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## **Standing Committee on International Trade**

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**EVIDENCE**

**Tuesday, November 26, 2013**

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**Chair**

**The Honourable Rob Merrifield**



## Standing Committee on International Trade

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• (0905)

[English]

**The Chair (Hon. Rob Merrifield (Yellowhead, CPC)):** I call the meeting to order.

I want to thank our witnesses for coming forward. Again, we're continuing our study of the Canada-European Union free trade agreement. We have with us an exciting panel.

We have someone who is no stranger to most of the committee members, the mayor of the Halifax Regional Municipality, Mr. Mike Savage.

Your Worship, it's good to have you with us. We look forward to your testimony.

We also have with us, appearing as an individual, Mr. Gus Etchegary, I believe from Newfoundland, who is the chairperson of the Fisheries Community Alliance.

I believe you have with you Mr. Fred Morley, who happens to be a representative of, and senior vice-president and chief economist for, the Greater Halifax Partnership.

We'll start with you, Mr. Savage. The floor is yours.

**Mr. Mike Savage (Mayor, Halifax Regional Municipality):** Thank you very much.

It's nice to be back at a parliamentary committee. I've done a few of these over the years.

Rob, you and I spent some time on committees together.

It's a pleasure to be back with everybody and to welcome you to Halifax, along with Mr. Chisholm, who is also from here. I hope you're having fun while you're here.

I want to thank you for the opportunity to share our perspective on the Canada-European Union comprehensive economic and trade agreement, CETA. I also want to let you know that I do have Mr. Fred Morley with me. Fred Morley is the executive VP and chief economist of the Greater Halifax Partnership. If you hear a "GHP" in my presentation, that's the Greater Halifax Partnership.

I want to emphasize that municipalities have appreciated the opportunity to provide their views through the Federation of Canadian Municipalities, the FCM, and the Department of Foreign Affairs and International Trade Canada working group, and to be kept informed of negotiations by our federal and provincial counterparts. I think the FCM has appeared before this committee

on a number of occasions in the last few years, specifically related to this deal.

We believe that CETA holds real potential for stronger economic partnerships between municipalities, businesses, and other levels of government, and among countries. In recognition of its impact on communities across Canada, the FCM has developed seven negotiating principles on agreements that impact Canadian municipalities, those being: procurement thresholds, which are of particular importance; streamlined administration; progressive enforcement; Canadian content for strategic industries or sensitive projects; dispute resolution; consultation and communications; and reciprocity.

Until the full text of CETA is finalized, it's not possible to assess the entire impact of the agreement, including its impact on municipal operations, but we appreciate the dedication the federal government has shown in respecting the FCM's seven negotiating principles.

For the Halifax Regional Municipality, CETA will have impacts in two key areas: economic opportunity and municipal procurement. Those are the things I'd like to address with you today.

Municipalities are increasingly being recognized for the strong role that we play in economic development, and I can tell you that here in the HRM we have made economic development a priority. I believe that CETA will help us grow our economy by opening up new opportunities for businesses, entrepreneurs, individuals, universities, and other organizations.

As many of you know, Halifax is a city that is built on trade. That is our tradition, from the early merchant mariner days to the present, and much of that trade was legal. Some of you will know what I'm talking about.

**Voices:** Oh, oh!

**Mr. Mike Savage:** The EU is currently Nova Scotia's second-largest trading partner. With CETA, we're able to open up markets to 500 million people, giving Canadian and Nova Scotian businesses preferred access to EU markets.

Products such as seafood, forestry, pulp and paper, agrifoods, chemicals, and plastic products are worth over \$445 million annually in exports for Nova Scotia's economy. The EU is the largest importer of seafood in the world, with 40% of trade activity in that industry. Some of you know that we have seafood in this part of the world, and hopefully you've tried it in the last couple of days.

CETA will lower tariffs on forest and wood products, metals and minerals, and fish and seafood. This trade agreement holds new potential for our seafood export sector with the elimination of the 8% tariff on fresh lobster, frozen scallops, and other seafood. Once CETA comes into force, 96% of EU tariff lines for fish and seafood will be duty free, rising to 100% by CETA's seventh year.

With approximately 18% of EU contracts linked to business services, this agreement also opens up opportunities in the fields of architecture, engineering, construction, environmental services, technology, and marketing consultancy, among others.

Through our port, railway, and world-class airport, Halifax is well positioned to be the departure and the receiving point for European goods. I know that Nancy Phillips, who is a colleague of Fred's at GHP and is very involved in the Greater Halifax Partnership and gateway council, presented to you yesterday some of the benefits to us as a gateway. Be assured that the potential as a gateway, not just for Halifax but regionally, is very real.

As we look to uncover opportunities for increased trade and investment as a result of the \$115 billion in megaproject activity currently under way or slated to be under way in Atlantic Canada, Europe is a key market for many of the project components, labour, and supplies. Halifax would be the natural receptacle and transshipment point, making the best use of the Halifax Stanfield International Airport, which is an award-winning airport. Last year it opened up its new runway, which allows us to receive the largest cargo planes in the world and, perhaps with this deal, opens up the possibility of our having better air access into major European airports. We have great potential.

We have two super post-Panamax container terminals, CN Rail, a strong logistics and warehousing sector, and excellent class one highway infrastructure. Our city can effectively move goods in and out of the Canadian marketplace and beyond. Through CETA we can build on \$4.6 billion worth of imports from the European Union that were cleared in Nova Scotia as recently as 2010.

On procurement, while CETA has positive implications for our port, the gateway, and business generally, we're also watching CETA's impact on procurement processes in many ways. We appreciate that defence contracts, including for us the \$25 billion Irving shipbuilding contract, are protected under CETA, as procurements and shipbuilding are excluded from coverage for both the EU and Canada. Non-defence shipbuilding could see more European competition in Canada due to decreased tariffs.

There is an apparent imbalance that's of some concern as are implications from municipal procurement policy and practice. The majority of HRM's construction projects will fall below the \$7.8 million threshold for construction-related tenders and so will not be subject to CETA regulations. That said, the goods and services and utilities-related thresholds are somewhat lower than those sought by FCM, as you know. This means that our procurement processes may take longer because of the requirement to put opportunities to market for a longer period to ensure EU suppliers have an opportunity to respond.

CETA also means that HRM's ability to implement a buy-Canada or buy-local preference is somewhat restricted to purchases and

tenders below the CETA threshold. Halifax Regional Council has recently requested a report from staff on the buy-local provisions. We don't have that yet. It is coming this winter and it will outline the impacts in more detail. I do note that CETA appears to protect our discretion to use local criteria in evaluating submissions for municipal tenders and requests for proposals, if we choose to go that route.

It is my hope that this agreement, once fully realized, will be the beginning of a strong new relationship, not only among countries, but between municipalities and the federal government, and will bring new opportunities to Halifax. Our municipality appreciates the federal government's commitment to respecting FCM's seven negotiating principles, and we will monitor those closely. While full details remain to be confirmed, we are optimistic that the final agreement will address those principles.

Cities are increasingly being recognized as not only the home of most of Canada's key infrastructure requirements, but also as key partners in economic development. All parties in the House of Commons have recognized that municipalities control approximately 60% of Canada's infrastructure but only collect 8% of total tax revenues, and I think that all parties understand that we must work collectively to address that imbalance.

Actions taken by any level of government affect the others, and we need to consult and work with each other. I am pleased that FCM has been involved in the evolution of CETA and look forward to further interaction as this deal develops. All levels of government will need to work hard to ensure that Halifax and other Canadian municipalities are ready to take best advantage of the opportunities presented by CETA and, I would add, a significant marketing effort should be taken to help Canadian businesses get exposure in European markets as well.

Thank you very much.

I look forward to any questions you may have for either me or my colleague, Fred Morley.

Thank you.

● (0910)

**The Chair:** Thank you very much. We'll get into the questions soon, but before that we'll let Mr. Etchegary have the floor.

The floor is yours, sir.

**Mr. Gus Etchegary (Chairperson, Fisheries Community Alliance, As an Individual):** Thank you, Mr. Chairman, and thanks for the opportunity to appear before the Standing Committee on International Trade.

We are here, representing the Fisheries Community Alliance of Newfoundland, to discuss CETA and its impact on the Newfoundland and Labrador fishery and its participants.

Our organization was formed in 1992 to bring to public attention the negative impact of the moratorium that was imposed on the Canadian fishing industry off the east coast. It was a two-year moratorium that has lasted 21 years because of mismanagement by the Canadian government and overfishing by the European Union nations.

When we entered Confederation, the Newfoundland and Labrador fishery was huge and diversified, one of the largest in the world. It elevated Canada from 14th to 6th place in the world as a fish-exporting nation. That's when we joined in 1949.

Now, with the limited information we have, we can agree there's great benefit for the country with the CETA agreement, but it can be detrimental to others, and in the specific case of Newfoundland, it really is detrimental. It has a terrible negative impact. I hope sometime we'll have time enough to explain exactly how this will occur.

On the basis of what we know and our long and bitter experience with the disruptive European Union fishing nations, we are really concerned about the agreement. We understand clearly the benefit of the tariffs, and we can understand specifically Nova Scotia gaining great benefit from it, but that is not the case in Newfoundland.

We know one of the conditions of the CETA agreement is the removal of the minimum processing regulations. This has been well publicized by our Newfoundland government. That's a major victory for the European Union, and it's something they have been trying to gain access to and get agreement on because they lost a substantial portion of their participation in our fisheries in 1978 when our jurisdiction was extended.

Please understand that the tariff on seafood was applied with the understanding by the European nations.... They had one objective in mind, and that was to use it at some later date to regain entry into the fisheries adjacent to Newfoundland and Labrador. That's all part of the plan, and it has been aided and abetted by some of our own politicians and bureaucrats in order to reach an agreement.

In 2007 at the North Atlantic Fisheries Organization annual meeting in Spain, which included, incidentally, prominent Canadians, the European Union introduced three amendments to that organization that have played a real role in these negotiations. That actually started the process of their regaining access and re-entry into our fisheries. These three amendments raised concerns at the time, to such an extent that we were able to present our concerns to the House of Commons Standing Committee on Fisheries and the Senate Committee on Fisheries, and both committees condemned the amendments as being detrimental to the Canadian fisheries, particularly in Newfoundland.

After the discussion between these two committees, they were able to bring it to the House of Commons, and at that time there was a four-hour debate, at the end of which there was a vote. The vote was 147 to 142 by the elected members of the House of Commons from B.C. to Newfoundland condemning and defeating the amendments. The following day the Prime Minister and the Minister

of Fisheries ratified the same amendments on behalf of Canada. True democracy at work. This irresponsible action by both was noted and applauded in the free trade negotiations that were going on at the time.

● (0915)

Mr. Chairman, if CETA is approved as is, with the MPRs or minimum processing regulations removed, the European fishing nations will have reached their goal through CETA. It is inexplicable that a Canadian would offer up the future of the Newfoundland and Labrador fishery to achieve an agreement. Who is responsible for this reprehensible act?

The removal of the MPRs will easily provide access—and this is important—for the European factory freezer trawlers fishing the Grand Banks at the present time, allowing them to come to Newfoundland ports and purchase unprocessed fish directly from the fishermen. More especially, it will result in Canadians and foreign-owned factory vessels harvesting Canadian fish quotas and selling them in an unprocessed state directly to European Union plant operators, who will process them and sell directly into the EU market, thereby eliminating thousands of primary and secondary jobs in Newfoundland and, in the process, completely removing us from contact with the EU seafood market, which we have had for 60 years.

Our Newfoundland government is trying to shed responsibility for this. Their justification is that they have accepted advice and direction from the Newfoundland Association of Seafood Producers Inc., including the FFAW, a union that is determined to limit and reduce the Newfoundland fisheries to only offshore factory freezer operations. Those who support this ill-advised removal of the MPRs are motivated by their own narrow and short-term objectives and it will be very detrimental to the ailing industry. In addition to losing contact with the market, we will lose thousands of jobs. Further, that will prevent any hope of a real recovery of the resource to the level that we delivered to Canada in 1949.

The veil of secrecy on this whole CETA deal as far as the Newfoundland people are concerned is unacceptable. We, and others with us, will continue to do all possible to expose the truth to Canadians. May I remind you that in 1950, shortly after the Great War ended, the Europeans assembled the largest fishing armada in history. It totalled 1,400 ships and 60,000 seamen. They descended on the Newfoundland and Labrador fishery, overfished it in an unrestricted and uncontrolled manner for over 40 years. It caused the collapse of the fishery.

Fortunately, it's a renewable resource and so important in a world where a million people are dying of starvation these days. If given the chance, the resource will recover, but it will never recover if we permit them to get back into our fisheries through CETA, with their unrestricted fisheries, and to get free access to unprocessed fish at the expense of thousands of jobs for people.

By the way, they're out there today on the Grand Banks, outside 200 miles, overfishing the same species that are migrating from inside the 200 miles to outside. I hope somebody has a question on that point because I'd like to add to it.

How can Canadian negotiators justify agreement with CETA, acceding to European demands, presenting them with free access to our badly needed resources? Having struggled so hard as we have for the last 50 years to rid ourselves of those marauders, we find the government of our country, and particularly our own government in Newfoundland, who've got another agenda, behind our backs presenting this gift on a silver platter.

• (0920)

Our negotiators are presenting renewed access to our fishery to the same EU nations who have destroyed our fishery and thousands of jobs, and caused the loss of 15% of our population—that's what the collapse of the fishery meant. They imposed unreasonable tariffs on us and then used their influence at the UN to prevent Canada from extending fisheries jurisdiction over the total continental shelf. Had Canada done it, we would never be here this morning with this message.

Anyway, Mr. Chairman, CETA, with MPRs removed, is unacceptable to our people. In the days ahead, you can rest assured that we will be doing everything possible to make this story and its impact known to the people of Newfoundland and Labrador, and also to the people of Canada.

Thank you very much for the opportunity of speaking.

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

That should be good stimulus for some questioning, and we'll start with Mr. Davies. The floor is yours.

**Mr. Don Davies (Vancouver Kingsway, NDP):** Thank you, Mr. Chairman.

And thank you to all witnesses for being here, Your Worship, Mr. Morley, and Mr. Etchegary.

Mr. Etchegary, I'm going to start with you. The technical summary we have says that minimum processing requirements on exports of fish and seafood to the EU will be eliminated three years after the entry into force of CETA. Just so I'm clear, does only Newfoundland have minimum processing requirements, or do other Atlantic provinces have them?

**Mr. Gus Etchegary:** Quite frankly, I'm not sure. I don't believe they exist. Quebec has them, I believe, but I'm not sure about Nova Scotia. But you see Nova Scotia and Newfoundland have two completely different fisheries. The Nova Scotian fishery is primarily shellfish. In Newfoundland, we are what we call a ground fishery, and it's completely different, and that's why we need special recognition for the problems we have.

• (0925)

**Mr. Don Davies:** Second, you mentioned that thousands of jobs are at risk. Can you give us a more precise estimate? How many processing jobs in Newfoundland do you think are at risk from this provision of CETA?

**Mr. Gus Etchegary:** Well, it's complicated in the sense that we now have a resource that is roughly 10% of what it was when we

entered Canada, according to the scientists, and this is a very careful assessment of the state of the resources by scientists—and good ones too, Canadians. That's 10%, okay? We're 22 years into a moratorium, which is supposed to be a rebuilding program, and Canada as a country has failed to deal with the problems in rebuilding the resource. But once it's rebuilt, we go back to where we were. There was something in the order of 20,000 jobs.

When a new company took over from the company I operated for 40 years, it had one plant that employed, let's say, 1,000 people. Those 1,000 people, I remind you, are the equivalent of 26,000 jobs in Ontario on a per capita basis. Our population is 500,000, so you can imagine what the impact is of the loss of 1,000 jobs in one community. That was not alone. There were others that employed less than 1,000, like 500, 400, and so on. But altogether, as I said, the onshore activity was in the vicinity of 20,000 jobs. In addition to that, you've got the goods and services industry that's added to it, and I won't go into that number because I don't know it, but the university tells me that for every full-time job, it's roughly 2.2 jobs in the goods and services industry.

**Mr. Don Davies:** My final question to you is this. People will say that Canada got the European Union to eliminate about 95% of its tariffs on Canadian fish and seafood products, and in exchange for that we give up our minimum processing requirements. Is that a good bargain in your view?

**Mr. Gus Etchegary:** It's a good bargain if we didn't have removal of the MPRs, because ever since the extension of jurisdiction in 1978, which pushed the foreigners outside 200 miles, they have been striving to get back by every means possible. This gives them the opportunity of not only getting back but also having access to whatever fish is harvested in an unprocessed state, which means that all of it can conceivably go to European production units and, therefore, go into the market on the basis of the primary and secondary products coming out of European plants, not Newfoundland plants. So in a sense the reduction of the tariffs is so important—we recognize that—but to Newfoundland in this specific case, it's a disaster. It's as simple as that.

You might very well ask how in the name of God a government of Newfoundland can be supportive of that. And it is. I could read you things from our government that would shock you. But why? Because there's another agenda, another agenda called Muskrat Falls.

I'll leave it there.

**Mr. Don Davies:** Mr. Savage, is the ability of your municipality to set local job creation or local goods and services procurement important to the City of Halifax?

**Mr. Mike Savage:** Of course, it is. Economic development is very important, so we want to make sure that local companies are doing well, not only here, but around the world as well. As I said, in terms of a buy local policy and supporting local businesses, we're having a look at that as a municipality. But I think it's also important that a number of our businesses do very well exporting around the world, and we think this might be of assistance to them.

**Mr. Don Davies:** I want to pick up on procurement. If I heard your testimony correctly, you said that CETA appears to preserve municipalities' ability to implement local economic development policies. You also said you can't really assess the impact of CETA procurement until the details are known.

Would you agree with me that further details on this are important in order to assess whether or not you do have the ability to implement local economic development plans?

● (0930)

**Mr. Mike Savage:** Yes, we would have preferred the thresholds to have been higher, but in the case of Halifax, they're probably sufficient. We don't have a lot of construction-related projects over \$7.8 million, for example. Most of our goods and services and utility-related services are within the threshold. But, yes, we would like those thresholds as high as possible. And FCM certainly, on behalf of all municipalities, feel like they've had some input on that, but we'll be watching.

**Mr. Don Davies:** Okay.

We've been told that nothing in CETA will require the privatization of any public services like water or sewer. But it's unclear whether CETA will impair or prohibit the retaking of such privatized services into the public sphere, if somewhere down the road you want to take them back. Do you have any concerns or comments on that?

**Mr. Mike Savage:** I don't.

Fred, do you have any comments on that?

**Mr. Fred Morley (Senior Vice-President and Chief Economist, Greater Halifax Partnership):** No, that's something that I guess we haven't looked at. So I would have no comment.

**Mr. Don Davies:** I think the City of Hamilton did. They privatized their sewer and water services for 10 years, and then found that the service and price went up, so they took it back. In the public sphere, there's concern about whether CETA will impair that. We're not clear on that.

On the single point of electronic access, CETA says they're going to require a single point of electronic access for procurement within five years. Have you looked at whether that will increase any costs to the city, or had any conversation about that?

**Mr. Mike Savage:** We've asked our staff to have a look at CETA and come back with any concerns they have, and their concerns don't include that. So I don't think I have any comment on that.

**Mr. Don Davies:** Could you maybe share that report?

**The Chair:** The time has gone.

Mr. O'Toole, the floor is yours for seven minutes.

**Mr. Erin O'Toole (Durham, CPC):** Thank you, Mr. Chair.

I'd like to thank all of the witnesses today for joining us.

It is important for members of Parliament to leave Ottawa and speak with key people. Certainly, we would like to get to all provinces, but we're also constrained from a budget standpoint and want to get to all regions. So we appreciate particularly the gentlemen from Newfoundland and Labrador for joining us here today.

I'm going to try to ask a couple of questions.

Thank you for appearing, Your Worship. Specifically, on the procurement side, one of your comments was that opening up procurement for larger scale infrastructure projects may take longer because it would be a wider RFP. Do you have any detail on why you think it would be longer?

**Mr. Mike Savage:** Well, I think it will take longer just because of the process of finding out who may be interested from other parts of the world, and certainly within the European Union it will take longer. Any time you are obliged to open up your procurement process beyond what it is now, there is a concern that it will lengthen the time. We're trying in Halifax to shorten the time, as much as we can, on getting stuff out the door. So that's just a concern we have, and I think other municipalities have discussed this with the government as well.

**Mr. Erin O'Toole:** Yes, depending on the method of putting tenders out, whether electronically, etc, I think that's something that can be addressed over time.

**Mr. Mike Savage:** I think it can.

One of the concerns is that there are questions about procurement processes that require the purchasing agent in a municipality to answer and respond, and allowing people to have sufficient time to respond to that. So, obviously, doing so electronically is fine, but there's still an element of appeal and information-seeking that might be a concern.

**Mr. Erin O'Toole:** With more competition and finite tax dollars, we know all levels of government face the challenge of wanting to do more with existing resources rather than raising taxes. I'm sure you struggle with this each week. Won't that actually in the long term potentially save some money with respect to infrastructure?

**Mr. Mike Savage:** Yes, I think there's a real possibility that it might, but it's a balance. It's a balance between wanting to make sure that your own companies have the opportunity to do work with what might be a taxpayer savings from having a wider scope of potential bidders on work. So there could be a potential tax saving in that for sure.

**Mr. Erin O'Toole:** One thing that was remarkable about CETA and the process was the partnerships at a provincial level with the FCM and key stakeholder groups to really develop a deal that was very good for all of Canada and all sectors, as much as we could. And FCM was there all the time.

The one thing I'd love you to comment on is that while some local preferences may not be permitted—there will be special exceptions made for aboriginal content and some things like that—it does not preclude municipalities that want to support a local industry to use the grant route and direct funding. Do you have any comment on that? It's really which way you try to stimulate economic activity.

• (0935)

**Mr. Mike Savage:** Mr. Morley may want to weigh in on this as well. For us, yes, there are a lot of different ways we want to support local industry. Procurement is only one of them. We as a municipality don't have that. We had a case in the last municipal election where we contracted out our facilitation of online voting to a Spanish company. I wasn't the mayor at the time, but I think most people would look at that contract and say there's a threshold at which you would want to support a local company. The Spanish company defeated a local company for that work, a start-up local company that has done some work in other parts of Canada, and it was a concern to people. It doesn't have to be about the total dollar value of the contract. It can be in the grading of the overall awarding of a contract, so there could be a percentage of it determined by what the impact on the local economy is.

We're told that under CETA we will still have that discretion, that we will have the discretion to use local criteria to select the best tender possible.

Yes, there are a number of ways. There are grants. There is procurement. There are lots of different ways we can support local business. We want our businesses to do well here, but we also want our businesses to export around the world as well.

Fred.

**Mr. Fred Morley:** To add to the mayor's comments, right now municipalities in Nova Scotia are precluded by provincial legislation from providing grants to business. Getting into that game would require a change to that legislation.

**Mr. Erin O'Toole:** Thank you.

Mr. Etchegary, thank you very much. Clearly, you have a history and a passion for your province and the fishery that's probably unrivalled, so thank you for coming.

I'd like you to comment on three things. First is the fact that as a total export market to the U.S., our primary sale of all seafood has been in overall decline from the early 2000s to today. There were 256 processing plants in Newfoundland in 1989, and now there are approximately 87.

The final thing I'd like you to comment on is the \$400 million fisheries fund that the federal government is committing, \$280 million of that with Premier Dunderdale and the Newfoundland government, as a way of taking advantage of CETA and recognizing that there could be some innovation and things needed to make sure that the processing levels there now, which have been in decline for the last few decades, remain strong through innovation.

Could I have your comments on any of that, please.

**Mr. Gus Etchegary:** Firstly, on the decline in the export from, say, Newfoundland and Labrador in recent years, ever since the moratorium in 1992 it has been in decline, and the decline is because

of the fact there are no fish to harvest and no fish to export. Except for a six-week crab fishery and a shrimp fishery, which is conducted about 70% of the time by factory freezer trawlers that don't land a pound in Newfoundland but directly into European ports, either in Greenland, the Faroe Islands or Iceland.

The decline is simply due to the fact that the resource has declined sharply and because of the continued overfishing that's carried out, and mismanagement. I have to tell you, mismanagement of what resources we have, and enabling it to rebuild, is why we are in the mess we are. That's the answer for the decline.

**The Chair:** The time is tight, so if you can give a very quick answer, we'll move on to the next questioner.

**Mr. Gus Etchegary:** The next question is with respect to the \$400 million.

**The Chair:** But very quickly, please.

**Mr. Gus Etchegary:** We don't have a clue as to where the \$400 million is going to be spent. We do know that the trade department issued a press release about six weeks ago saying that the \$280 million that the Treasury is going to cut a cheque for is going to compensate Newfoundlanders for the loss of jobs.

That simply confirms what we're saying to you. I don't know whether you're aware of it, but that's exactly what the trade department is saying: it's compensation for job loss.

• (0940)

**The Chair:** We'll move on to the next questioner. You may be able to answer that more fully as we move along.

Mr. Cannan, seven minutes.

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

Thank to our witnesses. It was a pleasure meeting you last night, and thanks for your testimony today.

Your Worship, Mr. Savage, it's always good to see you. We used to share the hallway in the Confederation Building. Your office is still empty, so maybe we'll see you back down there one day again.

**Mr. Mike Savage:** I understand it's been turned into a shrine.

**Voices:** Oh, oh!

**Hon. Ron Cannan:** There you go—a mausoleum, yes.

You're always welcome to come back for a visit, but I appreciate the great work you're doing for your local government. I had the pleasure of serving nine years as a city councillor for the City of Kelowna. I know the importance of local government, of working together in a non-partisan way, including what we're trying to do here as far as better opportunities are concerned, not only for your municipality but also municipalities across the country.

I just wondered if you could share for a moment the relationship between the Greater Halifax Partnership and the Halifax Gateway Council.



**Mr. Mike Savage:** I'll let Fred answer that question.

**Mr. Fred Morley:** The Halifax Gateway Council is housed within the Greater Halifax Partnership. We manage the council on behalf of the gateway partners: the port, the airport, railway, other partners.

**Hon. Ron Cannan:** Do you have a chamber of commerce as well that's within that partnership?

**Mr. Fred Morley:** No, the chamber is not part of that.

**Mr. Mike Savage:** We have a chamber of commerce, but—

**Mr. Fred Morley:** We do have a chamber of commerce, but they're not part of our organization.

**Hon. Ron Cannan:** Mr. Morley, what's your perspective on CETA and the opportunities for Halifax and the greater area?

**Mr. Fred Morley:** I think there are significant opportunities related to primarily the gateway, and the port, the airport, and more business on the railway. There are substantial flows of goods through the port to the rest of the country—the rest of North America, for that matter—from Europe, so enhancement of that is a big priority.

Fully utilizing the opportunity for lower tariffs on high-value fresh seafood products does require extra lift, airlift, out of Halifax. That will be very important going forward. Right now we truck a lot of product to either Boston or Montreal to achieve that airlift. Finding a way to create more of that directly out of Halifax will enhance that position and ensure that we can take full advantage of the opportunity.

The gateway will be quite central to whatever benefits flow to Halifax and to Nova Scotia. Getting our businesses ready for the opportunity and the competition will be pretty important to us as well. The three levels of government and organizations like ours are working with businesses now to ensure that they are ready for that increased competition and increased opportunity.

**Hon. Ron Cannan:** Excellent.

Mr. Savage, I'm just going to say that your local government's looking at having staff prepare documentation. I know that Minister Fast, the Minister of International Trade, who was working with the Prime Minister and instrumental in having this agreement signed, spent nine years with the City of Abbotsford. He's absolutely willing to help, and his department, with any preparation if your staff have any questions on local government provisions.

I know that there are seven negotiating principles, and I believe, as you alluded to in your opening comments, those issues have been addressed, especially having a balanced perspective of reciprocity and procurement. So I'm hopeful, as we move forward, that you'll be able to take advantage not only locally here but also other municipalities across Canada will with this bilateral agreement.

Moving over to our friends from the Fisheries Community Alliance, Gus, how many people does your alliance represent, how many members, and what is the composition of the alliance?

**Mr. Gus Etchegary:** The alliance was formed in 1992 when the fisheries collapsed and the moratorium was declared. It came together with representatives in the group, including fishery scientists, most of whom are retired; federal and provincial bureaucrats; fishermen; former processors, including me, who

retired 20 years ago from that particular company; and many people in the public.

It's an organization that has been in contact with most areas in Newfoundland and Labrador. While it doesn't have a large paid membership, the people in it are those who are very familiar with fisheries, and many of them date as far back as 30 and 40 years.

• (0945)

**Hon. Ron Cannan:** How many paid members do you have?

**Mr. Gus Etchegary:** We don't have any paid members; it's a strictly voluntary organization.

**Hon. Ron Cannan:** How many members do you have presently?

**Mr. Gus Etchegary:** I wouldn't have any idea how many we have, but there are quite a few people across the province who are members.

**Hon. Ron Cannan:** You don't have a membership list of some sort?

I've looked on the Internet, trying to find something about the alliance and haven't been able to find anything.

**Mr. Gus Etchegary:** I beg your pardon?

**Hon. Ron Cannan:** I was trying to find it. Do you have a monthly or an annual meeting?

**Mr. Gus Etchegary:** We have regular meetings from time to time, but it's a voluntary organization that has been the voice of the people who are extremely interested in rebuilding the resource to a level we delivered to Canada in 1949. That's what the organization is all about, and there is a great deal of interest in it, I might tell you, across the province.

**Hon. Ron Cannan:** How many people come to these meetings?

**Mr. Gus Etchegary:** How many people come to the meetings?

**Hon. Ron Cannan:** Your monthly meetings. You said a lot of people—

**Mr. Gus Etchegary:** It would be 15 or 20; something of that order.

**Hon. Ron Cannan:** I'm just trying to get an idea if it was 15,000, or 100, or 50, or what kind of membership you have.

With your perspective on the EU, what's your thought on the WTO decision not supporting Canada's intervention on the seal industry?

**Mr. Gus Etchegary:** Intervention on what?

**Hon. Ron Cannan:** The seal industry and the WTO decision to support the EU.

**Mr. Gus Etchegary:** Do you mean Canada's intervention on that?

**Hon. Ron Cannan:** Yes.

**Mr. Gus Etchegary:** Canada's intervention on that has been as useful as you-know-what.

We've had a sealing industry that was very important to the northeast coast of the province and Labrador for hundreds of years. It's been knocked out of existence, and the Government of Canada, as you can in fact read in this morning's paper, is dedicated to protest to the WTO and all the rest.

I can find at least 500 of those in the last 25 years, and it's a useless, useless effort that Canada has made to try to.... It wouldn't be, except for the fact that there is a rising tide, if you like, of people across this country who are beginning to realize that the ban against the selling of seal products is basically wrong. Great efforts have been made, and accomplished, to make it a humane operation.

In fact, that particular coast has lost the jobs of hundreds of its people involved in the sealing industry.

I can tell you that it will never recover on the basis of what's happening.

**Hon. Ron Cannan:** How you would recommend Canada, then, appeal the—

**The Chair:** The time has gone.

Go ahead, Mr. Chisholm. You have five minutes.

**Mr. Robert Chisholm (Dartmouth—Cole Harbour, NDP):** First of all, let me say welcome to the presenters.

Mayor Savage, you're doing a fantastic job as mayor, and I wish you a long and fruitful career as mayor of our municipality. I think many people would join me in saying that.

**Mr. Mike Savage:** Well, I want to thank you for your role in my graduation to municipal politics.

**Mr. Robert Chisholm:** I asked this yesterday of the gateway partnership folks.

I'm curious about the whole transportation infrastructure. This deal talks about increasing the bilateral trade by 23%, and the folks yesterday talked about how the capacity is there and that we're good to go. However, I know there are some challenges with the railway and roads and so on.

Regarding investments and infrastructure, what do you think needs to be done by the different levels of government to prepare for that increased bilateral trade?

**Mr. Mike Savage:** The infrastructure is very important. In the same way that the federal government was very involved in the infrastructure on the Pacific gateway, there are infrastructure requirements on the eastern seaboard as well.

We have a relationship with CN Rail that's very important to us. We're working with CN to make sure that is as strong as possible. The whole gateway council is about ensuring that we have the infrastructure, not only the physical infrastructure in terms of the roads and things like that, but also, as you know, of transshipment and offloading of the traffic that comes in from the port, which you have in increasing capacity in your constituency of Burnside.

What was the name of the company that we opened recently, Fred? It was a refrigeration plant. It's a wonderful spot. We did a tour

of that about a month ago and I just thawed out last week. But that kind of capacity is there.

I mentioned the extension of the runway, which is really important to us. It allows us to be world-competitive in bringing in air cargo, which will allow us to do more shipping of seafood directly out of Halifax, as opposed to going to Montreal or Boston. It will be very helpful to us, and there is a possibility that this deal will allow us to look at better air access routes directly into places like Frankfurt, for example.

The infrastructure, writ large, is really important to us, and I'm very confident that the folks who are doing this through the gateway council are bringing together the right partners to make sure, whether it's air, rail, road or by sea, that those infrastructure requirements are being built.

• (0950)

**Mr. Robert Chisholm:** Thank you.

You indicated that an analysis had been done by staff of the deal.

Is that public? Has that been made available to the committee, or could it be?

**Mr. Mike Savage:** We're going to leave you with our presentation. We only have it in one official language, but we've given it to the clerk for distribution.

The work we've done as municipalities has largely been done through FCM and also the Big City Mayors' Caucus, which is the appropriate way to do that. As you know, FCM has been involved in this, as they were in pushing for infrastructure investments in the federal budget, which we were largely successful in seeing in the budget this year.

We have our own analysis of those purchasing requirements, whether it's \$7.8 million on the major construction projects, or the other ones. As I said, we have to keep an eye on this, like everybody else, to make sure that at the end of the day this meets our needs.

We're certainly supportive of increased trade, and we think it could be very good, not only for Halifax but for this region.

**Mr. Robert Chisholm:** Thank you very much.

Mr. Etchegary, I appreciated your presentation. What you talked about—the access to the resource by foreign fleets, European fleets in particular—is a matter of some concern. There is no doubt about that. It continues to be a matter of some concern.

You mentioned the amendment to the NAFO agreement back in 2007, 2009. I note your book, which is a great read, entitled *Empty Nets*.

I haven't yet had the chance to go back to gather the testimony that was done at those committees. I wonder if you could speak a bit more in relation to how those amendments lessened the ability of Canada to keep the European fishermen off our coast.

**Mr. Gus Etchegary:** Yes. There were three amendments. Number one had to do with a dispute mechanism where, for example, if a country participating in the fisheries had a dispute with respect to overfishing or some infraction, or this, that or the other, the amendments to that dispute mechanism made it almost useless for dealing with the dispute, weakening it to a considerable degree.

The second one had to do with the objection procedure, and that was a major one. The objection procedure was on the basis of NAFO, the organization governing fishing outside 200 miles, awarding a quota, let's say, of 10,000 tonnes to Spain, whose representatives at the annual meeting had 60 days to return to their government, review the quota level, and if their own scientists and their own industry determined that it was too low and not justified, they would fish beyond it to any limit. It made the organization useless really. So the objection procedure was further weakened.

The third one had to do with Canada allowing the return of the European Union nations to participate in our fisheries, provided that Canada offered the invitation. That was embedded in the amendment. We asked a simple question, if you don't want them to come back into our fisheries, why in God's name do you make provision for it, and there was no answer.

It was such that both standing committees, the Senate and House fisheries committees, were so seized by it that they brought it to the House of Commons floor.

• (0955)

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

Mr. Shory, you have five minutes, and that will close off this session.

**Mr. Devinder Shory (Calgary Northeast, CPC):** Thank you, Mr. Chair.

Thank you, witnesses, for appearing this morning.

Mr. Etchegary, it was nice talking to you last night. I was listening to your testimony this morning. It seems like you have not been happy at all with the Canadian government for decades.

I have a quick question, do you think that Newfoundland joining Confederation was a bad decision?

**Mr. Gus Etchegary:** Was a bad decision?

**An hon. member:** On a point of order.

**The Chair:** No, go ahead. You can answer it or not answer it. It's up to you.

**Mr. Gus Etchegary:** I don't mind answering, Mr. Chair.

As you may know, the vote on Confederation was 50.2% for, as against 49.8% against. A lot of people in Newfoundland were not that over-anxious about it because of the fact the fishery was that important to us. The negotiations leading up to Confederation and leading to us entering brought forth many points of view that people in the fishing industry were very skeptical about. That was largely because the vote was so close.

**Mr. Devinder Shory:** Thank you, Mr. Etchegary.

Let's move to some positive things.

**Mr. Don Davies:** Mr. Chairman, I have a point of order.

**The Chair:** It had better be one. Go ahead.

**Mr. Don Davies:** I certainly have the right to raise one, Mr. Chairman.

**The Chair:** If it is one. Go ahead.

**Mr. Brian Masse (Windsor West, NDP):** We'll find out, but he has the right to ask a point of order.

**The Chair:** Go ahead.

**Mr. Don Davies:** Perhaps I can say it. I'd like the clerk to please advise the committee if it is a rule of this committee that questions have to be relevant to the topic?

**The Chair:** I'll rule on that. The questioner actually brought up Confederation and the fishery and the questioner was asking on that basis, so I allowed it.

Go ahead. It's not a point of order.

Go ahead, Mr. Shory.

**Mr. Don Davies:** I don't think that he can bring up—

**The Chair:** Go ahead, Mr. Shory.

**Mr. Devinder Shory:** Mr. Etchegary, you made a comment on the WTO ruling as well. Let me ask for a suggestion. If you were the fisheries minister, what would you do to convince the WTO to allow the seal hunt to continue in Canada?

**Mr. Gus Etchegary:** If I were the fisheries minister what would I do to—

**Mr. Devinder Shory:** To convince the WTO to allow the seal hunt in Canada.

**Mr. Gus Etchegary:** Well, the point we're bringing forward here is that there was little consideration given to the importance of opening up the minimum regulations and the removal of those. There wasn't sufficient consideration given to it. Otherwise, if they knew and recognized it, we would hope that they would find some other way of satisfying the European negotiators to carry on with and conclude the agreement, but not at the enormous sacrifice that we will have to make in our province if this materializes.

**Mr. Devinder Shory:** Thank you.

Your Worship, I'd like to start by asking you to speak a little about how Halifax is placed to take advantage of this Canada-EU trade deal. Of course, you have a deep-water port and an international airport, both connecting Europe to North America.

How would you describe Halifax's capability for supporting increased trade with the EU? Is your administration working with stakeholders to ensure that this capacity is there for importers and exporters who will rely on it more and more in the coming days?

**Mr. Mike Savage:** We see great potential in the trade deal. First of all, we see more trade for local businesses, particularly on the seafood side. We think there's great potential there. We think our major projects will be enhanced by the free trade deal. We think the overall economic impact of our gateway is going to be very important. We also recognize that we have a responsibility, as a municipality, to do our part. To support local businesses, we have to make sure that we have a stable tax rate. We have a fairly high provincial tax rate on business. We need to make sure that we manage our finances sensibly and effectively.

But we are a trading part of the world. We have always been a trading part of the world. We've had a lot of north-south trade traditionally. We have strong relations with many European countries now, and I think that this will enhance our ability to do business around the world.

• (1000)

**Mr. Devinder Shory:** What are you hearing from stakeholders about their needs over the next few years?

**Mr. Mike Savage:** I don't know that we've heard an awful lot from stakeholders. That's why it's important that this committee is here. The people I talk to on the business side are generally very supportive of this. There are concerns, because we don't have all of the details worked out yet. But I think we're very comfortable that the relationship that FCM has with all parties in the House of Commons will allow us to make sure that those concerns are dealt with.

**Mr. Devinder Shory:** Do I have some time?

**The Chair:** No, you only have five seconds.

**Mr. Mike Savage:** Then I'll take the five seconds to thank the committee for coming to Halifax. I encourage you, your staff, the hardworking interpreters, and everybody else to spend a fair bit of federal money while you're down here.

**The Chair:** Spoken like a true mayor.

We want to thank you very much for the work that you do and for testifying before the committee.

Mr. Morley and Mr. Etchegary, your testimony is very much appreciated.

With that, we will suspend as we set up for the next panel.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

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• (1015)

**The Chair:** We'll call the meeting back to order.

We want to thank our witnesses for being here, and we would ask members to take their seats.

We have with us two presenters, president and chief executive officer, John Risley, from the Clearwater Fine Foods company. Thank you for being here.

We have, from the Nova Scotia Federation of Labour, Rick Clarke, who is president.

We'll start with you, Mr. Risley, and the floor is yours.

**Mr. John Risley (President and Chief Executive Officer, Clearwater Fine Foods Inc.):** Thank you very much, gentlemen, and welcome to Halifax.

I'm not sure exactly what my credentials are. I'm vitally interested in public policy. I chair a local public policy institute called the Atlantic Institute for Market Studies. My business is international, both in seafood and telecommunications, and I spend more time travelling than I and my family would like, which gives me a global perspective, if you like, that influences my views as well.

Perhaps more poignantly, in the 1988 debate on the free trade agreement and whether that was appropriate policy at the time or not, I can tell you that I participated in 52 debates. The lesson from both the FTA and NAFTA is that both sides of the argument at the extreme ends tend to be wrong. I'm looking around the committee and I don't see many of you who would have been old enough today to remember the emotion that was poured into those debates back in 1988, but both sides were forced into extreme positions. Those who were against were talking about the loss of pensions, the loss of Canadian identity, the loss of the right to manage our own social welfare system, and the collapse of the Canadian fabric as we knew it. The tragedy about that kind of argument is that it forces the other side to make ridiculous promises as to the value of the agreement and what it's going to do to try to counter, if you like, the extreme positions on the other end.

My point is that you have to ignore extreme ends. These agreements, by definition, take a long time to affect the economy. That means that dislocation doesn't happen right away and it also means that the benefits don't happen right away. This is a signal to the business community that macro-environmental change is going to impact: it's going to hurt some people and it's going to help others.

Obviously—not obviously—but I certainly take the view that more free trade is a good thing and, in fact, the experience of both the FTA and NAFTA is exactly to that point. I don't think there is any serious economist who would suggest that both those free trade agreements weren't good for Canada and the Canadian economy.

The one thing that I'm not sure is well understood is that it has actually increased our dependence on the U.S. market, and that is a danger. In fact, this present agreement with Europe is just what we need to try to get the business community to look elsewhere in the world for trade opportunities and to become more global.

Again, sort of sticking with the macro environment and the failure of the Doha Round, I know there are those who are trying to put more energy into the Doha Round. I'm not sure whether they'll get anywhere, but, in any event, given that it hasn't happened, the world has run around trying to do bilateral deals, as you know, and the danger with these bilateral deals for an economy the size of Canada is that we could easily be left behind. We do not have the global influence to run around and do bilateral deals, so any time there is a trade deal that we can do or is being done, Canada needs to be a part of it because the risk that we face, as a small country, is that we get left behind. We find out that major trading partners of the world do deals that Canada is not a part of, and that should be a huge worry for us.

Again, a lesson coming out of both the debates around trade agreements generally is that they tend to be run by lobby groups. These are the folks who have material vested interests and will, as I said, make ridiculous promises as to the benefits of these agreements and will make similarly ridiculous promises about the negative consequences. I think it's a shame that the economy is being held hostage to some extent by the supply management industry in Canada in agriculture and, in particular, the Quebec dairy industry. It's not that I have anything against Quebec dairy farmers, I don't. It's just that I don't think they have the right, nor does any sector of the Canadian economy, to hold the rest of the economy hostage. That's what happens with these very powerful lobby groups.

● (1020)

We need to become a much more vigorous global player. Taking our assets at the extreme end, we have on the one hand the oil sands, which is a national resource of tremendous economic importance, not just to Alberta but to the entire country. We suffer the consequences of people not being well educated about the environmental consequences of the oil sands versus other energy types.

At the other end of the spectrum, we have tiny segments like the seal industry in Newfoundland. Again, it's ignorance and a lack of education that give rise to these kinds of trade conflicts because people don't understand the importance of the seal industry. They don't understand how the seal industry is prosecuted. They think we still carry out practices that were banned by law 25 years ago.

We need the kinds of communication links with the world. We need relationships that are ingrained in trade agreements to try to educate our trading partners so that they understand the real issues at hand here so we have a chance to help these industries continue to grow and thrive.

In terms of a smaller economic agenda, you may not be aware of the extent to which trade in Nova Scotia has gone down in real terms over the course of the last several years. This is tragic.

The only hope that Nova Scotia has... We've not yet found the oil and gas riches that Newfoundland has found off its coast. We're working on that and all Nova Scotians' fingers are crossed that BP and Shell will find big reserves. But in the meantime we need to count on our basic industries, and we're headed in the wrong direction. Our population is headed in the wrong direction and we need to do everything we can to expand trade opportunities around our natural resource-based industries here in Nova Scotia.

There will always be those who say they're in favour of free trade but that this or that particular agreement is not a good agreement because they didn't get this and they didn't get that. That's not an unintelligent argument. I remember having to deal with that argument back in 1988, and it's not an unfair argument. But on the other hand, the experience that Canada has in these negotiations is that it does a darned good job. We came out of the 1988 agreement with some advantages that the Americans will look back on and say they should never have given us.

There will be those who will say "Look at the disputes we had around softwood lumber", and so on. But the softwood lumber dispute ended up being a resolvable difference and softwood lumber accounts for about 1.5% of the trade between Canada and the United States. Yes, this is the largest trading relationship in the world and yes, we had a dispute, but the dispute was around 1.5% of the trade—and I don't remember another dispute that has elevated itself to that extent. Its resolution was not a bad result, frankly, particularly when the softwood lumber industry in Canada continues to thrive. Although it's been through bad times, I'm not sure that has anything to do with the free trade agreement.

As to specific fishery matters, given what I've said to you, I can't sit in front of you and say that the problems of the lobster industry are going to be solved by the incorporation of this agreement and the removal of tariff barriers between Europe and Canada.

What I can tell you is that my own company, Clearwater, sold about \$125 million worth of seafood products in Europe last year. We would probably be Atlantic Canada's largest lobster seller. We don't catch lobster on our own. We sell it on behalf of fishermen, and fishermen universally will tell you that the market is in trouble and has not responded to the tremendous catches we've had in the industry over the course of the last several years, which is a good news story. The bad news is the price.

● (1025)

At the moment, Canadian lobster exports to Europe are subject to an 8% tariff, and more importantly, processed lobster exports, i.e., that segment of the industry that creates incremental processing jobs here in Atlantic Canada, are subject to a 20% tariff. And both will be eliminated, one over the course of five years, in the first instance. This is a good thing, but it'll take time for the benefits to wend their way down to the industry in terms of more jobs and better economic performance.

I'd leave you with one thought, that there is no more powerful global economic macro-statistic than the growth of trade. So the more we can do to engage Canada as an international trading partner, the better for the Canadian economy as a whole.

Thank you for this opportunity.

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

Now we'll move to Mr. Clarke, and then we'll get into questions.

Go ahead, sir.

**Mr. Rick Clarke (President, Nova Scotia Federation of Labour):** Well, thank you very much for the opportunity to appear.

I certainly agree with a lot of what John has said, and particularly with the value of trade to this province and to the economy. So I want to make it very clear that we're not opposed to trade agreements. We have some concern with the experiences that we've had with free trade agreements, but we don't tar every issue with the same brush.

The biggest concern we have with this, and I'll touch on it through my presentation, is the fact that we know so little about this deal. We've not been consulted on it. I did a couple of interviews on this when others found out that I was going to appear before the committee and asked why we were opposed to it. I said the same thing there: it's not necessarily that we're totally opposed to it, but in my life, representing workers, you don't ratify a collective agreement you haven't read. So there are a lot of unanswered questions that come out of this.

When we look at the process, and I will be very much upfront with you, we know that the provinces are being called upon to play a vital role in this. They've been sitting, I don't know if the proper term is, as "observers" at some of the tables, but not necessarily in a negotiating process. We've been lobbying our government since early 2012 and are continuing that process with the current government, talking about our concerns with ratification or endorsement of this process until we know that all of the questions are answered.

We don't believe they should endorse or sign onto this if there's going to be a lot of liability or more veils of secrecy that are not uncovered to them. Basically, that's where we're at with this. Again, we're not opposed, but we are pushing hard that we must have, before it's ratified, true, open, public consultation so that people know exactly what we have.

I will go through this quickly, because I think they passed this out and I know time is limited, but I want to touch on some issues. We are a body of the Canadian Labour Congress, and a lot of what I'll be talking about, you probably heard in some other regions of the country. Our overall concern with the CETA, from what we hear and what's been dribbled out, is that there could be a substantial hike in provincial drug costs, and that provincial and local governments' ability to use procurement to boost local economic development could be undermined, increasing provinces' vulnerability to corporate lawsuits against environmental protection and other public interest regulations. It could also erode supply management in the dairy industry.

John talked about other things that he's involved in. On my part, I've been very active as co-chair of the Premier's Council on the Economy, as a member of the Ships Start Here table from the start, and as helping to develop the workforce for tomorrow, a committee that's now very active with business, labour, and community organizations. We see some of this, and I won't speak for the other bodies, but when you look at how negative an impact these things can have on some of our industries and jobs, then we're very concerned about where our job opportunities are going. And even with the fishing industry, even though it's going to increase its exports, we don't know what that's actually going to mean for the processing.

On the pharmaceutical issues, we have a lot of concerns because we've already agreed or given into EU demands to create a new system, to the extent of allowing a patent term extension of another two years, thereby protecting the monopoly of brand name drugs. With the availability of cheaper generic medicines, when you do the comparison, this extension could cost Nova Scotia between \$29 million to \$56 million annually, beginning in 2023. We realize that the federal government—

• (1030)

**The Chair:** We need you to slow down a little bit because of translation.

**Mr. Rick Clarke:** I'm sorry about that. That's what happens when you try to get through in 10 minutes.

We realize that the federal government has indicated that it would offset some costs, but the reality is that it's still going to be taxpayers who will be offsetting the costs if we do see high rates or costs of pharmaceuticals.

On a national issue, we fully support the congress' opposition to the inclusion of an investor-state arbitration mechanism. It's very similar to chapter 11 of NAFTA, which allows investors to bypass the court system and seek compensation for alleged harmful public policies and regulation. The mechanism can be used by corporations to attack public interest regulations in both Canada and Europe.

Under NAFTA's chapter 11, it hasn't worked in the way that many experts thought. Canada is now the top target of NAFTA investor-state litigation. The country faces eight active NAFTA investment claims, all launched by U.S. companies, and if successful the claims could cost Canadian taxpayers more than \$2.5 billion. There have been over 30 investor-state claims against Canada under NAFTA, and we're fearful that this could be something that could come out even broader with the CETA agreement.

On government procurement, CETA may constrain the ability of local governments and crown corporations to use local procurement as a stimulus for economic development. Our economy is doing fairly well in the HRM, but the concerns we have and what we've been developing and working on now for the last number of years is rural Nova Scotia. Government procurement is a big issue for small communities and we're very concerned about how the agreement can undermine this.

Exclusions are present for procurements below a certain value, and governments can specify the need for relevant experience and can include social and environmental criteria in contract requirements. There is limited regional economic development in exclusions for the three territories, the Atlantic provinces and Manitoba, Quebec and Ontario, to retain 25% of Canadian value, and that's for procurement of public transit vehicles.

Public services is another big area, because it's a large employer in this province. CETA binds any government decisions to shift to private delivery of publicly provided services. Health care, public education and social services are excluded, but in many of these areas government policy has been blurring the line between public and private, leaving provinces open to challenges by investors. We do not support privatization of any public service that leads to lower wages, less money for our economies, and more job safety concerns.

Labour mobility is an issue that's a major problem with the high unemployment we have among our young people today, and the mutual recognition of provincial qualifications included in trade deals like CETA leads to the lowest common denominator becoming the standard, rather than the mutual recognition of the lowest standard in place. The labour movement in this country through the CLC and provincial federations have called for the upward harmonization of labour regulations, qualifications, licensing and other standards.

CETA also contains commitments for the temporary entry of workers—the most ambitious ever in a trade agreement, according to the CETA agreement in principle. Our federation is very concerned about the inclusion of contract services suppliers in the commitment regarding temporary entry of workers. Localized shortages of skilled trade workers means that some employers would be extremely keen on having temporary workers coming from European countries, where unemployment is higher.

The temporary entry commitment will also make it easier for employers to engage in the practice of inter-corporate transfers. This practice was exposed this year in Canada, when the Royal Bank used it to lay off Canadian workers from professional IT jobs. We cannot afford more unemployment in Canada.

Sustainable development, the environment, and labour are the last areas that I want to touch on. The details, so far, only call for weak and mainly voluntary measures to protect the environment. There would be no binding obligations, penalties, or trade sanctions for non-compliance. The word “voluntary” is one of the major concerns we have with this.

• (1035)

The labour provisions appear to be similar to the labour cooperation agreement negotiated in recent free trade deals by

Canada. The dispute settlement process, while it might include the civil society advisory group and a mechanism by which the public can raise concerns, remains unclear.

With regard to the fisheries, again it's kind of a yea/nay with us, because there is potential there, but because we don't know what's in the deal, there's a lot of concern. Does it mean we're going to get more exports but those exports will be raw product and be processed in Europe? Or does it mean we're going to be exporting more of the finished product? I'm not a paranoid person; I don't look under my bed every night, but I would say that tied in with that is the fact that Europe is going to have port capabilities with this agreement, which would lead me to think there could be more export of raw product rather than processed product.

I know I'm getting very close, so I guess, really, the last statement would be that we really want to see this before it's finalized, and we would urge this committee, as we will be urging our provincial government, that we need the veil of secrecy and confidentiality to be lifted from the CETA text so that we can have meaningful public consultation and debate on the agreement's costs and benefits before the provincial government or the federal government finalize the deal.

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

We'll move now very quickly.

Mr. Davies, you have seven minutes.

**Mr. Don Davies:** Thank you to both witnesses for being with us today.

Mr. Risley, I really very much appreciate your rational and balanced view on trade. I agree with you that extreme positions are generally not helpful to debate.

In this case here, in terms of the touted benefits of CETA, we're relying on a study done over five years ago, before the agreement was ever even negotiated, that had an economic modelling that assumed things like full employment in both jurisdictions, 100% reinvestment of capital saved as a result of the reduction of tariffs—what many economists consider to be completely unrealistic assumptions. The government continues to say, based on that, that CETA will provide a GDP boost of \$12 billion and create 80,000 jobs. They even, in my opinion misleadingly, say that will put \$1,000 in every family's pocket. That's the kind of spin coming from the government.

I want to talk about jobs.

I was just looking at you on Wikipedia. I know you're a prominent businessman with, it says, major holdings in communications, seafood products, and other industries.

How many jobs have you, as a major employer, assessed or evaluated your operations are going to create as a result of CETA?

• (1040)

**Mr. John Risley:** I can't give you a specific number. What I can tell you is that to the extent that we are a re-marketer of seafood products to jurisdictions around the world, and in particular Europe, which as I said in my earlier testimony consumes about a third of our exports as a company, the more returns we get from the marketplace the more we can invest in our business back here.

What has saved the industry in Atlantic Canada is effectively that which many folks would say has been the destruction of the industry. The industry 30 years ago employed a huge number of people on a seasonal basis, folks making \$10,000 or \$12,000 a year who would then have their income supplemented by entry into the UI system. Our company employs about 1,700 people, I would say almost all full time. I can't tell you what our average salary would be, but I'm guessing it's more than \$50,000.

This is what we need to do with the entire economy. If you look at new businesses that are starting in Atlantic Canada, they are not businesses designed to do business in Nova Scotia. They're businesses that, if they're going to be successful, are designed to do business around the world.

We can't grow our economy without that, so we need the regulatory mechanisms that allow us to trade with the world. It takes time, but that's what we need to do to reinvent the economy. We can't go backwards; we need to go forward.

**Mr. Don Davies:** If I take your testimony as a general proposition, you believe that a trade agreement with Europe has the potential to grow jobs, although you have not been able to assess specifics.

**Mr. John Risley:** Yes. Mr. Clarke makes a very good point. He asks, if we reduce the tariff on processed products, which in the case of lobster is 20%, what will the result be? Will we ship more unprocessed lobster to Europe, or will we process more lobster here? I can tell you categorically the answer to that. We will process more lobster here, and processing more lobster here means more jobs here. That is an absolute, categorical answer.

**Mr. Don Davies:** Let me turn to you, Mr. Clarke. You mentioned that your organization was not consulted. The government likes to say that this was a transparent negotiation, but I can tell you that we're hearing from a lot of witnesses in sectors such as labour, environmentalism, municipalities on their own, academics. Some industrial sectors were not consulted at all.

Do you know of any labour groups that were consulted by this government in negotiating CETA?

**Mr. Rick Clarke:** Clearly none were in Nova Scotia. There has been no consultation whatsoever on it; I think I would know, if there were any labour consultation in the province.

**Mr. Don Davies:** Okay.

I know that CETA apparently has provisions in it to permit greater professional labour mobility between the EU and Canada. Is something such as labour mobility—the flow of, let's say, workers or managers or any kind of labour between Europe and Canada—of interest to your organization or your members?

**Mr. Rick Clarke:** It's not new. I'll start off that way.

I come out of the shipbuilding and ship repair industry, and in our industry some of the more senior people have come from Europe. But they have come through immigration strategies. If we're going to be doing it and it's going to be a mobility issue such as we're seeing with the temporary foreign worker program right now, then our young people are really not going to be given the opportunities for the training or for the jobs.

As John has said as well—I hate to be reading in the dark side all the time—when you don't know what is in the document, it's hard to see what's being said about labour mobility. Right now, our experience has been that it's a dirty word.

• (1045)

**Mr. Don Davies:** Let me ask you both this question. Mr. Risley, you're a very prominent and successful businessman. Mr. Clarke, you've obviously dealt with a lot of labour agreements.

Would you agree with me that you need to see the actual text of the agreement and study that agreement to understand what the details are before you can fully evaluate whether or not it's of net benefit to Canada? Or are you prepared to go on the basis of a summary document?

**Mr. Rick Clarke:** To me, what you just described was what I see as consultation. If we want people to buy in—and I agree with the analogy John made previously that there were a lot of wrongs on both sides, because there wasn't a lot known on both sides—and we're going to do this and want to do it right, we should learn from our mistakes in other, previous trade agreements and have full consultation with the stakeholders.

We're the ones who are going to bear the brunt of it, both the employers—possibly some on the good end and some on the bad end.... We don't have a huge cheese industry, but we have one. We don't have a huge dairy industry, but we have one.

**Mr. Don Davies:** Mr. Risley, do details matter?

**Mr. John Risley:** Here is the practical problem. You can't have 10,000 people negotiate an agreement. You have to rely on those who are in a position to negotiate on your behalf to do the best job they can.

Will mistakes be made? Yes. We have not signed perfect agreements. Have we signed good agreements that have been good for the country? Yes. Is this a good agreement? I'm prepared to say that yes, on the basis of what I know now, this is a good agreement. Will it be a perfect agreement? No.

Will it upset some people and will it dislocate some industries? Yes. But on the whole, it is a good agreement and will be good for the country; I'm very confident about that.

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

We'll now move on to our second questioner.



Mr. O'Toole, the floor is yours for seven minutes.

**Mr. Erin O'Toole:** Thank you, Mr. Chair.

Thank you, gentlemen, for appearing today. As I've said to all of our witnesses, it's important for this committee and members of Parliament on all sides to get out of Ottawa and speak to folks creating jobs, creating economic activity, representing other Canadians, and to get their feedback. So thank you for making the time.

Mr. Risley, I like the way you outlined not only the spectacular opportunities that came with the free trade agreement and NAFTA—about four million jobs now are attributable to that agreement—but also the fact that it increased our dependence upon the U.S.

For many decades we were fortunate in being able to basically produce and sell most of our goods and services and products, seafood and agricultural products, to our largest trading partner, and we didn't diversify our trading relationships really over the last generation. With the U.S. potentially in slow to sluggish growth over the next decade, it has been a priority for our government to diversify those relationships.

From your perspective and from your company's perspective, how have you been tapping other markets beyond the U.S., into Europe and beyond? In your experience, is that increasingly critical to your success as a company?

**Mr. John Risley:** The real problem is not for companies of our scale. For instance, I'm guessing we would have probably 40 sales people who work directly for us in three offices in China. Your average small Canadian company is not going to be able to mount that kind of sales effort.

But here is my worry. My worry is how we support, both as a business community and as a government, the development of small businesses, not just in Atlantic Canada and not just in the fishing industry but in all industries right across the country.

It used to be, 30 years ago, that you could have a reasonably successful business that only did business in Canada; it didn't have to compete with anyone else. Now virtually any successful business in Canada cannot be successful if it isn't globally competitive. This is not to say that it has to do business everywhere in the world; it's just that it has to withstand the competitive influence of people from elsewhere in the world. Look at companies such as Walmart, which now sources 30% of its products from China.

My point is that the regulatory environment has to be supportive. It has to provide for opportunities. We cannot, for instance, let the issues that almost derailed our entry into the Trans-Pacific trade talks, the issues that were thrown up by the supply side folks.... Think about the hypocrisy of a country taking the position that it is globally competitive in meat products and globally competitive in grains, but not in dairy, so we want you to let us trade freely in wheat and meat products and all the other things we're really competitive in, but we want a protected market in those uncompetitive products. That's an enormously hypocritical position for a country to take, and obviously it's not going to get us into trade agreements.

You need somebody to say that we need to do the right thing for the country. The right thing for the country is to move forward and

tell the dairy industry, if it's a protected industry, that it needs to become competitive and that there will be some dislocation.

Now, do we need to be their partner and help them through that dislocation? Yes, that's the role of government. We need to figure out how we can help the dairy industry be competitive.

Do you know why? It's because the average Canadian should not be paying a premium for milk. Why should we be doing that? It's ridiculous, when you think about it. There is a cost.

Again, it gets back to having to engage with the world and having to understand that change is just a part of the medicine when trying to improve and trying to grow the economy.

• (1050)

**Mr. Erin O'Toole:** Thank you.

One of the other points I'm glad you seized upon, because we've heard a little bit in this area in the last day, is the higher tariff rates for higher value-added products, in seafood in particular. You mentioned the difference between the 8% tariff rate for fresh lobster versus 20% for processed. It's the same with shrimp. Fresh shrimp is 12% and cooked shrimp is 20%.

You said that the elimination of those higher tariff rates for processed seafood would lead to better economic chances for the onshore processing industry. Could you elaborate a little more on that?

**Mr. John Risley:** Yes, sure.

My colleague here at the table raises a very legitimate point, and I want to address it. What is going to happen? Are these so-called opportunities in process jobs going to go to Europe? My answer to that is no, and the reason is that we're pretty good at what we do.

We have a shrimp industry of scale and a lobster industry of scale. They don't have a lobster industry of scale. We are very competitive in these products, and we can absolutely add value here in process and create jobs around reduced tariff barriers. That's the route to higher prices for our industry—adding value. Adding value has a labour component. It's not the only component, but it is an important one.

**Mr. Erin O'Toole:** Thank you.

Mr. Clarke, thank you for appearing. For my friends on the opposite side here, I've heard this concept of a "veil of secrecy", and that sort of thing. But in fact, with the provinces and territories, the key industry associations and groups, there have actually been historic levels of consultation in getting to an agreement in principle. That's why there's been almost universal praise for the outreach our government has done with the provincial/territorial levels and key stakeholders from coast to coast to coast.

The response to the “veil of secrecy” comment would be to see the full agreement. When you were at the collective bargaining table, before your position now, you were charged by the union members you represented to negotiate a deal on essential terms—wage rates, time of agreement, job security, these sorts of things. Aren't these the essential terms you were entrusted to negotiate, in much the same way that the essential terms of this trade agreement have been shared and are being discussed? I wonder how many members of your union would read every page of the collective bargaining final agreement.

**The Chair:** I'll stop you there.

Give us a short answer, please. Go ahead.

**Mr. Rick Clarke:** I'm not suggesting you do what we do with the ratification of a collective agreement for the population of Canada. What we do with a collective agreement is we negotiate in secrecy until we get a tentative agreement. But before it is ratified, we have full disclosure to the membership. It's wide open for the membership to come to the meeting, get handed a copy of the collective agreement, and go through it page by page. Then a few days later, or a week later, we have a ratification vote on it. So there's full disclosure.

•(1055)

**The Chair:** Very good. I think the point being made is that it will be debated, the full text, in Parliament before it's ever voted on.

Go ahead, Mr. Cannan. The floor is yours.

**Hon. Ron Cannan:** Thank you, Mr. Chair.

To our witnesses, good morning, and thank you all for being here. Thanks for your perspectives.

I agree that a balanced approach is always best when trying to negotiate. It was kind of the philosophy of many Canadians. It was summed up by Preston Manning when he said “Why did the Canadian cross the road? To get to the middle.”

We're always trying to find that middle perspective in agreement so we can provide the best for Canadians across the country. Is that always possible? No.

Mr. Risley, you mentioned the 1998 free trade agreement. Just a couple of days ago there was a documentary on the 1988 election, and it brought back the scenario. It was interesting. Some of the advertisements were very strategic. They said the agreement would erase the 49th parallel, that we were going to become the 51st state, a colony of the U.S. There was a lot of fear-mongering out there.

Unfortunately, we hear some of that today. But it's always easier to stay positive and look to the future. We also need to learn from our past experiences. The free trade agreement, NAFTA, is definitely far from perfect.

Would you agree that this CETA agreement is a 21st-century agreement that's going to be a template for helping not only Canada in our future trade agreements but also other countries in the globalized trading world?

**Mr. John Risley:** Again, I think you'll find that the general consensus amongst economists around the world is that free trade is the single biggest contributor to global GDP growth.

So having said that, it's really up to constituent, if you like, parties to that agreement to take advantage of the opportunity. The problem with the free trade agreement with the United States is that Canadian business rallied and took advantage of that opportunity and generated jobs and economic growth, but it has made us more dependent on the United States. That's a concern, and it's a concern because if you look at global economic statistics, the emerging middle class and the growth in the middle class are not going to come in Europe or in the United States, they're going to come in Asia.

So Canada has to reposition itself. It needs to do two things. It needs to make sure that its industries, companies, and emerging companies—especially its small business community, which is so important to job growth—understand that their mandate is a global mandate. This is not about building a company in Nova Scotia to do business in Nova Scotia or to sell in Newfoundland. This is about building a company in Nova Scotia and Newfoundland that can do business around the world. That's a really important initiative, if you like, at the grassroots level.

Second, we have to encourage business to get out there and do what it can to export around the world. One of the things that the government can really be helpful with is this. If you look at the German model, if the German model stands out in Europe as being an export-led model that has done great things, one of the things that the German government does is that it really helps small business by investing heavily in trade development and support missions at its embassies and cities around the world. If you talk to German industry, especially small business—not the big guys, but the guys who can afford their staff—this is what we need to do.

So it's not just enough to sign a trade agreement. That's just the start. It's about what follows through on the trade agreement. What are we going to do to help those industries that are going to go through dislocation? And what, more importantly, are we going to do to support those industries for which there is now a new opportunity as a consequence of the agreement?

**Hon. Ron Cannan:** That's one of the reasons why we're today, and it's a privilege to be able to be in this and other parts of this country, to find out how this agreement could benefit Canadians across the country.

Mr. Clarke, there's a picture of this gentleman, the chair of the trade committee. Other than that, the article is pretty good: “Nova Scotia will benefit from EU trade deal, Commons committee told”, in today's *Chronicle Herald*.

I just wanted to talk a little bit about the reason for the importance of trade agreements. It's rules-based trading. Mr. Risley indicated that industry likes stability and confidence. From the union's perspective, do you feel that Nova Scotia businesses can compete globally?

• (1100)

**Mr. Rick Clarke:** If the safeguards are in place. That's why I said at the onset that we're not opposed to this. It's just that there are a lot of unanswered questions. I like what John said, that there are going to be dislocations. We didn't do what he said under previous agreements. We've lost many of our manufacturing processes in this province. We've lost a lot of our forestry. We lost a lot of other industries, and there was nothing there to help those people, nothing for those industries or small business. If it's done right, if the whole puzzle was put together, then it may work in the best interest, but if we just sign the deal and then say "let nature takes the course", then I think, and again I'm not a fearmonger, but if we look at our past experiences, we could live the same problems.

I have great confidence. Maybe we should have had some key stakeholders. You can't have 10 times those people at a table, but you could have key stakeholders involved in some actual consultation, or even at the table, because they have a lot of experience in negotiations.

**Hon. Ron Cannan:** You reiterated several times that you're not opposed to free trade agreements. So which trade agreement has your federation of labour supported?

**Mr. Rick Clarke:** None of them yet, because we look at fair trade as well. As I just noted, we lost industries. We weren't consulted on those, and hopefully we're going to be able to look at this one. When I reference the labour standards, if you go to the lowest common denominator, that will help no one. It may help industry, it may help profitability, but it's not helping local economies. So we don't know if that's in there. You may be dealing with that. You may be looking at labour standards, wages, health benefits, health and safety issues; I don't know. If we're dealing with all those things, then this could be a good deal.

**Hon. Ron Cannan:** One in five jobs is created from trade; it's 75% of our trade with the U.S.

We have multiple bilateral trade agreements, and your labour association has not supported one?

**Mr. Rick Clarke:** No, I shouldn't say not one of them.

With one of the other committees, the advisory council that I'm on, I know we have a growing and vibrant IT industry in this province that is trading and working worldwide. Through those processes, we're supporting them.

**The Chair:** Mr. Masse, for five minutes.

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

Thank you to our witnesses for being here.

Forgive my use of the auto industry as an example, but that's where I come from. When I see a car commercial on TV, I don't just go and buy that car. I go down to the dealership and I ride the car, open up the hood, take a look at the engine, kick the tires, go through the agreement, decide on how I want to actually finance the car, and then finally read the material in front of me and make a decision before I put my signature on it.

Right now, we just have a brochure of what could be possible. That has to be ratified by over 20 European nations. It could be modified, so I think the presentations you've had today are

important. It shows that we still... You know, we're not travelling across the country. We've been in Ottawa and we've come to Halifax for a couple of days. We haven't really consulted with Canadians, and we still don't have anything more than a brochure.

Having said that, Mr. Risley, have you done an assessment in terms of what's been presented, in the context that we have right now? Have you done an assessment with regard to the competition you will face in Europe?

**Mr. John Risley:** Yes, I have.

But that's an easy answer, and it's an easy answer because we're a protein provider, if you like. Nobody in the world is going to starve to death tomorrow if we don't export any of our seafood protein from Atlantic Canada. That's not to say that the European market isn't a hugely important market for us. It's a white-tablecloth restaurant market. Much of what we produce in the seafood sector in Atlantic Canada is destined for a white-tablecloth restaurant market, and probably the most developed in the world is the European white-tablecloth restaurant industry.

Our competition is not another lobster company in France or Scotland or Norway; it's other proteins. It's providing an attractive product, if you like, for the restaurant community. It's not just about tariffs. When we first went to Europe in the mid-1970s, we were subject to tariffs and we were able to build a successful business. The issue in those days was about figuring out logistics.

My point is that it's not any single barrier or any single point that is going to all of a sudden be the difference between having a market and not having a market. It's a component. That's why I'm not here saying this is the greatest thing since sliced bread and we're all celebrating in the streets.

Will it be helpful to our industry? Yes. Will it create some more jobs? Yes, it will. Is this good for Nova Scotia and Atlantic Canada, and is it good for the country? I happen to believe it is.

I have a fair degree of intimacy with the agreement. I have not read the whole document, but I remember that the free trade agreement in 1988 turned out to be 900-and-some-odd pages, and I'm not sure that many folks actually read it.

• (1105)

**Mr. Brian Masse:** You've made a good argument about the dislocation of industries. The free trade agreement killed the Auto Pact and tens of thousands of jobs. It brought our country from number two in auto assembly in the world to number eight because the NAFTA agreement didn't calculate Japan challenging the Auto Pact.

I'm going to ask two quick questions because I have limited time.

You've noted in your testimony today about dislocated industries. I'd like your opinion on which industries are going to be dislocated.

Then, to Mr. Clarke, there has been overwhelming testimony and evidence that drug costs are going to rise with regard to this agreement. How will that affect negotiations related to benefits, pensions, and the industries having to actually incur that additional cost, or the challenges that will fall on the public purse if those aren't provided for in the labour agreements we currently have in the private and public sector?

**The Chair:** Very quickly.

**Mr. John Risley:** Thank you, Mr. Chair.

I'm a great believer in having robust social programs. I'm not one of these crazy capitalists who doesn't want to support a segment of society that needs support. I think it's tragic that we have senior people who were trained for an occupation and who have earned a good living who are then, through no fault of their own, no longer able to get a job in that occupation.

So what can we do in that respect? We need to have a wealthy country so that we can help these people, so that we can help them retrain if that's their inclination, so we can help out with social programs. That's the obligation of Canada if you like. I think we are reasonably good in that respect. Are we good enough? We learned a lot from the 1988 agreement. We learned a lot from the collapse of the fishery in terms of retraining people, but you know what, we survived. If you walk around rural Newfoundland today I can tell you that it is wealthier than it has ever been. Was the road a bumpy road? Yes, it was a bumpy road, but we got there and we're better off as a result.

**The Chair:** Mr. Clarke, very quickly.

**Mr. Rick Clarke:** I think—and I touched on it in the presentation—just by lengthening out the patent process for non-generic drugs it's going to potentially cost employers, workers, unions, and our provincial government between \$29 million to \$56 million a year starting in 2023. That's going to have a major negative impact on the ability of benefit plans and the ability of the provincial government to do other programs, if they're going to have to absorb those costs.

**The Chair:** Thank you.

Mr. Shory, five minutes and you'll close this off.

**Mr. Devinder Shory:** Thank you, Mr. Chair.

Thank you to the witnesses for appearing this morning.

Mr. Clarke, it was very shocking to hear that you have not supported a single free trade agreement in the past. We heard from the Halifax Gateway yesterday, who spoke of \$100 billion in Atlantic Canada and an opportunity in a market of 500 million consumers. Do you not believe that the elimination of all kinds of tariffs will benefit your union members?

**Mr. Rick Clarke:** I'm glad the question came up again, because I was going to ask for a point of privilege on it anyway. If I seem cynical on it.... One of your colleagues said there's been a lot of very tight consultation with key stakeholders, but it's very unfortunate—and I'm not talking about Rick Clarke—that representatives of the workers in this country are not considered a key stakeholder, because if we had been involved in some of that tight consultation, you wouldn't be getting the negative spin from us based on the past trade deals that we've had. That's because we were left to clean up the

mess of workers being displaced because programs weren't put in place.

This one may go down the right road. If it does you may come around again and I'd be one of the first ones to say “Yeah, you did it right”—but to get the accolades it has to be done right. We can't just sweep peoples' lives under the table and say it's okay because we got a few shining stars up here.

• (1110)

**Mr. Devinder Shory:** Mr. Clarke, I look forward to that day when I'll hear from you “Yeah, you did it right”.

Mr. Risley, just looking at the gaps the committee has heard about from witnesses since yesterday, it is clear to me that increasing exports of fish and other seafood is welcome news here in the Atlantic provinces. How do you view the Canada-EU trade deal from the perspective of a larger company such as Clearwater Fine Foods Inc.?

**Mr. John Risley:** The European white tablecloth restaurant industry is the largest in the world, and although the economic conditions in Europe are not as robust as they are in Asia and is not growing—we're seeing really good growth in Asia, particularly in China—it's nevertheless the single most important market.

The point is that we need to diversify as a nation, and the danger from the success of the free trade agreement, because it was an enormously successful agreement as we all know, is that it increased our dependence. It grew the economy but in a very focused way and we ended up becoming more dependent on the U.S., and we can't tolerate that situation. So we need to engage with Europe; we need a free trade agreement with Europe.

I can't think of any worse scenario than the Americans going out now and negotiating a free trade agreement with Europe—as you know, they're now so engaged—and Canada not having a free trade agreement with Europe, because I can promise you that we would never get a free trade agreement with Europe if the Americans signed one. We would be forgotten. This is my point about being a small economy. We need to be very proactive. The world is doing bilateral deals, and this is a bilateral deal and we need to be out there doing bilateral deals.

**Mr. Devinder Shory:** I also want to thank you for clarifying one more thing. We heard from another witness about the processing industry in the Atlantic. He said that this trade agreement would kill the industry, but I believe you clarified that. With the elimination of the 20% tariff on the processing industry, it will actually boost the industry, so thank you for clarifying that.

What steps has Clearwater taken to lay down the groundwork for entering into European markets that were previously unavailable for your exports?

**Mr. John Risley:** We're lucky because we're the country's largest seafood company so we can invest in sales and marketing efforts on a global basis when others can't. In many ways we use that to pave the way, if you like, for our smaller competitors in the industry, although we don't see them as competitors.

We now have two sales offices in Europe. We continue to grow our sales and marketing effort, not just in Europe, but around the world. We do business in countries such as Romania and Poland and we see eastern Europe as an emerging market for us because traditionally it wasn't a market in which we did business.

Anything that helps us on the regulatory front, anything that removes an impediment to trade, is a positive.

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

That takes us to the end of this panel.

In talking trade deals, I'll just make a comment. I was speaking in front of Massachusetts—sorry, I believe it was Maine—congressmen and state legislators. They were explaining to me how NAFTA was the worst deal America had ever signed, and asked me one reason why they should support it. I said I'd give them 28,000. That's how many jobs were created because of trade with Canada, so it comes down to perspective a lot of times on trade deals.

I appreciate your testimony before the committee. We will suspend now for 15 minutes as we set up the next panel.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
- 
- (1125)

**The Chair:** We'll call the meeting back to order.

We want to thank our last panellists of the morning for being with us. They come to us both as individuals.

We have with us John Cody, as well as Winston Fiander, is it?

**Mr. Winston Fiander (Advocate, Community Fisheries, As an Individual):** "Fi-ander". Yes.

**The Chair:** Very good. We look forward to your presentations.

We will start with you, Mr. Fiander.

**Mr. Winston Fiander:** Thank you very much, Mr. Chairman

In my presentation, I want to focus on the potential impact of CETA on the rural fishing communities in Newfoundland and Labrador. That's an aspect of our commercial fishery that receives little attention from fishery managers, policy-makers, and, I might say, trade negotiators in Ottawa and in St. John's.

Newfoundland and Labrador is blessed with some 40,000 kilometres of coastline that has hundreds of communities situated adjacent to some of the richest fishing grounds. Or they were the richest. They've been somewhat depleted in recent years, but they're very rich fishing grounds.

Now I want to give you some idea of the scope of what these communities contribute to the economies of Canada, Atlantic Canada, and Newfoundland in particular. In 2012 we had nearly 5,000 fishing enterprises operating in the inshore fleet, which

comprises vessels of less than 65 feet. The inshore fish harvesters are self-employed fishing enterprise owners that employ some 10,000 skippers and crew members in the communities in which they live. This does not include processing jobs and the spinoff jobs created indirectly by the entrepreneurs.

In 2012 this fleet landed \$370 million worth of fish, which was 60% of the landings for the Province of Newfoundland and Labrador. Now, to show you that this was not just a one-off, between 2000 and 2012, over that 12-year period, the Department of Fisheries and Oceans recorded that the average annual landings of this fleet were \$360 million and accounted for 60% of the total landings.

This fleet has proven to be the foundation of a way of life in Newfoundland and Labrador for 500 years. Not only that, this fishery makes a much-needed contribution to the food security of our coastal communities and the province as a whole. If we extend this to the whole Atlantic region, plus Quebec, there are some 10,000 enterprises in eastern Canada that in 2011 produced landed value worth \$1.8 billion. This fishery was probably the biggest employer in the whole of Atlantic Canada.

Now, these fishing enterprises are embedded in the economic, social, and cultural life of these rural communities. This fact was acknowledged with the introduction of two policies: the fleet separation policy, which was introduced in 1979, and the owner-operator policy, which was introduced in 1996.

Combined, these two policies restrain the purchase of quotas and licences by corporate entities and others who have the financial power to buy them up, consolidate them, and remove them from communities. So as you can see, they constitute a considerable barrier to loss of those enterprises, the jobs, and so on in communities. The policies, in other words, have acted as a bulwark. They've prevented the shutdown of enterprises. They've saved jobs. They've enabled owner-operator fishers to remain the economic engine in our coastal communities.

- (1130)

Now in addition to these two policies, we need new and innovative fishery legislation, policies, and programs to address other serious threats to the viability of our communities. One such serious threat is our demographics. They are arguably our greatest threat. Most fishermen are nearing retirement age and want to sell and convert their quotas and licences into retirement funds, but the problem with this is that aspiring young fishermen can't afford to buy their enterprises to enter the industry. So creative policies and initiatives are needed to ensure that these jobs and incomes stay in our communities.

Some of these are already in place, and I'll give you some examples.

St. Anthony Basin Resources Inc. allocates quota to the community and allows the community to use that quota for development purposes. The Labrador Fishermen's Union Shrimp Company has retained thousands and thousands of jobs along the shores of Labrador, on the south coast in particular. The Fogo Island Co-operative Society is another one. In Nova Scotia there's a program called Off the Hook, which allows the fisherman to contract with consumers to supply them with food for their households at a pre-arranged price. Cooperative ownership arrangements that allow fishermen or communities to pool licences and quotas and lease them back to members at reduced fair-trade costs is another. Even lending institutions such as the South Coast Community Development Corporation on the south coast of Newfoundland have recognized the importance of offering affordable lending options to young fish harvesters in order to support the continuance of inshore fishing in their region.

Now you're wondering why I'm raising all these things. I'm concerned that CETA may become a barrier to implementing, to in fact retaining, some of these policies, particularly the fee separation and the owner-operator policies, and it may become a barrier to implementing new policies that are sorely needed to maintain our communities.

• (1135)

**The Chair:** I'll interrupt you for a second. You have about two minutes left, and I'm looking through your presentation. You might want to hit the high points, because I don't think you'll get through it.

Go ahead.

**Mr. Winston Fiander:** I'll go quickly.

The main point I want to make here is that Scott Sinclair, who authored a study called *Globalization, Trade Treaties and the Future of the Atlantic Canadian Fisheries*, cautions that the two policies I talked about, the owner-operator and so on, have been listed in Annex II—though we've not seen the agreement, so I don't know if this is right or wrong. Scott Sinclair maintains this may mean that they are safe for now, but that they can, and he says will, become a target for attack later on. Once they come under attack, they will be referred to the World Trade Organization for judgment, and that means we would have lost control of two policies that are very, very important to rural Newfoundland and rural Atlantic Canada.

Currently there's an initiative under way by the Food and Agriculture Organization of the United Nations calling on nations—Canada is a part of this process, I might add—to recognize and protect our small-scale fisheries by adopting the “Voluntary Guidelines for Securing Sustainable Small-scale Fisheries in the Context of Food Security and Poverty Eradication”, a typical UN-titled paper.

The objectives of the guidelines are “to provide advice and recommendations, establish principles and criteria, and information to assist States and stakeholders to achieve secure and sustainable small-scale fisheries and related livelihoods.” So I call on the drafters of CETA to consult those guidelines and let us remind European countries that they're involved in this process that CETA should be consistent with those guidelines.

In closing, I want to thank you for the opportunity to speak to you, but I have to say that it would have been more enlightening to you,

and more in line with democratic principles of Parliament, if you had held your ninth meeting—this is your eighth meeting—in Newfoundland.

Thank you very much.

• (1140)

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

We'll now move to Mr. Cody. The floor is yours.

**Colonel (Retired) John Cody (As an Individual):** Good morning. Thanks for the invitation to be here today.

My name is John Cody, as you know, and I reside across the pond in Dartmouth.

I joined the RCN in 1963 as a pilot, and I retired 32 years later as an air force colonel and a wing commander at Shearwater. I was in charge of a two-ocean fleet of Sea King helicopters. I have roughly 4,000 hours flying them.

I served in Washington for three years in charge of procurement of the Canadian-made helicopter hauldown and rapid securing device for the United States Navy. My job was to oversee the modification of Canada's beartrap system to meet USN specs for their LAMPS Mk III helicopter program, and then I sold it off to the USN for about \$350 million in 1983.

At NDHQ I was the class desk officer for the Sea King fleet. After retirement in 1995 I worked for 10 years as the general manager for General Dynamics Canada's software support centre in Dartmouth in support of the maritime helicopter project.

During this time I served on the Aerospace and Defence Industries Association—who I understand are meeting down the road this morning—as executive vice-president for five years, and chair of their HR partnership, a subcommittee of ADN, and I retired from GDC at the end of September 2013. That's about seven weeks ago.

My perspective is interesting, to me anyway. This is a very large package. What I found amazing was that the officials who have worked on the agreement have achieved approval in principle from 13 different levels of government in Canada, the European Parliament, and 28 nations, and that is a remarkable feat, in my view, and I have worked on some big projects before.

It's nothing less than Canada and the EU promoting bilateral trade by eliminating tariffs and reducing non-technical barriers to support the flow of goods, services, investment, and labour, an important area.

The negotiations so far have and will continue to examine the following areas: trade in goods and services, investment, government procurement, regulatory cooperation, intellectual property, temporary entry of businesspersons, competition policy, labour, and for good measure, the environment.

It's thought the impact of the agreement in Canada will vary within and across various sectors and industries. This will depend on how firms adapt to the changing trade environment. I understand the mechanism proposed in the draft agreement calls for 99% elimination of non-agricultural tariffs upon signing, rising to 100%, more or less, over the next seven years.

A sectoral analysis indicates that industries that benefit from protective barriers today will suffer a negative hit as imports will now enter Canada at lower prices. A preliminary review suggests minimal impacts to most commodity exports, with a positive boost likely for processed goods.

In agriculture there is currently a 13.9% average tariff on Canadian goods entering the EU, which will lower to 0% over time. This should support increased access to European markets in the longer run, which as Mr. Risley pointed out, has to be good for Canada.

The proposed elimination of 95.5% of tariffs has to benefit the exporters of seafood.

In wine and spirits some Canadian product areas will receive special recognition for distinct products with special character or particular quality. I can think of Glen Breton scotch in Cape Breton, for instance. Foreign wines are therefore expected to be more competitive in Canada.

Government procurement is a large and extremely complex area. It's expected that Canada is likely to be a net beneficiary of this segment, as its exclusions apparently are much broader in scope than those proposed by the EU. The EU government procurement market is \$2.7 trillion, all of which Canada will have access to under the terms of CETA. If someone wants to argue with the term "all of which", I would say "most of which".

Similar advantages are there for European firms to bid on Canadian contracts, with the exception of the following: defence contracts, R and D, aboriginal business, education, and social and health care services.

• (1145)

Investment thresholds requiring formal review will rise from \$344 million today to \$1.5 billion for EU investments in Canada. As an aside, investment thresholds will also rise for countries who already have free trade agreements with Canada, like the U.S. and Mexico.

The phasing out over seven years of a 6.1% tariff on autos from the EU is expected to result in lower prices in Canada for European cars. It's thought that the slow phase-out of tariffs on cars from the EU will allow Canadian auto manufacturers to adapt over time to the changes, as they are luxury models and hold a small share of the Canadian market. The preferential tariffs on cars shipped from Canada to the EU will be based on how much Canadian content they possess. Fifty per cent or more Canadian content will be duty free in the EU, which will lead to an increase of Canadian exports to Europe.

Temporary foreign workers are a big issue. Canada will protect health care, public education, and social services sectors. Preliminary documents suggest unimpeded access to Canada in all European sectors. Temporary entrance provisions for highly skilled workers in

both Canada and the EU have been described as extensive. This will make it easier for temporary workers to work in both Canada and the EU. From my experience as chair of the HR partnership, I think it will be difficult for the aerospace and defence sectors to get trained workers. I'll welcome a couple of questions about that a little bit later.

The EU will allow for greater transparency in licensing. They'll also streamline the recognition of Canadian professional qualifications. Canada, meanwhile, will continue to struggle with the recognition of professional qualifications, as has been the case for years. I personally think that Canada has to get over itself.

Canadian banks with investments in the EU will benefit from enhanced investment protection, plus increased access to EU marketplace. The largest import, at 11.6% market share, into Canada from the EU is pharmaceuticals and medicine manufactured in Europe. CETA will ensure this remains for the first eight years of the agreement, and they've promised market exclusivity for a time for the Europeans.

From a Nova Scotia point of view, there should be very significant benefits for the Port of Halifax. The autoport is expected to grow. Halifax's two container terminals should see new business, possibly even a third terminal. The trade of goods could increase by \$29 billion. Exports could increase from Canada by 23%, or \$10 billion, and EU exports to Canada could increase by 36%, or \$19 billion.

There are risks, however. The value of the Canadian dollar relative to the Euro has increased 19% since negotiations started. So some of the impacts that people are talking about today will change. There are many unknowns, and the impacts of the agreement are not well-understood. We've heard this time and again this morning.

But there are also opportunities. We could have an increase in GDP for both Canada and the EU, which translates to jobs. There will be increases in trade opportunities for both Canada and the EU. Market access for domestic firms will increase. EU government procurement will be made available to Canada, with a few exceptions. We will have increased access to innovations that can help Canadian firms become more productive. Canada will be more open to EU investment, and increased labour mobility will allow Canada to access talent, assuming that we have more foreign credential recognition and enter into mutual recognition agreements.

There are some challenges. Communications with the general public have been minimal during these the initial negotiations, which has caused suspicion and a lack of support among Canadians in general. I'm led to believe that numerous groups are opposed—CUPE, the Canadian Auto Workers Union, and the Council of Canadians.

In conclusion, the agreement is so comprehensive that it may scare some people when they first try to mull through it. The negotiators have done an excellent job to date in my view. As we found out with the Canada-U.S.A. Free Trade Agreement, it has been by and large welcomed by Canadian business. That is a successful model, and I have a very strongly held opinion that this agreement will be successful as well.

• (1150)

The maritime provinces, in particular, absolutely need to be on board with this initiative. And as new business in the U.S.A. grows more difficult by the day, even with the free trade agreement in place, Canada will absolutely require this new initiative in place to have trusted partners they can work with.

Thank you.

**The Chair:** Well, thank you very much.

We'll now move to question and answer.

We'll start with Mr. Morin. The floor is yours.

**Mr. Marc-André Morin (Laurentides—Labelle, NDP):** Mr. Fiander, do you think that.... It's not a matter of being in favour of the deal or against it. It's bound to happen because of....

Isn't the problem how we are going to take care of people, because there will be disruptions? Newfoundland is a good example. People have been living in fishing communities on beautiful coasts and they now live in ATCO trailers by the river. It's not a choice they should have to make. If they decide they want to save money for establishing their kids and have a decent retirement, they can make that choice and I commend them for doing it. But they shouldn't be forced to do that.

When we think of a trade deal, do you think we should look at how the different groups might suffer inconvenience, and that we should not back off on small elements in the deal? Sometimes it could only be the wording. The softwood lumber dispute between Canada and the U.S. was built on one word. Instead of saying "in comparison to the U.S. market", it said "in relation to the U.S. market". That cost us 450,000 jobs and nearly a billion dollars. In my riding the five biggest employers have shut down their mills, and that's years after the dispute. We have to look at the details and take care of the people affected.

Can you speak to that?

**Mr. Winston Fiander:** Certainly, I agree with you. The point I made at the beginning of my testimony is a fact that is largely ignored, that the in-shore, small-scale fishery is a huge contributor to our economy. I have to say that Fisheries and Oceans thinks economic efficiency is the answer to all the woes of the fishery. And if you go down that road, we will end up with factory freezer trawlers that employ a fraction of the people employed now.

And of course, there's always the economic efficiency of in-shore fishery. It doesn't fit because it is too narrowly defined. There are so many benefits that flow from that small-scale in-shore fishery. I gave you the numbers. In Atlantic Canada there's \$1.8 billion worth of product.... That puts a lot of money in a lot of people's pockets. We can shrink the industry—and that's the tendency of government, to rationalize, rationalize, rationalize and shrink the industry—until Mr. Risley and three or four others are going to own and harvest that resource, and pocket the benefits. We have to think how the benefits are distributed.

• (1155)

**Mr. Marc-André Morin:** What I gather is that it's much simpler to deal with one big corporation than 5,000 angry fishermen.

**Mr. Winston Fiander:** Yes, if you think that all fishermen are angry....

**Mr. Marc-André Morin:** They're potentially angry.

**Mr. Winston Fiander:** Five thousand happy fishermen. Let's focus on making them happy fishermen, and in CETA—

**Mr. Marc-André Morin:** That's how they've been for 500 years.

**Mr. Winston Fiander:** Yes. Well, in CETA, I implore the developers of CETA to please look very carefully at everything that might impact that \$1.8-billion industry here in Atlantic Canada and Quebec, and let's make it ironclad that we're not going to disrupt them.

**Mr. Marc-André Morin:** Don't you think it would have been better to speak to them before?

**Mr. Winston Fiander:** Of course.

**Mr. Marc-André Morin:** The government would have known what they were up against, and those people will face the inconvenience over the years.

**Mr. Winston Fiander:** Yes.

**Mr. Marc-André Morin:** Do I have any time?

**The Chair:** Very little time.

**Mr. Marc-André Morin:** I have a very short question for Mr. Cody.

With the unemployment rate way up there in Europe, over 60% for young people in some countries, do you think that we'll be trading on an even playing field with those countries? Or will we not be suffering from dumping, from their over-capacity of production in the car industry, particularly? They're shutting down plants in France because they could supply five times their market needs, and now they'll be bar open with Canada.

**Col John Cody:** I've read a fair amount about this since I got the call to come, and I feel a little bit like the staked goat at the lion hunt, but you are probably somewhat correct. In terms of workers coming into Canada, they'll only take the ones who are qualified. That only scrapes a little bit off the need the EU has, but I cannot imagine that our industries would move their capacity en masse to Eastern Europe. I don't see it.

**The Chair:** Thank you very much. Time has gone.

We'll go now to Mr. O'Toole.

**Mr. Erin O'Toole:** Thank you, Mr. Chair.



Once again, I really appreciate the witnesses taking their time to present their perspective on this agreement. That's exactly why the committee is reaching out to Canadians and key stakeholders: to get their feedback, to also stimulate discussions on how to take advantage of this in the time that we're going to be ratifying the agreement.

Unfortunately, like all parliamentary committees, Mr. Fiander, most of our meetings are in Ottawa, but we do budget for witnesses to appear either in Ottawa or when we do try to travel outside of Ottawa. The number of planned meetings, I think, is six to eight, and they'll primarily be in Ottawa. Right now, our first visit outside of Ottawa is to Atlantic Canada. We would love to come to every provincial capital, but we try to also pick an area where witnesses can be flown in cost effectively.

Speaking of Newfoundland, I previously had the great pleasure, as we were saying last night at the reception, of sailing aboard HMCS *St. John's* and taking part in a fisheries patrol mission, and then later taking the late-Lieutenant Governor Maxwell House, who just passed last month, on a tour of the outports. As we were saying, it was François and Harbour Breton, some really spectacular people and locations.

I'll repeat the numbers I gave to Mr. Etchegary this morning. The processing industry, which had hundreds of plants, is now down to under 100, but those plants are modern, competitive, and have highly trained workers. You've heard some of the numbers on the tariff rates that will be eliminated with the European deal. The processed seafood products actually have the highest tariff rates, a 20% tariff rate. Don't you foresee that as a benefit to the plants that still remain in Newfoundland?

• (1200)

**Mr. Winston Fiander:** Well, you see, the one thing this agreement will not change is the availability of resource. We have destroyed, and continue to destroy, stock after stock of our fish resources. All the agreements in the world are not going to change that: we can't export more than we can harvest.

The reason these plants are closing down is because the supply is simply not there. They were overbuilt in the first place, that's true, except that we simply had too many that were built for political reasons rather than market reasons.

I don't call myself an expert on this subject, but I think Gus would agree—we've spent a lifetime looking at those kinds of issues—the key issue here is the resource itself.

**Mr. Erin O'Toole:** As you said, for decades there has always been a little bit of politics in the industry. But in recent decades there has been a stabilization somewhat of the inshore fishery with the new addition of the shrimp, as you alluded to, and crab fisheries, which have certainly not replaced other fish stocks, but they are increasing.

The offshore fleets in the last few decades have done more processing on board ship, so that has also affected the industry.

Could you comment on that, as a general industry trend, not even specific to Canada?

**Mr. Winston Fiander:** Again, looking at the offshore factory freezer trawlers, from a community point of view—and that is the

point of view that I bring to this discussion—that's a capital-intensive industry, not labour intensive. The distribution of wealth from the industry is limited if we're going to go down that road, whereas if we continue supporting our communities and policies that support our communities and so on, that is more in line with distributive justice in the fishery.

**Mr. Erin O'Toole:** Colonel Cody, thank you as well for appearing.

Your work obviously is extensive in the aerospace and defence sectors here, both as an operator and a senior military leader. But post your Canadian Forces career in the industry here in Nova Scotia.... I have the honour of sitting on an aerospace caucus in Ottawa and I've increasingly talked about Halifax and the HRM as an aerospace and defence industry hub. It's not as well-known as Montreal, Winnipeg, or Toronto.

Could you really discuss the industry here in Nova Scotia that could also start selling abroad and exporting?

**Col John Cody:** I can, actually. The last figures that I was intimately involved with were that the aerospace and defence sector in Nova Scotia employs about 6,500 people and it's worth \$1.5 billion a year. I'm sure that will go up soon because IMP has just acquired Cascade Aerospace out west. That would be a bottom-line thing.

It's a big industry, it's an important industry, to this small province. I'm fairly confident in saying that there are a couple of concerns, however. One would be even maintaining that level. That goes back to the ability of the education system here to produce enough people to be able to work down the road at IMP Aerospace and in some of the other aerospace and defence industries around here.

As I mentioned, I was the chair of the HR partnership, a human resources partnership, working in partnership with the ADIANS and some of the educational institutions around here to try to hammer out what is the deficit going to be and why.

The "why" is that we have a lot of workers who are aging out. In the next five years many of them—somewhere about 50%—are expected to go. The education system here is not geared to produce the kids. You try to get in and talk to them and they'll close you off very quickly because every day the curriculum is planned all the way through.

We see, and it was certainly seen then, that if there is a relaxing of the rules and regulations that allow the IMPs of the world to bring in temporary or permanent foreign workers, then that's the only way they're going to get there from here.

There is a trickle down. They go to little paint shops, little machine shops, and places like that as well.

• (1205)

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

Welcome, Mr. Pacetti. You got here just in time for the storm to hit.

**Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.):** Thanks. I hope I didn't bring it with me.

Sorry for being a little late, but I caught the end of your speech, Mr. Fiander. In your last sentence, which is what I want to ask a question on, you said that we should probably have hearings in Newfoundland.

If we held those hearings in Newfoundland, what would I hear that you didn't have time to tell us about?

**Mr. Winston Fiander:** Well, that's why you would have the hearings there—to find out what they have to say.

**Mr. Massimo Pacetti:** I can give you 30 seconds now. My time is limited; they cut my time, so I don't have as much time as the other guys have.

**Mr. Winston Fiander:** I don't propose to represent the views of all of Newfoundland. These are my views, and I guess views shared by a small group of people in the Fisheries Community Alliance.

I don't know what they would tell you. I think people will certainly be happy to hear about the tariff reductions, because it means that their product will be more marketable, but they will be concerned about the things that Gus and I have talked about.

If we relieve minimum processing requirements, that's jobs at stake. I think the Government of Canada recognizes that there will be some pretty significant impacts, because the Province of Newfoundland will be the only province to get a cheque in two years for \$280 million.

I worked at Treasury Board. I know that Treasury Board doesn't write a \$280-million cheque without some rationale for it. I'd love to see what the rationale was, but I'm sure it has to do with jobs that are going to be lost.

**Mr. Massimo Pacetti:** That's part of what I wanted to ask you: why would the province have accepted this cheque of \$280 million? Is it a payoff?

**Mr. Winston Fiander:** You said it.

**Mr. Massimo Pacetti:** I didn't say it; I just implied it.

**Mr. Winston Fiander:** You did.

**Mr. Massimo Pacetti:** You agreed, then. Okay.

**Mr. Winston Fiander:** Well, I'm protected, so I'll say, yes, it's a payoff.

**Mr. Massimo Pacetti:** Okay. Thank you.

Mr. Cody, that was a very interesting brief. You spoke about all the good things that this agreement has. I read it as well. You've sort of regurgitated some of the information there.

I didn't hear you say anything negative. In your opinion, what sectors will not be positively impacted? Do you see that in what you've read up to now?

**Col John Cody:** Mr. Clarke, I think, kind of summed it up. I got the expression “the staked goat at the lion hunt” because my friend Fred Morley was talking to them a little while ago, and they're very concerned. They're very worried about some of the smaller sectors—workers coming in, flooding in, workers from other provinces, workers from across the pond, being put out of business.

I think they're being a little pessimistic, myself. I don't see that.

**Mr. Massimo Pacetti:** What sector was that?

**Col John Cody:** He represents a lot of the small sectors. He didn't really say it today, but it's the construction guys and the labour trades.

**Mr. Massimo Pacetti:** We had the labour guys in last week, and they were preoccupied with the automobile sector. I think they were more in the sectors that have larger unions and larger labour forces.

I mean, in terms of the small sectors, it's interesting that you refer to that, because in the small sectors, some will profit, but some will definitely get hurt.

**Col John Cody:** I think so.

**Mr. Massimo Pacetti:** What we've been hearing is that in order for you to export to Europe, you're going to need capital to expand your operations. Is that something you see as not being in this agreement—unless it's a payoff, like Mr. Fiander just said?

• (1210)

**Col John Cody:** What I see in the agreement so far, from what I've been able to read, is that this is one of the areas they're going to have to get into, and find out, and make the adjustments.

**Mr. Massimo Pacetti:** Sorry, which area is that?

**Col John Cody:** It's all the small construction that Mr. Clarke is really worried about.

**Mr. Massimo Pacetti:** My second question is with regard to something that Monsieur Morin had alluded to. You said that free trade has been beneficial, that free trade with the U.S. has been beneficial to Canada, but I'm seeing the numbers suffer. That's because of the U.S. economy, I would say—but the European economy is not any better. It's going to require investment on our part to penetrate the European market, I believe.

How are we going to benefit from a business point of view? I would agree with you from a consumer point of view that prices will come down as long as certain people don't pocket that money. Obviously if the tariff savings will be passed along to consumers, I think consumers will save. But how are Canadian companies going to be able to compete in the European market, according to you?

**Col John Cody:** It depends what kind of companies you're talking about. The defence sector won't. There are fences around that on both sides of the ocean, so forget that one.

**Mr. Massimo Pacetti:** Okay, that's your expertise. So why would you say that?

**The Chair:** Sorry, your time has gone, so just a quick answer, if you like.

**Col John Cody:** I think you get into these things, you find out where the problems are, and you make your adjustments as you go down the road.

**The Chair:** Very good.

Mr. Shory.

**Mr. Devinder Shory:** Thank you, Chair.

Thank you to the witnesses for appearing this morning.

In my opinion, when an agreement is negotiated, it's always give and take and has to have some balance, and all the parties must be happy at the end. So far, among the witnesses in Ottawa and here, I have not heard one single witness, except the unions last week, entirely opposed to this agreement. There are portions of the agreement that some provinces or some representatives don't agree with, but if you ask a straightforward question, do you oppose it entirely, nobody has said this agreement is really bad for Canada.

So I would like to ask Colonel Cody, in general terms, how does Nova Scotia stand to benefit from CETA, and in particular, do you feel that Nova Scotia is well-positioned to take advantage of what CETA has to offer?

**Col John Cody:** Yes, I do, and there's a lot of room to improve on that.

The mayor addressed one area this morning when he spoke about the ability of this location to handle the amount of trade that's going to come back and forth and the increases in trade. It's quite astonishing, for those of you who don't live here. He talked about the big expansion of a transshipment point they've got up in Burnside industrial park. Burnside has got land till the ocean and they're slowly expanding that, and I'm sure there's room—we could get into that later—around this harbour for a third megaport. They could do that if the traffic warrants it, and I think that Mr. Clark was really asking to see the details. I don't think he was saying that he was negative or really opposed to it. He said he wanted to see the details of the agreement so that he could make up his mind, and I think there are going to be some people who, through these adjustments, are going to be displaced.

**Mr. Devinder Shory:** One issue struck me since I came here, after I talked to a cab driver who drove me from the airport to the hotel and to some witnesses yesterday. With all the opportunities here, whether in the shipbuilding industry or with CETA itself, there appears to be a real issue with skills gaps and labour shortages in this region.

What are your thoughts about how to remedy those in order to take advantage of the new opportunities on the horizon?

**Col John Cody:** I agree completely. It's not just in the aerospace and defence sector; there are other sectors that are going to suffer as well.

At some point in time, someone has to turn around here and get the advanced education. The community colleges are doing a marvellous job here but they're still not teaching all the right things. There are skills and trades that aren't here now that are going to come as a result of this. I'm quite convinced of it, and if they don't have the ability to train people, then people will have to come in from offshore, and it won't then take very long for you to see all of these offshore people coming in before the guys here sit up and take notice and decide to start training some people. That's when it would happen, I think.

• (1215)

**Mr. Devinder Shory:** I am from Calgary, Alberta, and I have seen a lot of people from the Atlantic provinces go to Fort Mac, etc., for high wages, etc.

Do you feel that with all these opportunities coming to this region, that Nova Scotian ex-pats, so to speak, might return to seek some of the opportunities presented by CETA?

**Col John Cody:** Absolutely I do. There are any number of them. You talk to them on an aircraft, when you're flying here or there or somewhere. They're just waiting for an opportunity to come back. The boys love it here.

**Mr. Devinder Shory:** Mr. Fiander, may I quickly ask one straight question? In your view, based on the information you have regarding this agreement, do you think on the whole this agreement is for the net benefit of Canada?

**Mr. Winston Fiander:** No one is going to disagree with expanding markets. That's a win-win situation. But it's how you go about it. The devil is in the detail, as we say.

From the point of view of the fishery, we can go about it, as I've said before, by shrinking the industry and concentrating it in the hands of a few, or we can think more broadly, think distributive justice, and ensure that all the small players who are out there, who land that \$1.8 billion worth of product in Atlantic Canada and Quebec, are protected.

**Mr. Devinder Shory:** I was not around when NAFTA was negotiated or signed. You may have some information on that, whether the level of consultations before NAFTA was signed were as extensive as they were before we signed this agreement in principle. Would you have any comment on that?

**Mr. Winston Fiander:** I'm not aware of the consultations that occurred.

**Mr. Devinder Shory:** Why I say that, Mr. Fiander, is that I was in Mexico City at interparliamentary meetings. Our Mexican counterparts told us that since NAFTA was signed, their business has increased 667%. What I heard during this committee business is that there were industries, for example the wine industry, that were very concerned when NAFTA was signed, and now they are one of the happiest industries in Canada.

What I'm getting from you is that you are looking for details at this point, so you are not yet against this at this moment.

**Mr. Winston Fiander:** No, but I have concerns.

**The Chair:** Thank you.

Very good. That takes us to Mr. Chisholm.

The floor is yours. You have five minutes.

**Mr. Robert Chisholm:** Thank you, Mr. Chairman.

Thank you to our guests for your contribution.

I haven't heard anybody today or yesterday, frankly, step up and say this is all or nothing, or this is all good without any consideration of the potential impacts. I think people recognize the fact there will be impacts and are asking questions about those will be. I think the government that is negotiating this deal has some responsibility to share information on that and to recognize that people aren't stupid. They know that overall it may be good, but they've got to listen to and respond to some of the negatives.

Mr. Fiander, the point you make about the owner-operator fleet separation policy is dead on, as far as we're concerned. I always say that the best way to ensure a sustainable fishery is to make sure that the people who are fishing it have access to and own it, and that the ownership is adjacent to where people are fishing.

I remember having that discussion up in the south coast of Labrador with people from the Labrador shrimp company, and throughout Atlantic Canada.

I have been in discussion with some folks trying to nail down whether or not the owner-operator fleet separation policy is in jeopardy as a result of CETA. I have to tell you the sense I'm getting is, and I'm continuing to explore this, is that people are less concerned about CETA and more concerned about the TPP, the Trans-Pacific Partnership, as that may have more of an impact on the programs you've spoken to.

I certainly think it's incumbent upon us, especially given the access to the resource, that we do everything in our power to protect the small boat fishery.

• (1220)

**Mr. Winston Fiander:** Specifically, I think the negotiators should be mindful of the point that Scott Sinclair is making, which is that we can protect certain policies today by putting them in an annex, but that once they're there, they become targets for attack.

How do you resolve that attack? You do that by referring it to some external international organization that will pass judgment on it, and then we will have lost control of a very important industry to Atlantic Canada.

**Mr. Robert Chisholm:** Mr. Etchegary gave an example of that earlier, when he talked about the amendments to the NAFO agreement back in 2007 that ended up coming back.

To Mr. Cody, I heard in your testimony and in your response that clearly you're bullish about this deal. I have no problem with that. But I think I heard you say something similar to what Mr. Risley and others have said, that there will be negative impacts.

My question to you would be, do you think it's incumbent upon the negotiators, the government in this case, to be able to identify what these impacts and dislocations might be and to prepare for them?

**Col John Cody:** To the extent that they can. I think if government could do it, that would be excellent.

There's bound to be areas that were not forecast and there's bound to be areas that were forecast. People are going to say, "Woah, look at that; it's working. I didn't think it was."

That's the way I think these things go.

**Mr. Robert Chisholm:** Do you think they have a responsibility, while they're talking about all of the benefits, to also acknowledge that there may be some negative side effects?

If you can identify in this sector that there's going to be an improvement, you surely should be able to identify that in this sector there may be some issues.

**Col John Cody:** I'll bet you those discussions have already happened between the federal government and the other 12 levels of government in Canada. I mean, they've all signed on, temporarily.

**The Chair:** Very good.

Our last questioner is Mr. Cannan.

The floor is yours. Five minutes.

**Hon. Ron Cannan:** Thank you, Mr. Chair.

Thank you to our witnesses. I'll try to end on a positive note. I'm more of a positive person than a negative one.

There's lots of negativity coming from the other side there. It reminds me of a Willie Nelson quote that says, "Once you replace negative thoughts with positive ones, you'll start having positive results."

Mr. Fiander, do you have any positive thoughts about CETA?

**Mr. Winston Fiander:** I've already said that I think that expanding the market is a positive thing. Reducing tariffs is also a good thing.

But let's not get carried away by your positiveness; there are dangers out there and let's pay attention to them.

**Hon. Ron Cannan:** I'm a realist and a pragmatic person. I think we've heard some of those things in the past.

We also looked at the straw people who are drawn up into the negativity and the fearmongering that was brought forward by NAFTA from 25 years ago, and the 4.5 million jobs that have been created and all the economic opportunities that are a result of trade. Some people say that they support trade, but they haven't supported a trade agreement yet. I understand there's no perfect agreement, but Canada as a nation relies on trade, so we need to continue to find solutions.

We've worked with our provincial partners, municipal partners, and stakeholders across Canada. One of these stakeholders we heard from yesterday was a very inspiring young lady. Joyce Carter is the chair of the Halifax Gateway Council. She talked about the \$115 billion megaprojects. I keep thinking about that number, as I wasn't aware of the incredible opportunities.

I was reporting to some folks back in British Columbia, my riding in the Okanagan. We hear a lot of the negatives from the Maritimes, but I think there's so much hope and opportunity with a \$115 billion megaproject.

My question is to Mr. Cody. First of all, I want to thank you for your decades of service to our country. You're continuing to use your experience to help not only Canada, but the United States, our biggest trading partner.

Do you feel that with all these government investments in aerospace, shipbuilding, the maritime helicopter, and the Aurora modification, does it give aerospace and defence a head start in taking advantage of the growing markets in the EU?

•(1225)

**Col John Cody:** Well, it should. I'm not sure that the markets for those kinds of products are growing, though, in the EU. Have they not put fences around that? We basically put fences around our A&D sector, not civilian aircraft, but military product, which is the expensive stuff.

That's a very good question.

**Hon. Ron Cannan:** How about for suppliers and overall industry?

**Col John Cody:** They're going to benefit. They have to benefit. I know how that stuff sort of unfolds. If they've got access now to \$1.7 trillion or \$2.7 trillion, whatever it was, of markets in the EU, sure, some of them are going to come here, but it has got to be beneficial to us.

**Hon. Ron Cannan:** Where do you see the short-term opportunities, from a committee and a government perspective, in engaging businesses to prepare them for this CETA agreement?

**Col John Cody:** I think the businesses that will succeed are working MERX every day. They'll work the EU stuff and the EU will be reading our MERX, and that's going to happen naturally and very quickly.

They're smart boys you're dealing with, big guys too, you know.

**Hon. Ron Cannan:** You mentioned the opportunities for Nova Scotia, other parts of Canada, in the aviation industry.

Have you identified any potential growth opportunities?

**Col John Cody:** In Montreal, Canadair builds a very popular line of small to medium-sized jetliners. They've just put out a medium-sized one that is going to be a world-beater. They finally got one to beat the Brazilians. Across the country, and you can go all the way

across, there is R&O, repair and overhaul opportunities, for civil and military aircraft.

I'm not particularly worried about the sector now, except for the skilled-worker part of it.

**Hon. Ron Cannan:** Is the post-secondary not training the—

**Col John Cody:** It's not training enough people.

The military is doing a lot of training for aerospace and defence. That's why the military has to constantly evolve. A lot of guys call IMP "Shearwater North" for good reason, but they still can't get enough guys to come and maintain these big contracts they've got.

They're going to be put in an opportunity to bid for the difficult threes and fours, not the big massive 200 aircraft fleets, but the threes and fours, and that's what they're getting. That's what they're building their workforce on now.

**Hon. Ron Cannan:** Thank you. That's why we're working with the post-secondary and the private sector—all of this together.

Thank you very much.

**The Chair:** Thank you.

That takes us to the end.

As the Chair observing the testimony, we certainly are encouraged by the lowering of tariffs in Newfoundland. I know some of the concerns there. I certainly hope it will raise the price of fish in Newfoundland and doesn't just stop at manufacturing. That's something we'll be certainly keeping our eye on as we proceed.

Thank you for your testimony. Thank you to the witnesses and the questioners.

Will that we will adjourn this session.





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