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Chair

The Honourable Rob Merrifield

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• (1145)

[English]

The Chair (Hon. Rob Merrifield (Yellowhead, CPC)): We'd like to call the meeting to order.

First of all, we want to apologize to our witnesses for the delay. We were called back to the House for a vote, which happens from time to time.

We are finishing this wave of witnesses on our study of the European Union trade agreement. We have with us today, from the Canadian Chamber of Commerce, Cam Vidler, director, who is here in the room with us. Also in the room with us is Graham Cox, senior research officer for the Canadian Union of Public Employees.

Thank you for being with us.

By teleconference, we have with us Murad Al-Katib, from Alliance Grain Traders Inc.

Can you hear me, sir?

Mr. Murad Al-Katib (President and Chief Executive Officer, Alliance Grain Traders Inc.): Yes, I can. Thank you.

The Chair: Very good. Thank you for being with us.

We also have, by video conference from Winnipeg, Manitoba, from Bühler Industries Inc., Willy Janzen, chief financial officer.

Can you hear us, Mr. Janzen?

Mr. Willy Janzen (Chief Financial Officer, Bühler Industries Inc.): Yes, I can hear you.

The Chair: Okay. Let's start with the testimony, and then we'll have a full round of questions and answers.

We'll start with the chamber.

Could we ask you to keep your remarks as short as possible so that we can get all four in and also have fulsome questioning. We would appreciate that.

Mr. Vidler, the floor is yours.

Mr. Cam Vidler (Director, International Policy, Canadian Chamber of Commerce): Mr. Chair, I appreciate this opportunity to provide comments on the Canada-Europe comprehensive economic and trade agreement, or CETA.

My name is Cam Vidler. I'm the director of international policy at the Canadian Chamber of Commerce, which represents about 200,000 Canadian businesses of all sectors, sizes, and regions across Canada.

Today I'll talk to you about the Canadian Chamber's long-standing support for CETA and our assessment of the deal as announced. More importantly, I want to focus on the next steps that need to be taken to implement the agreement and realize its full potential.

The Canadian Chamber has been closely involved in the CETA negotiations since before they began. We took part in the private sector steering group for the joint study by Canada and the EU that would recommend the launch of formal talks.

Once talks were under way, we provided significant input, as needed, to the negotiators and worked frequently with our members, the government, and other stakeholders to raise the profile of the negotiations, and highlight their importance to Canadian business.

It's in this context we welcomed the announcement last October by Stephen Harper and José Barroso that after four years, an agreement in principle had been reached.

What do we think about this deal?

At the onset of the negotiations, our members were seeking an agreement that would reduce tariffs and expand quotas, open up markets for services and government procurement, improve trade facilitation and customs services, encourage regulatory cooperation, and protect investments and intellectual property, all backed by a robust dispute settlement mechanism.

Based on the technical summary that was released shortly after the announcement in October, we were quite confident that these objectives had been largely accomplished and that the deal will yield real and significant benefits for Canadian businesses, their employees, and their communities.

The government and other guests of the committee have communicated some of these benefits in great detail, so I don't want to go too far today, but I'd be happy to take questions after my testimony.

I think it's sufficient to say that CETA is an achievement that should make Canada proud, but it's time for us to stop patting ourselves on the back. There's a lot of hard work ahead to get CETA implemented within a reasonable timeframe and to make sure that Canadian businesses can fully exploit the benefits of this agreement.

I want to review the hurdles that remain before the deal can come into effect. The negotiating teams are still finalizing the text four months after the announcement. Once that text is complete, it must go through a formal legal review and be translated into the EU's 24 official languages. Based on the EU's bilateral agreements with Colombia, Peru, and South Korea, this first step could take up to a year.

The next phase is ratification. In Canada, that means getting assurances from the provinces that they will pass and implement any required legislation. In Europe, it means receiving separate approvals from the European Commission, the European Council, which represents the member states, and the European Parliament. It's not uncommon for the ratification process in Europe to take up to two years, and keep in mind this is after the translation and legal review has already been completed.

A further complication in the case of CETA is that the European parliamentary elections this May could change the makeup of the trade committee, which has so far been a strong supporter of an agreement with Canada.

Throughout all these steps, the Canadian government will need to continue to exert the leadership that got us to where we are today. That includes close oversight of and support for the negotiating teams and further political interventions if necessary.

Canada must also strengthen public advocacy efforts in Europe. In addition to outreach by our embassies in Brussels and the national capitals throughout Europe, Canada should consider sending a high level delegation of parliamentarians and cabinet ministers, or a mix of the two, to meet with key players in the European ratification process, and particularly with the European Parliament and any new members that may be elected this May.

Back home, the federal government will have to focus its attention on the provinces and ensure that they are able to agree on the final text. The federal government should also consider convening the premiers or their representatives to discuss an action plan for any required implementing legislation.

For our part, the Canadian Chamber of Commerce has joined a number of other industry associations across Canada to form the coalition for Canada-Europe trade. This group will be advocating for this agreement's ratification in both Canada and Europe.

The actions I've just outlined will help ensure that CETA is put into effect as soon as possible, but the challenges don't end there. Many Canadian companies are already exporting to Europe or investing there—that's true—and they will quickly be able to take advantage of the framework that CETA puts in place. Others, however, particularly small and medium-size enterprises, will require assistance to understand marketplace opportunities, regulatory regimes, and political and legal institutions.

Certain countries in southern and eastern Europe, for instance, have particularly challenging business environments. The federal government needs to continue to raise awareness of the markets and production locations that will open up as a result of CETA and to raise this awareness among the Canadian business community. They have been doing a great job so far.

Efforts also need to be made to connect interested businesses with the trade commissioner service, Export Development Canada, and other agencies that offer trade promotion services both at the federal and provincial levels. Last year the global markets action plan highlighted the need for more effective trade promotion and economic diplomacy to complement Canada's new trade agreements. It will be important to review the current offering of services and their delivery in order to make sure they are properly resourced, coordinated, relevant, and accessible for businesses looking at the European market.

Finally, Canada will have to pay close attention to ongoing trade talks between the U.S. and EU, which they've named the transatlantic trade and investment partnership, TTIP, as you may be aware. Although CETA resolved a great number of bilateral trade barriers, the EU reserved certain issues, particularly in the area of regulatory cooperation, for their negotiations with the U.S., as often regulations are largely based on the European or the U.S. model.

Canada was able to secure some exemptions or derogations for exports to Europe that contained high levels of American content, in food processing and automobiles, for instance. The long-term access to the European market for North America's integrated supply chains will depend on the completion of an ambitious and comprehensive TTIP agreement. Canada should therefore push the American government and the European Commission to ensure that TTIP lives up to its name and contributes to the creation of a seamless trade relationship between all of North America and Europe. Canada should join Mexico, which has its own trade agreement with the European Union, and propose solutions to ensure compatibility between these different treaties.

We've come a long way since Canada and the European Union started discussing the possibility of a bilateral trade agreement, but we're not there yet. The government and business community have worked hard and secured a groundbreaking deal comparable only to NAFTA, and some would say beyond that. Yet the hard work will have to continue if the treaty is to be implemented and Canadian business is to realize its full potential.

With that I close my remarks and thank you for your time. I welcome your questions.

• (1150)

The Chair: Thank you very much.

We were going to go to Mr. Al-Katib but there's a technical glitch, so we'll go to Mr. Cox.

The floor is yours, sir.

Mr. Graham Cox (Senior Researcher Officer, Research, Canadian Union of Public Employees): Mr. Chair, thank you for the opportunity to present today on the comprehensive economic and trade agreement being negotiated between Canada and the European Commission.

My name is Graham Cox. I'm a national researcher for the Canadian Union of Public Employees.

The Canadian Union of Public Employees, or CUPE, is Canada's largest union, representing 627,000 workers across Canada. CUPE members work in health care, education, municipalities, libraries, universities, social services, public utilities, transportation, emergency services, and airlines.

Since the details of negotiations between Canada and the European Commission were first released in 2009, our membership has debated, voted on, and carried resolutions at our national and provincial conventions expressing their concerns with the inherent threats of CETA.

I'm here to outline some of those concerns.

Investor-state dispute settlement, like the controversial chapter 11 of NAFTA, is often described as a charter for corporate rights, and has been included in CETA. Investor state has also been included in the U.S.-EU transatlantic trade and investment partnership, or TTIP, agreement. In both agreements, its inclusion has led to broad civil society opposition, with members of the European Parliament and national politicians also expressing concerns over these provisions. So much opposition has come about to the EU-U.S. negotiations that those negotiations have been put on pause while the Europeans conduct a public debate on the issue.

This opposition is not built on some small detail in investor state; it is actually the entire program of investor state. It seems that allowing corporations to sue your governments after democratically passing a law just because potential profits are undermined does not sit well with people.

Canada itself has long been a victim of investor-state provisions, including uses far outside of what was originally intended. Let me give you some examples.

Eli Lilly pharmaceuticals claims Canada's court decisions invalidating one of its company's patents is a breach of international obligations. There is a challenge from Lone Pine, which claims that the moratorium against oil and gas exploration activities under the St. Lawrence River, which was adopted in 2011, is a form of indirect expropriation without compensation of the company's potential future profits, not its current profits. AbitibiBowater was paid \$130 million to drop a \$500-million lawsuit against Newfoundland and Labrador after the expropriation of timber, water, and hydroelectric rights and assets.

In NAFTA, the investment panel has asked the Province of Newfoundland and Labrador to remove research and development requirements on offshore oil and gas production in the Hibernia and Hebron oil fields. The wealthy oil companies are asking for \$65 million in compensation for the R and D policy, which they somehow argue is a "performance requirement" that is prohibited under NAFTA.

Other governments around the world are also starting to see the threat of investor state.

In Australia, the government report on investor-state provisions warned that there is a threat to Australia's ability to maintain its

pharmaceutical benefits scheme and put health warnings or plain-packaging requirements on tobacco products.

In India, they have announced an intention to pause free trade agreements in negotiations that include investor-state provisions and to renegotiate recently signed agreements that include investor state.

South Korea has also announced that they are reviewing their policy and moving towards rejecting investor state.

In the United States, an open letter signed in 2012 by a large number of state legislators outlined strong opposition from their states to the U.S. signing the Trans-Pacific Partnership. Its focus of opposition was the potential inclusion of investor-state dispute settlement in the TPP.

Also, Brazil's government has refused to ratify agreements that include investor state.

Under NAFTA, there are currently 13 cases against Canada and Mexico that are still standing or have been awarded, with a payment of \$325 million. Canada's share of those fines is \$187 million.

CUPE members believe that trade with the EU should not require an undemocratic and unaccountable third party arbitration system to ensure that corporations have the right to maximize all their profits at all costs. CUPE members are also concerned that the investor-state dispute provisions in CETA will further limit the ability of government to provide quality public services and regulate corporations effectively.

The second issue I am raising today is about restrictions on local procurement in CETA.

Municipalities have passed over 80 resolutions against CETA. These include Toronto, where well-known Conservative councillor David Shiner said that there was absolutely nothing in the agreement for the people of Toronto. While CETA will not directly cause municipalities to privatize utilities, it will have a chilling effect on those who are considering creating new, or expanding existing public utilities.

CETA will also make re-municipalization very difficult. Once privatized, a service will have to stay open to private sector providers. If a municipality decides to bring those services back into the public sector, EU corporations will be able to bring suits against this move.

● (1155)

Hamilton city council, as an example, has been vocal about this concern since their negative experiences dealing with privatization of their water and waste-water treatment plants. It is our understanding that contract bidding on these projects for upgrades and development of waste-water infrastructure above a certain value will be open to EU companies.

At a public consultation organized by the PQ government on October 5, 2012, Quebec's lead CETA negotiator, Pierre-Marc Johnson, conceded that since Quebec's wind energy has been privatized any re-nationalization or bringing back into the public sector of wind power generation in Quebec would have to lead to compensation paid out to the private sector and/or through ISDS provisions.

My third and final issue is the intellectual property provisions in CETA.

Intellectual property provisions that have been leaked indicate that CETA contains some of the damaging provisions that led to a mass opposition to and collapse of the anti-counterfeiting trade agreement. The drug patent provision in CETA will cause an increase in cost of about \$1 billion according to the Canadian Centre for Policy Alternatives' recent study. We understand that this may be a low estimate as the estimate does not include the predicted 20% increase in the more costly biologics over the next decade.

While the federal government has said it will cover the increased cost of these new monopoly rents, this increased cost will still have to be paid for by the public. CUPE has long advocated for a public health care system, and massive increase in costs are a concern to our members as they work in and use the public health care system.

In conclusion, CUPE is calling for the text of the agreement to be released for open and democratic debate by Canadians before negotiations are finished and finalized, and that the investor-state provision be considered to be removed.

The Chair: Thank you very much.

We do have our technology working again.

Mr. Al-Katib, can you hear us?

Mr. Murad Al-Katib: Yes, I can. Thank you.

The Chair: Very well.

The floor is yours, sir.

Mr. Murad Al-Katib: Thank you very much, Chairman, honourable committee members, fellow panel members, ladies and gentlemen.

I will keep my comments and perspective more to the economic advantages and opportunities that Europe can provide to Canadian companies and to the Canadian economy as a whole, as it seems that others who have appeared before the committee have more than adequately commented on and discussed the strategic importance of the EU and its relations with Canada and the world.

First of all, I'll start with a quick background. I think I come with a unique perspective. As a Canadian-born entrepreneur and first-generation Canadian, I have travelled extensively throughout my life internationally in my business, and I've built a global company, that was founded in my house in Saskatchewan. Over the last decade, we've managed to build a global company headquartered and run from Saskatchewan.

I want to talk to you a bit about what I call the trade imperative, and the continued growth of emerging markets, and give you my

perspective on how the EU can be an important part of the international success of Canadian international business.

To give you a quick background, we're in the business of lentils, chickpeas, peas, and beans. [*Technical Difficulty—Editor*] company in 2003, with revenues now of over \$1 billion, with exports to 108 countries around the world, and manufacturing and processing facilities on five continents.

As a man with a true passion for Saskatchewan, I took a look at the emerging agri-economy here and saw the new crop potentials in lentils, chickpeas, and beans. I wanted to ensure that we had a value-added story whereby we were adding value, creating wealth and opportunities in local communities, and taking advantage of directly exporting to the international marketplace.

My company is headquartered in Regina. We have 31 processing facilities on five continents. Europe is a key part of our overall business in that we operate sales and trading offices in the United Kingdom, Netherlands, Spain, and Switzerland, with approximately 45 full-time staff and sales of over \$200 million into Europe.

If you look at our case specifically through our participation in global value chains, we are a Canadian company which has invested in production, sales and distribution assets in companies across the globe. We've created significant global agrifood and food ingredient opportunities, employing over 1,000 people in our operations. I think more businesses in my sector and others have the potential to be successful in the same way.

To be clear, I've dedicated my business career in Saskatchewan to fulfilling business success through the trade imperative. With only one million people and the blessing of a tremendously productive resource-based economy in Saskatchewan, we have to look at markets beyond our borders to succeed. This includes Canadian borders. We have only one million and 34 million people respectively in Saskatchewan and Canada.

For me, Europe is a key market of concentration, and will be a focal point for our growth strategy in the coming five years as we move our company further up the value chain to a food company from a commodity company. As I indicated, the EU is a great place to do business.

Let's walk through a few quick statistics that illustrate the point. Canada and the EU have a long history of economic cooperation. The 28 member states have a population of nearly 500 million and a GDP of over 13 trillion euros, according to Eurostat. The EU is the largest single market for the investor and trader, and as [*Technical Difficulty—Editor*] it represents Canada's largest trading partner in goods and services, with the EU totalling over \$52.2 billion, an increase from 2007, the EU is now around \$62.4 billion, up about 3.9%. We have a growing relationship.

As former chair of the small and medium-sized enterprise advisory board for the Canadian international trade minister, and through such roles as serving on the global commerce strategy renewal panel examining the refresh of Canada's global commerce strategy, I've spoken as a dedicated supporter of the potential benefits for Canada from increased bilateral trade agreements with such strategic and economically important emerging market countries as Turkey, South Africa, Indonesia, Vietnam, and Colombia, to name a few.

In terms of benefits of free trade agreements to small and medium-sized enterprises, it has been shown that smaller businesses tend to benefit more from such agreements than do larger ones.

• (1200)

While I was the chair of the SME advisory board, we tabled many recommendations to the minister and the international trade officials at DFAIT focused on free trade agreement commercialization programs to ensure that the agreements do indeed deliver for Canadian jobs, sustainable economic growth and prosperity as we continue to develop Canada's position in the global marketplace.

As an example, the Canada-Chile Free Trade Agreement increased total bilateral trade between the two economies from \$757 million in 1996, the year before implementation, to over \$2.5 billion in 2008. In 1996 there were approximately 500 [*Technical Difficulty—Editor*] exporters to Chile, and the number had more than doubled by 2008. SMEs accounted for 69% of total exports in 2008 under that agreement, up from 59% in 1996.

The EU opportunity is a single market and customs union many times larger than Chile or even the whole of South America. In [*Technical Difficulty—Editor*] approximately 8,050 SME exporters were exporting into the EU, exporting nearly \$16.7 billion, or 53% of Canadian exports by value.

The United States remains the dominant economic relationship for Canada. The CETA allows us a once-in-a-lifetime opportunity to truly have the opportunity to achieve growth by diversifying our export base. CETA, balanced with further inroads in key emerging markets such as China, India, Turkey, and others, will provide a robust platform for the transformation of international business for Canadian companies. I believe, as an entrepreneur doing business in both regions, both in Canada and in Europe, these types of development agreements are necessary and positive for both of us to continue the economic strength and opportunity that both [*Technical Difficulty—Editor*] really enjoying.

I will end my comments and will be available for questions when you're ready, Mr. Chair.

• (1205)

The Chair: Thank you very much.

We'll now move to Mr. Janzen from Bühler Industries.

The floor is yours, sir.

Mr. Willy Janzen: Hi. My name is Willy Janzen. Thank you for the opportunity to do this presentation.

I'm going to talk a little bit about the history of Bühler Industries. It's publicly traded and has been since 1994, when it was listed on

the Toronto Stock Exchange. Last year we had sales of \$344 million. Sales in the geographic regions of the United States were at 51%. Canada was at 34%. Russia, Kazakhstan, and Ukraine were at 12%, and others at 3%. Bühler Industries employs over 1,100 staff, primarily in Canada, and spent \$8.5 million in R and D in 2013.

Bühler Versatile, which the inquiry was made to, is a wholly-owned subsidiary of Bühler Industries. Versatile manufactures both the four-wheel-drive tractors and the row-crop tractors and has manufactured over 100,000 tractors since 1965. Versatile was purchased in 2000 from Case New Holland. Prior to the acquisition, Versatile exported thousands of row-crop tractors to the European Union market. Canada had a testing site for EU certification in the past, but no longer does. We have issues in exporting to the EU, so we don't specifically... Although we are working with regard to exporting to the EU right now, we have some issues that we are currently addressing.

Today, Canada has no certification site for tractors to be shipped to the EU market. We're working with a company in the United Kingdom and in the United States to complete the certification process. This cost is estimated at \$200,000. There is no additional certification cost that we are aware of when shipping tractors from the EU to Canada. The EU testing and report process is expected to last several months. Witnesses from Europe will need to fly to Canada to witness the tractors and ensure that they're fully functional based on European standards. Once all the reports are complete, the tractors will need to pass certification in Europe, so we'll have to send the tractors to a European state for the completion of certification.

Due to the certification process, some of the changes we are working on are as follows.

There are changes to lighting for on-road transportation from field to field. There are no issues once the tractors are in the fields, but there are issues when they're on road.

There are changes to braking, as the EU requires the brake on the final drive, which means that the brakes will need to be relocated to each of the wheel hubs. Currently, the brakes are actually designed to stop the drive shaft. This is accepted anywhere in the world but the EU.

Finally, changes to the steering are required as a result of the on-road transportation requirements. The tractor needs to be redesigned to meet certain power off steering requirements. If the engine stops, the tractor must be able to complete a 360-degree circle. Again, these are not requirements in any of the other countries that we have shipped to.

In addition to the changes above, decals and manuals need to be added, of course, which we would expect.

Also, Canada recently passed legislation requiring tractors and construction machinery to move to the new tier 4 final engine emissions standards. Canada allows 750 tractors to be imported that are not compliant with the new engine. They have copied the United States legislation, which also allows the import of 750 non-compliant tractors. The EU only allows for an import of 50 non-compliant tractors instead of the 750 allowed by Canada. The non-compliant engine is at a tier 4 interim level, which the EU calls stage IIIB. The fully compliant engine is a tier 4 final in North America and is called stage IV in the EU.

Versatile recently has shown its tractors at the 2103 Agritechnica show in Hanover, Germany, for the first time, which generated a lot of interest in its tractors, and today we are working towards a solution in starting to be able to ship tractors to the EU. As you see, tractors that we manufacture right now are exported to the United States, Africa, Australia, and China, but I left out Ukraine, Kazakhstan, and Russia. Most recently, we have had some orders into Romania, which we have not yet shipped.

I'm available for questions at the end of this session. Thank you.

•(1210)

The Chair: Thank you very much. That's a lot of information. I'm sure it has stimulated a lot of good questions.

We'll start with you, Mr. Davies. You have seven minutes.

Mr. Don Davies (Vancouver Kingsway, NDP): Thank you to all the witnesses for appearing before us. Welcome to the committee.

Mr. Vidler, the Canadian Chamber of Commerce must represent a broad spectrum of businesses across the country. I think it's commonly accepted that every trade deal has certain benefits and certain challenges. There are winners and losers in every trade deal. There are adjustments that are made as Canadian businesses benefit, and some have to readjust in response to competition from a trading partner. In the Canadian Chamber of Commerce, have you identified any sectors or businesses that think they may not benefit under CETA?

Mr. Cam Vidler: It's hard to tell with some of the specifics in terms of who's benefiting and who's losing without the final text being available, obviously.

We represent, as you said, a wide range of sectors and regions. There are parts of our membership in supply-managed sectors, for instance, for whom this is going to be a challenge. The committee has been made well aware of the issues that they're going to face, and we encourage the government to work with them to identify ways of making that transition easier. In many cases, businesses have made investments under an understanding that a certain framework exists here in Canada, and we think that needs to be respected.

That said, the benefits of the agreement are certainly positive from a net perspective. We don't think that deals of such magnitude should necessarily be held up by the concerns of a particular sector or region.

Mr. Don Davies: Procurement is an important issue in CETA. For the first time in history Canada has negotiated a deal that will make sub-federal procurement subject to the trade deal. Have you consulted any members or heard from any members of the Canadian Chamber of Commerce who have historically benefited from local

procurement policies, who have expressed concerns that they may lose business as a result of changes?

Mr. Cam Vidler: No, I don't have any specific concerns that were raised there. I would say there are certain sectors in Canada that had adapted to a model of procurement that tended to require local production, and that's not necessarily just Canadian companies. That could be other companies that have located in Canada for the purposes of servicing government contracts, so for them, the benefits are perhaps not as substantial, but they do recognize the benefit of the world moving toward a model where government procurement and purchases are open to competition because it will give them more opportunity in the future in other markets.

Also, a point needs to be made about government procurement here, that basically what we're looking at is encouraging competition of suppliers providing services, products, goods to governments, and at a time when we're in a fiscal squeeze, from our perspective that seems like good public policy.

Mr. Don Davies: Thank you.

We did hear from steel manufacturers in Halifax, for instance, that were worried they would lose business to Spanish steel manufacturers. There is a high unemployment rate in Spain and they have lower costs. We have heard some of those concerns.

Mr. Cox, I'm going to turn to you. This government tells us that the only way to negotiate trade deals is behind closed doors, that the text can't be released to anybody; you have to complete the deal and you can't release that to the Canadian public because that's just the way it's done.

We know that the U.S. is making the TPP text available to legislators as they bargain the text. We know that the European Union has recently announced in January that they are going to publish the investment chapter and put it open for public consultation in Europe.

I'm just wondering what you think about the level of transparency that has typified the government's approach to trade negotiations.

Mr. Graham Cox: We're very unhappy.

Our members are not happy about the level of transparency around all the trade agreements that have been negotiated behind closed doors, and we think that we could learn a thing or two about the way the trade agreements are being negotiated now, especially the TTIP agreement in the U.S. within the EU. They've engaged in a consultation. They put negotiations on pause. It's not as the negotiations are going on; they've actually paused negotiations around issues like investor state, because it's such an important issue for civil society. The EU even has a process through the European Commission to fund the alternative voices around the table to make sure they are heard.

•(1215)

Mr. Don Davies: You mentioned TTIP. I want to get into that because what the European Union is doing with the United States in negotiations now is they put out a press release where the chief negotiator, Karol de Gutch, said:

—existing arrangements have caused problems in practice, allowing companies to exploit loopholes where the legal text has been vague.

He also said:

I'm determined to make the investment protection system more transparent and impartial, and to close these legal loopholes once and for all. TTIP will firmly uphold EU member states' right to regulate in the public interest.

Further, the press release stated:

The Commission wants to use the opportunity to improve investment provisions already in place to protect investments by EU-based companies in the US, and vice versa. In practice this would mean referring explicitly in the deal to states' right to regulate in the public's interest.

In other words, what the EU is saying is nothing short of an explicit phrase in a trade deal that says the trade deal will not impinge on states' ability to govern or legislate in the public interest is good enough.

You've seen the draft investment chapter that has come out. It was leaked in November. Do you have any concerns in that regard that CETA will impact or restrict the ability of Canadian governments to legislate in the public interest?

Mr. Graham Cox: I think any agreement that includes investor state limits the ability to regulate. So even within the EU-U.S. agreement, even with that language, I would worry about the implications of including investor state, but certainly we're concerned about that.

Mr. Don Davies: Okay.

Mr. Al-Katib, I have a question for you.

Everybody's concerned right now in Canada about the amount of grain that's sitting unable to get to market. We have over 5.5 million tonnes of grain, enough to fill 60,000 railcars, sitting on the Prairies waiting for shipment.

Can you give us some insight as to why this problem exists and what we can do, if anything, as a government to address that concern and help our farmers get their product to market?

Mr. Murad Al-Katib: It's a very complex issue that would take a lot of discussion, but the current backlog I think is as a result of multiple factors. We've obviously had a very difficult weather situation, over the last four months in particular, with very extreme cold temperatures across the entire country. Also, there's just the overall movement of resource commodities in general, with oil, forestry products, the mining sector, and the grain sector all hitting the transportation system simultaneously.

We have a very inefficient supply chain in general. It's a combination of all the players in the chain: the shippers, the rail system, the ports, the transloaders, the vessels. The entire system is broken and it needs some very significant attention. There are public policy things that need to be done. We're very active in the Canadian Special Crops Association—I'm the chair of that organization—in working with our federal Minister of Agriculture and provincial

governments to attempt to have everyone understand railway accountability is something that needs to be ingrained in legislation.

The system whereby the various players in transportation enjoy certain regulatory protections should have a policy mandate. We need to ensure that public policy mandate is met, and we're going to be very actively looking at that.

The Chair: Okay, I'm going to have to—

Mr. Murad Al-Katib: The bottom line that we all have to recognize is the reputational issue—

The Chair: Excuse me, the time has gone for this round of questioning, but I think you got your point across. You're right, as you said in your first comment, that this is—

Mr. Murad Al-Katib: Okay.

The Chair: —a very complex issue that could go on a long time. That's why I'm going to cut you off now. But perhaps, Mr. Hoback, who is from Saskatchewan, will pick up on that issue. I'm not sure.

Mr. Hoback, for seven minutes.

Mr. Randy Hoback (Prince Albert, CPC): Seven minutes isn't enough time to talk about the transportation woes in western Canada, and just how serious it's impacting not only your business, Mr. Al-Katib, but farmers in general and through the whole supply chain. It's very disappointing how CN and CP have a lack of vision in western Canada. That lack of vision, and the combination of cold weather, is going to create a lot of hardship on the Prairies, for not only agriculture producers but also processors and people outside the agriculture sector, in the forestry sector, in the potash industry. It's going to have a domino effect right through the whole area. It's going to be a tough grind until we see some capacity built up in that sector. I must feel for you, for sure.

Mr. Murad Al-Katib: Yes.

Mr. Randy Hoback: But I want to be positive and optimistic, because we'll fix that. I know we will. We'll get that under control. It just won't be quick enough for a lot of people. But it is what it is. We can't build locomotives overnight or hire people overnight. One thing we do have to keep doing is we have to look at the future and look at where these markets are going to be. One thing is that if we can ship stuff east versus shipping it through Vancouver, it's another option that can relieve some of that backlog somewhere in the future.

I'm kind of curious. You have some great opportunities in Europe, in eastern Europe and western Europe. Have you identified opportunities that you may take on with this free trade agreement that you wouldn't necessarily have at this point in time?

• (1220)

Mr. Murad Al-Katib: As I mentioned, moving further up the value chain, in terms of more processed products, I have a vision of western Canada being a processing centre for agricultural products. The agreement is certainly going to ease access for, let's say, flours, processed food products. We had announced our intention to look at building a pasta plant in Canada. If I look at the EU market today, it has been very significantly regulated, highly tariff-based, quota-based in terms of protection of their local industry. We see there being hundreds of millions of dollars of new opportunity to capitalize on the demand for safe, quality food, which Canada has a very strong reputation in, and it's not genetically modified. In the pulses industry, the lentils, chickpeas, peas and beans are not GMO. We see that being a multi-billion dollar opportunity.

This agreement is going to open that market, and we're planning significant investments to be able to meet that demand.

Mr. Randy Hoback: Mr. Janzen, it's great to have you guys here. I used to spend a lot of time in eastern and western Europe when I was with Flexi-Coil and then Case New Holland. I know the Genesis tractor in France had 25% of market share at one time. It was built in Winnipeg. I also know some of the issues we had with homologation, non-tariff trade barriers, the frustrations we had with going through the regulatory process.

You must be relieved that there's going to be a process in place to help you go through that. Have you looked at the agreement in such a way? Do you see some perspective to get that market share back to where it was somewhere in the future?

Mr. Willy Janzen: We haven't reviewed the agreement, but we're certainly looking at trying to get some additional market share.

In 2000 when Case sold New Holland division to Bühler Industries, it was the U.S. government that decided that Case had to sell one of the divisions. Versatile had to build its entire market from scratch again.

One of the issues we had was New Holland continued to ship in that direction, but Versatile no longer had that market because New Holland took that market and Versatile now had to re-establish itself.

It has been a number of years, and we haven't really been there. Now we're working on that only to find out there are some significant barriers to ship into western Europe versus shipping into eastern Europe, which we do quite a bit.

Mr. Randy Hoback: In the same breath that technology has been widely accepted. I know what you're saying, that once you lose a dealer network it's very hard for a manufacturer in Canada to recover that. But the farmers are aware of the product. They know how well it works. So if you have help going through the homologation process and if you have help making sure that if there is a dispute you have a process to resolve that dispute, that's definitely going to be beneficial versus the status quo right now.

Mr. Willy Janzen: Yes.

Mr. Randy Hoback: In light of this agreement, have you seen market share increase to where it has been in the past, or even half of that? What would be the impact on your facilities, on the job opportunities around Winnipeg? Have you looked at this?

Mr. Willy Janzen: We would certainly be very excited. We have a lot of opportunity to expand the current facility. We don't necessarily have to add any additional square footage because we have the capacity today. We certainly have a very good workforce in Winnipeg to be able to hire. This is the only place that we build the Versatile tractors, both the Row Crop and the four-wheel drive.

Mr. Randy Hoback: What about the implement side, the Farm King side: loaders, grain augers, and a whole variety of implements? Would they be tied into your operations in Europe too?

Mr. Willy Janzen: We sell under the Farm King brand label and we do some shipments of Farm King products into western Europe, although it is on a limited basis right now. We ship some products into eastern Europe. Primarily right now our market is in Australia and New Zealand.

Mr. Randy Hoback: Mr. Al-Katib, I'm going to come back to you then.

You touched on the processing of durum on the Prairies and increasing the processing on the Prairies for value added. That would also help our transportation system as we start refining what we put into the train or the boxcar in some cases. How much growth do you think is there in light of this agreement to add more value to products on the Prairies?

• (1225)

Mr. Murad Al-Katib: Our company is an example where we went from a start-up 10 years ago to \$1 billion of export in value-added pulses and grain. We definitely see the opportunity that value-added products are going to move more by truck, container, and intermodal. So it is utilizing a transportation infrastructure that is very different from the bulk grain handling system. We like the eastbound movement as well as a [Technical Difficulty—Editor] westbound traffic.

We think this agreement is a very significant opportunity that's going to lead to billions of dollars of new opportunity in western Canada to be shipping products that are destined for consumers in Europe. We are very competitive when it comes to those products.

Mr. Randy Hoback: Thank you both.

The Chair: Thank you very much.

Mr. Pacetti.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you to the witnesses for coming today.

Mr. Al-Katib, just to understand, I think you answered the question a little when Mr. Hoback asked you. I am quoting you that you are moving from a food company to a commodity company. What's in the agreement that's going to allow you to—

Mr. Murad Al-Katib: We've moving the other way from a commodity company to a food company.

Mr. Massimo Pacetti: Okay. So tell me what is in the agreement to allow you to do this.

Mr. Murad Al-Katib: For instance, if I take pasta as an example, today spaghetti manufactured in Canada is subject to very punitive duties going into Europe. The duties can range up to about 300 euros per tonne, and that would make us unable to access that market from a duty standpoint. When we look just at the ability to compete as western Canadian growers of durum, processing and delivering quality pasta into Europe, we can compete with every European on a level playing field.

In the area of lentils, chickpeas, peas, and beans, the value-added protein, starches, fibres, and flours are subject today to 8% to 10% duties. Those would be reduced over time under the agreement, allowing us to be very competitive on the distribution. We want a level playing field.

Mr. Massimo Pacetti: That makes sense, but will it make more sense for you to open a facility here or in Europe?

Mr. Murad Al-Katib: We are origin-based processors. We will process finished products in Canada. We will put them into packaged form, and we will use containers and intermodals to ship them to Europe.

We think Canada is a very competitive jurisdiction for processing food-safe, identity-preserved products. In fact, we're more competitive than offloading bulk material in Europe, transporting it throughout the European Union, and then distributing it. We think it's the way to go.

Mr. Massimo Pacetti: Great. Thanks.

Mr. Janzen, this is in the same vein. I'm trying to understand what the problem is right now in your company that you're not able to sell in western Europe, but you can sell in eastern Europe. Did I understand correctly?

I'm referring specifically to your farm equipment.

Mr. Willy Janzen: That's correct.

Specifically on our tractors, we sold \$100 million into eastern Europe two years ago, and \$40 million last year. Eastern Europe is a very large marketplace for us. I think a lot of the agricultural manufacturing companies located in Canada have large exports of their product outside of Canada.

One of the issues we have for western Europe is that we have to do special conditioning of our tractors. We are working through this process. It's going to cost several hundred thousand dollars. There are no other countries that require us to make these changes to our tractors. The lighting on the tractors, which works in Canada, the U. S., and all of the other countries, is specifically required to be different for Europe—

Mr. Massimo Pacetti: Right, but these requirements—

Mr. Willy Janzen: —or the braking needs to be different.

Mr. Massimo Pacetti: Sorry.

These requirements are not going to be part of CETA.

Mr. Willy Janzen: If that drops off, it will make it a lot easier because—

Mr. Massimo Pacetti: No, I'm asking you—

Mr. Willy Janzen: —we are a smaller company.

Mr. Massimo Pacetti: I'm asking. I'm not saying "if".

Is it going to be part of CETA? Because if you are able to sell into eastern Europe, and there are certain requirements in western Europe, I don't see how that's going to be part of this agreement. Correct me if I'm wrong. Is this a requirement or a recommendation you're asking us for?

Mr. Willy Janzen: We are saying we would like to table this and ask if we can put this into the CETA. Anything that complies with North American standards should be able to ship into western Europe. Right now, western European manufacturers can ship into Canada and the United States based on their process and their certification, so why is it that we would need to certify our tractors here to ship into western Europe, when—

• (1230)

Mr. Massimo Pacetti: Can you put something in writing for us, and send it to the clerk?

Mr. Willy Janzen: Yes, I can.

Mr. Massimo Pacetti: I have one more question, again in terms of investment. I see you also have a facility in Russia.

Will the investments be made here, or will they be made in Europe due to the fact that you're going to be expecting to ship more equipment once CETA is signed?

Mr. Willy Janzen: The investment will be made here. All of the tractors we have right now are made in Canada, in Winnipeg specifically.

In Russia what we have right now is what I would call a sub-assembly process. The tractors are actually manufactured here and tested, and then taken apart. We ship them in containers, and then reassemble them in Russia. With the reassembly process, they're shipped as parts and then they're called "manufactured in Russia" in order to comply with Russian standards.

The benefit is that we're shipping the tractors in containers and there is a lower cost of freight and handling. Then they are reassembled for the Russian marketplace. For Ukraine and Kazakhstan, we actually ship our tractors as what they call ro-ro, roll on-roll off, which means the entire tractor is shipped on a deck of a ship.

Mr. Massimo Pacetti: Thank you.

The Chair: Thank you very much.

Mr. Holder, the floor is yours.

Mr. Ed Holder (London West, CPC): I'd like to thank our guests for being here today. It has certainly been a helpful conversation about CETA. We have one individual who doesn't think too much of it at this point—who might come around—and others who have a different view.

Perhaps, Mr. Cox, in the spirit of that, if I can, it was interesting to hear Mr. Davies ask Mr. Vidler... In a world where there could be winners and losers in this deal, what are the positives of CETA, based on your analysis?

Mr. Graham Cox: The positives?

I don't have any analysis for you for the positives.

Mr. Ed Holder: Why wouldn't you have done that, sir?

Mr. Graham Cox: We do analysis based on questions on what our members have brought up, and those have to deal with procurement and issues of investor state, and investment and maintenance of public services.

Mr. Ed Holder: Wow.

No disrespect intended at all, but you didn't see anything in this deal that would be good for Canada?

Mr. Graham Cox: Good for Canada?

Mr. Ed Holder: Yes.

Mr. Graham Cox: We didn't look at that.

We looked at the full analysis based on the net gain of Canada, and we're looking at the negative side to see if there is a net gain. There are plenty of people who look at the positives—there's a fellow right next to me here—but we looked at the overall agreement and the implications for our members and for Canadian municipalities, and the effects on public services.

Mr. Ed Holder: I must express some surprise at that.

Having said that, I want to tell you a little story. My father was from New Brunswick, and when he came to Upper Canada he was a member of a large union. When the union negotiated, they did not consult with their members; they took a leadership role, which they're certainly entitled to do. When the deal was ultimately done, they gave it to their membership, including my dad, to vote on, and they did whatever they did with that.

You made a comment in your testimony, which was interesting. I'm trying to get a sense of how it works with CUPE. We had Mr. Blair Redlin speak to us when he was in Vancouver, and I thought he gave very interesting testimony.

You mentioned that your membership voted against this deal. Explain to me briefly how that works. Who voted against it?

Mr. Graham Cox: Sure.

They voted against—

Mr. Ed Holder: You get 627,000 people in the room. I'm not trying to be silly, but how does that work?

Mr. Graham Cox: We have thousands of people in the room at the national convention. They're elected delegates from their locals who come to the national convention.

It was a near unanimous vote against a resolution, and the resolutions come from the locals themselves.

Mr. Ed Holder: When was that? I'd love to look into that a bit more.

Mr. Graham Cox: Sure.

The most recent one was our previous resolution, and I believe it was in October. It was a vote against some of the provisions in CETA.

Mr. Ed Holder: How was that resolution worded? I'm trying to get a sense of it.

•(1235)

Mr. Graham Cox: I can certainly get that wording for you. I don't have it in front of me.

Mr. Ed Holder: Would you mind doing that, through the clerk?

Mr. Graham Cox: Sure.

Mr. Ed Holder: That would be useful to know.

Was that a secret ballot?

Mr. Graham Cox: No, it was a vote of the membership by hands.

Mr. Ed Holder: By hands.

Mr. Graham Cox: Yes.

It's by voting cards. That is the convention that our membership is voted on.

Mr. Ed Holder: Interesting.

We all know conventions where they do that by a show of hands sometimes. Is that typical? For example, when a union does a strike vote....

Forgive me, but when I was a young lad and I worked in a grocery store, I think I belonged to a union then, but I wasn't involved in these sorts of things.

At a local level, is that typically a secret ballot when they vote on a negotiated contract?

Mr. Graham Cox: I think it depends on the local, but if my memory serves me correctly, at CUPE it is a secret ballot for votes on collective bargaining.

Mr. Ed Holder: Among your membership?

Mr. Graham Cox: Yes.

Mr. Ed Holder: Your members actually write down whether they support it or not, and then put it in a—

Mr. Graham Cox: For collective bargaining, yes.

Mr. Ed Holder: When you do that negotiating on behalf of your members, how does that work? You decide you want to get a certain percentage based on something over last year, and you have other benefits and things that you're looking to include.

Do you ever go behind closed doors with management?

Mr. Graham Cox: The provisions within the agreement that are put on the table come from engagement with the membership and so forth.

There are certainly situations where negotiations happen behind closed doors, if that's the language you like to use, but they certainly don't get voted on behind closed doors, and they certainly don't get finalized behind closed doors. The agreement gets presented to the membership, and they have the opportunity to read it.

Mr. Ed Holder: That's interesting.

Mr. Graham Cox: It's not like free trade agreements that basically get signed behind closed doors, or have limited aspects....

There's also a situation where the interests of the members are represented from the beginning. There's a consultation process before that negotiation happens. Similar to the EU, the EU has a trade mandate that's put forward. In fact, there's been alternative trade mandates before, through consultations with civil society, so that's a process—

Mr. Ed Holder: Well, to be fair...

Mr. Graham Cox: That's not done in Canada.

Mr. Ed Holder: Just to be clear, all of the various European parliaments have given a negotiating committee the power to be able to do that negotiation.

Mr. Graham Cox: That's the trade [*Inaudible — Editor*]

Mr. Ed Holder: Someone, and it might have been Mr. Vidler, said that...and certainly if not, I'll add this, that for the first time in history we've actually had negotiations including the provinces that have given us some very strong response in a positive way to that involvement and we anticipate full support amongst the provinces for that as well. FCM, amongst others, has said that as well.

Mr. Cox, are you aware that in this deal—and maybe you hadn't considered it, to be fair—that Canada can compete for European government procurement contracts?

Mr. Graham Cox: Sure, but I think if you're talking about New Brunswick, I'm also from New Brunswick and using local procurement for developing local economies is very important for areas like that. When we're looking at limitations on local procurement, that affects the ability of our municipalities to use local procurement to develop local economies.

Mr. Ed Holder: I didn't quite get an answer, Chair, but I got a response.

The Chair: That's fine. You can ask the question and he can answer. We can't control anything else.

Mr. Ed Holder: Thank you.

The Chair: Madam Liu, the floor is yours.

Ms. Laurin Liu (Rivière-des-Mille-Îles, NDP): My question is for Mr. Vidler. I think you have great insight as to what we need to do to allow Canadian SMEs to capitalize on CETA opportunities. You mentioned this in your presentation as well. Could you expand on what we need to do to support these Canadian SMEs, what kind of infrastructure we could put into place?

Mr. Cam Vidler: I'd be happy to speak to that.

As a bit of background, the Canadian Chamber of Commerce is developing a report right now with some of our membership and our international affairs committee that will be providing some fairly tangible recommendations on how we can improve the so-called ecosystem of trade promotion services and the way that our representatives abroad promote Canadian business. I look forward to sharing that with the committee.

Ms. Laurin Liu: Great. If you could table those recommendations, the committee would be interested.

Mr. Cam Vidler: They should be ready later this month or when the report's out next April.

I'll say quickly that our consultations so far, and this includes consultations with government, have found that most of the services

that businesses need, things like market intelligence, relationship building in foreign markets, financing, risk mitigation, are being offered in some way, shape, or form by agencies of the federal government or provincial governments. The challenge is more to get those agencies to work together more closely.

• (1240)

Ms. Laurin Liu: It's a coordination challenge.

Mr. Cam Vidler: Coordination, reducing overlap, filling in gaps between what the service offering is, ensuring that information can be shared across them....

Ms. Laurin Liu: Perhaps you could table those recommendations, because my time is limited and I'm sure you could fill more than five minutes with your comments.

I want to cite something I read in a press release by Perrin Beatty, the president and CEO of the Canadian Chamber of Commerce. He said the hope is that the “momentum generated by signing this deal will help push forward Canada's other major trade talks, including with Japan, India, Korea, and the Trans-Pacific Partnership countries.”

It seems a bit bizarre to me that we're putting all of these trade talks on the same level and we're looking at these trade relationships as being equivalent to each other.

According to you, is there any such thing as a bad trade deal for Canada, and what would that trade deal look like?

Mr. Cam Vidler: I think a trade deal that did not open up real market access opportunities for Canadian companies with the trading partner would be one type of trade deal that we would not be very supportive of. That said, I think the range from good to perfect is quite large. It doesn't mean you need to be at the level of perfect to support a deal.

Ms. Laurin Liu: There are often nuances....

Mr. Cam Vidler: It's very clear, for instance, with India that it's not going to be as ambitious an agreement as what we're doing with the European Union right now, although I'd be happy to be surprised. Nonetheless, there will be some liberalization for certain products of a Canadian nature. As long as the negotiators are weighing that against what we're providing—typically if they're not providing a lot, then we're not going to provide a lot—there's still a potential for net benefits across all of those agreements that Mr. Beatty mentioned.

Ms. Laurin Liu: On the same point, is there any such thing as a bad trading partner, for example, a country that doesn't have the same environmental or labour standards as Canada?

Mr. Cam Vidler: Perhaps there could be more challenging countries to trade with in terms of the competition you might face in that market. That can be in terms of very high-performing companies in that market, or it could be because of poor institutional environment or perhaps the relationships between the state and companies in that market that work against Canadian companies.

The best solution for addressing bad trading partners is to sign a trade agreement with them, because you can use that agreement to get a treaty between the two countries, a legal framework, that allows you to challenge various unfair measures that disadvantage Canadian companies.

Ms. Laurin Liu: My time is running out, so I want to move to Mr. Cox quickly.

Could you give us your evaluation of the public services that are most at risk with CETA? Have you done an evaluation of the number of public sector jobs that might be at risk due to CETA?

Mr. Graham Cox: No, without the final text, I don't think that's an easy thing to do. Certainly, we haven't looked at that. Certainly the services in energy and waste-water management are things we're looking at as being threatened. We feel that any privatized service would be under threat of not being able to be brought back in-house.

The Chair: Thank you.

Mr. Hiebert, the floor is yours.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Mr. Al-Katib, welcome back. It's good to see you again. We've appreciated your testimony in the past.

I'm struck by the story of Alliance Grain Traders. You reminded us, as you've told us in the past, that this is a relatively new company that has gone from being a start-up to being a huge success with a billion dollars in revenues.

What was the key to your success? Did it have anything to do with trade liberalization?

•(1245)

Mr. Murad Al-Katib: [*Technical Difficulty—Editor*] trade internationally. I talked about the trade imperative. Certainly, from my perspective, with regard to trade liberalization and Canada's ability to access markets, we've seen this pro-trade agenda certainly yielding benefits, both on the various [*Technical Difficulty—Editor*] cooperation agreements and discussions that are happening between Agriculture Canada and [*Technical Difficulty—Editor*] leading to full-blown agreements. This has opened up the market access for our products.

When we look at the food sector, food is a basic building block of civil institutions and democratic development. I say [*Technical Difficulty—Editor*] openly that if young men are unemployed and hungry, they protest. Economic opportunity and access to food and nutrition are basic building blocks of economies, so I'm a believer that economic integration and trade are facilitators of both our economic agenda and our foreign policy agenda.

Mr. Russ Hiebert: You let us know that your plans for the company are to move from a commodity company to a food company. I'm wondering, as you move up the value chain and provide more processed products, whether that decision was at all influenced by something like the CETA agreement and the access to this larger market for an upscale product.

Mr. Murad Al-Katib: Yes, certainly tariff access, when you're competing with Italian pasta manufacturers or French bakery companies [*Technical Difficulty—Editor*] we're providing high-quality Canadian-grown and processed ingredients, all I ask for is a level playing field, because we can compete. We have the best farmers. We have an integration of our research [*Technical Difficulty—Editor*] and innovation and an ability to commercialize that innovation. As long as we have market access, Canadian companies are going to be very dominant. We've shown that in the ability of Canadian companies like Alliance Grain to go from a start-up to

exporting over \$1 billion [*Technical Difficulty—Editor*] means we are competitive. From that perspective, CETA and even the lateral trade agenda in general.... Colombia was a big agreement for our sector. It allowed us to have a level playing field with the U.S. agreement that was being negotiated where Canadian lentils that account for about \$100 million in exports, were going to be put at a tariff disadvantage...with our move to that agreement..... Peru is the same thing.

We've seen these agreements paving the way for market access. It gives me confidence to deploy tens of millions of dollars and to generate hundreds of new jobs, because that's sustainable access to these markets. The lack of clarity gives you risk. What I like is regulatory certainty, and I like dispute resolution mechanisms.

Mr. Russ Hiebert: You mention dispute resolution mechanisms. What do you think of the investor-state dispute resolution mechanisms that are in place in this agreement?

Mr. Murad Al-Katib: It's a very complex issue. I'll be very honest; I haven't studied them in a lot of detail, so I'm probably not the best person to give you a comment on that at this point.

Mr. Russ Hiebert: We've also heard concerns about the low level of foreign content in Canadian exports to the European market. Do you have an opinion on what that threshold should be? What's realistic? I understand that these things are being considered at the present time.

Mr. Murad Al-Katib: There are a couple of ways to look at Canadian content. You have to get into your mind a vision of what it means to be a Canadian international business.

I don't believe that just a strict Canadian [*Technical Difficulty—Editor*] is the only judge. Canadian companies that are successful are becoming part of global value chains. In order to be successful abroad, our company is an example with our head office in Regina. We have people in Regina working on our Australia operation, Chinese operation, South African operation, and creating jobs in Saskatchewan.

I'm a firm believer that an ability to assemble, to do partial manufacturing, still creates significant economic benefit for Canada. I definitely want those Canadian contents to be significant, but it's only one consideration in what it does for the economy here.

The Chair: Monsieur Morin, the floor is yours.

[*Translation*]

Mr. Marc-André Morin (Laurentides—Labelle, NDP): Mr. Al-Katib, GMOs are not being discussed as part of the negotiation of the agreement. I am wondering how you will be able to transform your products.

Labelling is also an issue in Europe. Europeans don't share the North American enthusiasm for GMOs. Many countries insist on labelling. Won't that incredibly complicate your work?

• (1250)

[English]

Mr. Murad Al-Katib: In our case, all of our products are non-genetically modified, with the exception.... In our company there may be lentils, peas, chickpeas, beans, the durum wheat that we brought, these are all non-GMOs.

The advantage for us is that the European market is such a GMO-centric market. We view that as a 500 million consumer base of very high-income people demanding quality, safe foods. They are very pleased with the Canadian safety systems. It's actually an advantage on our side.

Clear labelling of non-GMO to me is a general issue in agriculture. Consumers have the right to know and have the right to choose. The fact is that clear labelling isn't there in some regulatory regimes. We want consumers to be educated and we want consumers to choose. Whether they choose to consume or not to consume, they should know.

[Translation]

Mr. Marc-André Morin: There could be problems with traces of GMOs in some products that may be contaminated during transportation. That has still not been resolved. Are you not concerned about that?

[English]

Mr. Murad Al-Katib: I'm always concerned about zero tolerance policies because when you're mechanically processing agricultural products, you can never guarantee a zero tolerance, but a properly regulated tolerance. There are ways to ensure that your food handling system and your loading of the product into containers is in a centre to comply with legislation.

The bulk grain handling system is more at risk than a food safety control containerized shipment environment. This is where I see the big opportunity for Canada. It is in processed products that are in identity preserved containers for distribution.

[Translation]

Mr. Marc-André Morin: Thank you.

Mr. Cox, let's talk about dispute settlement mechanisms. Provincial governments and municipalities could potentially be prosecuted. What do you see as the most direct threat?

[English]

Mr. Graham Cox: On the direct threat of lawsuits, well, in my understanding the municipalities and the provinces, under the language that we've seen, won't be subject to direct lawsuits. It's the Government of Canada. This is similar to NAFTA. It's the fact that the municipalities and the provinces would be beholden to those regulations, and the first time municipalities themselves would be beholden to the agreement.

We see that there's a growing trend in companies using this tactic to reverse decisions made at the government level but also in the courts. I listed some of those in my brief. In 2010, there was a report by the UN saying that the number of ISDS, investor-state dispute settlement, lawsuits or disputes was 357 and that of these, 60% were in only the past five years. So we see a disturbing trend in the

increased use of these provisions to try to undermine regulations and losses in courts.

The Chair: Thank you very much.

We'll go to Mr. Cannan for five minutes.

• (1255)

Hon. Ron Cannan (Kelowna—Lake Country, CPC): To our witnesses, thank you for your excellent comments and food for thought.

I want to share this with the witnesses. The committee had the opportunity recently to hear from the EU ambassador, who shared her feelings and enthusiasm about this market of 500 million people that she's opening up to Canada and the billions of opportunities that are offered bilaterally from both procurement and expansion of opportunities for both parties. I wanted to also mention that she held up our technical summary, which she said was a very open and transparent process and which she felt was very well done. Minister Fast had been working hard, as mentioned in the opening comments, for about four and a half years in this process.

I think Mr. Vidler alluded to the fact that it's still a few years from coming into effect. I know that the final details of the agreement will be translated into 23 different languages, and the EU Parliament and the House of Commons will debate it. Our government introduced legislation that trade agreements have to be introduced for 21 days, so it will be debated in the House of Commons. Then it will come back to the committee and then it will go to the Senate. There's still much more opportunity before the implementation of the final agreement, so that we can say it's not being expedited. It has already been about five years, to date, and it will be going on for a couple of more years down the road.

My question is for Mr. Vidler.

You mentioned that Canadian businesses need to take full advantage of CETA. While we're moving through that process, how can the government work with your organization and others across Canada to help prepare Canadian businesses to take full advantage of this opportunity?

Mr. Cam Vidler: There are a few things that we can do. I mentioned to another member of the committee earlier that the chamber is working on a report right now with our members and our international affairs committee to develop some specific recommendations in this area.

I'll touch briefly on a few things. One is, as I mentioned, coordination of existing services to make them more effective, to fill in gaps between the services so as to ensure that they're accessible for Canadian companies. That's something that should be addressed.

Part of it is a campaign to raise awareness of the opportunities in Europe and awareness of the services that you can use as a business. The government has been doing a fairly bang on job in this area since the announcement. I know that Minister Fast has been travelling around the country, as have other ministers and ministers of state, to promote the agreement, and I think this has had a big impact upon the awareness that Canadian businesses have.

The next step is to make sure that the service offering and the delivery of the services that we have for companies in this area, and there is a large system of services out there, provide the right services, services that are relevant, coordinated, and delivered effectively, and that businesses are able to take advantage of them.

Hon. Ron Cannan: We've had the provinces work together with Minister Fast and the FCM, as Mr. Holder mentioned, so there has been consultation of unprecedented record.

You mentioned sending a delegation after the EU has its election. Are you recommending that the trade committee go back? We were there in 2008. Are you thinking that a delegation from the trade committee would be appropriate later this fall, or what were your thoughts?

Mr. Cam Vidler: Yes, I think that's a great idea.

Hon. Ron Cannan: The provinces as well would come along, and businesses.

Minister Fast, Minister Moore, and others have said they are looking to continue to engage Canadian businesses, so I think it's an ongoing process, but you're saying, because of the political change in May, to wait until they have it to continue to expand the dialogue and the partnership.

Mr. Cam Vidler: The point I was making was that, with the political challenges in getting this agreement ratified, particularly in the European market in light of the TTIP and some controversy happening there with respect to the U.S. negotiations, we need to

have a very strong effort by the government and by businesses as well to explain to Europe why this deal with Canada is of value to them as well.

Hon. Ron Cannan: Here is one quick question, Mr. Cox. Has CUPE supported any trade agreements?

Mr. Graham Cox: We've had critiques of all the trade agreements that have come up.

Hon. Ron Cannan: Have you supported any?

Mr. Graham Cox: No, we haven't supported any.

Hon. Ron Cannan: Okay.

Thank you.

The Chair: Thank you very much. That takes us to the end.

I want to thank our witnesses, Mr. Cox and Mr. Vidler, for being here, and by video conference, Mr. Al-Katib, for the second time, actually, and you're always welcome here.

Mr. Janzen, yours was very valid testimony. We're certainly hoping, Mr. Janzen, that on the regulatory cooperation part of this agreement we will address some of the issues you brought up. We'll be hopeful for that.

On behalf of the committee, I thank you for being here and sharing with us.

With that, we will adjourn this committee hearing.

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