeting with Confindustria, Italy's main industry association.

• (1545)

The Italians are supportive of the CETA, and our economic relationship is important. One of Italy's strongest interests in these negotiations is geographical indications. A GI is a name that links a product's quality, reputation, or characteristic to a specific geographic location or origin—for example, Champagne or Bordeaux. We already have a wines and spirits agreement with the EU that recognizes certain GIs, and we are currently analyzing an EU proposal that seeks recognition of GIs for other agricultural products and foodstuffs. You will also find more details on this issue in your briefing package.

Last is Budapest. Hungary will be the next country to hold the rotating presidency of the EU, beginning in January 2011. This covers the period of the next two rounds of negotiations. Although the role of the rotating presidency has been reduced following the EU's Lisbon treaty, the country holding the presidency will still chair key meetings of EU ministers, including the trade policy committee.

The prospective program in Budapest includes a joint meeting with the Hungarian Parliament's EU affairs committee and the economic and informatics committee, the committees responsible for the CETA and Hungary's economic and trade policy, respectively. A meeting with the newly formed Canada-Hungary Parliamentary Friendship Group is also planned as well as meetings with an expert on Hungarian and regional economics and a senior Government of Hungary interlocutor. If time permits, a session with a representative of a Hungarian business group will be added.

Given the important role the European Union member states play in both policy-making and the eventual ratification of any international trade agreement, we anticipate that this overall program will provide the CIIT with the opportunity to underscore Canada's priorities in these negotiations to key interlocutors in the U.K., the European Parliament, Italy, and Hungary.

Now I'll give a quick update on the negotiations.

Since I was last here, we had our fifth round of negotiations, in mid-October, in Ottawa. Negotiations continue to progress well, even though we've moved to a tougher stage in the negotiations.

There are some key milestones to report. We have had a consolidated text covering all 22 areas of negotiation since last fall. Of these, we have already completed or parked four chapters and expect four more to be parked or closed at the next round in January.

We have already exchanged initial offers on goods, which would have 90% of all tariffs go duty-free immediately upon implementation of the agreement, and we've exchanged detailed requests in the areas of government procurement, services, and investment.

We expect to exchange second offers on goods and our first offers on GP—government procurement—services and investment in the next few months.

On the key areas of focus, government procurement remains one of the EU's top priorities, particularly at the sub-federal level. We are working closely with the provinces and territories towards a high level of ambition on procurement, as this will, to some extent, set the level of ambition in other areas.

In the area of goods, the remaining 10% of tariffs on which we have not yet made offers will involve some sensitivities, including some with respect to agriculture, on both sides, autos, and fish for the EU.

As I mentioned to you during a previous briefing, we are paying particular attention to and have made good progress on non-tariff barriers, especially in the area of regulatory cooperation. In fact, we are negotiating a chapter on regulatory cooperation, the first time such a chapter will be included in a free trade agreement.

On services and investment, we have been working hard to convince the EU to adopt a more ambitious approach to a negative list, which means that everything is captured by the commitments except for areas that are specifically excluded. This is the approach we have used in all of our agreements, including NAFTA, but the EU has never used this approach. Reports from the commission on their discussions with member states in this regard are encouraging.

We are also pressing the EU to go further in the area of labour mobility, including easing the temporary entry of business people and professionals and mutual recognition of qualifications.

Finally, intellectual property is also an important area, as the EU has been pressing us on copyright protection, enforcement, patents, and the protection of geographical indications. The copyright bill tabled by the government a few months ago is also likely to come up in your meetings.

Provinces and territories continue to be engaged and are well represented during negotiating rounds. We had just over 60 provincial and territorial representatives in Ottawa for the October round, and we continue to meet with them frequently, both in Ottawa and across the country.

Our consultation process in this negotiation has been the most extensive and open process we've ever had in a trade negotiation. We consult regularly with industry and civil society after each round through teleconferences and have frequent meetings with stakeholders, on request.

●(1550)

That's where we are now in the negotiations. We have two more formal rounds scheduled, one in January in Brussels and the other in April in Ottawa, and we continue toward the goal of completing the negotiations in 2011.

We also anticipate that ministers will meet to take stock of progress in the negotiations later this year.

CETA is a unique and important opportunity for Canada. That the committee travelled to the EU should serve to underscore Canada's commitment to an ambitious agreement.

I would be pleased to answer any questions you might have.

Thank you.

**The Chair:** Thank you very much, Mr. Verheul.

I think we'll continue our normal practice of going around the table and allowing seven minutes to each party in the first round. I'm sure individual members may have specific questions, and we'll see if we can get to all of those. We have 40 minutes anyway.

I'll ask Mr. Cannis to begin. Of course, you can share your time if you like, and thank you again for opening the meeting on time.

**Mr. John Cannis:** Thank you, Mr. Chairman.

Thank you for a very in-depth and a very brief statement. I appreciate it very much.

I'd like to start by asking you if you could elaborate a little more for the benefit of the committee. You talked about our relationship with the U.K. They're favourable; that's great, but they have a concern. You used the word "sensitive". If I may quote, you said "the U.K. is sensitive on labour mobility". Can you add a little more on why they're sensitive, and describe the issue in more detail for us?

**Mr. Steve Verheul:** I'd be happy to.

Part of our challenge in negotiating labour mobility provisions is that this issue falls under the competence of member states, by and large, so we're going to need member state support in moving that issue forward.

When it comes to that issue, the U.K. is particularly sensitive, and there have been a number of discussions ongoing within the European Union because the EU is attempting to limit immigration from other EU member states in some ways. They're sensitive to the potential of various types of technicians or business people coming in and replacing jobs that already exist in the U.K. It's a sensitivity that's particularly acute in the U.K.

●(1555)

**Mr. John Cannis:** I'd like to pick up on limiting immigration.

They have the Schengen agreement; once a member is a full member, then their residents have the ability to freely move from state to state. How does that tie in, hopefully, when we sign on with this agreement? When we achieve the 90% that you mentioned and keep working on the 10%, how does that tie in with our labour movement? Will a Canadian, for example, have the ability to say that since we're in this free trade agreement with the European community, he or she has the right to go and work as an engineer, as an accountant, as a lab technician, as a labourer, as a mason, or whatever? Can you add something to that?

**Mr. Steve Verheul:** Sure. Essentially, that's what we're trying to negotiate.

We're trying to negotiate a framework whereby we would get recognition of qualifications on both sides, so that an architect in Canada would be able to go to any EU member state and work as an architect and be recognized as such in that EU member state. In fact, we're making some initial early progress in the area of architects, but we also hope to make progress for engineers and a whole host of other professions. That's part of the issue, and I think we can make some good progress there.

In some previous trade agreements we have extended that to include technicians as well. The EU, and the U.K. in particular, are more concerned about technicians. This goes back to a lot of the fear that was around within the European Union about the Polish plumber stories; when Poland joined the EU, there was concern that there would be a flood of Polish plumbers coming into the U.K. and elsewhere and taking all the plumbers' jobs away.

It's still a sensitive issue within the EU, but we're hoping that because of Canada's reputation and because we're not going to be a big threat in most of their job markets, they'll give us an easier ride than they might some others.

**Mr. John Cannis:** How do you see it in the other way? I think previous governments and the current government—all of us—are very sensitive to this issue of acceptance and recognition of credentials. Aside from the plumber, we have engineers, doctors, and what have you; do you see these negotiations enhancing or helping us move that file forward?

I met a constituent of mine not too long ago who had come from Europe. He said he had worked as a doctor and was recognized, etc., and here he was having difficulty. He said, "Show me the way. Map out for me what I have to do, or at least inform me before I arrive about whether I'm approved, so that I know what I'm dealing with and then have a better choice to make."

Do you see that process improving with this treaty?

**Mr. Steve Verheul:** No, that's exactly what we see happening. By necessity, there are going to be a fair number of complicated negotiations, because when it comes down to it, it will have to be the associations that represent the professions who will have to do a lot of the actual negotiation of the terms. Provinces will also have to be involved to some extent, because it's within their jurisdiction that these issues fall.

But the notion will be that we do get agreements—and we will have to go profession by profession—that will allow an architect from Canada to work anywhere in the EU and an architect from the EU to work anywhere in Canada, and the same with various other professions.

So it will take some time to actually work through those things, but we're very ambitious in this area.

**Mr. John Cannis:** That's very important to all of us, and I don't speak along party lines here; I just speak along Canadian lines.

If you could elaborate for me a little bit further, you said you've addressed almost 90% of all tariffs. But what are the 10%? What are some of the tariffs in that 10% we are having more difficulty with or will be addressing as time goes by? Could you brief us on those?

And do you have you any ideas what we could do with our visit?

**Mr. Steve Verheul:** The remaining 10% of our tariffs on which we haven't made offers yet include things like autos and auto parts, textiles and apparel, furniture, tires, and a few things like that. Agricultural products contribute a certain amount to that. Those are probably the main ones on our side.

On the European side, they have things like aluminum. They have also kept autos back in the 10%. They have fish in the 10%, which is

an important objective of ours. The rest are mainly agricultural products on their side too.

• (1600)

**Mr. John Cannis:** Thank you very much. I appreciate that.

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

We'll now move to Monsieur Laforest.

[*Translation*]

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

Good afternoon, Mr. Verheul. Correct me if I'm wrong, but, according to your presentation, the European Parliament appears to be rather well informed about the developments in the negotiations taking place. You say that the European Parliament has new roles. One of the major changes is that international and trade agreements negotiated by the European Commission now cannot be concluded without the consent of the European Parliament. You also say that the European Commission regularly briefs the European Parliament on the progress of the negotiations, resulting in a better-informed institution that can really exert influence over the Commission.

I feel that our Parliament is not provided with as much information. We are actually told that, when it comes to negotiations, it's best to keep information secret for as long as possible. Is the European Parliament better informed than the Parliament of Canada and the legislatures of the various participating provinces?

[*English*]

**Mr. Steve Verheul:** It was certainly quite a shift within the EU structure to move toward having a role for the European Parliament, because prior to the passing of the Lisbon treaty, they weren't that well informed on the negotiations. There is no requirement for them to be kept particularly well informed, other than the fact that I don't think anybody wants them to be surprised at the end of the day when they have to approve a treaty or not. The European Commission has started to inform them of developments in the negotiations.

As to whether they may be better informed than us, I'd have to say they probably are not, because certainly we do fairly extensive briefings here. I actually had the occasion while in Europe at one point to brief the EU's trade committee in the European Parliament as well. The reaction I received after that briefing was that I had been much more detailed and substantive in my briefing than they were getting from the commission, which brought a bit of a reaction from the commission.

So I think we are at least as much informed as, and probably more informed than, the EU Parliament.

[Translation]

**Mr. Jean-Yves Laforest:** Despite all that, the trade agreement can't be concluded without the consent of the European Parliament. Here, trade agreements are concluded without the consent of the Parliament of Canada. I assume that the European Parliament at least asks for more information before an agreement is concluded. Here, a bill is introduced in Parliament so that we can ratify an agreement that's already been concluded. There is a world of difference between those two approaches.

I believe that certain exemptions have already been prescribed with regard to government procurement, as exemplified in the free-trade agreement concluded between the European Union and Korea. So, I think that the departments are not governed by the principles behind the trade agreement.

Is the agreement between Canada and the European Union headed in the same direction? Will the agreement contain the exemptions included in agreements the European Union has concluded with other countries?

[English]

**Mr. Steve Verheul:** There will certainly be some exemptions from government procurement on both the EU side and on our side. The EU has existing exemptions from government procurement that remain in place now, and they're unlikely to change those. As to whether they would be the same as the ones that were negotiated with Korea, I wouldn't want to suggest that will necessarily be the case, because we're both starting from different places. The biggest element that's new to us is of course that we're negotiating government procurement with the provinces' and territories' procurement on the table. So this is going to be a different kind of negotiation from the EU-South Korea negotiation, but without a doubt there will be some exemptions on both sides.

[Translation]

**Mr. Jean-Yves Laforest:** I just heard the simultaneous interpretation, and it said that negotiations will be involved. Is that really what lies ahead? Has nothing been agreed to regarding government procurement so far? No agreement has been negotiated for government procurement, but those negotiations are pending, right?

• (1605)

[English]

**Mr. Steve Verheul:** Yes. The next stage of the negotiations is that we'll be exchanging offers with the European Union on all of the market access issues, including government procurement. In those offers we will put down on paper for the European Union where we expect to be able to put on the table procurement both at the federal government level and the provincial and territorial level, and even with respect to municipalities. We will be doing that exchange sometime in the next few months. That's where we will be putting out our offers, which will then be negotiated from there. But that will give a clear indication specifically of what will be subject to disciplines under government procurement and what won't.

[Translation]

**Mr. Jean-Yves Laforest:** In Quebec, the cultural exemption issue is of great importance. Quebec is the only francophone community in North America, and it has already inquired about this.

Do you have any information about this to give us? Will it be a complicated process? Are there already agreements on the key exemptions? Will we be able to hold on to what we already have in Quebec and to continue developing our markets, without necessarily being completely affected by tariff barriers that would take over and compromise the French-language culture in Quebec?

[English]

**Mr. Steve Verheul:** I don't think there's anything we will negotiate or contemplate negotiating that would threaten Quebec's culture—or indeed the culture of the rest of the country as well. We are committed to pursuing the kinds of cultural exemptions we've had in the past.

We haven't agreed to anything yet in the negotiations in relation to culture, but the EU has brought two main issues to the table with respect to culture. One is that they feel that our existing cultural exemption is too broad and that it covers everything in the agreement. They've expressed concern that we would have a cultural exemption that would effectively mean that if we negotiated intellectual property rights for artists in another part of the agreement, the cultural exemption would override that—which obviously wouldn't make a lot of sense. So I think we will have some discussions about the structure of our cultural exemption, but that's more of a structural issue.

The second issue they've raised concern about is that they have a commercial interest in books, publishing, and distribution. They have expressed interest in pursuing discussions on that. We haven't reacted to that as of yet.

But overall I would have to say that we're not coming from places that are all that different. They have their own cultural concerns. They exempt audio-visual services. France is certainly a big supporter of the cultural exemption, and we've had discussions directly with France as well on this.

So I'm not sure this will be that significant a problem.

[Translation]

**Mr. Jean-Yves Laforest:** Thank you very much.

[English]

**The Chair:** Thank you.

Now, from the NDP, Mr. Julian.

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Merci.

Thanks very much for coming.

I'll start by following up on your prepared text. You say there are 22 areas in negotiations.

We have...completed or parked four chapters and expect four more to be parked or closed at the next round in January.

How many are parked, and how many are completed?

**Mr. Steve Verheul:** Well, when we say parked, they're essentially completed; they're waiting for some developments in other areas to reach their end point and then it would be a matter of cleaning up the remainder of the chapter. The substance of the chapter is pretty much closed or completed when we say parked.

We anticipate no more areas of disagreement in those chapters, so we're considering that the eight chapters or areas are essentially completed. Some of them are waiting for some further developments to link in.

**Mr. Peter Julian:** But some of them are parked because they'll be in negotiations in other areas.

**Mr. Steve Verheul:** Yes.

**Mr. Peter Julian:** So how many are completed, of those four?

**Mr. Steve Verheul:** I would have to say there would be four.

**Mr. Peter Julian:** Sorry, of the four that you say are parked or completed, all four of them are completed?

• (1610)

**Mr. Steve Verheul:** Well, no. Of the eight that are either—

**Mr. Peter Julian:** I'm just talking about the four you mentioned. How many of those are completed?

**Mr. Steve Verheul:** I would say two of those are completed.

**Mr. Peter Julian:** Okay, thank you.

I would like to move on to the intellectual property issues. We talked about drug patents. That's been a matter of increasing concern because of the cost to provincial health care plans but also the geographical indications.

I've been to public meetings in Nova Scotia and southern Ontario, and that's something that particularly the agricultural sector is raising more and more: the costs to businesses to have the geographical indications brought to bear and what that means to small businesses in some of our rural areas.

Has the department done any sort of estimate around the cost of intellectual property to Canadian health care plans and the cost to businesses of moving to geographical indications?

**Mr. Steve Verheul:** There has been some analysis done, certainly, on both of those issues. On the issues of geographical indications, we're a long ways from knowing exactly what we might end up negotiating. We're at the early stages yet, and we haven't discussed specific products.

I think that clearly we don't have an interest in providing any concessions on products that are common names in the Canadian market. The cost of removing those names or providing protection to the Europeans for those names is in all likelihood prohibitive. There's more potential for some obscure products that aren't really prevalent or that don't appear on the Canadian market. We'll be exploring those types of areas.

**Mr. Peter Julian:** But coming back to the issue of the cost to our health care plans, there's no estimate that the department has done. There's no indication as to what additional costs health care plans and consumers would be paying.

**Mr. Steve Verheul:** We haven't done any analysis on that internally within our department.

**Mr. Peter Julian:** Thank you, sir. I'm going to move you along. I have a whole bunch of questions and I only get seven minutes.

On supply management, we've had previous witnesses say it is on the table. Could you confirm that the supply-managed sector has been put on the table in these negotiations?

**Mr. Steve Verheul:** Well, when we started the negotiations we agreed officially that everything was on the table. That was an explicit agreement at the beginning. As to whether everything will be on the table at the end of the negotiations, that's a different question.

**Mr. Peter Julian:** Okay, thank you for that.

With respect to investor state, I was a little surprised in your statement that you don't raise concerns that I've certainly heard from European civil society organizations and also some European parliamentarians. I guess we'll have a better sense of that once we're there.

Canada's investor state provisions are something, as you know, the U.S. even moved away from after we signed NAFTA. Have you had indication at the negotiating table yet that there are increasing concerns around that unfortunate Canadian innovation that many people find contrary to democratic interests?

**Mr. Steve Verheul:** Well, it's more on the European side at the moment where most of the focus is. The commission only recently gained new competence in the area of investment protection; it was always left to member states in the past.

The European Union needs to develop an approach to investor protection. There will be a new one for the European Union, and they're looking at the approach we followed in the past. They're looking at other examples around the world. They're looking at what individual member states did in their bilateral investment treaties.

They're trying to develop a policy of their own. We haven't engaged in any negotiations on those issues yet because they don't yet have a position.

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

I'd like to move on to the job loss total. We've had one credible study so far, and it shows a net job loss of 150,000 with the template for CETA. We have the reaction from the minister, and unfortunately the minister referenced NAFTA and auto production, which is a little strange, given that we've lost 30,000 jobs in the automotive sector since NAFTA was implemented. He raised the curious figure of Canada's auto production being 21% of the North American total, but it's not when you include Mexico. I know that a number of people in civil society have been asking for a correction from the minister, but the minister hasn't yet corrected what is clearly quite an egregious error from somebody who should understand trade statistics.

So I'm wondering, given that we have one credible study with net loss of 150,000 jobs and a minister whose only response was a factual error, whether there is within the department a study to show the actual figure of a net loss, as this study purports, a very credible study, or whether there might be a net benefit to Canada. Is there a study like that being undertaken?



I'll throw two more questions at you just because I know time is ticking. On government procurement, the Union of B.C. Municipalities has taken a strong stand against this agreement, and I know from some of the public meetings I've held that other municipalities across the country are concerned. So there's the issue of how the department responds to those who are concerned in local municipal government about what's being put on the table in government procurement.

Thank you, Mr. Chair.

• (1615)

**The Chair:** You made reference to a credible study. I haven't seen a credible study. Would you be willing to table such a study?

**Mr. Peter Julian:** Certainly, Mr. Chair.

**The Chair:** Thank you. That would be incredible.

**Mr. Peter Julian:** I would be overjoyed. I may bring copies next week so folks can read them on the plane.

**The Chair:** You could bring them Wednesday and save us the anticipation. Thank you.

We're now going to move to Mr. Allison. I understand you're going to share your time with the parliamentary secretary.

**Mr. Dean Allison (Niagara West—Glanbrook, CPC):** I most certainly am.

Thank you, Mr. Chair, and thank you to our witnesses.

Non-tariff barrier regulations obviously have been an issue. You talk about a separate chapter. Could you elaborate a bit more for us just in terms of where that whole non-tariff-barrier regulatory direction's going?

**Mr. Steve Verheul:** Sure. This was an area we wanted to concentrate on right from the beginning, because certainly the business community was telling us that a lot of the barriers in the EU market didn't relate to tariffs necessarily but more to regulatory standards and various other kinds of non-tariff barriers. When we start negotiating market access, unlike in most trade negotiations, we're not negotiating tariffs exclusively, we're negotiating market access. In other words, what does it take to get into the European Union market? We don't want to be surprised after the agreement is in place and other things pop up and we lose that access. So we have been taking a very comprehensive approach. Certainly the tariff side of that is fairly straightforward, if not easy, but the non-tariff-barrier part is more complex.

A big part of what we're concentrating on is regulatory cooperation—that is, getting our regulators to talk to each other on the ground floor before regulations start to get developed so they can try to avoid problems before they begin to emerge. Secondly, we're working on trying to address regulatory standards in particular by having things like some easing of the restrictions for Canada when it comes to meeting the standards, how you meet them, expenses related to meeting them, and trying to smooth the way to facilitate trade rather than throwing up more barriers. So we're putting a lot of effort and creative thinking on both sides, frankly, to try to address that issue, because it's one of the bigger ones.

**Mr. Dean Allison:** Okay. Thank you.

**The Chair:** Mr. Keddy.

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

Welcome to our witnesses.

I have a couple of points to make before I get to a question. There was an interesting discussion by the NDP on the auto sector. I would just question where we would sell automobiles, since we produce more than we can consume. I wonder where would we sell them, where our marketplace would be, and where those jobs would go. Maybe there's a study on that. I wouldn't mind seeing it.

**An hon. member:** A credible study.

**Mr. Gerald Keddy:** With respect, there are a number of areas here that we're still negotiating. Obviously, those negotiations cannot be public, but there are articles and parts of those negotiations that I think as a committee we need to understand. That's only proper and correct for us as the international trade committee.

In particular on fish, you simply mentioned that fish could be a negotiating or sticking point. The EU obviously are snookering us on shrimp and have us outnumbered on ICCAT, or on those two particular issues, with tuna in particular being a migratory, cold-water species.

We have a sustainable tuna fleet, probably the only one in the world. However, we do have some ongoing problems. Though it's separate under this negotiation, we certainly don't want to lose the advantage that we have there, and we want a fair and open market in Europe for Canadian fish that's caught sustainably.

Could you just drill down a little more on fish in particular and how you see that unravelling?

• (1620)

**Mr. Steve Verheul:** We spent quite a bit of time on fish, as you might expect, over the course of the negotiations. We made it clear from the beginning that it was one of our primary offensive objectives. It's certainly the number one objective for most of the eastern provinces, and an important objective for B.C. as well. Certainly when we've been talking to Newfoundland, Nova Scotia, P.E.I., and New Brunswick, they've all said that fish is number one. The EU clearly is aware of the importance we attach to this, and certainly shrimp is at the top of the fish list, given the history we've had on that product in the EU market.

The discussion has become a little broader than simply tariffs and our interests in access to the EU market. There are also issues related to the tariff, including rules of origin and what's going to be considered a Canadian fish. So we're working on that, which has become a bit complex. We've also had some discussions on investment restrictions, both ways, in the fisheries. The EU has raised some concerns about some of our provincial export restrictions on fish, and they have suggested it's an area of concern to them. We've even had some discussion on access to ports by the EU, and it's come up in some of the environmental discussions as well.

So fish has come up in a number of different negotiating tables, but as part of the overall broad strategy, it's clearly one of our priorities, and the EU has recognized that.

**Mr. Gerald Keddy:** I appreciate that. It sounds as if most of those issues should be solvable. I want to say “easy to solve”, but I know better.

The other issue I would like a little clearer explanation on is the investor protection part of this agreement. I know the criticism made at the table here of chapter 11, but you have to have a rules-based system that protects investors. No one's saying that the system we have couldn't be improved somehow, but what should the end agreement look like that would allow investors—both from the EU investing in Canada, and Canadian investors investing in the EU—to have some measurable assurance that their investment is protected, should countries pass independent laws affecting that investment?

**Mr. Steve Verheul:** It is an area we're going to be spending a lot of time on, because I think the EU and Canada share a common objective in that area, for the most part. I don't think either of us has major concerns about investment protection in each other's markets, but we also want to set an example for other bilateral negotiations that each of us will pursue.

I think what we've seen in the last number of years is that all the bilateral investment treaties, or the foreign investment protection treaties we've negotiated and other countries have negotiated, include some type of investor protection mechanism. So virtually all countries are going down that track to some degree.

The EU, as I mentioned, is having to develop an EU-wide policy on investment protection, since they only recently gained competence on that issue over member states. They're in discussions to do that now. But clearly they have expressed the view that this is a good time to be negotiating with Canada because they can draw on our experience as well and try to come up with something that works for the two of us.

We are also looking at modifying the kinds of investment protection provisions we have had in the past to try to improve on those, to deal with frivolous cases that might come forward, that kind of thing. So we are looking at improving it as well.

**Mr. Gerald Keddy:** The final question, Mr. Chairman—

**The Chair:** You've had your final question. Sorry.

**Mr. Gerald Keddy:** That was the final question.

**The Chair:** That was, and it was a dandy.

We're going to move on. We've got a number of witnesses yet to hear today, so I think we'll do a couple of quick questions. Keep it to two or three minutes. We'll have one from Mr. Silva.

*Monsieur Laforest, une autre question?* All right.

Two or three minutes, Mr. Silva.

•(1625)

**Mr. Mario Silva (Davenport, Lib.):** Perhaps you could explain the process to us. I realize that since the Lisbon treaty, Parliament has been given a much more enhanced role in the ability to pass certain legislation and treaties. We're meeting with the European Parliament's international trade committee. Is this the committee the treaty

would be going through first, before going to Parliament, and they'd have to approve it as well and amend it, or just consent to it or not consent to it before it goes to Parliament?

**Mr. Steve Verheul:** The international trade committee is the committee the European negotiators are providing updates to on a regular basis. So they'll be the ones most familiar with what's in the eventual agreement and with what's happening in the negotiations. They would take a first look at it and offer their views. After that, when it comes to ratification time for the agreement, the European Parliament as a whole will decide on whether they agree with ratification.

**Mr. Mario Silva:** I understand that, but do they go to them first for ratification before going to Parliament?

**Mr. Steve Verheul:** My understanding is that it's not a necessary step.

**Mr. Mario Silva:** Okay. So they're providing input but it doesn't go directly to Parliament.

**Mr. Steve Verheul:** That's my understanding.

**Mr. Mario Silva:** It bypasses them. Okay.

Given the fact that the seal hunt is a big issue in Europe, and the European Parliament has taken a very active role against the position of Canada, is that going to be an impediment or an issue discussed at upcoming visits? Is that going to be a possible future impediment to ratification, or a condition perhaps to ratify the Canada-EU trade agreement?

**Mr. Steve Verheul:** No. This issue first came up around the same time as the launching of the negotiations in May of 2009. Both sides reached an explicit agreement that we would not allow that issue to distract from the negotiations. So we have not discussed it. We have not tried to do anything on that issue. It is following a separate track through the WTO process that we have initiated on the seal trade.

We don't anticipate it to be a problem or an issue in the negotiations. You may hear about it from the European parliamentarians, because it is an issue, as you've said, that's attracted a fair amount of attention. We have provided separate briefing notes on that for your use.

**Mr. Mario Silva:** Thank you.

I have a lot of other questions, but I can ask them in the future. That's fine, Mr. Chair.

**The Chair:** We're going to have two more: Mr. Holder, and then we'll conclude with Monsieur Laforest.

Mr. Holder, two or three minutes, please.

**Mr. Ed Holder (London West, CPC):** I'd like to thank our guests for attending. I'm not sure whether I should be wearing my sealskin coat and tie to this event. I'm inclined to do that, unless you think it's totally provoking.

Mr. Verheul, you indicated in your presentation that in the 22 areas of negotiations, four are done or parked and four more will be done in January. By my math, that leaves 14 more to be done, and you have scheduled only one more meeting after that, in Ottawa in April. What's your confidence that that will be completed by then?

**Mr. Steve Verheul:** Well, we're not aiming specifically to complete it all by April, although hopefully we will be well advanced towards that. There will probably be a need for further negotiations after April, but they may not necessarily take the form of a full negotiating round. There will be a smaller set of issues to deal with, so there will be a need for a smaller group of negotiators to get together.

Even with the other chapters among the 22, the differences there are now fairly straightforward ones. We know they have a position; we have a different position, and it's a matter of trying to find some common ground or accepting one of the other positions. Those other chapters are not far from being finished; it's just a matter of needing some decisions on some more difficult issues.

**Mr. Ed Holder:** It won't surprise you that there may be different perspectives from different parties around this table on the issues of this trade agreement. To what extent would a divided house, if I can call us that, going to Europe affect the deliberations that you're having?

I ask that question specifically because when this committee made a point of going to Washington before, we agreed that there were four primary areas that we would agree on. We agreed in substance on the direction that we wanted to take those. I would suggest to you that the dialogues that took place were positive and helpful and laid the groundwork for further dialogue.

So I ask the question: if we come with our different perspectives on this, which I think is a healthy process generally, what impact might that have on your negotiations? If we come with different views as members of Parliament, what would be the impact?

• (1630)

**Mr. Steve Verheul:** I don't anticipate it would have much impact on the negotiations themselves, because I think my counterparts in the European Commission would recognize that statements that might be made might not necessarily represent the views of Canada in the negotiations. I may get certain questions posed to me, which I would anticipate, but I don't think they'd expect those statements to represent negotiating positions until they saw me endorse them in the negotiations.

**Mr. Ed Holder:** Then if you'd allow me to be slightly crass, why are we going?

**Mr. Steve Verheul:** Well, I think there's a lot of very important work beyond the negotiations themselves. At lot of this, at the end of the day, will be about influencing groups that don't have a direct role in the negotiations, such as the European Parliament, as well as influencing representatives of member states that don't have a direct role in the negotiations and influencing the business community, which also won't have a direct role in the negotiations. All of those will have a direct bearing on whether or not we get this through at the end of the day.

**Mr. Ed Holder:** I would submit to you that the issue of the importance of relationships does matter, so I was being only slightly facetious by asking the question.

As I look at some of the issues here, it strikes me that some of them are controversial or need some development or some information support, such as the oil sands. The seals issue has been mentioned, and agriculture is another. From my perspective, I'd like

to ensure that I'm sufficiently well versed to be able to speak thoughtfully, and I don't feel I'm there yet. I've got Cape Breton opinions, but beyond that I'd like to add something of substance that would be meaningful.

I think you mentioned that we will receive some briefing information. Hopefully it won't be the night before, because I'm a lousy plane reader. It would be useful to have some of that in advance, please.

**Mr. Steve Verheul:** Yes, although I'm not sure exactly when we're anticipating that it will be delivered. I know I've signed off on most of the briefings now, so it shouldn't be that far away. I can assure you that it will be a very comprehensive briefing package, so hopefully it will meet all of the demands you have with respect to the information.

**Mr. Ed Holder:** Thank you for that.

Mr. Chair, those are my primary questions.

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

Mr. Holder, as is the usual practice, we will have extensive briefing books available to the committee. I'm hoping to have them at the committee meeting on Wednesday. At the very latest, you will have them in your offices on Thursday.

Thanks for those questions.

I think I should also remind you that despite the good intentions of the negotiators on both sides, both Parliaments of elected people have to ratify the agreement in any event, so that may be some of the value in having dialogue with our counterparts.

Monsieur Laforest, could you wrap it up in two minutes?

[*Translation*]

**Mr. Jean-Yves Laforest:** Thank you, Mr. Chair.

Mr. Verheul, I would like to get back to the issue of government procurement. New agreements were concluded among Quebec, Canada and the United States last February, after highly protectionist measures had been adopted by the Obama government.

That was new. Will that be something of a pattern that agreements on government procurement with the European Union will follow?

I would also like to talk about natural resources, about water and energy. There are already exemptions regarding the European Union in other agreements, for instance, in the Agreement on Government Procurement. Have broader principles been established on this issue?

My last question is about postal services. Are postal services on the table? Has a negotiation strategy already been set?

[*English*]

**Mr. Steve Verheul:** From a general perspective, in this negotiation with the EU we will be going far beyond what was negotiated with the U.S. in relation to the Buy American act. We'll be covering a lot more ground in the range of areas that will be subject to government procurement obligations, and there won't be as many exemptions as there were in that agreement. So it will be much broader, although that agreement could be seen as a starting point.

The EU has expressed a particular interest in utilities, so they will be interested in water services and energy services. They will be pressing for those kinds of things.

As you point out, they have some exemptions themselves. In the government procurement negotiations we're trying to figure out the EU system the best way we can to determine what flexibilities they have in their system so we replicate them in ours and have similar levels of flexibility on both sides. That exercise has taken us some time, but we're now getting to a fuller understanding of how the flexibilities or exemptions work within the EU.

On the issue of postal services, the EU has expressed a particular interest in courier services in the postal area. They've expressed interest in the issue of outgoing and inbound mail. We have no intention of changing the monopoly Canada Post has to supply mail service across the country, and we don't expect that will be challenged in any way.

• (1635)

[Translation]

**Mr. Jean-Yves Laforest:** Thank you.

[English]

**The Chair:** Thank you for your brevity, Monsieur LaForest.

Thank you, Mr. Verheul and Mr. Kur. We didn't get a whole lot of questions in there, but it has been very helpful to give us a start. As I say, we have the briefing books almost completed with translation, so they will probably be available to committee members. Thank you for your extensive work in that regard as well—and to the departments. It is very much appreciated—excellent briefings.

Thank you for coming.

Let's suspend for a few minutes while we bring in our next witnesses.

Thank you.

• (1635)

(Pause)

• (1640)

**The Chair:** We're going to begin.

I'm going to introduce our next guest and witness. I was hoping we might have the European Economic and Social Committee arrive early so we could put them together, at Mr. Julian's suggestion, which I think was a very good one, but we're not able to do that, as they're not here. So as soon as they get here we'll have them sit in and we'll carry on. If Mr. Langrish doesn't mind staying until 5:30, we'll have you join them as well.

Before we start, and maybe to give them another minute to get here, I just want to say to the committee members that in the last round Mr. Holder brought up the question of briefing books. Just for your information, I hope we have them here for you on Wednesday.

I should also say, with regard to the visit to the European Parliament, your tickets will be e-mailed. They're electronic tickets, so they'll all be sent to your offices directly, to your parliamentary accounts. And per diems will be direct-deposited to your accounts if that's the way you get your paycheque. If there are any questions about that, please feel free to give me a call or ask the clerk, but I

think it's all been taken care of. I hope to have everything completed by Thursday in that regard. You should have tickets, per diems, and briefing books by Thursday.

Let us proceed with our next witness.

Jason Langrish is the executive director of the Canada Europe Roundtable for Business. I'm going to ask Mr. Langrish to give us a brief opening statement and then we'll get into questions. In the event the representatives of the European Economic and Social Committee arrive, we'll ask them to sit in right away, because we are short of time today.

Mr. Langrish, would you please give us opening background?

Thank you.

**Mr. Jason Langrish (Executive Director, Canada Europe Roundtable for Business):** Thank you, Mr. Chair.

Just as a brief overview, the Canada Europe Roundtable for Business was founded about ten years ago. The reason we were created, with the blessing of the President of the European Commission and the Prime Minister of Canada at the time, was mainly because Canadian companies weren't allowed to participate in the U.S.-EU dialogue.

The purpose was to provide recommendations to government to eliminate impediments to trade and investment. We quickly recognized that you couldn't do those types of things in a silo and that we needed something more comprehensive to reflect where the economic relationship was going. Trade and investment were increasing—and in the case of investment, increasing dramatically—and we felt that the rules that were structuring the relationship between Canada and Europe were not sufficient to meet the challenges of the time, nor would they meet the challenges and the opportunities that would be presented in the future.

In 2006 we turned our attention toward a comprehensive free trade agreement and were supported by about 110 chief executive officers. As I said, we are Canadian and European; we represent the interests of both sides. We have Canadian-headquartered companies and European-headquartered companies in our membership, so we try to take as objective a viewpoint on these negotiations as possible, recognizing that we're of course very supportive of the negotiations.

We see the negotiations being of particular importance, considering the need for a degree of trade and investment diversification away from the United States and NAFTA. I think there is a sense that we've become fairly cozy within the NAFTA relationship, and as the world globalizes and becomes multipolar, if you will, Canada needs to move beyond its traditional trade and investment relationships in the continental realm and internationalize them. And Europe presents an excellent partner in that regard. We overlap our institutions, our approach to business, to trade, to investment, and our approach to the rule of law is roughly equivalent.

It's not to say that in the context of these negotiations there won't be difficulties, but if we are unable to conclude a negotiation with the Europeans—speaking as a Canadian citizen, which I am—we're going to have a hard time convincing any subsequent partners that we're serious about negotiating with them. We feel this is an excellent opportunity to attract further investment and trade into the Canadian marketplace, but also to provide opportunities for our exporters, our service providers, and for the pools of capital that have accumulated in Canada and seek returns. Sometimes it's domestic, but sometimes it's not, and trade agreements are vital for a country such as Canada that relies for over two-thirds of its GDP wealth on export markets and international affairs.

That's where we're coming from. And as I said, we look forward to seeing this agreement concluded in 2011.

● (1645)

**The Chair:** Thank you. That's very helpful.

We're going to begin questions. I think we'll probably do five-minute rounds, considering the time.

I'm going to go first to the Liberal Party. Mr. Murphy, are you going to start, or Mr. Silva?

**Hon. Shawn Murphy (Charlottetown, Lib.):** No, we can split it. Go ahead.

**The Chair:** All right. Go ahead, Mr. Silva.

**Mr. Mario Silva:** Very briefly, your organization includes people from what sectors?

**Mr. Jason Langrish:** They are more or less from most sectors. We have manufacturing. We have commercial services, legal services—

**Mr. Mario Silva:** Are there any other sectors?

**Mr. Jason Langrish:** Yes. We have capital markets, agriculture, engineering, infrastructure provision, resources, oil and gas, mining, and pharmaceuticals, both research-based and generic.

**Mr. Mario Silva:** Are those sectors excited about, or concerned about, the upcoming negotiations and what the final agreement might be?

**Mr. Jason Langrish:** Well, yes. They're excited; otherwise, I don't think they would consider being members in our organization.

There's a difference. They're excited, but they also have their wish lists, the things they'd like to see come out of these negotiations. I think there's a broad recognition that Canada's not going to get everything it wants and Europe isn't going to get everything it wants in these negotiations, but broadly speaking, yes, they're excited. They see real opportunities; they feel that whatever has to be or whatever type of sacrifice needs to be made will be worth it for the greater good that this agreement will bring.

**Mr. Mario Silva:** Thank you.

I have other questions, but I think they might be better answered by the department.

**The Chair:** Mr. Murphy, would you like to...?

**Hon. Shawn Murphy:** I want to ask your opinion on a couple of areas. In any agreement that they negotiate, there will, of course, be

winners and losers at the end of the day. One of the issues that concerns me is the dispute settlement mechanism.

I see today that the United States has filed another dispute over our softwood lumber. Really, despite NAFTA and the U.S. free trade agreement, it just goes on and on, and there doesn't seem to be any way to end it. We don't have free trade in softwood lumber, and we never had in 400 years.

Has your organization examined the resolution in terms of how disputes will be resolved? Are you satisfied? Although we're dealing with the European Union, we're still dealing with 27 different countries with their own cultures, their own economies, their own societies, and their own political environments, too, which will be interesting. Have you examined this? Are you satisfied that the proper mechanism is in place to resolve any disputes, which will inevitably occur?

● (1650)

**Mr. Jason Langrish:** Touching on the NAFTA experience, I would argue that it's been overwhelmingly positive.

When you negotiate trade agreements, it's not always going to work out perfectly in every single sector. Also, times will change. Economic circumstances will change. When we negotiated NAFTA, we didn't think we'd have a massive pine beetle infestation in the forests of British Columbia, as an example. Sometimes agreements are negotiated and concluded in such a way that they're very difficult to open up and refine as time moves on. What was a cutting-edge agreement in 1993 isn't quite so cutting-edge anymore.

With regard to the agreement between Canada and the European Union, we would argue that it probably needs to have a bit more of a degree of flexibility. That's why we push for things like a negative approach to services. It's very difficult not only to bring... It's more inclusive; let's put it that way. It also recognizes that there will be services 20 years from now that don't currently exist. If we have a positive list approach, we're going to have to be constantly going back, renegotiating, and reapproving all of these new elements of the economy.

With regard to the dispute resolution mechanism, I understand what's being considered is an investor-state provision. We're broadly supportive of that approach. We don't have any issues with that between Canada and the EU.

While it is true that the European Union has 27 member states, it's not quite as disjointed as people make it out to be. It actually has fairly clear rules and procedures for governing how it conducts its activities, both internally and internationally. In fact, they're generally very clear and very streamlined.

We see no reason that this agreement won't benefit Canadian investors in the European Union. If they feel their rights or their commercial activities are being compromised, they will have a robust mechanism to challenge that. It's something that they don't have right now, which causes problems at times for Canadian companies. We've had examples, notably in the mining sector in some of the new member states, in which they've basically been hung out to dry. If they had had an investor-state provision, it would have been a much different situation for them.

**Hon. Shawn Murphy:** Do you see the whole issue of climate change becoming an obstacle? It would appear to me the European Union is much more evolved on that issue than Canada is, and we're not really in the same book at all. Do you see that becoming an obstacle as negotiations reach the finalization stage?

**Mr. Jason Langrish:** I don't think so. I think they've recognized the differences in our economies. Certain European countries have made no secret of their displeasure at how Canada has conducted itself at times. I haven't seen it creep into this negotiation. They understand we have a vibrant resource sector and they're more of an end user. While they have made great strides in that area, part of it has been driven by a need for efficiencies, because they are resource-constrained in a way in which we aren't.

I don't think they're going to be pushing for any sort of legislative mechanism or regulatory mechanism in the context of the CETA to address climate change. I certainly hope there will be a robust chapter on cooperation on low-carbon technologies, infrastructure development, and research and development. A whole pool of expertise exists in the European Union that could be deployed in Canada. That's one of the reasons we believe that some of the provisions in the agreement, like fair and transparent reciprocal access to procurement markets, will be a benefit to Canada, because it will provide greater choice in terms of accessing these technologies in our efforts to deal with carbon.

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

Thank you for that very helpful answer.

Monsieur Laforest, five minutes, please.

[Translation]

**Mr. Jean-Yves Laforest:** Thank you, Mr. Chair.

Good afternoon, Mr. Langrish. You represent the Canada Europe Round Table for Business. Have you looked into assessments of money values? Do you have an idea of how the agreement might affect the GDP increase in Canada and in the European Union? Your round table brings together people who are interested in trade and want to increase their exportation and production. Are you in a position to estimate what that would mean in dollar terms?

• (1655)

[English]

**Mr. Jason Langrish:** I should preface this by saying that despite the fact that we have very large companies in our membership, we are an organization of modest means. There's only so much we can do, and conducting a study of that scale is beyond the ability of organizations of our size. Typically, you don't find that organizations conduct their own studies anyway. They tend to contract them out almost exclusively. In the United States sometimes you'll see groups that do that, but that's usually because they're capitalized with huge budgets and they have a lot of people on staff. It's not a dynamic that presents itself very often in the Canadian context.

Several other studies have been done independently of us in which we've either contributed or done peer reviews. Of course there's the joint study that was done by the Canadian government that estimated an increase in trade of about \$12 billion for Canadians and \$19 billion for Europeans. We'd be looking more at those numbers in terms of backing up. The federal government has also conducted

several studies over the years as well, dating back to 2003, when Minister Pettigrew was a minister. They generally tend to report the same increases. As a percentage of our GDP, it's not particularly large. These studies tend to be very cautious and they tend to have very long timelines they believe the agreement will reach. You would have seen the same thing, quite frankly, with the MacDonald commission and the FTA as well. It underestimated what the gains were.

[Translation]

**Mr. Jean-Yves Laforest:** Despite not having an independent study on an evaluation, what do you think are the main strengths on each side? What sectors might be disadvantaged in Canada and in Europe? What are Europe's weaknesses?

I know that your organization brings together people from the European Union and from Canada, but as a representative, you should have some idea of these strengths and weaknesses.

[English]

**Mr. Jason Langrish:** I will say that this is going to be a bit of a loaded question, because when FTA negotiations were conducted between Canada and Europe they said our wine sector would be decimated. Well, we saw that wasn't the case; in fact, the opposite happened.

So to try to guess how certain sectors will respond when faced with enhanced competition is difficult. But what we can say is that there will certainly be opportunities for our agricultural exporters and our resource exporters, and there will undoubtedly be opportunities for our service providers.

There will be opportunities in manufacturing, but it will be important that the manufacturing sector responds to what will be enhanced competition. Undoubtedly there will be enhanced competition. It's not a given, but it's a necessary condition, because, frankly, our productivity is quite woeful in Canada, and I would argue that part of the reason for that is that the levels of competition that our manufacturers experience are not on par with what some other jurisdictions experience.

We will see an opportunity for growth in terms of professional services—and certainly if we can increase mobility. We will also see sub-contracting opportunities. Companies tend to establish their supply chains where free trade areas exist, because tariff levels, even if very low, act as implicit taxes all through the supply chain of inter-company trade, which often doesn't get captured in trade statistics. So there will be opportunities that will come about through that in the manufacturing and services sectors, undoubtedly. Also, if we have European investors in Canada with other companies providing contracting services to those large companies, there's no reason to believe that those partnerships couldn't evolve into something that takes place in all corners of the world.

[Translation]

**Mr. Jean-Yves Laforest:** Thank you, Mr. Langrish.

[English]

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

We're moving right along and have five minutes.

Mr. Julian.

• (1700)

**Mr. Peter Julian:** Thanks, Mr. Chair.

Thanks to our witness. I think I'm quoting you accurately. You said this deal, despite some losses, would be a sacrifice for the "greater good". Is that accurate?

**Mr. Jason Langrish:** I said that when you conduct any negotiations, sacrifices will have to be made. But I think everybody understands there's a greater good at play here.

**Mr. Peter Julian:** Yes, so that's not a misrepresentation of your comment.

**Mr. Jason Langrish:** Well, it is to a degree, but we'll let it slide.

**Mr. Peter Julian:** Okay, thank you for that.

I'm just referencing and going back to NAFTA and the Canada-U.S. Free Trade Agreement, because the reality for most Canadians is that they're poorer now than they were two decades ago. What's happened is a major shift in income towards the wealthiest part of our population, as their incomes have skyrocketed—including many of the folks on your list—but the Canadian middle class has actually seen their real income decline, and poorer Canadians have seen an even greater decline. We've lost half a million manufacturing jobs.

If we look at the record so far, whether it's the softwood lumber sell-out or the shipbuilding sell-out or NAFTA, we're seeing a hollowing out of our economy. So the record hasn't been good, except for a very narrow group in our population. So coming back to your comment, you're saying that people should realize what the greater good is, but at what point would your association be willing to say that this is not in Canadians' interests?

We have the only accurate study done suggesting there will be a 150,000 net loss of jobs. We have supply management on the table, and we know how important supply management is for farming communities across the country; it's been the one stable agricultural sector that has managed to generate income from family farms over the past few decades. We have the cultural sector, which is very concerned about the impacts here. We have municipalities like the Union of B.C. Municipalities taking a stand against the agreement because of the impact on local businesses. We have the investor state provisions that drag the Europeans down to a lower standard, when we should have a higher standard.

Given all of these concerns about the negotiations going off the rails, the impacts could be quite devastating. The NDP supported the negotiations at the outset because we thought we would be moving to effective European standards, but it's not the way things seem to be turning out. I'm wondering about the message you're bringing here today. Is it to sign it at all costs? Or are you saying "We're watching, and we're concerned too about the impacts on supply management and the cultural industries and these other sectors"?

**Mr. Jason Langrish:** Well, I would question your logic. You're basically stating that the reason we have income disparity is that we negotiate free trade agreements. That's quite a leap.

**Mr. Peter Julian:** No, actually, sir, what I'm saying is that it is false to pretend that NAFTA and the Canada-U.S. Free Trade Agreement have brought unprecedented levels of prosperity. When we look at the last 20 years, most families have actually seen their real incomes decline.

**Mr. Jason Langrish:** Yes, but there's nothing in your argument to back up your point that a disparity in wealth has been a result of NAFTA. You could just as easily make the argument that the reason we have lost manufacturing jobs is because technological innovations have made it easier to off-shore production to the lower cost jurisdictions in Asia and the developing world.

By the way, on the degree of fairness, are we supposed to ring-fence our societies and our economies and say tough luck?

**Mr. Peter Julian:** Well, that's not fair, because there's more than one choice.

**Mr. Jason Langrish:** But we had the opportunity to develop export markets, and now we're saying to them that they don't?

I think if you looked at NAFTA, it's unprecedented in terms of the actual benefit it has brought. It quadrupled trade up until about 2000, with steady gains in trade and investment across the board. It has only been since 2000 that there have been ups and downs. Now you can't attribute those to free trade. What you can attribute them to are housing bubbles, recessions, and security concerns, but to attribute a recent decline in trade and investment numbers to a free trade agreement doesn't make any sense.

**Mr. Peter Julian:** No, what it does mean is that these economic policies aren't working—

• (1705)

**Mr. Jason Langrish:** But it doesn't.

**Mr. Peter Julian:** —and when you have the middle class earning less now than they were two decades ago, that's a matter of concern.

**Mr. Jason Langrish:** So do you now say that taxation policies could be—

**Mr. Peter Julian:** You've made your point, and now I'm going to make the rebuttal.

The issue is what is the trade template that we have, and does it have a dysfunctional result? When you look at the export figures for each of these markets where we signed bilateral agreements, the exports actually declined.

**Mr. Jason Langrish:** No, they haven't.

**Mr. Peter Julian:** So there's a fundamental problem when we sign these agreements and we end up, as we have with Costa Rica, actually seeing a decline in exports to those markets. That's a fundamental problem that I think your association should be looking at.

**Mr. Jason Langrish:** Okay, I thank you for your lecture, and I'd be happy to take any further questions.

**The Chair:** That's what we have to do.

We have time, I think, for one more, and that would be by Mr. Allison. You will begin, and if you want to share your time.... Or is Mr. Trost...?

**Mr. Dean Allison:** Well, I actually wanted to, but I'm going to share it.

**The Chair:** Actually, I see you have the Conservative international trade expert, Mr. Peter Braid, here today.

Are you going to lead the questions?

Oh, it's Mr. Trost. Very good.

**Mr. Brad Trost (Saskatoon—Humboldt, CPC):** I will ask one question here, and then we'll rotate to one of my colleagues.

I'm wondering if you might elaborate a little bit more about labour mobility and what it means to your members, specifically what you would prioritize as being important to Canada, again from your members' perspective as far as labour mobility is concerned, and how you would advise us in going about lobbying and pushing for it.

**Mr. Jason Langrish:** On labour mobility and these things, they are always prioritized. The big driver behind labour mobility is the fact that companies operate globally. So Canadian companies operate in European member states and vice-versa. The number one interest that they're going to have is being able to move their executives around without having to go through very tedious visa requirements. You'd also be looking at things like spousal visas. That's very important, because, obviously, married or common law couples don't really want to split when presented with a job. Both want to be able to work. So that would be a priority.

The other priority is also with regard to professional services, probably at the higher level. As an example, a European company could be invested, say, in Alberta. Maybe it's a technological program of some sort, like a carbon capture and storage program or something like that. It's not reasonable in all cases to expect that if some German company, say, is going to be a lead partner on some project, we're going to find a Canadian engineer who's going to be the principal on it, at least at the outset. They're probably going to have to bring somebody over to get the project moving and to do some coaching to help build the team, and so on. Something that companies are going to be looking for is the ease with which they can move their people around when they choose when and where they're going to be doing projects. You're not talking about creating new jobs here; you're talking about allowing people to move in the first case, and it's those investments that are going to create new jobs.

Also, with regard to the highly skilled workers, like engineers, architects, lawyers, and financial service providers, a degree of mobility is going to be important there, because the reality is that these are positions that operate in a global environment, and if you're not able to provide that type of response to labour mobility, they'll go elsewhere.

**Mr. Peter Braid (Kitchener—Waterloo, CPC):** I have a question for Mr. Langrish.

Thank you very much for being here. You've touched on this; could you please elaborate on the impact you feel the CETA between Canada and the EU will have on the level of innovation in Canada and the creation of knowledge-based jobs, the sorts of jobs that we want to see established in our economy?

**Mr. Jason Langrish:** Well, again, a study done recently by the Rotman School of Management basically said that we need to be pursuing these free trade agreements because it is this level of competition that stimulates innovation.

That happened in countries like Sweden or Finland when they opened up their economies and restructured. Sweden restructured in the 1990s. It liberalized its economy and became more outward-looking. The levels of productivity increased and the levels of

innovation increased. With the increase in productive capacities in open markets, the level of export increased as well. This is the kind of thing that we see the CETA doing.

This is not a race to the bottom. We're not competing against a jurisdiction that has low labour costs or low labour standards; in fact, they're higher than ours. The reason they have higher levels of productivity is not that they're inherently smarter or more competitive than we are; it's because they operate in an environment that is inherently more competitive than the one in which we operate. If we believe that we can ring-fence our industries and pursue some kind of state-driven industrial policy and experience growth in productivity and export markets and national wealth, we're kidding ourselves.

• (1710)

**Mr. Peter Braid:** Thank you.

Thank you, Mr. Chair.

**Mr. Dean Allison:** Thank you for being here.

My question relates to the trade agreement, but it relates more to what Mr. Braid talked about, intellectual property and things like that.

We look at trying to stimulate and do things with the venture capital market, private equity, and things like that. Do you not see an agreement like this facilitating the way? I've heard and seen European pension funds looking at trying to invest in some of our private equity companies and the like. Look at the great resource we have in R and D here, and the great research that goes on in this country, and yet we could do a better job of commercializing it.

Do you see this agreement as trying to facilitate the confidence and the money that get invested back into Canada as well? Is it a two-way street to see them invest here, where they see there's going to be an opportunity with two markets?

**Mr. Jason Langrish:** Directly, in terms of the venture capital and how the agreement will affect it, it's hard to say, but more broadly, the answer is yes. Venture capital is going to chase places where it can get good return. It's going to go to places where the investment climate is stable and predictable, and when, if your rights are compromised, you have some sort of retribution, some sort of path that you can pursue.

It's also going to be the opportunities. We talk about this all the time in agreements, whether with the European Union or any other jurisdiction: you look to go to places where you feel you can pursue commercial opportunities, innovate, and get a good rate of return. That can be in infrastructure, it can be in resources, it can be in manufacturing, it can be in services, but you don't do it by having fragmented markets or by having barriers between countries. It doesn't really work out in practice; it might sound good in principle, but in practice the record shows that it doesn't work.



Further to that, we also see this agreement as moving along the process of removing the interprovincial trade barriers that exist in Canada, which are not only a barrier for foreign investors and traders into Canada but also for our own companies, which have difficulty, contrary to what some have said. They have difficulty with regard to getting their professional qualifications recognized, bidding on contracts, and providing their services. This is completely unnecessary and doesn't make a lot of sense. We're the only OECD country that doesn't have a single securities regulator. I don't think we are the ones who have got it right while everyone else is out of step. The evidence is overwhelmingly against us.

In these instances I think that we do need to move forward and reform in order to maximize our potential.

**The Chair:** Thank you, Mr. Langrish. That was very helpful today. We hope to perhaps have you back in the new year when we pursue this again. It's just the joy of the committee. Thanks very much.

I'm sorry to the committee generally. We're running a little late today. We have our next witnesses prepared to go, so I'll bid Mr. Langrish farewell, and while we're doing that, we'll immediately set up the seats for our visitors from Europe.

I'm going to beg the indulgence of the committee. We may just have to go a little over time today. We have a visiting group from the European Union. They are the European Economic and Social Committee of the European community.

I think the committee will be provided with some documentation.

The European Economic and Social Committee is on a visit to Canada. We're very pleased that they were able to find some time today to join us briefly.

I hope at least that we can have an opening statement from our guests and perhaps establish some context so that members of this committee will have friends in Europe to ask questions of when we go over there.

I'm going to now introduce the members, but first I think we'll take a moment to set up translation for those who may need it.

Thank you to our committee and witnesses.

I will let Sandy Boyle, the president of the international relations section of the European Economic and Social Committee, explain who they are and what brings them to Canada at this time. We're very pleased that they are here, and I think that the members, on the eve of our visit to the European Union, will get some real benefit out of this.

I don't think there's going to be time for a lot of questions. It may be a bit unusual, but I'm going to ask you to extend your opening remarks a little bit to give us some background. I think members might benefit from that greatly.

I will introduce the members from various parts of the European Union. As I said, the president of the international relations section is Sandy Boyle. He's joined by Rose D'Sa, from the U.K.

I'm sorry, Mr. Isaias; I didn't catch what country you're from.

•(1715)

**Mr. José Isaias Rodríguez García-Caro (Member of the Committee, European Economic and Social Committee):** I come from Spain.

**The Chair:** Yes, it's Spain. Exactly. I knew that.

Jean-François Bence is also a committee member. Welcome as well.

With that brief introduction, I'm going to ask Mr. Boyle to carry on and give us a bit of background.

**Mr. Sandy Boyle (President, International Relations Section, European Economic and Social Committee):** First of all, thank you very much indeed for the opportunity to be here.

As you correctly said at the beginning, we are here on a relatively short but very, very intensive program, which is representing the European Economic and Social Committee, of which the three of us are members. Jean-François is the director responsible for, among other things, external relations, but he also covers the key areas of agriculture, transport, and energy, which of course in many ways are central to some of the discussions we are having during our three-day visit here.

You asked me to be brief. I will try to be as brief as possible.

The European Economic and Social Committee is as old as the European Union itself, and I think therein lies an important message, because the founding fathers, which were only six countries, put in place a structure to ensure that civil society.... And can I say that it's the European definition of civil society? I understand that in Canada it can have some different implications, but civil society as we define it is three very distinct groups.

We have the employers group, of which José Isaias is a member and indeed a vice-president. We have the employees group, which, until I took over as president of external relations, I was a vice-president of. And we have the various interests group, which brings together quite a diverse grouping, but key players such as lead players in agriculture, consumers, and NGOs. Cultural groups and other groups come in there. But I wish to emphasize that we are talking here about predominantly mainstream European groups in terms of these three essential component parts representing now not the six countries that formed the EU, but the 27 countries that now form it.

We are a very large committee. It's done on a proportional basis between the three groups, equally divided, and the largest countries have more members than the smaller countries, but in total we number 344, so it's a very large grouping. Indeed, it's such a large grouping that we need to meet in Brussels when the European Parliament meets in Strasbourg, because we need to use their premises. Unlike here, we talk in 22 different languages, 21 of which are active in many meetings, so it's quite a diverse grouping.

The principal purpose of our visit here to Canada is that we were involved in an opinion on EU-Canada relations—that was heavily involved also—and commented on the trade agreement and the negotiations on the trade agreement. The unanimous view of our plenary, which carried the opinion, was favourable towards a trade agreement, and a substantial trade agreement, between the EU and Canada.

We also made specific recommendations on two components that we believe to be important, one being the need to address the question of sustainable development, which is now very much part of the EU agenda in trade agreements. The second, given our definition and how we value the role of civil society, is the hope that the EU-Canada agreement can replicate what has been the recent trend of finding a body that would be a joint body between the EU and Canada, made up of employers, of employee representatives, and the types of various interest groups that I have described, which could act as the body. It will not negotiate. It's not part of that process. It is part, then, of the ongoing evaluation and implementation process of the whole trade issue going forward.

I have tried to be as brief as I can. My colleagues will obviously wish to perhaps amplify if there are any questions, but in the interests of brevity, that is perhaps in a nutshell what we do.

● (1720)

The only other thing I would say is that in our external relations field, we now have 15 very formal structures, with bilateral arrangements with countries such as China, Brazil, and India, where we have our round tables. We're in the process of establishing a structure with Russia. Also, we are active on a regional basis in areas like Africa, the Caribbean Pacific, and Latin America, where we have specific forums that in many ways mirror the parliamentary structures in Europe. We become involved with civil society organizations, as I've defined them earlier, on this basis of mutual cooperation, exchange of views, and working on a common path together.

I will stop there in the hope that perhaps we can have a brief dialogue at what I know—for you and for us—is the end of a very long day. Thank you very much indeed.

**The Chair:** Thank you very much, Mr. Boyle, and thanks to all of you. I know that it has been a very busy visit to Canada. They really have stacked your agenda. I hope you get as much out of it...

In the interests of time, and as members have other matters on their schedule, I think we're going to do a quick round. I think we'll take one question from each party. I'm going to ask each party to keep it to two or three minutes.

That doesn't do you justice. I very much appreciate your coming, but also for bringing in this information, which has been very useful. You've established a contact with these folks, who may want to pursue those contacts with you further.

Mr. Boyle?

**Mr. Sandy Boyle:** I'm sorry to interrupt, but it was remiss of me when I was rushing: I should have stressed that we are an advisory body.

**The Chair:** Yes.

**Mr. Sandy Boyle:** I just wanted to make that clear, because Jean-François correctly drew to my attention that I had not, and we have a clear role in terms of where we are consulted by the Parliament on legislative programs, etc.

My apologies for interrupting. I just wanted to clarify something it was remiss of me not to say at the beginning.

● (1725)

**The Chair:** That is helpful. This is new to this group as well. I would ask that you might just have in the back of your mind that as we conclude I'd like you to give a very brief wrap-up as well. That may come as early as ten minutes from now, but nonetheless...

We're going to start with Mr. Silva of the Liberal Party, for two minutes.

**Mr. Mario Silva:** Thank you very much.

I apologize that we have to all be very quick here, but unfortunately our meeting ends at 5:30.

Thank you very much for being here.

I just want to clarify one thing. When you said "civil society", you mentioned employees. Is that trade unions representing the employees? How does that work? Is that the case?

**Mr. Sandy Boyle:** Yes.

Do you wish me to answer them as they come...?

**Mr. Mario Silva:** Well, if you can, that's fine. Maybe I'll go—

**Mr. Sandy Boyle:** The answer to that is yes.

**Mr. Mario Silva:** Okay. Thank you very much.

You've said that the advisory opinion has been favourable towards Canada from all of these different groups, including the labour groups represented at the table.

**Mr. Sandy Boyle:** Absolutely.

**Mr. Mario Silva:** Okay.

There's another question I would ask. In terms of your advisory role capabilities, is that going to be decisions that...? You're now putting forward I guess some favourable commentary because Canada and the EU share common values, but is the opinion from your perspective that we should pursue this because Canada will open up other avenues for the European Union with, let's say, the U. S. and Mexico because of our NAFTA agreement? Or is it because it's a good idea to do Canada because it makes sense? I just want to know what the logic is behind your support of the argument.

**Mr. Sandy Boyle:** Our opinion is on Canada and Canada alone. We also, a few years ago, had an opinion in terms of transatlantic relations, but our experience in terms of looking at things from a transatlantic point of view has not been terribly productive.

In terms of the major partner in the transatlantic dialogue, there are bodies for individual groups, like, for instance, employers groups, etc., on a transatlantic basis, but our opinion is focused on Canada. I think you correctly said that one of the key areas of that is the mutual shared interest. Of course, from a European perspective one would see benefits, but we see the benefits being very much a two-way process.

**Mr. Mario Silva:** That clarifies things for me.

**The Chair:** Thank you.

Monsieur Laforest, *deux minutes, s'il vous plaît.*

[Translation]

**Mr. Jean-Yves Laforest:** Thank you, Mr. Chair.

Good afternoon, everyone.

I was looking at the list of people sitting on the European Economic and Social Committee. If the agreement is ratified, you will be involved in the evaluation process. There is already documentation on the subject. Your role will consist in evaluating the agreement, in collaboration with a similar agency in Canada, once a year. So much variety and so many countries are involved, and people will be representing you. You will have to conduct an evaluation taking into account the interests of workers, executives, business managers, banks, industry, the private and public sectors, and so on.

Have you set rules in advance for determining whether there is consent following the free-trade agreement's performance evaluation? It is a rather complex process. Have you set rules in advance?

[English]

**Mr. Sandy Boyle:** The answer to that would be no, we have not set rules in advance, but we have in terms of other trade agreements. This has been a reasonably new phenomenon in terms of the trade agreements, that there is the facility for this ongoing role for, as we define them, the civil society organizations.

But I stress very much that we do not see this as being an EU evaluation by ourselves in isolation. The preferred route we have is that it is a joint body that reviews with our partners who have similar partners from the Canadian side.

I very much stress that it is that form of joint evaluation we see as being the enduring value that a body such as that would add. Ultimately, as we see it, for the success or otherwise of trade, it's going to be absolutely imperative that the business communities, those who are affected in terms of the employees in the industry, and the wider areas such as agriculture, consumers, etc., I've mentioned, have this ongoing voice in terms of the direction the agreement goes, and the implementation.

• (1730)

**The Chair:** Thank you.

Mr. Julian.

[Translation]

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

Thank you for being here today.

[English]

I find your recommendations around social justice, against social dumping on the environment, very intriguing, and I have two questions I'd like to ask.

First, who have you met with, and who are you meeting with— which civil society groups, which parts of the labour movement— while you are here in Canada?

Second, there are some criticisms in Canada on where these negotiations are leading, particularly the impacts socially and environmentally. If we're looking at completion of the negotiations in a year or so, what would your role be? Would it be your role to say there are overall negative social and environmental repercussions? Would your role be to say we don't believe this agreement should be ratified by Parliament? Or would your role simply be to offer some recommendations about where the negotiation should go?

**Mr. Sandy Boyle:** I stress that ours would be an advisory role. For the specifics, I'll ask Jean-François to answer, because I think we should share some of this, and you should not just hear a monologue from me. We're here very much as a team, and I want to stress that.

I have a program here, and perhaps the easiest thing would be to make sure it is available to you. We believe, on the excellent advice that we've had from the EU delegation here in Canada, that we are meeting all the major players. We started off this morning with a very valuable meeting with the Canadian Agri-Food Trade Alliance. We had lunch with the Quebec and Ontario CETA chief negotiators, something that was extremely valuable in terms of giving us that type of background. We've met with CERT, and immediately before this meeting in fact the representative left to come here, and I saw him in the chair just before we came here.

Tomorrow we are of course meeting with our own member states. We're having lunch with the chief CETA negotiator, and we're then meeting, I think, with the lobby that is defined more as the anti-lobby, the Council of Canadians. We're meeting with the Canadian Federation of Agriculture, and then we're having a meeting with the Assistant Deputy Minister of Foreign Affairs for Europe to discuss the framework agreement, and we're meeting with the Consumers' Association of Canada and also having a lunch with academia.

So I think it's a pretty broad program in only three days. We're not saying it's totally exhaustive by any standards, but we believe it's a program through which we can meet in the main with the bodies— and of course when we meet with the Council of Canadians that will include the Canadian Labour Congress, which will be party to that meeting. I can also say that in Madrid at a recent meeting, I managed to have a dialogue with them. So we're trying to connect also individually and collectively as we go forward with the respective groups. I know that José Isaias very much so.... Business Europe has been connecting very much with the business community, and we look forward to trying to develop links with the other partner organizations that I've mentioned.

On the specifics of environment, I'll ask Jean-François to speak.

[Translation]

**Mr. Jean-François Bence (Director, Consultative Works, European Economic and Social Committee):** You asked a question about the monitoring of the negotiations and about how interactions take place. The committee's position is stated in the opinion. We are constantly in touch with the European negotiators, and briefing and debriefing meetings are held. We are also in contact with the parliamentary committee that deals with international trade.

Once the agreement is finalized, we will provide our opinion on it. Since we are an advisory body of the European Parliament, the council and the commission, once an agreement is reached, we share our opinion with all those organizations about whether or not the agreement should be concluded and whether or not it should be ratified.

• (1735)

[English]

**Mr. Peter Julian:** Merci.

**Mr. Sandy Boyle:** Chair, can I be guided by you? Rose would like to respond briefly to this issue. Is there time to do that? Thank you.

**The Chair:** Yes, please do. Go ahead.

**Dr. Rose D'Sa (Member, European Economic and Social Committee):** Thank you, Mr. Chairman.

I detected in your question, Mr. Julian, a possible note of criticism, in that you were concerned about the possible negative impact, either socially or environmentally, of any proposed trade agreement between the EU and Canada. Therefore I wanted to stress that our purpose in coming here from Brussels was to say that European civil society organizations, or what you might call stakeholder bodies, are very keen to discuss with their Canadian counterparts any possible negative impacts this trade agreement might have either on Canada or on the European Union. We think if we discuss in an open and transparent way all our respective interests, we will have a much better chance of influencing the draft document in a positive way. As you have heard from Sandy, we have very extensive consultation plans over the next three days, and we fully intend to consult both people who are pro and those who are against this agreement, because we feel that the European Union and Canada have a huge amount of mutual interests, common values, and a common desire to be prosperous in the longer term, in terms of world prosperity and world trade.

If we as people with common values cannot negotiate with each other, then all is lost. So our purpose in coming here is to make sure that we have the best possible agreement, that we avoid putting contentious issues under the table or under the carpet. We want to raise them, bring them out in the open, and deal with them in a very constructive and transparent way. Our understanding from our Canadian counterparts so far is that the mechanisms here have been transparent, and that the involvement of the provinces has been a path-breaking initiative on the Canadian side.

We represent 27 countries with very different political and economic backgrounds, and if we can work together and you can work together, we could have a fantastic trade agreement. That's why we're here.

**The Chair:** Hear, hear.

Thank you very much. I'd love to wrap up on that positive note. Thank you very much for that.

We have time for one more. Go ahead, Mr. Keddy, for two minutes, please.

**Mr. Gerald Keddy:** Two minutes it is, Mr. Chairman.

Welcome to our guests. Although the discussion has been very brief, it has been very positive.

We very much look at this as a very comprehensive agreement. At the end of the day, it will hopefully be the most comprehensive agreement we've ever signed. We look to a fair and equitable conclusion for both the European Union and for Canada.

We will need to continue to negotiate a number of issues. One of the difficulties I'm trying to wrap my head around as a member of Parliament is how we can have investor protection for investments by Canadians in Europe and by Europeans in Canada, enable ongoing fair business dialogue and business practices to occur, and still protect that investment should member states decide—individually or together, for whatever reason—to penalize that investment.

In a nutshell, how do we promote good behaviour and penalize bad behaviour, yet promote trade at the same time? I don't think we're quite there yet.

**Mr. Sandy Boyle:** I'll give José Isaiás an opportunity, because he is the final one to say a few words.

**Mr. José Isaiás Rodríguez García-Caro:** Thank you very much. I will continue in French.

[Translation]

Your question was very interesting. I have with me a joint draft letter that we, that is, the European and Canadian employer organizations, are working on. The letter will touch on certain topics that are important to us, one of which is the protection of intellectual property.

There are more points we agree on than points we disagree on. Certain elements will have to be considered along the way, but they should not prevent us in any way from concluding this agreement. Our opinion covers issues we must try to resolve before the agreement is finalized. The scope of the agreement is so important to us, and the European Union-Canada relations are very solid.

Canada is a strategic country. We think that this fact should not stand in the way of anything, even though we have differences from an organizational standpoint. We are a civil partnership established by the European Union and we don't even have any Canadian counterparts, but, frankly, this is a major risk that we are ready to take.

What you are saying, thanks to the discussions and the willingness to conclude a very ambitious and comprehensive agreement, should help us finalize the agreement. We want to do that as soon as possible.

Thank you.

• (1740)

[English]

**The Chair:** Thank you very much.

Mr. Boyle, I want to say thank you again to the committee. I'm going to let you wrap it up, but this has been very helpful. It has been very fortuitous for the committee that we found the time and that you were able to find some time in your busy schedule to have this opening exchange with us. It's been very helpful, and with that I'd ask you to close.

**Mr. Sandy Boyle:** I think from our perspective we would simply wish to echo what you said. We are very grateful indeed for the opportunity to be here.

The point I started on was the point I think I can finish on. We would hope that in the course of the negotiations, there is a recognition—which I believe will be forthcoming from the European side—and a recognition from our Canadian counterparts in Parliament that there is a role, and an ongoing role post the agreement itself, for the type of structure I was outlining, where we could establish some form of joint body. I think the argument is that if we can get it in the Central American agreement, if we can get it in Korea, and we can get it in CARIFORUM, there should be absolutely no obstacle to having one with Canada, where we are far, far closer culturally and have far, far closer ties than we do with some other areas.

There is real value, we believe, in coming together, as I've described in mentioning the civil society contacts and this important role of evaluation in the implementation era. It's an important part of the jigsaw. I'm not arguing that it's any more than that, but that from our perspective, it was really one of the key areas coming from civil society that we included in our opinion. It's one of the areas we're here to try to explore. The thing I am pleased about is that the partners with whom we've discussed this to this date—and I can't talk for everyone yet, because we have not met them all—share the potential benefits that could come from such a structure. We may get a different view from others. We have to wait and see until we see the entire representation.

Thank you very much for the opportunity, and we can only hope that there is a continuing positive dialogue between the EU and Canada that bears fruit. Thank you very much indeed.

**Some hon. members:** Hear, hear!

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

And with that, ladies and gentlemen, I'll wish our witnesses Godspeed, and thank you again for coming.

We are adjourned.

---





**MAIL  POSTE**

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste-lettre**

**1782711  
Ottawa**

*If undelivered, return COVER ONLY to:*  
Publishing and Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,  
retourner cette COUVERTURE SEULEMENT à :*  
Les Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of  
the House of Commons

### **SPEAKER'S PERMISSION**

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and  
Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5  
Telephone: 613-941-5995 or 1-800-635-7943  
Fax: 613-954-5779 or 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the  
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

### **PERMISSION DU PRÉSIDENT**

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les  
Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5  
Téléphone : 613-941-5995 ou 1-800-635-7943  
Télécopieur : 613-954-5779 ou 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à  
l'adresse suivante : <http://www.parl.gc.ca>