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Chair

Mr. Lee Richardson

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•(0855)

[English]

The Chair (Mr. Lee Richardson (Calgary Centre, CPC)): Welcome to this the 45th meeting of this session of the Standing Committee on International Trade, where we are today continuing our study of free trade between Canada and the European Union.

We have as witnesses today: from Cavendish Farms, Mr. Ron Clow, the general manager; from the Dairy Farmers of Canada, not Jacques Laforge, who I understand is caught up in some snow in Quebec or New Brunswick, but Mr. Richard Doyle, the executive director of the Dairy Farmers of Canada, who is replacing him. In addition, we have, as an individual, Mr. Michael Geist, who is Canada research chair, Internet and e-commerce law, at the University of Ottawa.

I think you're all aware of our normal procedures, where we'll ask each of you to provide a brief opening statement, which will be followed by questions from the committee.

Perhaps we'll begin with Mr. Geist.

Dr. Michael Geist (Canada Research Chair, Internet and E-commerce Law, University of Ottawa, As an Individual): Thanks. Good morning.

My name is Michael Geist. I'm a law professor at the University of Ottawa, where I hold the Canada research chair on Internet and e-commerce law. I've been active on copyright and intellectual property issues for many years. Last year, I edited the largest academic study to date on Bill C-32, the current copyright bill, with peer-reviewed contributions from 20 leading Canadian experts.

I appear before this committee today in my personal capacity, representing only my own views.

The committee's recently released report on CETA's fact-finding mission focused primarily on two intellectual property issues—geographical indications and pharmaceutical patents—so the committee is aware of some of the concerns associated with the EU proposals, particularly some of the impact on agricultural products, and even more so on pharmaceutical pricing.

But I'd like to focus on another intellectual property issue within CETA: copyright. I believe that to fully understand the CETA copyright provisions, they should be viewed within the broader context of copyright trade pressures on Canada.

As committee members may be aware, Canada recently participated in the anti-counterfeiting trade agreement negotiations that led to a draft agreement in December of last year. The United

States and the European Union were two of the leading protagonists behind the treaty. While few would oppose genuine efforts to deal with dangerous commercial counterfeiting, ACTA generated a global public outcry on at least two grounds.

First, the secrecy associated with the negotiations led to widespread concern about the negotiation of an intellectual property agreement—

[Translation]

Mr. Claude Guimond (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Pardon me. I believe our guest is speaking a little too quickly for the interpreter.

[English]

The Chair: If you could just slow it down a touch, our able translators can keep up.

Dr. Michael Geist: Sure. That's no problem.

The Chair: Thank you.

Dr. Michael Geist: So there were two global concerns with the anti-counterfeiting trade agreement. First, the secrecy associated with the negotiations led to widespread concern about negotiating an intellectual property agreement outside the conventional international forum of the World Intellectual Property Organization and with a level of secrecy normally accorded to military documents.

Second, the substance of the agreement extended far beyond addressing commercial counterfeiting issues. Instead, there was a concerted effort to renegotiate international intellectual property law by increasing the level of protection beyond required norms.

The final agreement raises some concerns—and I'm talking about ACTA here—though many of the most problematic provisions were ultimately amended under pressure from a coalition of countries that included Canada. I raise ACTA because many of the concerns associated with that treaty are being replicated within the CETA process, yet this time there is no coalition to argue for maintaining international flexibilities.

First, the same secrecy concerns that arose within the context of ACTA arise here. It's true that there have been leaks of various CETA chapters, including the intellectual property chapter, yet commenting on leaked chapters is not a full substitute for full and open consultations that permit expert analysis and opinion on proposed treaty rules. Waiting until we have a final or even near final text isn't good enough. We need public access for the purpose of informed commentary before the final trade-offs and the negotiations are concluded.

Second, and even more so, the substantive copyright provisions within CETA, from what we know, raise some significant concerns. In this regard, I'd like to make five brief points.

First, the inclusion of intellectual property policy marks a dramatic shift for Canadian trade negotiations, which have conventionally addressed market entry, investment, and tariff issues. As Dan Ciuriak, a former deputy chief economist at the Department of International Trade, has noted with respect to the CETA IP provisions, the process is not a sound one. In a hotly contested area, to have fundamental business regulation made in this fashion is not sound.

Second, the inclusion of copyright provisions within CETA is almost completely one-sided. With the exception of an anti-circumventing provision that the EU has already rejected within ACTA and is therefore unlikely to accede to here, Canada has made virtually no demands on the copyright front. There is simply no evidence that there is much in this for us. Rather, the copyright provisions are a rather obvious attempt by the Europeans to export rules to Canada that they have been otherwise unable to do via ACTA or other international agreements.

Third, some rights holders have used the CETA process as an opportunity to circumvent domestic copyright reform by promoting reforms within CETA that may later tie our hands for a made-in-Canada approach on copyright. For example, the Canadian Publishers' Council has provided a submission to the government calling for an extension in the term of copyright and the creation of a *sui generis* approach to database protection, new kinds of protections for databases. Both of these reforms were soundly rejected during the 2009 copyright consultation that the government conducted and are not found in Bill C-32, yet this circumvention of the domestic policy process through international agreements carries significant dangers if we're not careful.

Fourth, the substantive proposals demanded by the EU are designed to rework Canadian copyright law in a manner that extends well beyond international law. Indeed there are instances where Europe's failed international efforts are being recycled within CETA despite the fact that Canada stood opposed in international fora. For example, the World Intellectual Property Organization has been negotiating a proposed broadcasting treaty for over a decade. The proposed treaty has never managed to obtain broad support, with many expressing understandable concern that extending new rights to broadcasters merely for the act of broadcasting represents a significant shift away from traditional notions of copyright that serve the interests of both creators and users. Canada has expressed similar doubts at WIPO, yet CETA seeks to import the failed provisions into Canadian law.

Another critically important example are the digital lock rules found within CETA. As you likely know, the digital lock rules in Bill C-32 have been among the most contentious in the bill. In fact those provisions have always been contentious, dating back to their initial inclusion in the WIPO Internet treaties in 1996. Those treaties established considerable flexibility and implementation in order to obtain consensus among the differing views on the issue.

• (0900)

The same concerns arose within the context of ACTA last year. CETA includes digital lock provisions that extend beyond the requirements in the WIPO Internet treaties, and therefore would remove some flexibility as Canada considers how best to comply with those treaties.

Fifth, there are potential concerns with CETA and the current draft of Bill C-32. For example, Bill C-32 codifies the notice and notice approach that has been used by Internet service providers across Canada for many years when they receive notifications of alleged infringement. The notice and notice approach in Bill C-32 strikes a good balance between the rights of copyright owners and the interests of Internet subscribers. Yet the Europeans have proposed language that would require ISPs to remove or disable access to content simply on being informed of alleged infringement—not proven, simply alleged. This appears to be an attempt to bring in a notice and take-down system that was rejected in Bill C-32; it was rejected in Bill C-61 before it; and it was rejected in Bill C-60, which the Liberals introduced even before that.

Another example involves statutory damages. Bill C-32 rightly distinguishes between commercial infringement, which carries full statutory damages of up to \$20,000 per infringement—it gets tough with cases of commercial infringement—and non-commercial infringement, which carries a \$5,000 cap on damages. The Europeans have proposed language that may contradict the Bill C-32 approach. Indeed, the Canadian counterproposal on this currently seeks to preserve the ability to make adjustments in special cases.

In sum, the copyright provisions were not part of the Canada-U.S. Free Trade Agreement or NAFTA. They were largely excluded or kept very minor in our more recent trade agreements. CETA represents a very significant change that's part of a broader effort to pressure Canada to change its copyright laws.

While most agree that there is need for some reforms, discarding a made-in-Canada approach for one drafted in Brussels raises significant concerns that implicate both future and current legislative proposals.

Thank you.

The Chair: Thank you, Mr. Geist.

Mr. Doyle.

Mr. Richard Doyle (Executive Director, Dairy Farmers of Canada): Thank you, Mr. Chair.

Once again, I'd like to apologize on behalf of Mr. Laforge, our president, who is a farmer from New Brunswick. He tried valiantly to get to Quebec for his flight but didn't make it.

Mr. Chair, on behalf of the Canadian dairy producers operating 12,965 dairy farms, I am pleased to appear before this committee to present our views on the ongoing trade talks between Canada and the European Union. Before providing specific comments on the talks themselves, I would like to share with you the results from a recent study performed by EcoRessources, a firm specialized in economic research. The EcoRessources study estimated the economic impacts of the Canadian dairy industry, both at the farm and processing levels, using 2009 data.

Milk producers produced 83.8 million hectolitres of milk valued at over \$5.4 billion. The 452 processing plants generated \$13.7 billion in direct sales. Together the sector sustains more than 215,000 jobs in Canada, adding \$15.2 billion to Canada's GDP, and it contributed over \$3 billion in tax revenues: \$1.8 billion at the federal level, \$1 billion at the provincial level, and \$300 million at the municipal level. I am very proud to say that the Canadian dairy sector contributes more than positively to the Canadian economy.

As you are aware, the Canadian dairy sector operates within a supply management environment, according to which producers manage their production to meet the demand on the Canadian market. Despite concentrating our effort on the domestic market, international trade talks are an important aspect when it comes to maintaining the integrity of the Canadian system in the future. In fact, the Canadian dairy supply management depends on import controls or the ability to manage imports at negotiated levels. Therefore, trade talks, whether at the WTO or at a bilateral level such as CETA, have the potential of affecting our import control measures.

Canada has negotiated a number of bilateral trade agreements with a number of trading partners these past 20 years and has always exempted dairy from the main provisions of these agreements. In other words, no concessions have been made with respect to TRQ—tariff rate quotas—expansion and over-quota tariff reduction. This is fully in line with the position defended by the Canadian government, which was clearly spelled out in the unanimously endorsed House of Commons motion of November 22, 2005, and supported by all parties. The motion clearly states that Canada will accept no over-quota tariff reduction and no TRQ expansion for its supply managed sectors.

I must point out here, outside of my text, that the motion also stresses that Canada will pursue, for the non-supply commodity,

their export interests as well. I'm just pointing out that there's no conflict there. Canada's chief negotiator for agriculture has also confirmed that his mandate, not only in the context of the WTO, but also in the context of CETA, is consistent with the motion. Now DFC supports the Canadian government's position on this.

As the Canada-European Union trade talks are entering into what we consider the most difficult phase of the negotiations, we want to thank the Canadian government for the strong position it has defended in these negotiations, opposing the European Union demands for increased access to our milk and dairy product markets, notably cheese. DFC is also pleased with the comments by both Minister Ritz and Minister Van Loan, who have reiterated on a number of occasions that they will not trade away supply management and will continue to defend our interest at the international level. This being said, the Europeans continue to seek access to our dairy market, and we urge the Canadian government to continue to remain firm, opposing any concessions in this area.

In support of the Canadian government's position, we would like to highlight that Canada imports almost ten times more dairy products from the EU than the EU imports their products from Canada. For a market that is fifteen times smaller, it hard to say that Canada is a closed shop. More precisely, Canada's exports of dairy products totalled \$26 million, out of which cheese export totalled \$23 million—so it's mostly cheese—and we have imported dairy products worth \$217 million from the EU 27, out of which cheese accounted for \$156 million.

● (0905)

In the end, it is Canada's credibility that is at play in these negotiations. How could the Canadian government be taken seriously at the WTO if it makes any concession in the CETA negotiations? But until the negotiations are over, the debate over market access will continue to preoccupy their farmers.

I will conclude in French, Mr. Chairman.

[*Translation*]

Another area of the negotiation that is of concern is the issue of geographical indications. As you may be aware, the Canadian government has opened the door to a negotiated outcome regarding the EU demands for a broad recognition of geographical indications. In considering this particular question, we must not lose sight of the fact that the Canadian cheese industry produces hundreds of varieties of cheeses, and many of them are based on recipes that were brought to Canada by the migrants who have helped create the multicultural society that is Canada today.

The GI debate has the potential of severely affecting some of the cheeses we produce in Canada, notably parmesan and feta. The final outcome on GI should allow us to continue to produce those cheeses that are considered to be generic here in Canada and to market the great Canadian cheeses under the names they are currently being marketed.

The industry, both producers and processors, strongly opposes the expansion of the protection conferred through GIs. Quite a few cheeses produced in Canada could be negatively affected by a broad recognition of the GI principle and many of these are produced in small quantities. But in the end, the small cheese producers are equally important, create jobs in rural areas, and have helped the Canadian cheese industry acquire its "lettres de noblesse".

Thank you very much.

●(0910)

[English]

The Chair: Thank you, Mr. Doyle.

Finally, we have Mr. Clow.

Mr. Ron Clow (General Manager, Cavendish Farms): Good morning, Chair and members of the committee. I'd like to thank you for inviting me to speak here today on behalf of Cavendish Farms.

My name is Ron Clow. I'm the general manager of Cavendish Farms.

Cavendish Farms is a food company that's part of the Irving group of companies. We're a proud Canadian company and a leading processor of frozen potato products. We're the fourth-largest frozen potato producer in North America.

We also have a fresh potato business. And we have a frozen appetizer business that is located in southern Ontario. We have two french fry plants and a fresh potato plant on Prince Edward Island, a province that's well known for potato growing. Our appetizer plant is located in Wheatley, in southern Ontario.

Cavendish has 700 employees in P.E.I. We have our head office in Dieppe, New Brunswick, with about 100 people. We have 140 in our facility in Ontario.

We would like to thank the federal government for the increased focus on free trade, and we support the timely conclusion of the Canada-Panama Free Trade Agreement, as well as the continuation of negotiations with the Caribbean countries. These markets have huge potential for our exports of frozen potato products.

We're here today to discuss the Canada-EU comprehensive free trade agreement, the potential benefits for Canadian agriculture, and the opportunities for Atlantic Canada specifically.

As you know, Canada and the EU have entered a critical stage in the negotiations. We'd like to bring to your attention how important it is for our regional economy that Canada gain the immediate and complete elimination of duties on Canadian fried potato products. Currently, the tariff stands at 14.4%. We're hopeful that this tariff will be immediately eliminated through these negotiations. Sweet potatoes and fried vegetable tariffs are even higher, at 17.3%, and we hope that this tariff, too, is repealed in a timely manner.

Of Cavendish's current production, only 12% is consumed in Canada. The rest is largely exported to the United States, the Caribbean, and Central America. Some is exported to Asia. To date, our product is not exported to Europe, with the exception of Iceland, where we've seen a 40% increase since the conclusion of the EFTA agreement.

This gives the committee an idea of the potential we have seen in the EU market. Atlantic Canada, in particular, stands to gain from the successful conclusion of this negotiation due to the inexpensive cost of shipping by sea. It is as cheap for us to ship product to Europe out of Halifax as it is to truck it to a market like Chicago.

As a family owned Canadian company, we'll ensure that Canadian manufacturing and processing facilities continue running and that 940 jobs are protected, while we focus on more production through our facilities and more employment.

The elimination of the EU duties on french fries from Canada through this comprehensive trade agreement will level the playing field with the EU. Currently we impose a 4% tariff on imports versus a 14.4% tariff on our exports. It will allow Canada to enter into free trade with Europe ahead of the United States. It will contribute to the success of the economy in Atlantic Canada and will reinforce the comparative advantage enjoyed by the P.E.I. potato industry from being situated next to two excellent ports, Halifax and Saint John.

We ask that the committee recommend that the negotiators continue the good work, that they pursue the complete elimination of the EU duties on frozen potato and vegetable products, and that it comes into effect immediately upon implementation of this historic agreement.

Thank you for the opportunity to appear before this committee today. I'm pleased to answer any questions the members may have.

The Chair: Thank you, Mr. Clow and all of our witnesses.

We'll begin this first round. Maybe we can get a couple of rounds in today. We'll start the first round at seven minutes. That's seven minutes for the question and the answer, so I would ask our committee to keep that in mind, as well as the witnesses when responding.

The first questioner is the vice-chair, Mr. Cannis.

●(0915)

Mr. John Cannis (Scarborough Centre, Lib.): Thank you, Mr. Chairman, and welcome to our guests.

Certainly our visit to Europe, gentlemen, was quite enlightening for us, and to speak to some of these people, especially when it came to the GIs.

I know when we were in Rome, Mr. Chairman, you'll recall...boy, they're pretty tough on some of their products.

I'm getting different messages here from all of you. I'm disappointed in some way, because I heard, regarding the agreement, if I may quote, "...discarding a 'Made in Canada' approach for one drafted in Brussels...." I'd like to believe that's not the case. If it is, I'd like some suggestions as to what our people could be doing that they're not doing. That's one question.

Mr. Clow, I've been to your part of the world, P.E.I. My son was performing at the theatre there, and I tasted your wonderful potatoes. I stayed with a farmer who supplies your chain.

You're telling me you're not exporting to Europe right now?

Mr. Ron Clow: No.

Mr. John Cannis: You're not. I'm really upset when I hear we're being charged a 14% tariff and we're charging 4% coming in. That's unacceptable. These are tools or arguments we could use.

With respect to the intellectual property rights, of course, that's a big concern worldwide today. I got from you, Mr. Geist, the message that we're failing miserably somewhere. I'd like you to give us some suggestions as to what can we do, how forceful can we be. When we look at the European Community, these 27 countries, they're looking at us as the golden fleece, I'll tell you. That was my sense. They know they've got a beautiful, growing market here in Canada. That's really where our strength lies, and sometimes we fail to understand our strength—32 million going to 33 million population.

We're moving forward on this trade deal, this agreement with the European Community and Canada. Would it be wiser if we acted as a bloc? They're acting as a bloc. If we were to deal on a unilateral basis with some of these countries, they've got less population than we have, they have more of a need for our products than we have of theirs, and then they're looking at us as a very lucrative market, whether it's toll highways...and the list goes on and on.

But I am concerned, and I'd like to get back to the profits of GIs. You talked about the cheeses, and we should be able to.... I know these guys are driving a very hard bargain when it comes to some of their products. I think the people who were with me in Rome confirmed that. So how do we work on that? Can you give us some suggestions? It didn't seem to us that they were prepared to take back one inch. That was the impression I think we all got. The parliamentary secretary was with me, and we took a very strong position on behalf of Canada, whether it be our oil sands or everything else, and they're just going to take every opportunity, no matter how much we are trying to address our responsibilities internationally.

I'm going to stop there to give you some time, but you can see where my concerns are.

And I want to get some more products into Europe as soon as possible, Mr. Clow.

Mr. Ron Clow: I appreciate your help.

Mr. Richard Doyle: Maybe I'll start on the GI.

I think we're unanimous within our industry that you should not allow the GI to be opened up. This is a negotiation that is also being done at the WTO, where the Europeans have been pushing very hard. Most of what we call the new world, whether it's Australia, New Zealand, the U.S., or Canada, have all had their cheese industry

developed in the same way: by immigrants who brought their recipes and sold their cheese to their compatriots. We developed a whole industry based on this. To write that many years later and say we cannot use these names anymore is totally unacceptable and will create a great deal of confusion.

There are about 11 cheeses, like brie de meaux or parmigiano reggiano, which tend not to be used in this country, where there's some protection for those. But parmesan, feta—they want to protect all these things. We produce an awful amount of these cheeses in North America and in other countries. I think what the Europeans are trying to do is open up the CETA so they position themselves better within the WTO, where there's more of the old countries versus the new countries, if you want, that are opposing this whole discussion. I think Canada could place itself in a difficult position within this negotiation by conceding certain things and breaking some of the allies they have created within the WTO. So that's also a consideration that I would suggest needs to be taken into account.

● (0920)

Mr. John Cannis: Mr. Clow, do you have any comments?

Mr. Ron Clow: I guess my only comment is that the European market is, for potato products, as big as it is in North America. It's a market we're not playing in today. And it's a market we'd love to see opened as a fair playing field so that we have the opportunity to compete. We can use our lovely ports in Atlantic Canada to ship products to Europe.

Mr. John Cannis: Good.

Mr. Geist, do you have any comments?

Dr. Michael Geist: Yes, I'll jump right in.

Where we're debating issues about market access and tariffs, I think that sounds a lot like a trade agreement, and that's where some of these trade offsets we're hearing about from the other couple of witnesses come into play.

What I think is important to recognize within the copyright-related provisions is that we're not talking about market access. We're talking about basic regulation and an attempt, in some ways, similar to what we just heard, to take European-style rules—sometimes similar to U.S.-style rules—and export them into the Canadian market.

We're having a robust debate in Canada right now about what our copyright laws ought to look like. I think that made-in-Canada debate is exactly the right approach. If we ask what we should be doing, what we should be doing is saying that it's clear that within this agreement, Canada and both parties will meet all international standards. But in the same way we have worked very hard in other fora to ensure that there are international standards and that there is international flexibility within those agreements, we ought not discard all of that within the context of this agreement.

Mr. John Cannis: I assume that I'm out of time, Mr. Chair.

The Chair: You are, just.

Mr. John Cannis: Thank you, sir.

The Chair: We'll move to Mr. Guimond.

[*Translation*]

Mr. Claude Guimond: Thank you, Mr. Chairman.

Mr. Doyle, you are no doubt aware of the motion of November 22, 2005. It was my colleague André Bellavance, from the Bloc Québécois, who sponsored it. So there's a little bit of him in that motion, which fortunately is still holding firm.

This supply management issue here in the House of Commons is still very current. However, I have to tip my hat to you and tell you that it is very much thanks to you, the agricultural producers under supply management, who are doing an excellent job convincing us of the importance of preserving supply management in all the bilateral negotiations we have increasingly had in the past few years.

To go a little further, Mr. Doyle, with regard to supply management, explain to us then, in your own words, how far we can go in preserving supply management so that we can maintain the balance and so that it is worth the trouble, and everything that's going on with regard to the potential TRQ expansion and the raising or lowering of customs tariffs. Where is the line in the sand?

Mr. Richard Doyle: I'm going to answer a little more broadly.

First, thank you for your comments, Mr. Guimond.

I'm going to continue a little with what Michael was talking about earlier. The current problem is that the countries have chosen two different approaches. Europe, which had regulated prices, decided to convert its prices, to deregulate them by converting subsidies.

The WTO ultimately reflects APAC. The definitions it contains, the decoupled subsidies, these are European inventions that have been recognized as green subsidies. So the Europeans have lowered their prices enormously, and other countries are doing the same. They are going to eliminate regulated prices.

However, the European community's agricultural expenditures have not declined. The colour of the programs has changed. We're no longer talking about export subsidies. They have eliminated the blue box, which was also a European invention, from subsidies. Now they are decoupled payments.

Here's the point I want to emphasize. International studies have been conducted comparing the production costs of more than 80 countries. Most of the European countries that export have production costs that are similar to or higher than ours, not at all

competitive in the global market context. These are farm production costs.

Their prices are obviously much lower. So they can be more competitive and enter markets, but that's simply because we don't have equivalent compensation. We're not requesting it. We think that one of the serious mistakes currently being made in trade negotiations is not to compare production costs, but simply to compare prices in determining competitiveness.

The management system is a single model that costs taxpayers nothing. But it has unfortunately become very difficult—and I'm very aware of that—for governments to defend the model, but as the other models have not proven themselves and ours has proven itself over the years, I believe it's worth the trouble for us to continue supporting and defending it.

Thank you for your support.

● (0925)

Mr. Claude Guimond: That's absolutely normal. I must admit it's fortunate there is a consensus around the table on this point. Since I'm a dairy producer, I'm very pleased with that.

You obviously mentioned geographical indicators in your introduction. Once again, we know this really comes from Europe, but I would like you to tell me in concrete terms—you mentioned feta cheese, among other things—what the consequences would be for us if we opened those geographical indicators here. You mentioned small cheese makers, the industry. For us to get a clearer understanding, tell us what the actual consequences of all that are.

Mr. Richard Doyle: I don't have the market figures, but parmesan is a large market. You see Kraft. Whether it's finely grated or in another form, it's the North American cheese markets that are enormously important. By no longer using the name, we would automatically lose the trust of consumers who look for those names, those who choose their products based on the variety of cheeses. To rebuild all that consumer recognition of types of cheeses similar to those they used to buy will take years and require enormous investment. So there's a lot at stake.

In the circumstances, I believe that, if you open the door, even if it's for one or two cheeses, you're going to open it to an approach that's frankly very European but that does not really coincide with the actual situation in other countries.

We currently have more than 500 varieties of cheeses. They aren't all geographical indications; they aren't all European cheeses. There's a lot of innovation in cheeses. They're protected by trademark, which is the way to do it. They protect their trademarks in other countries and so on. We can't go back in the history of the development of an industry and say that what has always been used, what is recognized and what consumers are given, what forms the very basis of our sales, has to change overnight.

Mr. Claude Guimond: Mr. Clow, I would like to hear from you. The committee went to London and to the European Parliament in late November. We talked a lot about agriculture, but we also sensed that there were a lot of questions in Europe about GMOs and other issues. I would like you to bring us up to date on your production, GMOs and what agricultural products the Europeans want.

[English]

Mr. Ron Clow: If I could ask, is the question specifically about GMOs?

[Translation]

Mr. Claude Guimond: Yes.

[English]

Mr. Ron Clow: There are no GMO potatoes used in North America. They started off several years ago, and my personal opinion would be positive, because you could reduce the amount of pesticides used and some other things to improve the product. But McDonald's has never accepted a GMO potato. So in North America, GMO potatoes for processing don't exist.

So there would be no GMO conflicts with Europe. Our products are GMO-free. I'm hoping long term that the industry and the world takes a different look at that because I think there are some benefits to GMOs, personally.

Did that answer your question?

[Translation]

Mr. Claude Guimond: Yes, thank you very much. I'm very pleased with the answer. I believe that Europe is a very promising market for potatoes and for you in the Maritimes. This is good news for everyone.

• (0930)

Le président: Mr. Guimond, that's all the time you had.

Mr. Claude Guimond: It goes too quickly.

[English]

The Chair: Mr. Julian.

[Translation]

M. Peter Julian (Burnaby—New Westminster, NPD): Thank you very much, Mr. Chairman.

Thanks to our witnesses. Those were all very good presentations.

[English]

Mr. Geist, I have a feeling you could have gone on for longer in giving some of the details around intellectual property. So I'd like to start off by giving the floor back to you.

Could you talk about the consequences of some of the components that you see in CETA around intellectual property? Examples would be substantial statutory damages for non-commercial infringement, what that means for the average Canadian user; and the digital lock provisions, the fact that, as you and other observers have mentioned, it's not a sound process around intellectual property. As well, if you have any knowledge around the C-directive, UPOV-91, you could add that to the mix. Certainly in terms of the issues you've mentioned, why is this important to ordinary Canadians?

Dr. Michael Geist: Thank you for the question.

Let me deal with each of those, because you have in a sense highlighted two of the most important ones in terms of statutory damages and digital locks.

On statutory damages, I think there's increasing concern among many individual Canadians that cases of non-commercial infringement.... And I want to make clear: when you have someone who is infringing and seeking to profit from that infringement—the person who burns a copy of a DVD a thousand times and tries to sell it on a street corner. Everyone is in agreement that we need tough penalties to deal with cases in which people are profiting from that, and Canadian law already provides them.

What Bill C-32, the current Canadian copyright bill, seeks to do is say that we're going to have tough penalties, but we want to ensure at the same time that individuals, when there is non-commercial infringement—the proverbial teenager who is engaged in something they aren't profiting from and who is dealing with a 99¢ song—shouldn't face the prospect of \$20,000 in liability just for that one song.

What Bill C-32 does, what the government has proposed, is to say that we're going to put a cap on non-commercial infringement. I think that's a good idea. I think it follows the approach in a lot of other countries that don't even have statutory damages. But what the Europeans are looking for is to increase the kinds of damages we have.

Canada has put on the table the notion that we should be able to continue having differences in the approaches we take for damages. I think that's the right approach. I think, actually, that the counter-proposal Canada has put on the table is the right one. I flag it because I think it's important to maintain the ability for Canada to make the choices it wants to make.

One area, though, in which the proposal from the Europeans would go beyond what the international treaties require, which has real implications for Bill C-32, is the area of digital locks. These locks are used to lock down such things as DVDs, electronic books, potentially CDs, and others. The concern many people have expressed is that there are legitimate consumer reasons why one might want to take a DVD and play it on one's iPad or iPod or video player, or take an electronic book and be able to exercise one's fair dealing rights; in a sense, that the same rights people have in the offline, non-digital world ought to be replicated in the digital world.

What the Europeans are proposing is rules that extend well beyond what is required at international law to provide legal protection for digital locks.

So my view about where Canada ought to go with respect to CETA is to say that we're going to provide protection for digital locks. We see it in Bill C-32; we saw it in Bill C-61; we saw it in Bill C-60. It's clear that Canada is moving forward to provide some legal protection for digital locks. But we're going to do it in a way that conforms with international law, and we're not necessarily going to go beyond those norms in a way that frustrates consumer expectations and that can have some real, harmful commercial effects as well for those who are purchasing things and ultimately find that their basic consumer rights are lost.

Mr. Peter Julian: Thank you for that.

Coming back again to the digital lock, then, you're combining the two components—the statutory damages for non-commercial infringement and the digital lock—which means for the average Canadian user that again there are major concerns about what the implications are.

Dr. Michael Geist: Potentially there could be, yes. If you were to see statutory damages in the context of digital locks, then yes, the mere act of trying to circumvent, if we were to have those kinds of provisions, could lead to very significant penalties.

In the CETA context, though, I guess my view is that we're moving in a direction to provide some legal protection for digital locks. The Europeans want us to do the same, and what I think Canada ought to ensure is that we retain the same sort of flexibility that exists in international law for these legal protections for digital locks—to do so domestically. The Europeans are effectively saying “We want our approach to be the Canadian approach”; I'm saying we negotiated in the 1990s a consensus-driven model that provided flexibility in how you do that, and I think this agreement ought to retain that flexibility.

• (0935)

[Translation]

Mr. Peter Julian: Thank you very much.

I have two more questions, including one for Mr. Doyle.

We know very well that supply management is on the table. The government has said so; a number of witnesses have said so as well. So even though this is our most stable and profitable agricultural sector for small communities, supply management is definitely on the table in current negotiations.

Your concern isn't just about the agreement, but also about the fact that it can have a kind of domino effect for other agreements that Canada will be negotiating, isn't it?

[English]

My final question I'll flip over to Mr. Clow, of Cavendish Farms.

Thank you for your presentation. We had this week a study come out by Paul Grootendorst and Aden Hollis, professors respectively in the Faculty of Pharmacy in the University of Toronto and the Department of Economics of the University of Calgary.

They say that the cost to the Canadian health care system of the CETA provisions on intellectual property will increase health costs by about \$3 billion a year in Canada. Now, that will impact on the

public health care system, but also on individuals and on private health care plans.

So I'm wondering whether, for Cavendish Farms, you have done any study of what your cost of doing business in your private health care plan will be for these provisions and for the direction the government is currently taking on negotiations.

Mr. Ron Clow: We have not done that study, so I don't know the impact on medicare costs at this point.

Mr. Peter Julian: You don't know at this point.

Monsieur Doyle.

[Translation]

Mr. Richard Doyle: In most bilateral agreements, at the start of the negotiations, the countries used to cite the sensitive products that they didn't want to put on the table. In the context of Europe, the objective was to aim for a 90% opening to the tariff lines, but without excluding any sensitive production or industry from the negotiations.

We're concerned because that's different from the bilateral negotiation mechanisms that have been used in the past. However, I believe that the proof of that will be in the negotiation itself. Currently, both the negotiators and the government are clearly telling us that they can defend management systems and ensure they stay protected within the negotiation mechanisms. However, as you say, no sectors were excluded from these negotiations at the outset. So we know they're all on the table. We also know that Europe has sensitive products and sensitive sectors. So there will be a balance at the end of the negotiations.

Mr. Peter Julian: But if you see it's excluded from the negotiations, will you be glad?

[English]

The Chair: Mr. Julian, I'm sorry, that's eight minutes.

[Translation]

Mr. Richard Doyle: Absolutely.

[English]

The Chair: Mr. Keddy.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Welcome to our witnesses. It's been a good discussion here this morning. However, there were a couple of comments made that I would like to drill into a bit deeper.

Mr. Geist, I don't think any of us, outside of you perhaps, are experts on intellectual property rights, and we're not trying to pretend to be. But certainly the world is changing and technology is changing, and I think we've got a bit of a double-edged sword with technology.

You made a comment, your last comment, actually, that the agreements and negotiations that took place in the 1990s should be maintained. That's better than a decade ago. Technology changes so rapidly that I don't know how we can maintain those agreements.

I'm not saying the European copyright laws don't go too far, so don't get me wrong. I do think we need a made-in-Canada solution, and I think that's what we're trying to do with Bill C-32.

But the difficulty of that—and I do have some faith in our trade negotiators who liaise with industry, and our WTO partners around the world who try to figure out exactly where we're headed in the future—is that with this one, I think the moment you think you have a grasp on it, it's gone.

I want you to comment on the whole concept of changing technology and how we could ever possibly keep up to it.

● (0940)

Dr. Michael Geist: I think you're right. Especially in the copyright area, a change in technology represents a real challenge, but I think there are a couple of ways that you deal with that. One is that there is a continual revisiting of these issues, and Bill C-32, which your government has introduced, contains a requirement that we take a look at the law every five years. I think that's a good approach—recognizing that.

Now, the particular issue around digital locks that we're talking about involves treaties negotiated in the 1990s that attempted to be forward-looking. While we can debate whether they truly were forward-looking, the standards they set are the standards that have been adopted still today—even recently, in many other countries, among some of our other trading partners. I'm not saying we don't need to move forward with those rules; I'm saying that the kind of general outline they provide is one that's designed to stay current. I think we need to retain those flexibilities in the law.

I'd also just quickly note that we shouldn't underestimate the ability of copyright law, in its basic principles, to deal with some of these issues. I'll give you an example. The current bill provides a specific provision to deal with what are called enabler sites, sites that are designed to deal with clear pirate websites. Everybody says, well, of course we need to be able to deal with that.

Last year, three weeks before the bill was introduced, 26 record labels secretly filed a massive lawsuit against the largest known alleged pirate site in Canada, a site called isoHunt. They used existing Canadian copyright law. They're looking for millions of dollars in damages, they're looking for a full shutdown of the site, and they're using the law today.

The lawsuit suggests that all these claims that they are powerless and that we need reforms mistake a little bit where we really stand, because in fact there is the ability to use, in many instances, basic copyright principles that have been in place for decades to deal with some of these issues. It's in a sense old wine in new bottles, but it can still effectively apply.

Mr. Gerald Keddy: I appreciate that analogy, and thank you for that.

I guess my other two questions will go to Mr. Doyle.

I appreciate Mr. Guimond's interjection on behalf of the dairy industry. He tends to have a bias, I will tell you, but it's a bias that I agree with, so it's not a bad thing.

However, I don't think it's as simple as saying that there can be no negotiations. I think we have done a very good job—and I appreciate your praise for it—as a government defending Canadian dairy and Canadian supply management. I think the concept that farmers deserve to be paid with a margin of profit involved for the product they produce and that we move away, quite frankly, from some of that cheap food policy that is subsidized by the rest of the world isn't a bad concept. It is as simple as that.

I don't think we say that enough, and we need to say it to Canadians. If you read the paper, you will read time and time again that we're paying too much for dairy. What they don't say is that Canadians are paying for cost of production. There's nothing wrong with that, and if you can't pay for cost of production, you can't afford to be in business. No other business could operate without getting cost of production.

On the geographical indicators, because the geographical indicators will be a substantial challenge, have you talked to our trade negotiators about the discussion that should be going on concerning them? You mentioned two that are important, parmesan and feta. Both of them are well-known products, world cheeses that you can buy in Australia, New Zealand, or Canada, the United States—anywhere in the world. I'm not sure that we can't find some accommodation with the EU on those types of geographical indicators. It might be—this is speculation—as simple as saying “Canadian feta”, because certainly in Europe you can have Greek feta and Italian feta, and made in other...

Would you be willing at least to have that discussion? We might have to add to the name, but it's not as simple as saying that we can't use it.

● (0945)

Mr. Richard Doyle: I don't think the industry has actually looked at this particular proposal. I'd be quite happy to raise that issue, if that's a compromise. There has been discussion internationally among the industry—I was in New Zealand last November—and people are trying to see, within the context of the WTO, because again I'm stressing the link, about setting some conditions on how you could do it to satisfy the Europeans, but mostly looking forward, looking to new geographical indications rather than to some of these very traditional ones that have been in use around the world for many years. That could be another option as well.

Mr. Gerald Keddy: My chairman is telling me I don't have time to talk about potatoes.

The Chair: Although we'd love to hear you talk.

Mr. Andrews, welcome to the committee.

Mr. Scott Andrews (Avalon, Lib.): Thank you.

Mr. Keddy, I'll pick up on the potatoes for you, my friend.

Mr. Clow, I have just one question. I want to elaborate a little bit more on the tariffs going into the EU and coming out of the EU. These are two-part questions.

Could you give us a little overview on the agrifood industry, as to how much is coming in from the EU right now? And are they competing with you in that matter? Have you identified any markets in the EU? Are you shipping potatoes, even with the tariffs as they are today, into the EU? Have you identified any markets in the EU that you could potentially expand your business to?

Mr. Ron Clow: As I mentioned, going to Europe the tariff is 14.4%, so where that tariff is in place, we're not selling today; it's prohibitive. Coming this way, it's 4%, and if you go to your local grocery store you'll see some Belgian products. Holland and Belgium are the largest exporters in Europe. We compete head to head with them, and with the Caribbean islands and Puerto Rico down in that area. In the food service business, which is where you service the restaurants in North America, we're not competing head to head with Europe, but in retail we are, and you can find some Belgian products if you go to your grocery store today.

We feel, and we're doing a lot of work on this, that because of shipping by ocean—it's the cheapest method of shipping and it literally is, on a percent basis, about the same as trucking product to Chicago—we have lower energy and lower labour costs, and our land costs are lower, and we feel that we can be competitive in the traditional European market. It may not be retail business that we'd go after; it would be food service business—supplying large restaurants, supplying chains. It's a big market that we'd love to be able to play in.

Mr. John Cannis: But in order for you to be competitive, you're saying, that 14.4% has to be adjusted.

Mr. Ron Clow: What we're asking for is that the 14.4% go to zero on day one. I know a lot of the tariffs may go out over three years or five years, but on frozen potato products, once the agreement is ratified and if it is signed off, we'd like it to go to zero on day one.

Mr. John Cannis: I assume that they would ask for the same—

Mr. Ron Clow: I agree.

Mr. John Cannis: —it's a reciprocal agreement—and that, I think, is what you meant when you said we want to protect the 940 jobs.

Mr. Ron Clow: That's correct.

Mr. John Cannis: If anything, you would want to create more work.

Wonderful. I think that's fair.

Mr. Doyle, you said, if I may quote, we contribute “more than positively” to the Canadian market.

Can we compete, and how can we compete, if CETA is ratified? You contribute to the Canadian market positively. Let's just take it a step further. We address the GI issue. As you suggested, it's not to be opened up. That's wonderful, but it's highly unlikely it's going to

happen. How will you be able to compete positively, should this CETA agreement go through?

Mr. Richard Doyle: If it goes through and you protect their industry, we won't compete because we can't compete.

Right now we have over 20,000 tonnes of cheese imported. We're in the same situation, with different tariffs, even on the access, where we see differences similar to those you see in potatoes. We have access to Europe for 4,000 tonnes of old Cheddar in the U.K. We export, I believe, in the latest figure I have seen, about 2,000 tonnes; we don't even fill our quota in the U.K. We used to sell this in Harrods or we used to be the Queen's purveyor. The cheese was absolutely fantastic; it's a very special cheese.

Unfortunately, the market was destroyed, if you will. Now we're competing in a commodity market for cheddar in the U.K. The price has been completely slashed. The farmers will not recover their costs in trying to maintain that market. And as I said before, the farmers in the U.K. receive huge amounts of...you call it “green” within the trade agreement, but they still nonetheless receive a financial contribution by the government, which makes it absolutely impossible for an industry that does not rely on any government funding to be there and compete. If you just compete on price, you're not going to be profitable.

● (0950)

Mr. John Cannis: I'm glad you said that so we can get that on record.

I want to go back, if I may, to when you said that we've developed a whole industry in terms of the GIs, etc., and now, over the years, over the generations of immigrants, those traditional markets were developed.... I know that when we were in Rome that came up as well in terms of some of the products.

Do you see the potential whereby some of these industries developed in Canada could come to some agreement? That was kind of discussed in negotiations, where those two companies, vis-à-vis the Canadian company and, let's say, the Italian company, or the Greek feta company, could work with this agreement. Maybe they could blend in some kind of an agreement and say, “Look, for the benefit of this big picture called CETA, can we find a compromise?”

Can you see something like that? What would your comments be on that—or anybody's comments on that?

Mr. Richard Doyle: My experience with parmigiano reggiano is that they're playing a hard bargain. They tried to register it as a trademark. We opposed it, so they could not register parmigiano reggiano, even though it's not used in Canada; we produce parmesan. The problem is that they interpret their name, parmigiano reggiano, in any language, as where there is parmesan. So anybody who uses words even close to it, in any language...they actually want to prohibit it. There's no way you can start from there.

I think what was suggested was to have "Canadian" before it, if that's a compromise for specific cheeses; I could see that maybe it could be contemplated. But I don't think you'll do it through an industry agreement. I think you'll do it through regulatory agreement, and hopefully you'll do it through the WTO, because that's where it should be dealt with. Otherwise Canada will be put in a different situation from some of the other countries, like the U.S. and the EU, Oceania, and so on.

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

The Chair: Thank you.

Mr. Trost.

Mr. Brad Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair. I'll be splitting my time with Mr. Holder.

I'm just listening to some of the comments about tariffs and things of that nature. We know that some products are considerably more price sensitive than others. If you can do product differentiation, you're not as sensitive to tariffs. So there are often issues other than tariffs that are at play.

Specifically to Mr. Doyle and to Mr. Clow, other than tariffs—and we support your position on trying to get your frozen vegetables into Europe—what do you see as the most significant regulatory issues that concern you in this treaty, either from a defensive posture, more like Mr. Doyle's, or from an offensive posture of looking to export, from Mr. Clow's perspective?

I'll start with Mr. Clow.

Mr. Ron Clow: To be honest, our biggest obstacle is the tariff. We don't see any of the regulatory non-trade issues being insurmountable.

Mr. Brad Trost: So for you it's purely a question of the dollars and cents—

Mr. Ron Clow: It really is, yes.

Mr. Brad Trost: Mr. Doyle.

Mr. Richard Doyle: I'm thinking very much the same: the tariffs. Now that we've converted most of the import measures and control measures in the tariffication system, it remains the tariffs. The GI is the one that we have particular concerns about because we know they're pushing really hard. We have a particular concern with negotiating on a bilateral basis versus a multilateral basis.

For some of the other issues, such as the regulatory issues on labelling, or some of the food safety issues or quality issues, we pretty much have equivalency with the Europeans, so it's not as big an issue in this country.

● (0955)

Mr. Brad Trost: I guess, then, to follow up, if the question is ultimately one of price in both industries, on what issues do you see your European competitors being advantaged relative to you? I'm particularly interested in whether you see any subsidies in the European agriculture system, etc., that concern you, so that, again, if tariffs were reduced, you might be put at a disadvantage due to government subsidies. Are there any issues in that respect that concern either of you gentlemen?

Mr. Ron Clow: Yes, it's always a concern. I'm not sure that you can always get to what that subsidy is or what form it takes, but it's always a concern. That's all I can say on it.

Mr. Richard Doyle: As I said, the Europeans keep claiming they have reduced their export subsidies, they have reduced their blue box subsidies, and aggregate measures of support as we measure it under the WTO. The reality is that the level of expenditures under the CAP, the community agricultural policy, from the commission has increased in agriculture, and it continues to increase. Therefore, their transfer of funding from states to the producers continues to be there.

They deregulated the price, establishing floors instead of targets, as they used to, and they let huge fluctuations happen. Dairy is particularly sensitive because it's one of the most volatile markets worldwide in terms of trade. You see huge volatility. In recent times we've seen a 150% increase in six months and a 50% decrease in six months. With that kind of volatility, you require even more protection.

There is no comparison in terms of cost. It is not an issue of the market itself. My view would be that the consumers in Europe pay just as much as we do.

Mr. Brad Trost: So whatever we can do in other ways to get subsidies down would be good.

I'll give the rest of my time to Mr. Holder.

Thank you.

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

In the spirit that I've never met a starch I didn't like, I would like to direct this question to Mr. Clow, if I could, please. You talked about the tariff—13.4% on potatoes, frozen potatoes and vegetables, and the like. I'm going to ask you a couple of things, and I'll ask you for a brief response, if that's possible.

You indicated we don't export any potatoes outside of Canada to the EU, so question number one is, do we export potatoes outside of the EU—anywhere outside? Do we have any export market? Secondly, how big is that market? More specifically to the European Union, how big is that market for you?

On the fact that there are no GMO products in potatoes, I've heard you say you'd like us to address that at some point. If it's not too long an answer, could I ask you to give us some sense of that? Obviously I think that puts us in a positive marketing opportunity as it relates to CETA, but what's your sense of that as well? Could you respond to those points?

Mr. Ron Clow: In terms of export markets, we're about a billion-pound business. If you don't count the United States, just outside of the United States about 10% to 15% is export. A lot of that is opportunistic because you can have droughts in parts of the world. So some export years are better than others.

We export to Asia. Most of the potato processors are located in Washington State, Oregon, and Idaho. In terms of competing in Asia, they're already sitting on the west coast. We see us sitting with two nice plants in the east coast being an opportunity to go the other way.

We have a large export business outside of the United States, but the European Union is not one of them.

Mr. Ed Holder: What's the potential of that market?

Mr. Ron Clow: It's about an eight-billion-pound market. It's about the same size of a market as the United States. If we sent 100 million pounds there, it wouldn't be a blip on the radar. It's huge. It's as big as exporting to the United States. It's a huge opportunity. Being in the Maritimes, I think it's a great opportunity for Atlantic Canada, and for us in particular.

In terms of GMOs, this is more a personal opinion; I'm not representing Cavendish on this answer. I just feel that GMOs can solve a lot of issues. Whether it's late blight issues—no one wants to deal with blight—or any other kind of pests, if you don't have to spray your crop every ten days by using a GMO potato, I think that's a benefit to society and agriculture, and to consumers.

It would be nice if that door got opened again in the future.

•(1000)

Mr. Ed Holder: Thank you.

Thank you, Chair.

The Chair: Thank you. That was good timing.

Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you, Mr. Chairman.

We've heard it and we know it: the House of Commons is unanimous on the issue of protecting supply management. I'm happy about that. However, in the case of the agreement with the European Union, as my colleagues mentioned a few moments ago, we could have hoped and wished that the government would do a better job of defending supply management. By putting supply management on the bargaining table, we're setting a dangerous precedent for future bilateral and multilateral negotiations. Earlier Peter referred to a

domino effect. I believe we've just set a precedent. In future, Canada will probably always have an obligation to put supply management on the table, whereas we don't even know whether the European Union would have rejected any negotiations if that issue had not been put on the table.

Whatever the case may be, we're stuck with this, as a result of which the European negotiator, Mr. Cellini, has said that what Europe is particularly interested in, among other things, is increased access to cheese and poultry markets. That would not have been the case if supply management hadn't even been discussed in the context of the agreement we're negotiating.

We have to remain watchful; that's our role; it's also yours, Mr. Doyle, and it's also that of all the people who want to protect supply management. We already import 8% of our cheeses from around the world. And two-thirds of that figure comes from Europe.

What is the impact of the increase in market share for these cheeses? First, is there room to admit them? What is the impact on our cheeses? There will clearly be one. Have you, the Dairy Farmers of Canada, put a figure on that impact?

Mr. Richard Doyle: I don't have the figures to hand, but we put a figure on that impact at the outset, when we conducted the comparative economic studies. I should have brought them. Unfortunately, I can't give them to you. I'll be pleased to send them to you later.

I somewhat share your opinion; that is to say it is clear to us that the traditional method of starting bilateral discussions where certain sectors are first excluded would have been much more desirable. We very much regret that; that's obvious.

The negotiations are currently very transparent. We know exactly what Europe's sensitive points are, and Europe has a very clear idea of ours. Let Europe say, through the media, that it wants access to our cheese market and let Canada do virtually the same thing in Europe to assert its position; that's part of the game.

The Dairy Farmers of Canada isn't really entering into that kind of debate. We prefer to have good talks with the negotiators, to determine whether the positions put on the table reflect Canada's ambitions and ours, as an industry, that is to say that supply management must not be negotiated. The media world troubles me much less than if I learned one day that access to the milk or cheese market had been put on the table or offered by Canada. In that case, I would be very concerned, as Mr. Julian said. It would trouble me a great deal to know that Canada is trying to negotiate by opening up the cheese market, for example.

Mr. André Bellavance: They were talking about agriculture at the start of the negotiations. I'm the agriculture critic. So I'm monitoring that more closely than the average person. Whatever the case may be, that perhaps wasn't the topic that was discussed the most, the major issue. However, in the course of the negotiations, it seems as though there are a lot of irritants, discussions on that. In the agreement, as a whole, do you believe that agriculture is increasingly losing ground?

M. Richard Doyle: That may be the subject that's being discussed the most. On the procurement issue, there are also some very important issues for Europe. Canada is clearly much more demanding than Europe in this negotiation. In other words, its market is much larger. It has interests in Canada, but we want access, as Mr. Clow said, to a market that is 10 to 12 times larger than ours.

In those circumstances, there are risks. So we have to be very watchful, as you yourself say. Currently, however, I would rely on the negotiators. They've done a good job, I believe, and I hope they will continue along those lines. We'll see the results in the end.

• (1005)

Mr. André Bellavance: Mr. Chairman, do I have any time left?
[English]

The Chair: Your time is pretty close to up, but go ahead for one minute.

[Translation]

Mr. André Bellavance: Mr. Doyle, we know that the Europeans have their own sensitive products as well. Do you believe that might be part of the final negotiations? They already have quite high customs tariffs on beef, pork and even for fruits and vegetables. You know the European producers federations. Are they flexible on the possibility of opening their markets to our products?

Mr. Richard Doyle: The Europeans have their sensitive products too. Pork and beef are obviously sectors where very little access is granted to Canada or any other country.

I believe that one of the bases of any agreement—and Mr. Clow discussed this earlier—is that there will be a harmonization of tariffs, regardless of the access issue. Access has been discussed on the basis of tariff quotas. Let's say that we don't touch tariff quotas where there are any; there is indeed a kind of liberalization that can be done. In fact, the situation is the same for cheese: our tariffs are about 14% to 20% when we export as opposed to 4% when we import. So to say that we're going to take all that to zero isn't an argument we're advancing, even at the industry level. We did that in the context of NAFTA. What's important for us is that we don't touch the tariff quotas as such.

Mr. André Bellavance: Thank you very much.
[English]

The Chair: Thank you.

That does take us past our time for discussion of that issue this morning. I want to thank our witnesses again for appearing.

Mr. Doyle, please give our regards to Mr. Laforge. I regret that he was unable to get through the inclement weather to be with us today.

Mr. Geist, again, thank you for coming.

Mr. Clow, I appreciate your being here.

We are going to suspend for just a minute. We have committee business to discuss that will be in camera. I'll give you two minutes to bid our witnesses farewell and to re-engage with the in camera session.

[Proceedings continue in camera]

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