



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on International Trade

CIIT • NUMBER 013 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, November 22, 2011

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Chair

The Honourable Rob Merrifield

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• (1105)

[English]

The Chair (Hon. Rob Merrifield (Yellowhead, CPC)): I want to thank the witnesses for coming. This is our continuing study on the EU-Canada free trade agreement, CETA. Thank you for taking part in these proceedings.

We have two witnesses in the first hour. From ARKTOS Developments Ltd. we have Bruce Seligman. Thank you for being here. And from the European Union Chamber of Commerce in Toronto we have Mr. Fisker.

I believe the floor is yours, Mr. Fisker. We'll hear your presentation, go to the next presentation, and then open it up to questions and answers.

Mr. Anders Fisker (Chair, Danish Canadian Chamber of Commerce, EUCOCIT Board Director representing Denmark, European Union Chamber of Commerce in Toronto (EUCOCIT)): That sounds good. Thank you very much, and thank you for asking us to be here.

Ladies and gentlemen, I'm Anders Fisker. I'm the board director of EUCOCIT, the European Union Chamber of Commerce in Toronto. I'm also chairman of the Danish Canadian Chamber of Commerce.

EUCOCIT is a not-for-profit volunteer association dedicated to promoting bilateral trade and investment between Canada and the EU. EUCOCIT events and activities provide outstanding networking and marketing opportunities for companies looking to build awareness of their products and services to business leaders, decision-makers, and potential buyers in Toronto and throughout Canada.

With the strength of 27 active member countries and associate members—and we're still growing—through their Toronto-based chambers of commerce and business associations we promote all events and news to an average of 10,000 members. Our associate members include the Canada Europe Roundtable for Business, the International Economic Forum of the Americas, the Ontario Chamber of Commerce, and the Greater Toronto Marketing Alliance. In Europe we have a partnership with EUROCHAMBRES, the association of European chambers of commerce and industry, with 19 million enterprises and 2,000 regional chambers in Europe. We work closely with the European Services Forum and the Centre for European Policy Studies to promote a strong and prosperous relationship between Canada and the EU.

EUCOCIT was incorporated on March 7, 1995, with the following objectives: to promote commercial, industrial, financial, scientific,

and other economic exchanges of all types between Canada and the European Union; to coordinate the activities of the various chambers of commerce and similar associations established in Ontario whose purpose is to foster economic exchanges between Canada and member states of the European Union; to organize meetings and events in furtherance of the above goals; to perform services in connection with the above goals, with or without remuneration; to collect, manage, and disseminate information and other forms of communication in connection with the above; and to serve the collective interests of its members.

EUCOCIT's current main activities include the promotion of bilateral trade and investment between Canada and the EU; organization of events and activities providing networking and marketing opportunities for companies looking to build awareness of their products and services to business leaders, decision-makers, and potential buyers in Toronto and throughout Canada; the creation of partnerships with organizations like CERT, the Ontario Chamber of Commerce, the GTMA, and EUROCHAMBRES, in order to organize joint events and inform and promote each other's activities. There are biweekly news updates on the European Union's business and political events to keep the Canadian business community informed, and other publications to facilitate introductions and enhance trade and investments.

In the presentation I've made that's been given to the interpreters I include some completed projects from the time of the announcements of the CETA negotiations until now. Starting in March 2009, we have had 34 meetings with EUCOCIT and other parties I have listed. I think it would be too much to name them individually, so I will mention a couple of them.

The newest one will be on November 29. We will have a meeting with Maurice Bitran, Ontario chief negotiator on the CETA, in Toronto.

We have had several meetings with Steve Verheul, the Canadian chief negotiator, and Jason Langrish of CERT. Jason is in India right now on the new potential free trade agreement there. We have met with several ministers. We had the ambassador in Ottawa for the EU delegation.

In July 2010 we had a private meeting at the GTMA boardroom between the EUCOCIT board—27 directors of the individual chambers—and the Honourable Peter Van Loan when he was Minister of International Trade. I have to say there has been a really positive dialogue among all parties—political, financial, etc.—in all the meetings we have had. Hopefully they will lead to a very positive conclusion. So it has been very interesting and really good.

Another example is that in February 2011 we had a seminar, “Export to Europe Effectively and Successfully, with EMA—the Export Market Access Program”, at which we had the speaker, Louie Di Palma, the director for SME programs of the Ontario Chamber of Commerce, in partnership with the Department of Foreign Affairs and International Trade.

We had another one in April 2011, a presentation with Dr. Nout Wellink, president of the Dutch bank the Nederlandsche Bank, and as special guests, Bank of Canada governor Mark Carney and Amanda Lang, the host of *The Lang & O’Leary Exchange*, in partnership with the Canadian Netherlands Business and Professional Association and the Belgian Canadian Business Chamber.

We had a really interesting one with the TD group—the EU financial crisis and its impact on Canada was the topic—with Derek Burleton, vice-president and deputy chief economist. Normally we have about 40 to 60 people in our meetings; on that day we had more than 100.

Just after that, on November 2, we had the pleasure of hosting seven members of the European Parliament in Toronto; they had been visiting in Ottawa prior to coming to us. We had a one-hour business meeting and then we had a cocktail reception and we heard about the latest activities. I have to say that Mr. Vital Moreira, the chairman, made a very good point at the end of his speech, and that was, “You can trust us.”

On November 29, EUCOCIT, in partnership with the delegation of the European Union to Canada and DFAIT, will present a CETA update with Maurice Bitran, Ontario CETA chief negotiator from the Ontario Ministry for Economic Development and Trade, and Maurizio Cellini, counsellor and head of the Economic and Commercial Section of the delegation of the European Union to Canada, plus speakers from the private sector.

In addition, EUCOCIT has developed a website linked to all the European chambers in the GTA. We promote all European events, business, arts, culture, etc. in the GTA and we provide information and links to Europe.

Now I would like to give the EUCOCIT position on CETA. We feel that CETA is the biggest free trade deal, and more, with the biggest market in the world—500 million people, representing high-end and quality buyers, summing up a higher monetary outcome than any other markets—and the biggest new trading opportunity for Canada, potentially creating lessened dependence in our trade reliance upon the United States of America.

We’re convinced that the Canadian business industry is becoming more aware and interested in the details and benefits of the CETA agreement as negotiations develop, but we are lacking much information on what is being negotiated, which discourages some companies from participating and becoming involved.

EUCOCIT has promoted and will continue to promote news and seminars on the CETA between Canada and the EU on an ongoing basis. The Europeans are still dealing with Canada’s proposal for a negative-list trade approach, through which all sectors and services would be liberalized except for those explicitly excluded in the agreement. In the past they have been more comfortable with a

positive-list system, in which only those sectors and services actually cited in the agreement would be affected.

Discussion regarding government procurement and product tariffs has created no surprises. It is expected that about 98% of all duties will disappear once the agreement comes into force. There remain numerous outstanding differences about product standards, and questions regarding which agencies in Canada and Europe will be authorized to issue necessary approvals.

However, intense negotiations are still needed to resolve disputes over rules of origin for goods, especially those in the automotive sector. Canada seeks an agreement that reflects the reality of North American-wide sourcing. On the European side, they are more focused on agriculture and fish. As well, there are concerns over wine and spirits, which make up a large share of EU agricultural exports to Canada.

That leads into the issue of geographic indicators related to cheese and other products, such as Champagne and Parma. Canada needs to ensure that those terms comply with existing copyright and trademark legislation.

Public sector procurement is a high European priority, in particular access for urban transit systems and power-generating equipment. As a result, for the first time Canada’s ten provinces and three territories are involved in the planning sessions but are not at the negotiation table.

- (1110)

The EU crisis means that EU companies will look for opportunity in other markets; the CETA will push them to trade and invest with Canada. The EU’s ability to project itself in such traditional stomping grounds as Africa means it will increasingly turn to Canadian resources. Finally, if countries leave the euro zone, they will be those that Canada doesn’t trade with much anyway.

Besides, the U.K., Poland, Sweden, and Denmark don’t use the euro and are part of that agreement. Don’t let the euro concerns deter what is a huge opportunity. There are still plenty of healthy parts in Europe with which Canadians can do business, and all these places have wealthy consumers. EU support for the CETA remains very strong, and it is a top trade policy priority, which the delegation mentioned when it was here.

On specifics, in public procurement the EUCOCIT supports an open, transparent, and reciprocal agreement in the CETA. This will deliver huge opportunities for Canadian firms in the massive EU procurement market in particular. Open procurement also stimulates competition and increases choice, which will lower costs for taxpayers and make available new technologies that spur innovation and productivity.

We have a number of points on the IPR. Those negotiations will also help us in our relationship with the U.S. and our efforts to enter into trans-Pacific partnership talks.

On tariffs, there will be some tariffs and other non-tariff areas—food products, in addition to a number of items that we have.

We have a few messages for today's hearing.

The EU pharmaceutical IPR proposals are win-win proposals, and we have a number of things here. The country I come from, Denmark, spends less per capita than Canada on drugs but has better IPRs than Canada. This is because Denmark uses pricing arrangements with companies to realize economies; these are a direct and effective cost method, as opposed to indirect and ineffective methods, such as IPR.

At the end, we would like to say that we hope to see a positive conclusion to the CETA negotiations in the first quarter of 2012. EUCOCIT will continue leading the way to explain how this will influence Canadian business going into this vital market.

All this is respectfully submitted.

• (1115)

The Chair: Thank you very much. You may be able to get into more of this in the question-and-answer part of the meeting.

Mr. Seligman, the floor is yours.

Mr. Bruce Seligman (President, Domestic Sales (Canada), ARKTOS Developments Ltd): Thank you very much.

Good morning, ladies and gentlemen. I'm Bruce Seligman, the president and founder of ARKTOS Developments Ltd. ADL is a 100% owned and operated Canadian company based in British Columbia that has a well-established sales record and considerable potential for growth.

ADL has developed the unique and world-leading ARKTOS craft for severe amphibious conditions. It has no direct competitor in the world.

The ARKTOS craft was originally developed for eight major oil companies, operating in the Arctic in the 1980s, as a lifeboat that could operate from offshore drilling structures 365 days per year, especially in mixed ice and water conditions.

The development of this initial stage was supported significantly by the Canadian government, through a grant from the Department of Industry, Trade and Commerce, and by the Canadian Coast Guard for developing the first production ARKTOS craft for the Polar 8 icebreaker program, had it actually come to fruition.

In the 1990s, ADL continued to refine the ARKTOS amphibious craft as a lifeboat and was selling and supporting ARKTOS seismic survey craft in China for their oil industry.

From 1988 to today, ADL has generated over \$35 million in sales of ARKTOS craft. ADL has also generated about \$6 million in revenue for servicing those craft.

Most of these craft are operating in the Alaskan Beaufort Sea and in the Kazakhstan sector of the Caspian Sea. Of special interest to this meeting is that 93% of all ADL craft sales were made for export. As a result of these sales, ADL has kept skilled workers and engineers employed full time for that entire period.

Although the craft's final destination was Kazakhstan, most of the negotiations and payments came from the European Union consortium, based in the Netherlands, which included Italy, France, and England. So I have had quite a lot of dealings with the EU through a consortium that was actually operating in Kazakhstan.

Today ADL is negotiating sales in new sectors, such as military, civilian disaster response, and search and rescue. Oil spill response is a particular interest after the Deepwater Horizon incident. At this point, the main negotiations for these ARKTOS oil spill response craft have been with Russia, Brazil, and China. In fact, I go back to Brazil at the weekend.

Civilian disaster response in the E.U. constitutes a significant potential new market for ADL. Some examples of interest in disaster response in the EU that have been discussed and that we've worked on are amphibious firefighting craft for the River Thames in England; ice tender craft for pilot vessels in Finland, which are for taking the pilots out to the craft in ice conditions; and rescue craft for the coast of Scotland. However, these craft are useful for many other duties, such as where logistics are required amphibiously in shallow water, mud, muskeg, and so on, where neither vehicles nor boats can operate. Tidal zones are very important.

At this time, ADL is also developing a smaller, air-transportable ARKTOS craft that will be useful for quick response in emergency situations worldwide, including in the EU. This craft is similar to the craft ADL is proposing for Canada's AOPS—Arctic offshore patrol ships—and the Canadian Coast Guard's planned new icebreaker, the *John G. Diefenbaker*.

• (1120)

As ADL moves into direct marketing in the EU, the CETA agreement would definitely help ADL in developing more sales and jobs for Canada by reducing or eliminating trade barriers such as tariffs, standards, temporary visas, regulations, and the need for protection of IP rights and procurement rules, etc.

We have to move service engineers around the world for servicing the craft, and that funnily enough happens to be a big problem, getting these visas, and certainly it would be a big help not to have to battle that all the time. I'm hoping that will be an outcome of the CETA.

Thank you very much. This is pretty specific compared to Anders.

The Chair: That's fine. We need all perspectives.

We'll now turn to questions and answers. We'll start with Mr. Masse.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you, gentlemen, for appearing. Although you're very specific, we might need your services if we buy the F-35s.

I do want to go to how you wrapped up, with regard to visitor visas, and maybe just to outline a little bit where you think there could be some crossover. In this agreement they're partly looking at some of the different occupational bridging that can be done for standards, for engineers, perhaps, and others. What qualifications and credentials? Where do you think there could be some gains there?

Mr. Bruce Seligman: We have the problem of the service engineers who go around and service the vehicles. There are a lot of good engineers and mechanics in all these countries, but the problem is that there are specific things with the craft. We don't need to put service techs permanently into an area; we need to move them around all the time. So it's always this temporary visa. One can battle and get people into a foreign country if they're going to stay there for a year or five years or something, but when you're moving them in and out every few months that becomes a problem. There has been a lot of red tape, not with the EU, but Kazakhstan is a continual nightmare, for instance. We in fact have two engineers there right now; they'll be coming back at the end of the week, I hope.

• (1125)

Mr. Brian Masse: Thank you.

Mr. Fisker, we have right now quite a deficit with the EU in terms of trade. We had witnesses from the Chamber of Commerce the other day, and I was kind of surprised by their testimony. They talked about having some winners and losers with regard to the deal once it was struck, and we need to help or at least identify assistance for those who are going to have a new world order through no fault of their own, whose business plans are going to be turned upside down. But they couldn't identify those industries. Perhaps you can take a stab at that.

I know the auto industry is one that's of concern that's been identified. That's what we did with the last major trade deal. We destroyed the Auto Pact and turned ourselves from number two in the world down to number eight in the world now in terms of automotive manufacturing.

Can you shed some light on those that might have some trouble and what we can do to assist them?

Mr. Anders Fisker: I think in most cases we'll be looking at a win-win situation rather than winners and losers.

Mr. Brian Masse: So you think every single industry is going to actually benefit from this arrangement?

Mr. Anders Fisker: No, but I don't have a specific industry where I would be knowledgeable to give advice on that.

Mr. Brian Masse: This seems to be the recurring problem we're faced with in analyzing what to do here. Would you agree, though, that there's a responsibility? If government is going to intervene right now in a successful business model that you have out there by creating conditions that are different from when you actually invested and developed that model, would you say there's at least a responsibility for the government to provide some type of leadership to assist them to change?

Mr. Anders Fisker: Yes.

Mr. Brian Masse: Those are all the questions I have.

The Chair: Mr. Keddy.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman. I'm going to be splitting my time with Mr. Holder.

Welcome to our witnesses.

Welcome to ARKTOS; it's great to have you here. I met with some of your representatives here a couple of weeks ago. Previous to that I didn't know you guys existed. It's always a pleasure to see a Canadian success story, and it's nice to see that the work we're doing with the pro-trade agenda is actually breaking down barriers and opening doors for you folks around the world.

I have two quick questions, one for ARKTOS. You did mention the elimination of tariffs and standards, in direct marketing in the European Union. I assume you mean the recognition of standards, so our standards would be recognized in the EU as well as the EU standards being recognized in Canada—reciprocity, if you will. Can you just give a quick answer? Is that what you were looking at there?

Mr. Bruce Seligman: For regulations and things, we're pretty much dictated to, funnily enough, in England by the International Maritime Organization, the IMO. Most countries rely on IMO for their regulations and the spinoffs, but it's certainly going to be good not to have to fight regulations in every country and to try to relearn. I'm funnily enough just working on a project with Gazprom in Russia. They have their Russian maritime survey in St. Petersburg, but I think they're leaning again back towards IMO, which is into Europe. I think it's more than just the EU members. I think there are a lot of people from our point of view, which is very specific for the evacuation craft and for marine industries.

Mr. Gerald Keddy: Thank you kindly.

I have a question for Mr. Fisker.

With regard to the opportunities for European businesses working in Canada and Canadian businesses working in the EU, there's always been one little phytosanitary certificate that I find most troublesome in the EU, and that's the phytosanitary certificate that governs pine-borne nematodes. I'm just wondering if you guys have looked at this and what that has prevented. You know, for 500 years Canada shipped green lumber with bark and needles on it into the EU, and all of a sudden back in the late 1980s doing that became a problem because of the pine-borne nematode that's resident in our materials. However, it's only in bark. So there's no reason we shouldn't be able to ship green lumber into the EU, as long as it's sawn from debarked logs. Have you guys looked at that and the potential for market in the European Union?

• (1130)

Mr. Anders Fisker: We have not at EUCOCIT.

Mr. Gerald Keddy: That's my only question.

Mr. Holder.

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

I'd like to thank our guests for being here this morning.

Mr. Seligman, I'll speak to you in just moment, if I might.

Mr. Fisker, was EUCOCIT formed expressly so that Canadian businesses could work with European businesses specifically in relation to CETA, or did it precede CETA?

Mr. Anders Fisker: It preceded CETA. It was formed in 1995.

Mr. Ed Holder: At that time what was its broader purpose?

Mr. Anders Fisker: The purpose was really to give the European Community a stronger focal point so it would be recognized as one rather than as 27 different Chambers of Commerce and business associations that people would have to deal with, and we would be the voice in Toronto for the European side.

Mr. Ed Holder: How do you measure your results or your efforts as a success as they relate to cross-business with both Canada and CETA?

Mr. Anders Fisker: We measure them simply by the quality of our meetings and the recognition factor that we have from all kinds of bodies, like the Greater Toronto Marketing Alliance and the government itself.

Mr. Ed Holder: You certainly made reference to the number of meetings you participated in, and it sounds as though that's growing. You said we shouldn't let the euro get in the way of a deal. Could you expand on that a little bit more for us, please?

Mr. Anders Fisker: I would say on a personal note that I believe the euro will continue, but should it not, we would still say that Canada and the EU—and Denmark has the Danish krone and the U. K. has the pound—are still quality markets, and there would be great opportunity to expand our business relationship with Canadian interests and U.S. interests.

Mr. Ed Holder: You're not suggesting Europe take over the Canadian currency as its currency, I presume.

Mr. Anders Fisker: Absolutely not.

Mr. Ed Holder: I'm just playing with you on that.

Thank you for that. I find that helpful.

Mr. Seligman, I had a chance to look up your line of products. They're very unique. Do you have any competition for your business out there? I've heard that what you do is so unique.

Mr. Bruce Seligman: No, we don't. I've often thought over the years that to have a competitor would be an advantage, because then you could do it better than them.

Sometimes I go into meetings in foreign countries and they look at me rather like the first helicopter salesman. "Boy, have I got a plane for you. It's got no wings and the propeller is on the roof." I do suffer from that, but at the same time it's such a specific market.

I spoke to Laurent Beaudoin at Bombardier in about the mid-1990s, and we were talking about working with them. His point was that when we get a market that's big enough, like the Ski-Doo or something—the Sea-Doo—then they'd be interested.

Basically we go from one problem area to the next, whether it's the ice and the mobility problems in the north or it's in China looking at quicksand. We don't have big volumes. The dollars are quite high because we sell expensive product, but it's not in that big numbers that companies like Bombardier are interested in.

Mr. Ed Holder: Perhaps I'll have a chance to ask you more later on.

Thank you very much.

The Chair: Thank you.

Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Chair.

Thank you, gentlemen, for coming.

Mr. Fisker, you seem to have had a lot of meetings, yet you said in your remarks that you're lacking information on what is being negotiated. We seem to be in the same position. We're not exactly sure, and no witness before us has seen the ninth round, the eighth round, the seventh round, unless it was the minister in the department.

I recently had a meeting with pork producers, and both the beef and the pork industry will tell you it is absolutely critical that if there is a deal that we get into the European market on beef and pork. Now, we know the Europeans are fairly restrictive in that area. What do you see are the chances there? Do you think that's going to come about in an agreement, and what will be the trade-off be if we do?

• (1135)

Mr. Anders Fisker: On a personal note, I believe that could be the case. We have a lot of good product in Canada in beef and pork that could be competitive in Europe.

Hon. Wayne Easter: From your perspective, though, what is the trade-off?

In any kind of negotiation, if you're going to get into their sensitive commodities then I expect we're going to have to give on ours. Seeing as you've met so many people on both sides, where do you see that the discussion is at?

Mr. Anders Fisker: I don't have a correct answer for that one. I could say that from Denmark to the U.K. there are a lot of pork products being sent, and also dairy products. With Denmark we will probably have a tough competition to beat them.

Hon. Wayne Easter: Okay. The other area you talked about was geographic indicators. You did say one thing that I didn't understand. You qualified it by saying you need to ensure they are in line with I think copyright, and something else that I didn't catch. What did you mean there?

Mr. Anders Fisker: We actually had one of these meetings where it was mozzarella. When is a mozzarella a mozzarella cheese—that kind of thing. It's the same with champagne. If it comes out of the Champagne area, it's champagne; if it comes out of anywhere else, it's sparkling wine.

Hon. Wayne Easter: I understand that, but one of our problems, and probably more so in the dairy industry and the cheese industry, is that the Europeans have the geographic indicators where they actually name the product, and for Canadians it's going to be a substantial concern, if I could put it that way.

If we've sold a particular cheese under what is now considered a geographic indicator that is disallowed, do you see any way, based on your discussions, of Canada protecting itself against that? I can understand where the Europeans are at, but if you've always marketed it under a certain name and I go to the store to buy it, that's the name I'm buying.

Mr. Anders Fisker: I agree. In May 2010 we had “The Canada-EU Free Trade Agreement: What's In A Name?” We had Steve Verheul there. We had Kathryn McKinley, who is the deputy director of technical trade policy of Agriculture and Agri-Food Canada; Jason from CERT; Karen Young, the leader of regulatory and scientific affairs with Nestlé Canada; C.J. Hélie, who is the executive vice-president of Spirits Canada/Association of Canadian Distillers; and Keith Mussar, who is chair of the food committee at I.E. Canada. We did this in partnership with I.E. Canada. The matter has been discussed thoroughly. I'm not an expert on the matter myself.

Hon. Wayne Easter: I guess the concern we have may have been discussed, but what's the end result?

Just coming to Mr. Seligman, I'm assuming from what you said that one of your greatest problems is getting your skilled labour into other countries where your craft are located to do service. Are you in the countries of the European Union with your craft? If not, why not? What's the reason? Is it a sales issue? Is it a tariff issue?

Are you in the European Union now?

Mr. Bruce Seligman: No, we're not. We have several projects we're working on. The reason is, as I was just saying with the problems, when they had their big problem in Kazakhstan with hydrogen sulphide gas that was emitted from that zone, they needed some craft that could consistently go through the ice and water, and that's where it went.

It's really almost problem-driven. We are a craft for very severe conditions. We don't go and market traditionally, or haven't as yet. We're now starting to do that. Thus far, we've been moved from one oil company to the next where they say they have this problem and they're told they can go to ARKTOS for that.

● (1140)

Hon. Wayne Easter: If you were to get into the European Union, do you anticipate temporary visas being a problem there? I do know about visas because of some companies in P.E.I., and vice-versa coming the other way as well. Getting the people with the specific skills in a timely fashion is difficult. Even coming into this country you have to do the human labour market survey and see if there are other skills available, and if there are Canadians with similar skills that could do the job.

In the European Union now, do you see the visas being a problem there if that market opens up for you? Do you have any experience at all?

Mr. Bruce Seligman: No, I don't. I do think that it's not so much the skills you talk about but the experience. You can get the same good mechanic walk past a track system who says it looks okay, but someone who has experience in the craft will look at it and say it has a bent backing bar on that track. It's experience rather than skill. A lot of people in these given markets with the same and better skill sets, if they had the experience.... You can't just go hire someone and tell them to go do service work on the ARKTOS, because it's so unique. There aren't any craft like it.

The Chair: Okay. Thank you very much.

We'll now yield the floor to Mr. Hiebert.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Thank you, Mr. Chair.

Thank you to our witnesses for being here today.

Representing the area of South Surrey—White Rock—Cloverdale, I would like to highlight that the company ARKTOS Developments Ltd. is from Surrey. It is a local company, and one I have to admit I don't know much about, which is why I'm pleased to have this opportunity to ask some questions of you.

I thought I'd start by getting a background about the company. You have been around, as you said in your opening remarks, for some time. How many employees do you have?

Mr. Bruce Seligman: Right now we have about 35, but it goes up and down with the builds. For instance, when we were building the last big build for Kazakhstan, we had 64 people on three different shifts. We were working around the clock because they had a deadline to start drilling. Then we go right down again. Now we have two or three very big projects very close and we may well get over 100 people very soon.

Mr. Russ Hiebert: On secured sales that you have in line?

Mr. Bruce Seligman: Yes.

Mr. Russ Hiebert: Would those sales include the ones you talked about—Scotland, Finland, and the U.K.—or are those prospects at this point?

Mr. Bruce Seligman: They're a little bit far out yet. That's the other thing that's a problem for us in planning. You think it's a long way out and then suddenly they need them. In two months it has to be there, and there are all sorts of problems.

I have a father who's 99 years old and I call him every Sunday and he always asks me which one is going to go first. It could be Russia. It could be Brazil. I actually think Brazil is going to be the next market—they say.

● (1145)

Mr. Russ Hiebert: Okay. Let's focus on the CETA agreement. That's the purpose of our discussion here. How would that have an impact on your company? You've talked about reducing tariffs. To what degree are those tariffs a barrier to your sales right now?

Mr. Bruce Seligman: Right now we've been sheltered from it, I have to admit, by the consortium, because I sell to the consortium, and funds, progress payments, come at certain stages of production out of Amsterdam. Their buyers have to do the battle with Kazakhstan to move this particular thing.

What we're trying to do now is to work directly, not through a consortium or an oil company. That's our initiative right now.

Mr. Russ Hiebert: Would a CETA agreement give you an opportunity to have your own presence and not have to go through brokers?

Mr. Bruce Seligman: Absolutely. Yes.

Mr. Russ Hiebert: Okay. You also talked about IP protection. What impact would a trade agreement with the EU have on your protecting the patents that you have on your product?

Mr. Bruce Seligman: In this meeting here I can be quite honest. Most of the patents are getting very long in the tooth and we don't have a lot of patent protection, which makes it even more important. For instance, in the Soviet Union they want to buy one or two craft and you know very well that they could be a problem. It's the same with China. We're always having to protect know-how, which isn't personally patented.

We have some patents left, but they are U.S. patents. To patent something in every country, it would take most of our revenue just to deal with patents.

I'm hoping that the agreement will have something in it that will protect companies on both sides, so that there isn't flagrant cheating and stealing of things. I think it will be much better when there's an agreement. As I understand it, and I'm not an expert, I think that IP protection is one of the things that comes out of a proper agreement between the EU and Canada, I hope.

Mr. Russ Hiebert: Do you think the prospects you're looking at in Scotland, Finland, and the U.K. would feel more comfortable dealing with a Canadian company if there were this kind of an agreement in place?

Mr. Bruce Seligman: I think so. I think the U.K. is probably one of the closer ones, with its problem of the Thames. They have a specific problem. There are all these little streets in the city of London, and they can't get big fire trucks in, whereas they can get up and down the river, and they do it with fireboats. The problem is when the tide's out they have long stretches of mud and they can't get across it, whereas we can drive up and—

Mr. Russ Hiebert: Plug in.

Mr. Bruce Seligman: Yes.

Mr. Russ Hiebert: How many of these products do you typically make in a year?

Mr. Bruce Seligman: "Typically" as a word is not very good, because the most we've built is six. One was built for Kazakhstan when we had the very high level.

I think if one averages it out, it's about one and a half craft a year that we've built, but now there are two or three different potentials for several craft. In those days a craft was about a million dollars. Now some of the craft that we're quoting are over \$5 million because they have so many extra pieces of equipment and they're bigger.

Mr. Russ Hiebert: So every craft is designed to the needs of the customer. It's a specialized product.

Mr. Bruce Seligman: Yes.... Well, not designed to them. There is a basic craft that we build. It's the additional bits that are put on it that are special. For instance, in oil spill response, we have to have cranes and other things to run some of their equipment.

Mr. Russ Hiebert: Looking at your website, I'm fascinated by the photos you have of the product. It's hard, on a scale size, to determine how many people it can carry. Can you give us an idea of its capacity?

Mr. Bruce Seligman: Absolutely. Our craft approved by the U.S. Coast Guard, which is the product we have sold the most of, has a capacity of 52 people. The one we're selling right now into Gazprom is 75, but they are bigger seats. If we have the ordinary IMO seating plan—we've talked about IMO—there could be 103 people. That's a self-righting, double-decker craft. So 103 is the biggest we have on designs people have talked about.

The Chair: Thank you very much.

Mr. Côté.

[Translation]

Mr. Raymond Côté (Beauport—Limoilou, NDP): Thank you, Mr. Chairman.

I thank the witnesses for being here. My questions will be addressed to Mr. Fisker.

I must say, sir, that I found it interesting to hear you speak about transparency a little earlier. The tools we have to do our work in committee obviously include a cost-benefit assessment of a closer economic partnership between the European Union and Canada, which sets out ballpark figures. From these figures, we can extrapolate potential economic spin-offs of \$1,000 per family, among other things. Of course, these are very simplistic extrapolations. You must admit that such an increase in economic activity will not profit everyone equally, on the contrary. However, it is interesting, nevertheless. Moreover, this assessment is based on a totally open market, a complete opening up of markets.

Given the current state of negotiations, do you think we may see far smaller spin-offs than those forecast in this evaluation?

• (1150)

[English]

Mr. Anders Fisker: I have to admit I am not familiar with the study. You're saying there is a spin-off of about \$1,000 per individual.

[Translation]

Mr. Raymond Côté: Per family.

[English]

Mr. Anders Fisker: That's per family, okay.

The Chair: It may be an unfair question. I mean, you can pose a question, but his focus would be more the European side rather than the Canadian side. It's probably an unfair question to him. Nonetheless, go ahead and ask him another one.

[Translation]

Mr. Raymond Côté: Mr. Chairman, we have to know what we are getting into. In fact, this is the type of concern they may have on the European side as well.

I will see, Mr. Fisker, what you know about Toronto, Toronto businesses. Would such an agreement provide opportunities to a greater number of businesses, or do the current conditions allow most businesses to trade with the European Union, with or without a free trade agreement?

[English]

Mr. Anders Fisker: I don't think the market will be restricted to Toronto. I believe the opening of markets with the free trade, so to speak, CETA, will give an overall spread over the country—perhaps not evenly, but definitely opportunities will be there for all Canadian companies and all EU companies with an interest to cooperate and exchange trade.

As far as the dollar amount, I cannot comment. I don't have that knowledge.

[Translation]

Mr. Raymond Côté: My question, rather, was whether businesses are waiting for this agreement to decide to do business with the European Union.

[English]

Mr. Anders Fisker: There are already a lot of companies doing trade with the EU. I think with CETA, they will open up new opportunities for other companies to participate.

I think the problem that is coming out... Maybe I can address your question a different way by making a statement. I find personally that Canadian business people are lax to get involved with a new agreement and pay attention to a new agreement until the deal is done. They're not really lining up to come and hear about CETA. But I can say that from the time of the CETA beginning to now, there has been a lot more interest. We see that in the number of participants in our meetings. Initially we were looking at 20 to 40, then 40 to 60, and now recently, when we had the delegation from Europe and the seven members of Parliament, there were maybe 140 people.

There was a one-hour complete business in a closed room in the Marriott Courtyard in Toronto, where people were sitting up theatre style and paying attention to real business. Then we had the reception following that. The same with the TD VP on October 13, when we had really a good question: has the European crisis had an impact on CETA? Essentially, from the banker's perspective, he was saying that the markets have a huge thirst for hope. I think it's common for everyone. He was also saying that the Canadian economy will continue to grow as long as the merchant markets and other markets keep buying our oil and gas, minerals, and agrifood products. The western provinces are expected to lead the economic growth parade. He was also saying something that I really enjoy hearing: that the interest rates will remain low, at least until 2013.

• (1155)

The Chair: Thank you very much.

Mr. Shipley, you can finish this off.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you very much.

I really want to thank you for coming in.

Mr. Seligman, it looks like maybe it's your wife or your daughter who is the vice-president, so I congratulate you again on a strong Canadian company.

I think what we're hearing, quite honestly, is that every business, every organization, every manufacturing company—whether they're looking at agriculture or whether it's manufacturing—is very excited about coming to a conclusion and getting to a great agreement with the EU on this. It is seen in Canada as a business builder. It is a business builder. It is seen that when you build businesses, it creates jobs.

Bruce, I'm excited to hear you talk about your company and what it means, since it started out small and it looks like there are opportunities in this agreement for you to grow.

You have laid out some of the issues for military search and rescue and oil. What sorts of limits do you see for this product? When I'm looking at it, on a logistic thing, how do you create a ballast when it is that top-heavy-looking? When you're actually coming in and out of the terrain that you're doing, how do you keep it upright?

Mr. Bruce Seligman: That is very important, especially the self-righting craft. You have to get all the weight as low as you can. It looks top-heavy, but the things that are on the top are fairly light. All the engines, transmissions, and tracks are all low down.

Mr. Bev Shipley: When you don't have the competition, is it basically just those barriers of getting in? You don't have another company that you really have to compete against.

Mr. Bruce Seligman: No.

Mr. Bev Shipley: You just have to be fair and sell yourself—sell a helicopter, I guess, to the countries that have never seen one before.

Mr. Bruce Seligman: Yes. It's very much driven by the requirement of the job that has to be done. We wouldn't sell one if we weren't doing a special job that they couldn't do any other way.

Mr. Bev Shipley: Are you a part of the manufacturers and exporters organization, by chance, as a company?

Mr. Bruce Seligman: No, we're not.

Mr. Bev Shipley: Okay.

Mr. Bruce Seligman: We should be, but we're so busy. I've been to Russia three times this year, I'm going to Brazil for a second time, and I'm running the company at the same time, so it's not very easy.

Mr. Bev Shipley: You're growing, and that opportunity likely will come. Their presentation shows how important it is to use that networking and the facilities they offer to help companies get their products into countries also.

Mr. Fisker, in terms of the EU Chamber of Commerce—and I don't think they differ much from our chambers of commerce across Canada—would it be fair to say, if I've listened to you correctly, that the businesses represented in your chamber are promoting and are supportive of this agreement, in terms of what they see in it so far, as being something they're still keen to see come to completion?

•(1200)

Mr. Anders Fisker: I would say that's correct. A number of companies show up at most of our meetings, and then there are companies that don't. We're still hoping for more participation.

Mr. Bev Shipley: One thing, too, and this is something we've never done before, is that we have now, because of the number of countries in the European Union, become involved and have brought in our provinces, which then actually bring in the municipalities, and have simply said that from Canada's position, the provinces and the municipalities are very supportive of this. They see the procurement process as being fair and they see it as an opportunity for them to increase opportunities for business and for jobs, as the whole economy in Canada is struggling, as it is in other parts of the world. Even though we're fiscally doing very well, it's all about getting jobs.

Is this still how your businesses look at it, that they see an opportunity to strengthen their economic business plans?

The Chair: We'll close this session off with that answer.

Mr. Anders Fisker: I see that. I'm involved with Copenhagen Capacity and GTMA. It's about attracting jobs and head offices to their particular cities. I see this as very much the case, that Canadian companies that are members in our EUCOCIT chambers are definitely looking to increase their size of business and thereby gain new jobs and grow the economy that way.

The Chair: I want to thank you very much for the questions, and thank you for taking the time to come in and give your presentations to the committee. I know you're both very busy people, and we wish you very well as far as the specific craft that is built here is concerned. And to the chamber as well, thank you very much for your presentations.

We'll suspend for a few minutes as we set up the table for the next hour.

Thank you.

•(1200)

(Pause)

•(1205)

The Chair: We'll call the meeting back to order. I see that we have our witnesses at the end of the table. We want to thank both of them for coming in.

Mr. Ian Lee is assistant professor of strategic management and international business at the Sprott School of Business at Carleton University, and Mr. Trew is a trade campaigner for the Council of Canadians.

Thank you both for coming in. We look forward to your testimony, and then we'll move to questions and answers.

Mr. Trew, I believe we're going to start with you. Go ahead.

Mr. Stuart Trew (Trade Campaigner, Council of Canadians): Thanks very much, Mr. Chair, and thank you to the committee for this opportunity to address you today on CETA.

The Council of Canadians was founded in 1985. It is Canada's largest citizens' organization, with more than 50,000 members from coast to coast to coast, and that number is growing. We work locally, nationally, and internationally to promote policies on fair trade,

access to clean water, energy security, public health care, and other issues of social and economic concern to Canadians.

Since the negotiations began on this proposed Canada-EU comprehensive economic and trade agreement in 2009, we've come to understand CETA not as a simple trade deal but more broadly as an agreement on economic governance. CETA will set new legal limits on social and environmental policy in ways that compromise our democracy.

For this and other reasons, the negotiations have been criticized by a growing number of environmental, labour, indigenous, student, and farmers' groups on both sides of the Atlantic. A recent collective request from a few dozen Canadian groups—actually, it was about 60 Canadian groups—to meet with Canada's international trade minister was turned down on the grounds that we all have access to Canada's top CETA negotiator in briefings following each of the past nine rounds of negotiations.

However, during the last briefing with DFAIT in October, civil society groups on the call were told that there are no plans to produce a report summarizing their feedback, as is the norm in the European Union. The negotiators were not even taking notes on what we were saying, apparently.

So these parliamentary hearings into the CETA negotiations are truly the first opportunity for groups such as the Council of Canadians to go on record with their concerns. While we have publicly called for the negotiations to stop and for an informed public debate to decide the scope and content of any deal with the EU, I recognize that this committee is not likely to take the same position. I would like to use this opportunity instead to propose a few changes to Canada's negotiating position, which would limit the potential of CETA to undermine the public interest in a number of important areas.

The first area is transparency. I could hear from the past speakers that you've been talking about this already today.

Canadian MPs should have the same access to CETA documents as their European Union counterparts. For example, I understand that members of the EU trade committee have access to Canada's and the provinces' services and investment offers and potentially their procurement offers as well. The former were exchanged shortly before the last round of CETA negotiations in October; procurement in goods offers were exchanged in July.

Access to those offers would provide this committee with a much better sense of the scope of the proposed agreement, including where it may fall short in the protection of public services or strategic sectors, which I will get to in a moment.

I have not seen this information, but it's difficult to understand why Canada's trade committee should not be able to see the information that MEPs are studying right now in Brussels.

The second change would be related to investment protection. We strongly believe that there should be no investor state dispute resolution process in CETA, as there has been in NAFTA and in subsequent Canadian free trade agreements. This is also the preference of the EU Parliament, as expressed in a June 8 resolution on the Canada-EU trade deal. The resolution says that

Given the highly developed legal systems of Canada and the EU, a state-to-state dispute settlement mechanism and the use of local judicial remedies are the most appropriate tools to address investment disputes.

The same advice was provided to the European Commission in a sustainability impact assessment of CETA produced by a consulting firm this summer. Their report says:

There is no solid evidence to suggest that investor state dispute settlement will maximize economic benefits in CETA beyond simply serving as one form of an enforcement mechanism.

The assessment adds that policy space reductions caused by the dispute process would be enough to cast doubt on its contribution to net sustainability benefits. Investment protections in trade agreements or stand-alone bilateral treaties give foreign investors incredible rights to bypass local courts in order to sue sovereign states before international tribunals, if they feel they have not been treated fairly. The lack of clarity in what constitutes fair treatment and the lack of transparency in the proceedings have given arbitrators enormous leeway in deciding what constitutes acceptable government policy. Investors are increasingly using this kind of arbitration to challenge social, environmental, and economic regulations that affect their profitability.

I know this committee has recently studied this process because of last year's \$130-million settlement with Abitibi Bowater. Since then, Ontario has been the target of an expensive \$275-million NAFTA claim by a Brazilian-owned cement company that was denied approval for a quarry outside of Hamilton, Ontario. We learned this week that Philip Morris will be challenging Australia's plain packaging laws for cigarettes because it feels that these also hurt its investments, even though the policy itself was a health measure enacted democratically.

• (1210)

I urge the committee to consider the position of the Australian government on investor-state arbitration. The Gillard government released a new trade policy in April that discontinues Australia's former practice of negotiating investor-state dispute procedures in trade agreements. The policy states:

If Australian businesses are concerned about sovereign risk in Australian trading partner countries, they will need to make their own assessments about whether they want to commit to investing in those countries.

I would say that most companies, by and large, do this already.

In other words, the Gillard government believes it is not the job of the government to absorb the risk that these firms take when investing in foreign countries. The new trade policy also insists that foreign firms operating in Australia should be entitled to the same legal protections as domestic businesses. Investment treaties, on the

other hand, discriminate against local firms by giving foreign firms more rights to challenge government policy.

If this committee is not prepared to recommend against investor-state protections in CETA, it could push for simple reforms to the process. For example, Canada and the EU could agree that firms must exhaust local legal remedies before moving to investment arbitration, as the EU Parliament's resolution suggests.

The third point I'd like to make is on public services, water in particular. The public services exception in CETA needs to be broad and precisely worded to protect the right of governments to regulate in areas such as health care, education, or water delivery and sanitation. Provincial and local governments must also insist on maximum space to maintain or create new public monopolies or universal programs in these areas, even where some degree of private sector involvement currently exists. If Canada's reservations are too narrow, unclear, or incomplete when it comes to public services, we risk inviting expensive compensatory claims by investors who feel that government regulations or social services interfere with their profits. This is also the position of the European Trade Union Confederation and the European Federation of Public Service Unions.

With regard to water, it is our understanding that the EU has taken a broad exclusion for water services and utilities, not only protecting existing public utilities from competition from the private sector but also making sure that governments at all levels have the right to re-municipalize previously privatized utilities in the future. The examples in France are good examples of where they brought services back in-house because they had been dissatisfied with the private delivery of those services.

We understand, however, that Canada has not—not yet, I should say—taken a similar reservation in its own offers to the EU. We feel this example underlines the importance of this committee having access to the Canadian and EU offers so that it can play a stronger role in assessing the risks and benefits of the proposed trade agreement.

On local procurement, I know this committee has heard several witnesses already on the issue. We certainly share the view that procurement commitments for municipalities and the so-called MUSH sector should be excluded entirely, because we don't think they're worth the sacrifice to local autonomy and policy space.

In almost all cases, local procurement happens in Canada in a completely transparent and fair way. There are no restrictions to EU firms bidding on Canadian contracts; they win quite a few. In the vast majority of cases, municipal councils make decisions based on value for money. So we're not sure there's necessarily a problem here.

The net result of CETA commitments on procurement, however, will be to prohibit local governments from adopting buy local or buy Canadian policies, or from otherwise considering the value of local sustainable development when tendering for goods, services, and construction projects over certain thresholds.

Japan's WTO challenge of the Ontario Green Energy Act, a challenge that the EU joined this fall, shows that the EU will use trade and procurement agreements and rules to undermine job creation strategies in their trading partners.

Who loses from a blanket prohibition on local hiring or content requirements? Well, mostly it will be small and medium-sized businesses as they are outbid by their considerably larger European counterparts. This is already happening in Canada in the P3 market, the public-private partnership market, according to the Canadian Construction Association in a recent article. The sustainability impact assessment that I referred to earlier also predicts much bigger gains for the European Union than for Canada in this respect, in the procurement chapter.

In conclusion, experience with past trade deals shows that there's little room in Canada, at the parliamentary level, to make amendments once a deal is signed. Clearly CETA is about much more than trade. As such, I hope this committee considers how it might take on a greater role in studying the negotiating texts as their European counterparts are doing, and in proposing amendments, where suitable, to protect public services and other important policy areas.

Thanks very much.

• (1215)

The Chair: Thank you very much.

Now we'll move on to Mr. Lee.

Professor Ian Lee (Assistant Professor, Strategic Management and International Business, Sprott School of Business, Carleton University, As an Individual): I'd like to thank you for the opportunity to appear before your very important committee.

Before starting, I want to provide a disclosure statement concerning my own personal interests. I think every witness should in fact make such a disclosure statement.

First, I do not consult for any organization—government, union, non-profit, or business—directly or indirectly, anywhere in the world.

Second, I do not have any investments of any kind, except for my personal house in Ottawa and my share of the Carleton University pension plan. You could say that I'm just a poor professor.

Third, unlike non-profit organizations, I receive no donations or gifts of any kind from any person or any body.

Fourth, due to the first three disclosures, I appear before this committee with no conflicts of interest whatsoever.

Fifth, because I will be speaking very critically about supply management, I must disclose that I did grow up on a farm in eastern Ontario, in Lanark County, Beckwith Township, in the pre-supply-management days of the 1960s. I know what it was like to be on a farm in those days.

Sixth, I volunteered to be a speaker with Carleton University's speakers bureau in 1988 and again in 1991, I think it was, during the FTA and NAFTA debates, in support of the free trade agreements. On several occasions I found myself debating the Council of Canadians.

Seventh, I am a tenured professor. That means that I can say what I wish without threat of being fired by anybody. I teach strategic management and international business.

Eighth, I have taught on every continent on the planet Earth, with the key and only exception of Africa, and not because I don't want to teach there but because I was turned down on several occasions when I applied. I've taught in pretty well every country in central and eastern Europe and in almost all the former communist countries. I've taught eight times in Iran and the Middle East, and I've been teaching once per year in China since 1997.

Finally, because of my travels to countries that have practised protectionism, and because of my research and teaching of international business, which includes comparative advantage and the advantages of trade, I strongly support liberalizing, expanding, and extending free trade agreements with both the European Union and the Trans-Pacific Partnership, and indeed with any country anywhere that wants free trade or trade with us.

I will now address two serious and significant barriers to an EU-Canada or CETA trade deal and possibly to a future TPP deal. I'm going to deal mostly with supply management practices, but I will touch at the end on intellectual property rights.

As background material for what I'm going to say on supply management, I refer you to my op-ed piece, which was published in this morning's Toronto *Star*, called "The Milking of Canadians." Actually, I submitted the op-ed to the paper on the weekend, and I proposed calling it "The Plucking and Milking of Canadians Under Supply Management". However, they condensed the title.

I also refer you to my paper on which the op-ed was based. It was published yesterday by the MacDonald-Laurier Institute, a think tank in Ottawa. It was called "Straight Talk: End Supply Management to Give Better Value to Consumers, Secure New Trade Deals".

I'll run through this now very quickly.

The key metrics concerning supply management are that 34 million Canadians are being plucked and milked by approximately 14,000 dairy farmers, 2,800 chicken farmers, 1,200 egg producers, and 500 turkey farmers under a system of government protectionism called supply management. Farmers under supply management represent \$8.6 billion, or 19% of the total 2010 farm income of \$44 billion. And total farm income is 1.7% of GDP. It is very small. It is a very important sector, but it's a very small sector. These are all Stats Canada data, and I'd be more than pleased to provide the citations for those who want them. Notwithstanding that, these farmers in supply management, specifically in dairy, are earning, on average, \$100,000 a year net profit under supply management.

A 2008 OECD report found that the price of dairy in Canada is more than double the market price, while the Conference Board of Canada found that, on average, consumers are paying 60¢ more per litre of milk than are Americans, where they have no supply management.

This is rank protectionism. This is the 1% exploiting the 99%, and none are more exploited than low-income Canadians, who pay much more of their budget on food than the rest of Canadians.

This protectionism also makes the quotas very valuable and makes it more costly for a farmer to enter farming. For example, it now costs north of \$25,000 to buy quota for one cow and about \$140 for the quota for one hen. Indeed, Stats Canada 2010 reports that the total value of the supply management quotas across Canada is \$31 billion.

• (1220)

It's argued that supply management is necessary to save the family farm. Yet the number of farms has been declining steadily for a half century, according to Stats Canada, from 574,000 farms in 1956 to 229,000 farms in 2006. That is a 60% reduction.

The Chair: You might want to slow down just a little bit so the interpretation can keep up.

Prof. Ian Lee: Sorry. I was just worried about running out of time. If I have your assurance that I'm not going to get truncated, I will slow down.

It is also argued that supply management is needed, as farmers, it is argued, are heavily indebted. Yet the StatsCan data of 2010 shows that the ratio of farm debt to assets is 17.7%, radically lower than households with a mortgage debt of 80%, 85%, or 90%—some households, not all households. We all know that Canadians are heavily indebted, to about \$1.5 trillion.

It's argued as well that supply management is necessary for farmers to survive. Yet 80% of our farmers do not function under supply management. Our western farmers, our grain framers, our beef farmers have demonstrated that they are very dynamic, very successful, and very competitive.

Most importantly, our European allies and countries in the Pacific Rim are strongly opposed and may yet prevent a trade deal that will benefit all Canadians and not just a tiny number of Canadians—i.e., 20,000 or fewer farmers.

Australia and New Zealand—and I'll be more than pleased to talk about this, because I've done research on this—showed that supply management can be abolished and farmers will not fail. The Australian and New Zealand farmers have prospered far more in the post-supply-management world than they did under the protectionist world of supply management.

Now I will turn very quickly to a second major irritant, and that is Canada's poor record regarding intellectual property.

There is no question that Canada has weaker IP laws than the U.S. and the EU, our two major trading partners, and the totality of liberal democratic nations in the world. Canada is the outlier. Canada is the rogue violator country of the norms and rules of the international community of nations.

The generic drug industry, the Council of Canadians, and others argue that laws benefit big drug companies, and that we need to ensure weak IP laws to control health care costs.

Allow me to be as direct as possible. The argument is that because we—Canada, one of the wealthiest countries in the world—do not like paying the prices of those that funded the R and D, we have a right to pirate their R and D and engage in knowledge management theft.

Like those who engaged in illegal downloading to pirate music and rip off artists, or China's systematic pirating of IP, these groups are advocating the legalized theft of IP.

Note that cars are expensive as well, but we don't legalize auto theft. And, yes, pharmas, as with many industries today, are large and concentrated because R and D costs billions of dollars.

To close, and to speak perhaps very provocatively, we have to stop acting—like the small number of my weak students—as corner-cutters looking for free lunches instead of becoming successful the old-fashioned way, by earning it. So I urge this committee to recommend that we terminate supply management, which I have characterized as based or grounded in Soviet economics, and to join the international community of nations on IP. In short, we have to stop cheating.

• (1225)

The Chair: Thank you very much for those two rather controversial presentations, I would say. We'll just leave it there.

Mr. Masse, go ahead.

Mr. Brian Masse: Thank you, Mr. Chair.

Mr. Trew, I think it's important that you flesh out a little bit the difference the process has taken here in Canada versus that of the European Parliament. I think in your presentation you touched on it, including referencing documents that they have. I think it's important that we have a little bit of light brought on that.

Mr. Stuart Trew: Thank you very much.

I wish I had more details on it than I do, but I don't. In some ways Canadian civil society groups are being better briefed on the negotiations from Canada's lead negotiator, and that's appreciated. We appreciate the briefings. However, on the flip side is that European parliamentarians have much more information on the services and investment offers that were exchanged in October, which include the reservations, for example, that Canada has taken to protect certain areas, and the provinces as well. The MEPs at the trade committee have seen those, and possibly the procurement offers, so they will be able to have a fuller understanding than this committee of where the EU stands to benefit and perhaps where some of the risks are.

Mr. Brian Masse: And then they're getting some input in terms of directing the negotiations on top of that. I think that's what you referred to as well, that it's a two-way street with them and their trading.

Mr. Stuart Trew: Yes. European parliamentarians, as I understand it, have been pushing for a greater role in the negotiation and passing of trade deals. Right now it's very similar to Canada, where they can say yes or no at the end of the day, but because they have been pushing for a bit more say prior to that process, prior to a deal being signed, I think this is why you're seeing more information coming out into their hands at this stage.

Mr. Brian Masse: When you were getting your briefings with our trade negotiators you mentioned there's not going to be a report issued. We've seen a little bit of this in the past with regard to the perimeter security thing happening now.

My concern about the perimeter security process is that it's one direction. It's not a conversation. So different groups and organizations aren't able to see how it affects other groups. Then they get a more sophisticated understanding about where there could be some issues, where there may not be issues, but it's more of a moving entity.

What's happening with yours? There's just no consultation now at this point and no engagement?

Mr. Stuart Trew: At this point, since the formal negotiating rounds have ended, we're not sure exactly what the consultation or briefing will look like from now on in because there will be smaller negotiating sessions until a deal is signed.

Our experience at the briefings was that, well, they were briefings. They weren't really consultations. There was a 10-minute blurb on what's happening, the latest status. I imagine it's very similar to what the business sector and other groups were getting and then an opportunity to ask questions.

We were told from the beginning they were briefings. I think part way through, maybe around negotiating round five, we were told that that was actually a consultation by the former trade minister,

which was news to us, because there is no real formal process for this.

Mr. Brian Masse: I'm going to be giving the rest of my time over to Mr. Ravignat.

Thank you, Mr. Chair.

• (1230)

Mr. Mathieu Ravignat (Pontiac, NDP): Thank you, Mr. Chair.

We're approaching the first anniversary of the UN Declaration on the Rights of Indigenous Peoples. You did mention very briefly indigenous peoples in your presentation, Mr. Trew. I'm of the opinion that morally a government has a responsibility to ensure at least consultation with aboriginal people and transparency.

With regard to the UN Declaration on the Rights of Indigenous Peoples, have you heard from various aboriginal organizations across the country regarding their concerns with CETA, and are you aware of any consultation being had in the European Union with some of the indigenous people there? I'm thinking about the Lapps and the Sami, for example.

Mr. Stuart Trew: Very briefly, the indigenous member of the Trade Justice Network, which kind of pulls together some of the groups working on CETA, is the Indigenous Environmental Network. They have specific concerns related to how the agreement might affect the production of tar sands, for example, or the regulation of tar sands and attempts in the EU to regulate tar sands.

An hon. member: Oil sands.

The Chair: It's oil sands. There's no tar in them.

Mr. Stuart Trew: It used to be tar sands. Anyway—

Mr. Mathieu Ravignat: Could my witness answer my question?

The Chair: Yes. I'm just correcting the comments made by the witness.

Go ahead.

Mr. Stuart Trew: Aboriginal groups we have spoken to subsequently, including the AFN, have expressed surprise that the negotiations are so far on the CETA without having heard about them necessarily or being consulted. That's all I know. I can't speak for them on behalf of their concerns and I can't speak on behalf of any negotiations or consultations with European indigenous groups.

Mr. Mathieu Ravignat: How much time do I have?

The Chair: You have another minute.

Mr. Mathieu Ravignat: I'd like to turn to perhaps another issue, and that is with regard to patents for pharmaceuticals. There has been a lot of discussion in this committee. Generic producers have been here as well as some of the larger pharmaceutical companies, and there seems to be a difference of opinion with regard to IP and pharmaceuticals.

I'd like to hear from both of the witnesses on this.

It's clear the European Union has in place stronger measures to protect intellectual property. These could be advantageous or disadvantageous to the generic companies and to the larger pharmaceutical companies. I'm talking about, for example, the right to appeal, the protection of research, etc.

Even if we were to take the perspective of either of them, we would have to deal with an unequal negotiating stance on the basis of IP protection. What is the impact going to be, from your perspective, on the Canadian economy?

Mr. Stuart Trew: Briefly, it's not an area in which I have a lot of expertise. The Council of Canadians has read the studies from the generics association about increased drug costs, for example, and that would be based, as I understand it, on the amount of time it would require a new drug to get to market following the implementation of these intellectual property reforms, which are, as you said, entirely one-sided. There have been European requests, and Canada has been asked to take it or leave it. It sounds as though Canada's been asked to take it, with no option to leave it in these negotiations, because it's that important for European negotiators.

As I understand it, Canada's IP regime is based on a balance, recognizing the importance of both sectors—generics and the brand-name industry. If you have one sector saying this is actually going to benefit only the brand-name sector, then I think Canadians and this committee should consider the balance and the necessity of really dealing with this in the legislative, domestic way and not having a trade agreement impose changes to Canada's IP regime.

The Chair: Thank you very much.

Mr. Lee, did you want to add a very quick response?

Prof. Ian Lee: I'll be very quick in response.

I think if we adopt the European standard, there's no question—I'm not going to fudge it—our drug prices will go up. Of course they will, because they're getting protection for a longer period of time. That's only because, in my view, we were cheating before. We are outside of the norm of the world standard. When I say the world standard, I mean the EU and the U.S. We should be going to the world standard and joining this standard.

To answer your question on what the impact would be, we don't know. I don't know, but I think that we could expect to see more research and development investment in Canada. There's probably a reluctance to put more into Canada simply because they know they don't have the same regime. Why would they put it here when they can put it in the U.S. or Europe and get better protection of their investment?

•(1235)

The Chair: Thank you very much.

Mr. Cannan, the floor is yours.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

Thanks to our witnesses.

Mr. Trew, I'm glad you're here today.

I'd like first of all to clarify some of the comments. We've been critical of the negotiations and of free trade agreements in general for Canada's economy. One in five jobs is linked to exports, and trade represents over 60% of our overall GDP. The reality is that if Canada had to survive only on what was sold within Canada, it would be nowhere near as successful and prosperous as it is today. It's important to realize what free trade agreements do. They open up

opportunities for businesses of all sizes and help our economy be stronger and more successful.

You also made some comments and expressed concerns with regard to the negotiations and the ability of Canadians to buy locally produced products. I want to assure you that within our trade agreement with the European Union, as with other trade agreements, negotiations will not limit Canadian consumers' access to safe and healthy food, nor will it limit their choice between locally produced or imported products. Coming from an agricultural community within the Okanagan Valley, I know it's very important to build to support our local and our national agricultural community.

Specifically with regard to the negotiations, one of the concerns I hear from my constituents once in a while.... I get letters from your national chairperson in a fear-mongering style looking to raise funds. Maude Barlow sends out a letter saying to fight CETA at all three levels of government and to lobby the Harper government to hold proper parliamentary debates. She asks people to send her money now so they can continue their crusade. My concern is that we want to work together. Why do we always have to do things in a controversial way? Why can't we look at what's best for Canada and move forward? I haven't seen one free trade agreement you've ever supported.

Coming from a local government background—I spent nine years working for the municipal government, and I'm going on six years as the federal member of Parliament for my community—I am concerned by the aspect of some of your comments. You talked about the Federation of Canadian Municipalities. Why you are so critical of FCM's position? What consultation have you had with them? We've heard from President Berry Vrbanovic that FCM welcomes the federal government's commitment to a CETA deal that creates new jobs and opportunities for Canadians while protecting the local decision-making that is the lifeblood of strong, healthy Canadian communities.

I know you commented in your opening statement that the MUSH sector is not worth the sacrifice, yet we hear from FCM, the Federation of Canadian Municipalities.... And the Association of Municipalities of Ontario sent out a letter to their members about how the Canadian-European Union relationship holds great potential for growing Canada's trade and collective prosperity. Minister Fast met with FCM in B.C. and with their executive, and he has reassured them through a letter.

What consultation have you had from FCM, and why don't you support local government?

The Chair: Let's get an answer there.

Mr. Stuart Trew: We absolutely do support local government, and we do speak to the FCM when we can. They know very well what our position is and how it differs from their own. I would also say that the FCM position is not unconditional support for CETA. It is conditional on seven principles they've laid out, which I think you've heard in previous testimony from the FCM. It's conditional, for example—in some sectors—on the ability to favour local industry and local jobs and keep those conditions, which would disappear under CETA, depending on what's committed or not.

The FCM position is conditional, but it's also not unanimous among municipalities. For example, the Union of British Columbia Municipalities' official position is that the MUSH sector should be carved out and completely excluded. In fact, there are other municipalities across Ontario and Canada that are taking that same position and passing resolutions that are different from the FCM position.

Mr. Ron Cannan: I have a question for Mr. Lee.

You commented in your opening remarks that you had some discussions and debates with the Council of Canadians during the NAFTA discussions. I just wanted to know your feelings. It's quite clear that the Council of Canadians teamed up with the NDP to oppose the CETA agreement. What's your perspective on protectionist policies that would impose trade barriers and raise taxes? How do you feel about this?

Prof. Ian Lee: The point I didn't make clear in my opening remarks is I have a very utilitarian view of this. We have roughly a third of our population—the baby boomers—who are going to be retiring in the next ten years. Everyone knows this. Our costs for health care and pensions are going to skyrocket through the sky. Anybody who supports—and I think most Canadians do support—generous social programs of pensions, public health care, and so forth should be supporting the maximization of economic growth to generate the taxes to pay for the social programs.

To me, it's a contradiction to support a high level of social programs while simultaneously putting the brakes on economic growth. My late mother, who I adored enormously, would drive down the road in her late eighties with one foot on the gas and one on the brake. That's not the way to drive a car. This is why I disagree with the Council of Canadians' position. They and the NDP support high levels of social programs. By the way, this is the problem of southern Europe: they want the programs, but they won't generate the growth to pay for the programs.

● (1240)

Mr. Ron Cannan: I have one final comment to Mr. Trew.

We've heard from various witnesses through our committee talking about consultation. We listened to Maude Barlow's anti-trade campaign in Guelph, and she said it's absolutely deliberate that they are keeping it quiet. Within our committee, we've heard from various witnesses from the Chamber of Commerce and Andrew Casey from the Forest Products Association. Regarding this particular CETA deal, we've been working very closely with the officials and the government in structuring the deal and there are two components of it they're very supportive of.

Jacques Pomerleau, the president of Canada Pork International, said “We really appreciate having been consulted since the very

beginning of the negotiations and being kept apprised of all the latest developments pertaining to our products.... We do, and we're very pleased with the way it's going. We are consulted on even the small details.”

As I mentioned, FCM has been consulted. How can you say we are not paying attention to what Canadians and our constituents want within this agreement?

Mr. Stuart Trew: Thanks very much.

Very briefly, the Council of Canadians is not anti-trade. We are critical of the elements.

Mr. Ron Cannan: Which trade agreement have you supported?

Mr. Stuart Trew: Which trade agreement has been about trade over the past five years? These are about much more than trade, as I said.

The Chair: Answer the question and then we will go on.

Mr. Stuart Trew: Sure.

Absolutely, business sectors were asked up front to provide examples—for example, which health and safety measures in the European Union they would like to see removed through these negotiations. Obviously the business sector has been consulted much more closely than other groups.

Just to reiterate something from my presentation, we did ask to meet with consecutive trade ministers, and were turned down on the basis that we could speak with the negotiators. Those discussions are not being recorded.

The Chair: Thank you very much.

Mr. Easter.

Hon. Wayne Easter: Thank you, Mr. Chair.

Thank you to the witnesses.

I would say in beginning that in terms of her fund-raising tactics, Maude must have taken her fund-raising style from the Conservatives. They used the same tactic during the gun control debate and in many other issues. So you don't need to feel bad about that, because they set the pattern for how to raise money that way.

I would as well like to put on the record that I congratulate the Council of Canadians. I may not always agree with you on everything, for sure, but I congratulate you on going out and raising that money and doing some very important research, because we need research institutions from a different political perspective from those of the C.D. Howe Institute and the Fraser Institute. So I congratulate you on that.

I am pleased to hear the position you outlined in the beginning, that the Council of Canadians is not basically saying “full stop” to the discussion. Scott Sinclair, when he was here the other day, talked about the whole area of investment as well.

You're basically telling us to have a serious look at investment protection, and you're right. There are a few corporations out there around the world that have greater wealth than countries, and they can use the investment protection under a trade agreement to basically break a country's sovereignty, and especially local governments'. How do we, in an agreement, protect against that?

Mr. Stuart Trew: In an agreement, ideally you would just remove the ability of corporations to directly invoke their own protections. You could take out the investor state dispute process, as Australia has done—and other countries, such as Ecuador.

I'm not an expert on this, but there would be, for example, somebody like Gus Van Harten or David Schneiderman and others from York University who might have a better idea of the kinds of reforms you could propose.

The first was to exhaust local legal remedies. You could also have a set roster of arbitrators so that you'd know who you were going to get looking at your case; you could have a right of appeal; you could have more transparency and ability for third parties to make depositions and affect the results of the case.

So there are things you can do to make it less corporate-friendly, to basically balance out the process.

• (1245)

Hon. Wayne Easter: You mentioned Australia. They ran into some trouble on investment protection, I believe, and we certainly have in Canada, under the free trade agreement—or with NAFTA, I'm not sure which it was—with Exxon, to whom I think the country had to pay out \$1.8 billion or thereabouts for future lost profits.

What has Australia done to protect themselves?

Mr. Stuart Trew: They put out a new trade policy this morning, and I referenced it. I have a hyperlink I can share with committee members, if they're interested.

Basically, they're not going to include investor-state dispute procedures within their bilateral or regional trade agreements anymore, which creates an interesting question around the Trans-Pacific Partnership talks, because Australia is involved, and other countries are seeking those kinds of protections in that trade deal.

Basically, their position was that it's an Australian company's own responsibility to absorb the risk of investing in other countries, and that when it comes to home territory in Australia, foreign companies should have the same treatment as local companies. That would mean requiring them to go through the courts when they have investment disputes with government measures.

In countries such as Canada and in the EU, that's completely conceivable, because we have highly developed legal systems. You don't need this added protection for investment.

Hon. Wayne Easter: Thank you.

I would suggest, Mr. Chair, that we need to follow up with further witnesses in that investment area, whether the people Mr. Trew has suggested or others. I seriously think that we need to look into that area.

Just turning to you for a moment, Mr. Lee, we're seeing lots of attacks recently on the supply management system from people such as you.

Could you explain to me the formula under which milk prices are established?

Prof. Ian Lee: I have it in my papers at home. It's based, if you want a generic, high-level explanation, partly on cost. They estimate the costs of the producers. They meet and they consult with producers and wholesalers.

But if you mean do I have the algorithm with me today, the answer is no, I do not.

Hon. Wayne Easter: Based on your research, would it be fair to say that under the supply management system at any given time, because the formula is based on the most efficient producers, yes, there are people making reasonably good money but there are also producers at the low end who are in fact losing money, the way the formula exists? Is that fair to say?

Prof. Ian Lee: It probably is.

Hon. Wayne Easter: Would you—

Prof. Ian Lee: I say “probably” because I don't have the financial statements. I'm a former banker. If I had the financial statements... and those are private, of course.

Hon. Wayne Easter: I know for a fact that there are people losing money in dairy at the current prices level. How do you overcome—because our major competitor, the European Union.... CETA is one thing, in terms of cheeses, etc., coming in here. But the concern would be with the United States, to a great extent.

Do you see the fact—and I've been in some of these operations—that 8,000 or 12,000 cows are milked with cheap Mexican labour, poor little immigrants who are scared they'll be shipped out of the country, getting paid next to nothing a day? And every three or four years we have a cull cow program in the United States that is to assist the industry in the States, because it's a poorly run system.

Do you expect us to compete against that in the dairy industry?

• (1250)

The Chair: I'm going to remind you as a questioner, Mr. Easter, that when your time is that tight, if you have not given your question, you will not get an answer.

Hon. Wayne Easter: That's fine. I'm just wondering whether that's the system Mr. Lee is advocating.

The Chair: Well, you've just lost it.

Mr. Keddy, you have seven minutes.

Mr. Gerald Keddy: Thank you, Mr. Chairman.

Welcome to both of our witnesses here today. It's an interesting discussion.

Mr. Trew, I have a couple of points to make. I'm going to ask for a very short, succinct answer on a couple of them.

You talked about groups of folks across Canada who are against the CETA with the EU. You mentioned labour and farm groups. Labour? that may be so. But we met with the beef industry, we met with the pork industry, we met with the grains and oilseeds industry, we met with the GMO-free guys, we met with organic farmers. All of them are supporting this. So I question very seriously who you're talking about when you are talking about farm groups, outside the National Farmers Union.

You also said that in the October briefing the DFAIT negotiators were not taking notes. Were they taking notes or not? Were they possibly not taking notes? What's the answer? Were you in the room? Or was it a conference call?

Were they taking notes or not? I just need an answer on that.

Mr. Stuart Trew: I was told very explicitly that they weren't taking notes.

Mr. Gerald Keddy: But you weren't in the room.

Mr. Stuart Trew: No, but the negotiator told me he was not taking notes.

Mr. Gerald Keddy: You say that potentially procurement could be on the table, or potentially the European folks were briefed on procurement. Again, I just want to drill down a little deeper here. Were they briefed on procurement or not?

Mr. Stuart Trew: I'm sorry—was who briefed on procurement?

Mr. Gerald Keddy: I mean the European parliamentarians.

Mr. Stuart Trew: I don't know. I just understand that they have the documents related to services and investments.

Mr. Gerald Keddy: Well, it's important that we all stick to the facts. Then we all know what we're talking about.

Again, a little further on in your summation you talked about the investor state provisions and the fact that both jurisdictions have a strong court system, which I absolutely agree with. My understanding of investor state provisions—and I've never had a problem with them—and of having clear rules to govern trade so that you don't become tied up in the court system and it doesn't take forever... You don't go to the lower court and appeal that to the higher court and appeal that to the supreme court of the local province or state and then appeal that to the supreme... It would take you ten years to get through the system. This way, even though it still drags on and still takes time, you can actually get an answer.

Just very quickly, what is wrong with getting a clear answer on a clear question?

Mr. Stuart Trew: In relation to the CETA and the investment protections, we understood from speaking to the negotiator that Canada was attempting to tone down the version of investor-state protection we have already. They wanted to do that to weed out the so-called frivolous cases, they said. These would be cases against regulations—health regulations or environmental regulations, for example. In fact, the European Commission has received a mandate from the member states that would go further than what NAFTA has proposed in terms of regulatory expropriation and other kinds of protection for investors.

We're concerned also that Canada may want to weed out frivolous cases but may not be able to in these negotiations if the commission has no mandate.

Mr. Gerald Keddy: With respect, you're concerned we “may” want to. That's little better than fear-mongering. We may do this or we may do that when there's no reasonable evidence anywhere to prove that.

I'll give you an example. You talked about the government losing its right to regulate because of investor-state provisions. It's exactly the opposite of that. The government absolutely has the right to regulate. The municipalities absolutely have the right to regulate. The Province of Quebec regulated pesticides. It was as simple as that. They may have lost the case, but they won the right to regulate pesticides. That's over. They're not going to pay ever again. It's said and done.

So they absolutely do have the right to regulate. Actually, investor-state provisions backed it up.

You're talking about water. Well, water's not a commodity, and water's not an issue. If a local region wants to privatize its water supply, that's up to that local region. Democratically elected councillors would decide on this and vote on this, and they'd make a decision to move into it.

The example you use is that France actually brought their water services back in-house. To me, then, the system's working. You have the right to privatize it if you wish. That's up to the local region. We don't have any examples of that in Nova Scotia. Your reason for not doing it is exactly the reason to show that the system actually did work. If they privatized, if they weren't happy, if they weren't getting a good water supply or the price was too high, or whatever the issue was, they were able to reverse that.

So, with respect, I think the system itself works.

Finally, we met with the Federation of Canadian Municipalities. We had the chairman of their trade committee on conference call. As is the case for any group... And I'm sure every NDP person is not against free, fair, and open trade. Most of them seem to be, but I'm sure there are some who are not. There are probably members of my own caucus who don't agree with everything that I say, but you have reasonable debate. So of course there will be some members of the Federation of Canadian Municipalities who don't agree. You just can't make blanket statements like that, with respect.

• (1255)

Mr. Brian Masse: It's called democracy.

Mr. Gerald Keddy: But I do have a question on supply management for—

The Chair: Make it very tight, because time is up.

Mr. Gerald Keddy: This is the shorter round, isn't, Mr. Chairman? Okay.

Supply management's been a fair system for farmers. I grew up on a farm too, and I appreciate your farm background, but I take exception to two things on supply management.

It's never prevented us from negotiating an agreement. But as for the \$100,000 net on a 150-cow herd, if that's average, that's an investment of about \$3 million. My God, these guys aren't making a fortune for working 365 days a year.

The Chair: Okay.

Now I'll tell you what I'm going to do. Our time is about gone and we have two more on the second round; we have Ève and we have Mr. Shory. I'm going to allow two minutes for each, and we'll start with—

Ms. Ève Pécelet (La Pointe-de-l'Île, NDP): Before my time starts, I'll just invite the witnesses to put on their ear pieces, because I'm going to be speaking in French.

Thank you very much.

The Chair: A point of order. Go ahead.

Mr. Russ Hiebert: We had two sets of questions, and now we're going to have two more sets of questions, and we haven't had a lot of responses from the witnesses.

The Chair: I can't help it. If the questioners haven't asked the question in time, then I can't help that. If the question is asked in time, we get an answer. But I'm going to treat everyone the same way.

Go ahead, Madam Pécelet.

[*Translation*]

Ms. Ève Pécelet: My first question is for Mr. Lee.

I admire the fact that you have stated that you wish to remain neutral politically. On the Carleton University website, however, I read that in 1993, you were a candidate for one of the leading Canadian parties. I did a little research and discovered that this was the Progressive Conservative Party of Canada.

Are you the Ian Lee who was a candidate for the Progressive Conservative Party of Canada in 1993?

[*English*]

Prof. Ian Lee: I was a candidate for the Progressive Conservative Party in Ottawa Centre in 1993.

[*Translation*]

Ms. Ève Pécelet: You also worked for the Privy Council Office during your doctoral studies. Was that during Brian Mulroney's mandate?

[*English*]

Prof. Ian Lee: Sorry? Say that again.

Ms. Ève Pécelet: You worked for the private council office...was it under Brian Mulroney?

Prof. Ian Lee: It was the Privy Council Office, to answer your question. However, I was a public servant. I wasn't in the PMO,

which is partisan. I was in the PCO, which is non-partisan, and I was recruited through the public service procedures.

Ms. Ève Pécelet: Okay. My question will go to Mr. Trew now.
[*Translation*]

You talked about the privatization of water. I would like you to give us some further details on how things are going to work following the opening up of government contracts to European companies.

Mr. Stuart Trew: Thank you. I am going to reply in English.
[*English*]

This refers to something Mr. Keddy was saying also about water. We could probably have another witness come forward and speak to these issues in particular. Nothing in the trade agreement will force Canadian municipalities to privatize water. I don't think we've been saying that. We have put a report together to suggest that it's what comes after. It's basically the protections for that investment on water services and the need to carve out public water utilities and water services from the agreement.

• (1300)

The Chair: Thank you.

Mr. Shory, you have two minutes, and then we'll close.

Mr. Devinder Shory (Calgary Northeast, CPC): Mr. Chair, thank you very much. I have several questions and concerns, when talking about transparency.

Mr. Trew, these are all questions for you, by the way. You talked about jurisdictional issues and infringement of municipal rights, basically. Would you suggest that the Council of Canadians is in a better position to speak for Canadians than the democratically elected officials of Canadian municipalities? That's number one.

It appears, I can see, that in some cases the council and you yourself seem to be mouthpieces of the NDP opposition. Everybody knows that the NDP is anti-trade. Aside from the fact that the former NDP trade critic, Peter Julian, was a founding member of the Council of Canadians, I would like your thoughts on some other coincidences I notice.

The Council of Canadians says it is in favour of trade.

Ms. Ève Pécelet: Ask a question, please.

Mr. Devinder Shory: Calm down.

It asks to scrap this trade agreement, an agreement that would create 80,000 Canadian jobs and boost our economy by \$12 billion. You have said in the past that this was a stupid agreement. You said that. So the NDP says it is in favour of the treaty, yet it does not vote for trade when it's time to stand up.

The Chair: You had better get to your question.

Mr. Devinder Shory: I'll give you an opportunity to speak in support of the trade, which you claim to support, and I understand it is difficult for you to do that. The question is this. I need to know and the committee needs to hear whether the Council of Canadians supports or opposes jobs and trade.

The Chair: Please give a very quick answer.

Mr. Stuart Trew: We support jobs. We support trade.

Michael Hart actually has called CETA a stupid agreement as well, and he's a pro-free-trader. So I don't think I'm alone in making that comment.

The \$12 billion figure you cite, the 80,000 jobs, these figures are contested. These were based on the government study, which was

produced by European economists several years ago and has since been I think fairly criticized by Jim Stanford at the CCPA.

The Chair: Thank you very much, witnesses, for coming in.

This was a lively debate, I would say, and thank you very much for the questions.

We will call the meeting adjourned.

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