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## **Standing Committee on Fisheries and Oceans**

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**EVIDENCE**

**Thursday, December 5, 2013**

**Chair**

**Mr. Rodney Weston**



## Standing Committee on Fisheries and Oceans

Thursday, December 5, 2013

• (1530)

[English]

**The Chair (Mr. Rodney Weston (Saint John, CPC)):** I'll call this meeting to order.

I'm sure Mr. MacAulay will join us. We might as well get started with the presentation first.

Mr. Bevan, thank you and all of your associates with you, for coming back again today. I certainly look forward to the discussion today. I really do appreciate your taking the time out of your schedule to be here.

Mr. Bevan, I believe you have some opening remarks. I'll turn the floor over to you, and you can introduce your associates. I think most of them are quite familiar with the committee here now, but please proceed.

[Translation]

**Mr. David Bevan (Associate Deputy Minister, Department of Fisheries and Oceans):** Thank you very much, Mr. Chair.

Good afternoon, everyone.

With me today are Nadia Bouffard, Acting Senior Assistant Deputy Minister, Strategic Policy; John Campbell, Director, Aquaculture Policy and Regulatory Initiatives; and Tim Angus, Acting Director General of External Relations, International Trade and Market.

[English]

Thanks for your invitation to appear before you today. I really appreciate it. I understand that Mr. Steve Verheul, Canada's chief negotiator on CETA, and Ana Renart, Canada's deputy chief negotiator, appeared before you in November to speak to you about the negotiations for Canada's fish component of the Canada-EU comprehensive economic and trade agreement, CETA, and we're glad to be here today to discuss this important topic with you as well.

As you know, the government announced the agreement in principle with the European Union on the Canada-EU comprehensive economic and trade agreement negotiations on October 18. Although some technical issues remain to be worked out, all the key items have been resolved with the completion of the agreement in principle.

The agreement will provide Canada with preferential market access to the European Union's 500 million consumers and \$17 trillion in annual economic activity. In fact, the joint study conducted with the EU prior to the outset of the negotiations, which is available

on the Foreign Affairs, Trade and Development Canada website, concluded that an agreement could boost Canada's income by \$12 billion annually and bilateral trade by 20% across all sectors. That's equal to creating about 80,000 jobs and increasing a family's annual income by \$1,000. It's one of our more ambitious trade agreements. While the fisheries sector is only one component, the agreement will have significant benefits across the spectrum of all industries: fishing, seafood, aquaculture, and processing.

The benefit that the fish and seafood sector will derive from this agreement will depend, of course, on the ability of the industry to take advantage of the opportunities. The 20% figure outlined in the joint study should therefore be considered as a starting point in trying to assess what potential this agreement will have and what the benefits will be. I can say, however, that we export about 377 types of fish and seafood products to the EU, and tariffs on 360 of those will be eliminated upon the agreement's entering into force. That's expected by 2015.

The tariffs on the other 17 products will be phased out in the following three, five, or seven years, but it's not necessary to wait for those time periods before benefits accrue. If it's a three-year timeline, the tariffs will drop by one-third in the first year, two-thirds by the second, and a full drop by the third. The benefits will accrue quickly once the agreement is brought into force. The reductions and tariffs will translate into savings that can be either reinvested into businesses throughout the seafood value chain to make them more competitive and innovative, or if Canadian exporters pass these savings along to potential customers, it could help them to grow their share of the European market. I think you can appreciate that if you're adding up to 20% to your bottom line, that's a benefit for anybody with a value product that's subject to tariffs now.

We export about \$409 million in fish and seafood to the EU each year, of which 95% of the export value is currently subject to tariffs. On average, Canadian firms paid \$45 million annually in tariffs on exports of these products during 2008 to 2012, representing 11.4% of their export value. As I said, that's not even; some products are subject to tariffs at a lower rate, while some are subject to tariffs up to 20%.

Between 2008 and 2012, we exported \$13 million in sockeye salmon to the European Union and paid almost three-quarters of a million dollars in tariffs. We're going to see some benefits to that portion of the industry at the time when it comes into force. T

he reductions will equate to \$25.5 million for Atlantic Canada the first year the agreement enters into force. Nova Scotia and Newfoundland and Labrador together will account for 71% of tariff savings, rising to 73% once all tariffs are phased out, while Quebec will save almost \$2 million annually. Other provinces, which together exported \$10 million annually during this period, will realize additional earnings and savings in the range of \$1 million.

• (1535)

When CETA comes into force, the tariff amounts on these products will immediately decrease by 69%, to an average of \$13 million per year, with annual savings of \$31 million. All of these figures are based on the current exports of Canadian fish and seafood products. They don't account for the increased opportunities that CETA will provide for new or additional Canadian fish and seafood products as they hit the European markets.

On rules of origin, CETA includes liberal rules of origin that are consistent with the current federal government policies and industry practices, and this will benefit Canadian business interests. Rules of origin define products that qualify as Canadian or European under an agreement. For Canada, benefits of tariff liberalization could be realized only if Canada could succeed in negotiating liberal rules of origin.

Rules of origin allow customs authorities to determine where a product originates, or is wholly obtained, so that they can apply the relevant tariff to the product as it enters the country. These rules specify how much production processing must occur in Canada or the EU for the product to be considered from, or originating in, one of the jurisdictions. If somebody's bringing in product from another source and does processing in Canada, these rules would be very important in determining if it qualifies as a product of Canada for the purposes of application of the tariffs.

In practice, these liberal product-specific rules of origin will allow Canada to import fish from a non-party, like the United States, and enable Canadian industry to process the fish for export to the European Union under preferential tariffs granted through CETA. How this benefits Canadian industry can be shown by two examples: British Columbia, which processes Alaskan sockeye salmon; and New Brunswick, which processes Maine lobsters.

What does CETA not do?

CETA doesn't change how we control port access or how we apply the Coastal Fisheries Protection Act. CETA will not trump that. We will still have the power and authority to require that vessels entering our waters do so under the authorities of the minister. The minister will have to grant a licence for them to operate in our waters, or to transit our waters to a Canadian port. That doesn't change what's going on right now with European vessels.

As to investment licensing policies under CETA, there is no change to the Canadian policy regarding issuance of fishing licences. In Canada right now, to receive a fishing licence, the company that receives the licence must be 51% owned by Canadians. We do not issue Canadian fishing licences to foreign-controlled harvest operations. That's a long-standing policy that goes back to the 1970s. It is designed to prevent foreign companies from gaining access to our natural resources, fishing resources, through the

acquisition of companies that have substantial licence-holders. A foreign company could not buy up one of our offshore fishing enterprises and then fish those licences in Canada. That will not change.

Policy is not reflected in any laws. It's part of our long-standing practices. It derives from the powers of the Fisheries Act, under which the minister has discretion in who gets a licence. That power remains in place, so the minister's discretion on licensing harvesters will remain in place under CETA. It's consistent with our powers under UNCLOS as well.

CETA will not negatively affect the sustainability of our fisheries or aquaculture sectors. The European Union has been moving very strongly in the direction of ensuring sustainability within its own areas of responsibility, and is not anxious to enter into any kind of arrangement where their position could be compromised in any other locations. Certainly, Canada will not compromise the long-term sustainability of its resources.

• (1540)

More specific to fisheries, Canada and the EU have committed to further cooperation on environmental issues and regional fish management organizations. We share interests with respect to NAFO, ICCAT, and other regional fish management organizations. We are committed to working collaboratively.

I would say that's reflective of what we have been doing over the last number of years. Certainly in my time with NAFO it was a collaborative arrangement with the EU in terms of moving ahead on the conservation agenda.

Regarding CETA and the seal ban, the seal ban came into place before CETA. The opposition to the EU seal ban is continuing. The CETA does not compromise our position with respect to our challenging under the WTO that the seal ban by the EU is not consistent with international trade law.

While on November 25 the WTO announced its decision and confirmed that the EU ban is discriminatory and treats Canadian seal products unfairly, they did allow that infringement on our rights to proceed based on the public's concerns in the EU regarding seal harvesting. We are committed to now appealing that process and taking it to the next level.

With that, Mr. Chair, I'll turn it over to questions.

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

We'll start our first round of questions with Mr. Leef.

**Mr. Ryan Leef (Yukon, CPC):** Thank you, Mr. Chair.

Thank you to all of you for appearing today.

We have Canadian industry in the EU already, but this move is really going to open the field for a lot of them. Many that probably haven't been attracted to the European market are going to want to actually move into it now that tariffs and taxes are making it more favourable for them.

Is it the role of DFO, and if it is, are there any plans in place to work with industry to prepare them to take advantage of these developing markets and to get our fishing industry, which may not be quite accustomed to this huge market base, prepared for that?

• (1545)

**Mr. David Bevan:** The role of DFO, of course, is to sustainably manage the natural resources where we have that authority and responsibility. That's in the marine ecosystem and in some freshwater areas of the country.

We don't have a marketing arm anymore. That was moved to Agriculture Canada. We certainly would work with them to make sure there is an awareness of the changing landscape and to suggest to other organizations that they may wish to do that kind of education and help promote it. That's not our role, though, and it's been confirmed recently that we are the managers, not the marketers or promoters.

**Mr. Ryan Leef:** Will any supplemental regulatory adjustments be required? You touched on it a little with policy development, but do you foresee any future regulation development or additional oversight required in any particular field, whether that's lobster fisheries or salmon fisheries or anything of that nature, to respond to a boom?

**Mr. David Bevan:** If people want to change carapace sizes, for example, or if they want to change how they're prosecuting the fishery to capitalize on an economic opportunity presented by the CETA process with the European Union, we'll certainly be there to respond to that.

Generally, I think most of what's envisaged is that we will just have better access to the market that exists in the European Union. We may change at the request of fishermen, for example, if there is a way to get different lobster packages or products into the EU and that would require some changes to our regulations. We'd work with any group that wanted to do that.

I don't really foresee any significant regulatory shift to capitalize on the opportunity, but that's something that may come in the future. We're going to learn more as we play in that market more significantly. We have to certify our products going into the EU that they were sustainably caught. They want to be differentiated from anyone else's products. The products going there will have a certificate issued by DFO indicating that the product was from a legal sustainable fishery coming from Canada. People won't be able to counterfeit Canadian product, so to speak, and get it into the EU for tariffs or to take advantage of the opportunity in the market.

We're probably going to see a lot of demand for eco-labelling, as we already have. We have, I think, 23 or 24—

**Ms. Nadia Bouffard (Acting Senior Assistant Deputy Minister, Strategic Policy, Department of Fisheries and Oceans):** Yes.

**Mr. David Bevan:** —fisheries that are subject now to Marine Stewardship Council certification. We'll probably see that kind of thing happening, so there will be a lot more demand for sustainability as EU customers demand that kind of assurance from their vendors.

That's probably the most significant one. There may be minor tweaking to management regimes to help target specific markets.

**Mr. Ryan Leef:** This might be getting down into the nuts and bolts, so if you don't know offhand, it's not a problem. Is market labelling standardized and is it developed now? We have an introduction into the market to begin with, because Canadian products exist there and the sustainability logo is there, I'm sure. But as industry takes this on, if they're able to handle the uptake to the market, as big as it is there, this will be substantial.

Is that sustainability labelling unique and branded for Canada? Does it really signal that the Canadian government has invested in labelling to assure consumers over there that it is Canadian product, that it is a sustainable product, and it's recognizable? Is that getting too far into the weeds of...?

**Mr. David Bevan:** No. The eco-labelling is not done by the Government of Canada. It's done by the Marine Stewardship Council and other similar certification bodies. They would be well recognized labels. They're recognized because they're international. The fish that bear those labels come from a number of countries that have met the standards to convince the Marine Stewardship Council that the product is sustainable. It's not differentiated, but it is more generic and necessary in some markets to get into the higher-end markets.

• (1550)

**Mr. Ryan Leef:** The Atlantic coast seems to be the area that's probably going to enjoy the largest initial benefits of the CETA deal in terms of fisheries. You did touch on it, but maybe you could expand on the growth potential of the Pacific region to catch on to CETA.

**Mr. David Bevan:** The Atlantic has products with some of the highest levels of tariffs, so that's why they're going to benefit. When you look at shrimp and other products like processed lobsters, there is a very high tariff applied to them. In B.C., the benefits will be a little bit less because the level of tariffs applied to their products is somewhat lower than the highest. High levels of tariffs are applied to some processed forms of salmon, so they'll benefit. There will be a possible benefit for smoked salmon and processed salmon.

Really, if you have a product form with a low-level tariff now, then obviously free access will mean a smaller increment than if you have a product form to which a very high level of tariff is applied. Certainly, if you're selling something with a 10% or 20% tariff, that's of huge benefit.

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

Mr. Cleary.

**Mr. Ryan Cleary (St. John's South—Mount Pearl, NDP):** Thank you, Mr. Chair.

Thank you to the witnesses.

In Newfoundland and Labrador this trade deal is generally seen as a good trade deal. I know when I was a young journalist covering the fisheries for years that shrimp tariffs, for example, into the EU were incredibly detrimental to our seafood industry. We have the association representing seafood processors, we have the Fish, Food and Allied Workers union representing fishermen, plant workers, and trawlermen, we also have the Province of Newfoundland and Labrador and the Kathy Dunderdale administration all behind this trade deal.

On the one hand, we've been asked to give up minimum processing requirements for a whole host of species. We have provincial legislation, as you know, that basically outlines minimum processing for various species which had to be adhered to. Those minimum processing requirements will be lifted, which some critics have a problem with, but most people generally, across the board, are in favour of that. At the same time we're getting reports out of the European Union that this deal is being billed as good for European processors because they will get access to Canadian fish, to Newfoundland and Labrador fish, which makes some people in my province of Newfoundland and Labrador wary.

A compensation package has been announced to the tune of \$400 million: \$120 million from the province and \$280 million from the Government of Canada. It's been described as a compensation package. I've also heard it described as a way for the province, the industry, to prepare for access into the EU market. Would you describe the \$280 million as a compensation package or as a package to prepare for access into the EU? The second part to this question is, do you have a breakdown on what the \$280 million will be spent on specifically?

**Mr. David Bevan:** On the latter, I don't. DFO is not involved in the administration of that fund and it hasn't been involved in the discussions leading up to the announcement. It's really outside of our —

**Mr. Ryan Cleary:** Which department is that?

**Mr. David Bevan:** The Department of Fisheries has not been involved in the —

**Mr. Ryan Cleary:** But which department is?

**Mr. David Bevan:** Foreign Affairs and Trade, ACOA, and obviously the province. The province must have had some kind of calculation that the fund was necessary, if it went to the federal government to negotiate it.

Unfortunately, I don't have any of that information, nor do I think anyone here does because DFO has not been directly engaged in the discussions leading up to the creation or the administration of the fund.

•(1555)

**Mr. Ryan Cleary:** Okay, that would be handled by international trade. The calculations of how to come up with the \$280-million figure from the federal government's end would have come from international trade.

**Mr. David Bevan:** They would have responded, I presume, to a position put on the table by the province.

**Mr. Ryan Cleary:** You also couldn't say whether this would be... In terms of your adjective, would this be a "compensation" package, or is this a "tee-up" package?

**Mr. David Bevan:** Again, I don't know the answer to that.

We were not aware of it until the announcement took place. We haven't been involved in any of the lead-up to it. We are not really in a position to tell you if it's a compensation, a preparation, or what the nature of the use of the fund would be.

**Mr. Ryan Cleary:** I ask this question because I don't have the answer. Is that unusual, the fact that the federal Department of

Fisheries and Oceans isn't involved in a \$280-million package for the Newfoundland and Labrador fisheries?

**Mr. David Bevan:** It's a fish-processing industry. That's a provincial jurisdiction. We aren't involved in the management of the processing. We work in partnership with provinces, because it's obviously a continuum of the fishing industry, but no, we weren't engaged in this. It was part of a negotiation internal to Canada, to pave the way to get the deal, but we weren't a part of that process.

I don't think it's unusual for a department where it's not directly involved. We have no real business in the processing side. To get the arrangement with CETA, that was up to Trade. To administer the fund is up to ACOA. We don't have the authorities to administer a fund of that nature.

**Mr. Ryan Cleary:** Thank you.

I have a question as well about production costs.

I had one particular conversation with Earle McCurdy, head of the Fish, Food and Allied Workers union, Newfoundland and Labrador. I asked him about production costs in the European Union and whether or not there was a fear, because production costs are lower in the European Union, that may mean that... Again, there are these reports out of the EU about access, the Europeans are lauding this potential access to Canadian fish, the production costs in the EU, in countries, for example like Spain and Portugal... Is there any fear that the lower production costs there could undermine what's left of our fish plants, of our processing facilities in Newfoundland and Labrador?

**Mr. David Bevan:** Production costs probably vary quite considerably across the EU. The expertise would also vary in terms of what they're good at processing.

Shrimp is processed farther north, where production costs can't be any less expensive than those in Newfoundland and Labrador. There also is the issue of transportation and product form, etc. That will come out, I would expect.

I also note that minimum processing requirements were not ubiquitous to all jurisdictions in Atlantic Canada. You don't see any significant product movement in a raw form out of Atlantic Canada to the EU, to be processed there into a different form. We see fish going to the EU in a fairly unprocessed way, but that's because it goes to the retail, where its value is higher in the marketplace for a whole small fish, for example. That would be a different issue from going to be further processed.

**Mr. Ryan Cleary:** Thank you very much.

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

Mr. Sopuck.

**Mr. Robert Sopuck (Dauphin—Swan River—Marquette, CPC):** Thank you, Mr. Chairman.

Yesterday I had the pleasure of meeting with a gentleman you might know, Mr. Eldred Woodford, from the Canadian Sealers Association. Even though I'm a Manitoba MP, I did that in my capacity as chair of the Conservative hunting and angling caucus.

As you know, a couple of days ago was fur day on the Hill. The sealers were prominently represented. I am now the proud possessor of a sealskin wallet, which I'll cherish for a long time.

Of course the WTO decision not to overturn the EU ban was the significant topic of discussion there. Can you elaborate on that and on what the department is planning to do? Will you be working with foreign affairs and international trade? Do you have a desk set up to provide information to the powers that be so we can appeal it? Could you give me an idea of what your process is?

**Mr. David Bevan:** I think the decision has been made to appeal it.

**Mr. Robert Sopuck:** Okay.

**Mr. David Bevan:** The problem with the decision, from our perspective, is that it says there is obvious discrimination, it's not fair, but they justified that infringement based on the fact there was a moral issue. That's very vague indeed, and how would that apply on all sorts of other products?

That is a concern, not just from the seals issue. Obviously, it's a serious concern because we haven't got access to the market, but it's also a concern on a whole range of products. If you're using that kind of a logic—if I can call it logic, because I'm not sure I would agree with that—if you're using that reason, then it could be applied too broadly, and I think we would want to have that narrowed down.

•(1600)

**Mr. Tim Angus (Acting Director General of External Relations, International Trade and Market, Department of Fisheries and Oceans):** I think as well we're working quite closely with industry and with like-minded partners internationally, such as Norway. We endeavour to correct misinformation through communications as well, but DFATD is the lead on the actual appeal which needs to be filed by the 24th.

**Mr. Robert Sopuck:** As somebody in a previous life as a hunting advocate, as a newspaper columnist, who has fought the animal rights battles for many years, I think we delude ourselves when we think that all these people are concerned about is the humane treatment of seals, and as long as we do it right, everything's going to be fine. They want to put the sealing industry out of business, and we should never forget what those groups are all about.

Have you had the opportunity to discuss the precedent-setting nature of this ruling with colleagues in other departments, such as Natural Resources, Agriculture, and so on? My guess is those other departments that deal with other resource industries are not really aware of the precedents, the dangers of this particular WTO move.

**Mr. Ryan Cleary:** A point of order, Mr. Chair, with all due respect to the member opposite, this line of questioning has nothing to do with CETA. This is world trade.

**The Chair:** Sorry, that's what the business was today. It was on CETA and WTO, the seal issue.

**Mr. Ryan Cleary:** Oh, I thought it was just specifically on seal. My apologies.

**The Chair:** The committee discussed this on Tuesday and their decision was to have officials here to discuss both issues, Mr. Cleary.

**Mr. Ryan Cleary:** My apologies.

**The Chair:** Mr. MacAulay.

**Hon. Lawrence MacAulay (Cardigan, Lib.):** My understanding was that we were supposed to be able to ask seal questions.

**The Chair:** Thank you.

Mr. Sopuck, please continue.

**Mr. Robert Sopuck:** Go ahead.

**Mr. David Bevan:** We're flustering their inquiry.

Other departments are watching this very carefully. It's one thing when it's a seal ban; it's another when the rationale is very general. That's caused a lot of concern. It has caused concern with international trade, but it has also caused concern with other departments because it could apply to products they are responsible for, and therefore, everybody's paying a lot of attention.

**Mr. Robert Sopuck:** Okay. I really appreciate this.

One of the things that has come out, I guess, is that some European countries have humane treatment of fish and wildlife and crustacean rules.

How do you humanely treat a lobster? How can we deal with those kinds of criteria that some European countries have?

**Mr. David Bevan:** Some European countries may establish requirements for how you handle them in their country. That's their prerogative.

We would argue that given the fact a lobster has a pretty rudimentary neural system, they would not be aware of what's going on, but we also don't think we're going to be mistreating products that are still alive on their way to market, because quality counts—

**Mr. Robert Sopuck:** Sure.

**Mr. David Bevan:** —and quality would not be sustained if you're not taking care of the animals you're exporting.

**Mr. Robert Sopuck:** Okay.

Manitoba's my home and I have a number of commercial fishermen in my constituency. From a freshwater commercial fishing perspective, Manitoba's probably number one, outside the Great Lakes areas.

What are the ramifications of CETA for freshwater commercial fisheries?

**Mr. David Bevan:** CETA didn't take into consideration the freshwater, so there's no exemption under CETA, on the one hand. On the other hand, there's not a lot of interest either, I would say.

John, do you want to elaborate on that?

**Mr. John Campbell (Director, Aquaculture Policy and Regulatory Initiatives, Department of Fisheries and Oceans):** Most of the freshwater products would have been covered and gone immediate duty-free already. They are part of the 360 package tariff lines that are there. In the 17 that are remaining, there are no freshwater products as far as I can tell.

**Mr. Robert Sopuck:** On the issue of aquaculture, are fish and seafood products produced by the aquaculture industry? What ramifications does CETA have for that industry?

• (1605)

**Mr. David Bevan:** They are considered to be fish under this agreement, and therefore would be subject to the same tariff relief as everything else.

**Mr. Robert Sopuck:** Would that apply to all the other products, such as mussels and oysters?

**Mr. David Bevan:** That's correct.

**Mr. Robert Sopuck:** Okay, great, that's fine.

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

Mr. MacAulay.

**Hon. Lawrence MacAulay:** Thank you very much, Mr. Chair.

I want to welcome the witnesses.

Mr. Bevan, was the seal industry and the export of seals to the EU ever part of the trade package? If not, it's amazing to me, looking at the situation that we have in this country in the sealing industry, that it would not be part of that package.

**Mr. David Bevan:** It wasn't part of it. It was a separate process being conducted under the WTO, so we didn't ask—

**Hon. Lawrence MacAulay:** No, the EU trade deal itself wouldn't be under the WTO. We left it to the WTO to make the ruling. When you're finished I'd like you to explain just what this ruling means. If we win it, what does that mean? Do we have to do it every year, and what exactly are we appealing?

**Mr. David Bevan:** We're appealing the rationale for the ruling, the application of moral reasons to allow an unfair, discriminatory trade practice.

**Hon. Lawrence MacAulay:** You have indicated that this is not consistent with international law, or you would expect that we would win it.

**Mr. David Bevan:** I indicated that we're concerned about the very subjective reason for allowing the discriminatory practice. It's not just about seals at this point; it's a much broader concern.

**Hon. Lawrence MacAulay:** Oh, I agree it's much broader.

**Mr. David Bevan:** Yes.

**Hon. Lawrence MacAulay:** It's a lot broader. If it happens to continue down this path, everything that's caged or produced en masse will be a big problem.

So it was never part of the package at all.

**Mr. John Campbell:** No, from the outset of the CETA negotiations, the seals case was set aside. We were hoping to find other ways to resolve it, through diplomacy, through other efforts; however, that never did happen. We did have to go forward with the WTO case.

From the beginning, the Prime Minister said outright that we have trade disruptions in various places, not only in seals, but in other areas of Canada-EU trade, and therefore, we were capable of moving ahead with the CETA deal, and we were hoping that this would be resolved diplomatically.

**Hon. Lawrence MacAulay:** You were hoping it would be resolved diplomatically, when the EU itself has a seal hunt and they're not allowing our seal products to enter the EU, and we still think we can negotiate a deal when we've just completed a massive trade deal.

**Mr. David Bevan:** Clearly, the trade deal is going to be very good for the Canadian fishing industry.

**Hon. Lawrence MacAulay:** I agree, and a great place for this to be discussed.

**Mr. David Bevan:** The process we're following on the seal issue is through the WTO. It's a trade issue that we are concerned about, and we're now concerned about the rationale used by the WTO on the last decision. In the event that we are successful on appeal, that would then lead us to a different dialogue with the EU, relevant to market access and remedies, and so on.

**Hon. Lawrence MacAulay:** Let's say you do win the WTO appeal and the EU decides they're still going to play unfairly, I think, as Mr. Sopuck has indicated. They're not going to let us export seal products into their countries. What happens then to the countries that do not allow the seal products to enter their country? What kind of a penalty do they pay? How often do we have to go to the WTO to deal with this ruling? Couldn't this happen again down the road?

**Mr. David Bevan:** I couldn't prejudge what's going to happen in the decisions of an independent body like the WTO. There are rules as to the consequences if you're found to be inconsistent with international trade. Canada will then be able to take actions commensurate with the scale of the problem that we have to impede trade coming in from the EU. How that would work under CETA, I can't say. I'm not an expert in international trade.

• (1610)

**Hon. Lawrence MacAulay:** Were you involved or was the Department of Fisheries and Oceans involved in...? There was much made about a trip to China and that we were going to establish seal markets in China. Then we established nothing. Were you involved in this, or was there any proposal made to China or not?

**Mr. David Bevan:** There were proposals made to China regarding seal meat. There was an arrangement made that we would have certain certification processes and health and safety processes put in place to gain access to the market. Those are still being worked out.

**Hon. Lawrence MacAulay:** You would have to agree that we're not gaining ground; we're losing ground fast. We've lost markets in the United States, Mexico, China, Russia, and the EU.

**Mr. David Bevan:** Certainly that's a concern we all have with respect to the market access. Having the product is no good without the market access, and that is definitely our preoccupation, to try to get those markets opened up.

**Hon. Lawrence MacAulay:** Is there a more monitored seal hunt in the world than the Canadian seal hunt? I think we've been very open.



**Mr. David Bevan:** Yes, we have been open. We've allowed observers. We've had considerable monitoring. We know we have a very strong resource, etc. Is it the best in the world? It's very good. As far as a commercial hunt is concerned, it's probably up there. I'm not aware of any hunt of the scale of Canada's that is monitored to the same degree, anywhere around the world. There are small hunts elsewhere that may be well monitored, just nothing on the scale of Canada's.

**Hon. Lawrence MacAulay:** Wouldn't you think it would be difficult.... I've never discussed a country-to-country trade negotiation, but it would seem to me very difficult for one country or one community of countries to say you cannot do something when in fact they're doing it themselves. I'm certainly indicating the seal hunt. They have one themselves. We have one that's monitored carefully. We have veterinarians on the ice. Perhaps we were too open. It's on TV.

**Mr. David Bevan:** We have the Charter of Rights and Freedoms

**Hon. Lawrence MacAulay:** Oh, right.

**Mr. David Bevan:** —that allows people the opportunity to move, freedom to travel. That means we did not have any authority to impede their ability to travel to the ice and to observe the hunt.

**Hon. Lawrence MacAulay:** [*Inaudible—Editor*]...about it.

**Mr. David Bevan:** We definitely put in controls, but we could not do more than what we did.

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

Mr. Donnelly, we'll move to a five-minute round now.

**Mr. Fin Donnelly (New Westminster—Coquitlam, NDP):** Thank you, Mr. Chair.

Good afternoon to our witnesses.

My first question is with regard to imports. There's been a lot of talk about Canadian exports going into the European market, opening up new markets. I'm curious about the impact of European fisheries products coming into the Canadian market and what impact that might have on our existing markets.

**Mr. David Bevan:** I don't think there's a lot to be concerned about. Unfortunately, Canadians are not large consumers of fish. On a per capita basis, we're in the range of around 15 pounds per year. The Iberians—Portuguese and Spanish—would consume about 10 times more per person than that, so that's a big market. It's not just a big market in terms of 500 million people; it's a big market in terms of the fact that northern Europeans, as well as southern Europeans, have a tendency to eat a lot more fish than we eat.

Therefore, I think we're going to continue to be a country that exports 85% of our products, rather than being a big importer. We import shrimp, generally aquaculture shrimp, and we import tuna. We import products of that nature. We are not a big importer of other types of fish. I think the flow of fish will go in our favour.

•(1615)

**Mr. Fin Donnelly:** You see it more as additional choice for consumers that won't displace any current fishery products.

**Mr. David Bevan:** No, I don't think it'll displace Canadian products from the market. I think, because of the fact that they eat so

much more than we do and now we have equitable play in terms of those tariffs, the problem may be that more fish will go to Europeans and there'll be less available for Canadians. I don't think there'll be a problem with the Europeans displacing Canadians in their own market.

**Mr. Fin Donnelly:** Turning to eco-certification, I have three quick questions that maybe you could answer in the remaining time that I have.

I'm curious whether DFO will be encouraging Canadian fisheries to obtain eco-certification in preparation of the ratification of this trade agreement. I'm also curious about whether you would provide support, and what kind of support, to the fisheries in this effort to move to certification. Finally, does eco-certification apply to the aquaculture industry?

**Mr. David Bevan:** Work was done by the department with the aquaculture industry on organic labelling and on the certification process. That work was done. We are already seeing that the fisheries that are of great importance to the European market have already sought, and obtained in many cases, eco-certification. The shrimp fishery and some of the lobster fishing areas are now actively engaging in getting their eco-certification.

We support it, not with money or anything of that nature, but rather with our management. We provide advice, information, and clarity to the certifying body as to how we manage the fishery. Generally, our management is such that they get certification, with some exceptions I would say.

For lobster certification, there will be a need for some of the practices in some of the LFAs to change, and they have been modified recently to make sure that at least half the females get a chance to reproduce before they are caught.

There has been work done by the department in conjunction with the industry, which has already sought certification for many of the products that are going to benefit from the dropping of the tariffs. I think we are well positioned in that regard.

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

Mr. Kamp.

**Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC):** Thank you, Mr. Chair.

I have just one question and then I'll pass it over to Mr. Sopuck, who has a follow-up question.

If I understood your comments earlier, you were anticipating that when most of the tariffs were removed at the time of coming into force, and all of them within seven years, the primary benefit for seafood producers that export from Canada into the EU is that they wouldn't have to pay the tariffs and so they'd have more profit.

I just wonder if you think that will be the primary benefit. Will they keep their prices the same and just pocket the tariff money, or do you think that will be a mechanism for them to gain more of the market?

The follow-up question would be, if they do that, could we anticipate any sort of action from domestic retailers, for example, in the EU, and any sort of quasi-protectionist activities in order to protect their share of the market if they see the Canadians coming in with their now lower-priced products to take away their market share?

**Mr. David Bevan:** I certainly hope our products don't drop in price and that the benefit of the tariff being removed will be passed on to the European consumer. It's a 10% add-on in general terms to the bottom line of companies, so it's a possibility that the simplest way you could look at it is it's added to their profit. If the prices to consumers in Europe remain the same, that could be added to the profit of Canadian companies. I hope that is not where it stops and that we don't compete the price down, Canadian against Canadian, to lower the price in Europe as a result of the removal of the tariffs. Those would be unfortunate outcomes, because it doesn't deal with what is available. They wouldn't be taking advantage of the opportunity.

Ideally, that money would put us back in the situation where we would be as competitive as other parts of the EU or other parts of Europe, with Greenland shrimp, etc. We'd be back into a competitive position and we could have our businesses form partnerships with European retailers, with European companies, to maximize the benefits to Canada.

The worst outcome would be to take the benefit that's available and then lowball each other to remove the benefit and provide a cheaper product to the EU consumer. That would be very unfortunate. One hopes there is no way that's going to happen and that they'll use the level playing field to form a different business relationship with the retailers in Europe and take full advantage of the opportunities that will be presented by this trade deal.

● (1620)

**Mr. Randy Kamp:** Thank you.

**Mr. Robert Sopuck:** Thanks.

I want to go back to the Chinese market for a minute. The overall fur trade in Canada is now in the \$750 million a year export range, and from 2000 to 2012 growth in fur exports increased by 300%, and prices have skyrocketed for most fur species. Why hasn't seal fur been able to "ride the coattails" of the other fur products in China and see a similar expansion in Chinese purchases?

**Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC):** Did you say "ride the coattails"?

**An hon. member:** I think he did. It's a little metaphor.

**Mr. David Bevan:** The arrangements we were looking at with China were based on meat and oils, so I think the pelts were already getting access.

I will turn to some of my colleagues.

What's the status on the pelt market in China? Do they still have access?

**Mr. Tim Angus:** Yes, pelts are permitted. As Mr. Bevan alluded, there was an agreement on products initialled in 2011, but pelts are permitted.

**Mr. Robert Sopuck:** Are seal pelt prices in China quite high? What's the price per pelt?

**Mr. Tim Angus:** I'd have to get back to you on that to provide a reliable response.

**Mr. Robert Sopuck:** I think that it would have seen a similar price rise. Muskrats, for example, five years ago went from \$1.50 to \$13.00, which is a ridiculous rise in price. Why haven't we seen a similar rise in price—or perhaps we have—in seal pelts?

**Mr. David Bevan:** I guess it's a supply and demand issue. At one point a few years back, pelts were being sold into the market for \$100. They're back down to considerably less than that. That was the price for a sealer. We've just seen that the restriction on market access is not commensurate with...that's dropped our markets below the supply, and we all know what happens there.

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

Go ahead, Mr. Toone.

**Mr. Philip Toone (Gaspésie—Îles-de-la-Madeleine, NDP):** Thank you, Mr. Chair.

If we can get back to some more questions on seals, during the negotiations on free trade with Europe, did DFAIT ever ask Fisheries and Oceans what their position was? Did Fisheries and Oceans ever produce any reports for our trade negotiators?

**Mr. David Bevan:** We provided a lot of data relevant to the seal population, seal hunt practices, how we monitored it, how we manage it, the humaneness of it, the changes to the marine mammal regulations, the three-step process, etc. Part of the discussions was whether or not it would be separated from the CETA and handled under a separate process, but at the end of the day, that's a decision of the Government of Canada as to how it was going to be linked or not to CETA and whether or not we would want to lump it in or have a separate process.

If we didn't have a separate process, then it's not clear what the outcome would have been. Certainly, we still have rules that are going to be interpreted by the WTO that we would like to appeal to a higher level. We were engaged in the consultations, but at the end of the day, that's a decision of the Government of Canada relevant to the overall benefits and the consequences, or the issue on seals and how it's being handled separately.

● (1625)

**Mr. Philip Toone:** Did the information you provided to DFAIT include any elements regarding marketability of the seal products? Did it discuss, for instance, omega-3 oils and any interest there might be in the European market for that product?

**Mr. David Bevan:** They are fully aware of everything to do with seals, because they're the ones leading the WTO issue. They're the ones making the case. They've been aware of all the details of the seal industry, the nature of it, how it's controlled, what the products are, etc.

**Mr. Philip Toone:** When was the last time that DFAIT actually made a request for information from DFO regarding using seal products?

**Mr. Tim Angus:** We're in constant contact in terms of providing information to DFAIT. They know, for example, that between 2004 and 2010, we exported \$70 million in seal products to 35 countries. Obviously, as Mr. Bevan remarked, the market has fallen off somewhat, although the landed value for this year has come back a little bit, which is a positive sign.

We're in constant contact with them, and they are aware of the facts. We share information with them on an ongoing basis. We have to be in close cooperation to correct the misinformation that's purveyed by some animal rights groups.

**Mr. Philip Toone:** In an analogous situation, are there any discussions going on with the Trans-Pacific Partnership regarding marketability of seal product?

**Mr. David Bevan:** I don't know.

**Mr. Tim Angus:** Not that I'm aware of.

**Mr. Philip Toone:** DFAIT has not made any requests in that regard.

**Mr. David Bevan:** Apparently it's not an issue with them.

**Mr. Philip Toone:** China has put an embargo on our products, as has Taiwan, and other jurisdictions are thinking of doing the same.

**Mr. John Campbell:** China is not part of the TPP negotiations.

**Mr. Philip Toone:** With regard to any partner that might be in the TPP, we're not worried that they might also put in an embargo.

**Mr. John Campbell:** It hasn't come up in the negotiations thus far. It's difficult to forecast.

**Mr. Philip Toone:** Okay.

On another line of questioning, Royal Greenland lands an awful lot of product in Quebec. There have been a lot of questions regarding traceability in its products.

How is the trade deal going to impact the traceability of products that are brought in or are privately labelled through Royal Greenland's plants in Quebec?

**Mr. David Bevan:** They're going to have to adhere to the origin rules. They're going to have to identify the origin as per the origin rules under the CETA.

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

Mr. Leef.

**Mr. Ryan Leef:** Thank you, Mr. Chair.

I had asked a question in the first committee we had on CETA around aquaculture and eggs, and the sale of eggs.

Is that all contained within the CETA as well?

**Mr. David Bevan:** There's one caveat that I would make on that.

With respect to sale of eggs, that has to be subject to introductions and transfer committees, and there's a real concern. You don't want to have eggs come in that could impact on the Canadian ecosystem by importation of something with an exotic disease or some other potential risks of that nature. Those would be issues that would still have to be considered.

But a fish is a fish, in terms of CETA. It doesn't matter if it's an aquaculture product or a wild cod. When you're bringing in live

animals of any nature, there's a real concern as to what might be coming with them. Those are very serious. You can never undo a mistake in those kinds of decisions, and you're very careful whenever you're considering those things coming in.

The introduction and transfer committees are made up of us, CFIA, the provinces, etc. Live importations are very carefully scrutinized.

• (1630)

**Mr. Ryan Leef:** With the increased market, you'd assume there would be an increased demand or opportunity for people to hit the resources.

Is there a projected strain on the resources? Is DFO feeling comfortable and capable of managing, both from a biological standpoint, in resource management, to respond to any increase and change, and also on the enforcement aspect of that?

**Mr. David Bevan:** We're confident that we can maintain our controls. If there were to be a huge spike in the value of various species, that would create more pressure. The more valuable it is, the more temptation there is to poach. Hopefully, we're going to see some increase in value, but not enough, I don't think, that would cause us concerns relevant to enforcement.

We already have a sustainable fisheries framework that looks after a number of policies, which helps us to ensure that our products, our stocks, are looked after now and into the future.

That's in place and will be added to, to help improve the system. We are looking at monitoring control and surveillance improvements. We've seen on the west coast, for example, that every single mortality caused by fishing in the mixed stock ground fish fishery is accounted for. There are cameras on every vessel. There are records kept that are linked electronically, so the vessel location is known, the size and species of each fish is known, etc.

We think those kinds of things will allow us to continue to maintain control over the fisheries we're responsible for.

**Mr. Ryan Leef:** Excellent.

When these markets start to open up and there's initial renewed interest in a particular resource as it goes on, from a departmental perspective in the development of CETA, from a fisheries point of view, does it provide the department with some international learning experiences in terms of best practices or regulatory review? What has engaging in this kind of thing done to enhance your department and the people who work in it?

**Mr. David Bevan:** This was a trade arrangement, so it was focused on tariffs and trade access. We've always had information sharing. When we go to something like NAFO, we have relationships with other jurisdictions, and we talk about that. We have international collaborative arrangements.

For example, in the north Pacific, where we have joint operations with the U.S. and Russia, and Japan is now involved in terms of providing bases, there's a lot of sharing of expertise. Our enforcement people get together with counterparts in other countries around those kinds of forums. If they go to ICCAT, they have a chance to sit down and talk to enforcement people from all sorts of jurisdictions. They do that, and they share information and best practices. As we move ahead, if we are, as we pass the coastal fisheries protection act, that will again set up the opportunity to have more of that kind of sharing.

We've attended gatherings of law enforcement people internationally to compare notes, what the problems look like internationally, how they're solving them, how they're addressing them. It's not related to the trade agreement, but it is something that we do.

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

Mr. MacAulay.

**Hon. Lawrence MacAulay:** Thank you, Mr. Chair.

Mr. Bevan, would it be fair to say that the seal industry was sacrificed for the benefit of other industries in this country with the trade deal?

Did I interpret what you said properly or improperly?

**Mr. David Bevan:** I think that would be a stretch, to say the least. I think what we are doing is trying to gain access to markets for the seal industry. We're doing that not just for the EU; we're doing it across the globe.

That's a high priority for us and DFAIT. This particular decision was done in order to maintain our capacity to challenge the EU's ban in the WTO.

• (1635)

**Hon. Lawrence MacAulay:** What you're telling me, then, is that it was a decision of the government, likely, possibly with advice from the department to go the WTO route and not push it on the CETA trade agreement, where I would have to think it would have more clout.

The decision was made that they wouldn't push the seal industry and they would leave it to the WTO to decide. Is that what you're telling me?

**Mr. David Bevan:** That's correct.

**Hon. Lawrence MacAulay:** Well, that's some hard for me to understand.

Can you tell me, was the processing industry in Newfoundland something that the provincial government in Newfoundland was very pleased to give up? Something I read in the last hour or so would tell me that it was not. Was that sacrifice on the table for the benefit of other deals?

The problem I have is that fish seem to get sacrificed too often.

**Mr. David Bevan:** I would point out that fish aren't sacrificed in CETA. Fish will, in fact, be a big beneficiary as a result of the removal of very high tariffs on a number of products. They are not being sacrificed in CETA, but will be a winner as a result of CETA.

Having said that, I was not present at or privy to any discussions that took place between the Province of Newfoundland, which was a part of the process, and the federal government in terms of what went behind the decision of the province to remove the minimal processing.

**Hon. Lawrence MacAulay:** Did you recommend \$280 million of a package, so that it would be a kind of levelling of the playing field, and not know anything about the negotiations? Is that what the situation is?

**Mr. David Bevan:** I have no idea what the discussions were. We were not part of those discussions. We have no jurisdiction in the processing area. We're not privy to whatever discussions led to that arrangement.

**Hon. Lawrence MacAulay:** I think you and I are fully aware you do everything possible to help the fishing industry. You have to go. The government leads the way. I understand how the bureaucracy works.

Should more funding be put into advertising as to how we handle the seal industry in this country? I'd like you to touch on looking at the problem of what takes place in the media worldwide on butchering whitecoats cruelly and all that.

**Mr. David Bevan:** Clearly, we're up against some pretty well-funded campaigns, between the IFAW and the HSUS.

**Hon. Lawrence MacAulay:** Why is it only us?

**Mr. David Bevan:** Namibia has a seal hunt as well. I don't know if they've just chosen us. They've ignored Greenland, which isn't insubstantial. It's a big hunt there too. They've ignored that one. That hunt has been exempted from the ban even though it can get very large. The campaign has chosen Canada because we're the best and biggest target.

**Hon. Lawrence MacAulay:** That of course could take me back to the trade deal, but we're by that and the decision was made.

Do you believe the community adjustment fund, which the Department of Fisheries and Oceans was part of, should be re-established, re-funded? Has it done a lot to assist the fishing industry in general? I'm looking at the lobster industry, in particular. I appreciate what you said about the 10%, and hopefully it'll go to the companies. I hope it goes to the fishermen.

My concern is that they're selling fish and they have an extra profit of 10% to deal with. The company is going to buy the fish they get the cheapest, no doubt the best product. Is there any way of stopping that?

**Mr. David Bevan:** Again, as you're aware, we are focused on our core. Our core is management of the fisheries in a sustainable way. We are pleased to provide that assurance to a certifying body so they can be eco-certified, etc.

We did get engaged in the Atlantic lobster industry process. That was focused on moving, in partnership with the industry and with the provinces, to further enhance the sustainability of lobsters. There's almost invariably an increase in carapace size associated with those kinds of arrangements. That has helped generate better circumstances for that industry in terms of sustainability. It should have done something, and generally did. Generally, the gross earnings for most of the LFAs went up because fewer fishermen were going after the same or better catches and it was distributed less widely.

We did focus on the fish management side of it. DFO hasn't done anything relevant to communities because that's not our core mandate. Indeed, right now we don't have any authorities for that kind of activity.

• (1640)

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

Mr. Cleary.

**Mr. Ryan Cleary:** I didn't realize I had another round, but I always have more questions.

**The Chair:** Your colleague put you on the list, I guess.

**Mr. Ryan Cleary:** Let me follow on a question that Mr. MacAulay asked. I'm looking for a clearer answer.

The question that's been raised back in Newfoundland and Labrador is why the issue of seals wasn't made a make-or-break issue at the CETA talks.

**Mr. David Bevan:** Again, I think the decision was made to separate it, to continue our challenge, and not have it subject to being negotiated off the table as a result of CETA.

**Mr. Ryan Cleary:** Critics at home would say that the fact it wasn't left on the table as a make-or-break issue looks as though the seal industry was sacrificed.

**Mr. David Bevan:** I think you have to look at it from both sides of that question. If you put it on the table as a make-or-break issue, what would happen? Would we forgo all those millions of dollars or not? By keeping it separate, it allows us to continue our challenge, that process, without having it subject to the CETA, subject to the arrangement, or subject to having everybody looking at it from the total and putting on that equation.

The decision was made that we'd be better all around to move ahead on CETA and keep our flexibility to move with a challenge to the European ban through the WTO.

**Mr. Ryan Cleary:** I understand what you're saying, Mr. Bevan, and there are two ways to look at that. You're absolutely right. From Newfoundland and Labrador's perspective some people would say that it was a sacrifice because it wasn't a make-or-break issue.

I'll bring you back to another question I asked in my initial round. I asked you questions about the \$280 million of federal money that was announced as compensation for the trade deal and the lifting of minimum processing requirements. A lot of people were surprised. I use the word "surprised", but the fact is that when that news conference was held by the Premier of Newfoundland and Labrador to announce this \$400-million package, \$280 million from the federal government, there was no federal representation at that news conference.

Again, I have to ask you this. DFO is responsible for the harvesting sector of the fisheries. The fact is that \$280 million has been set aside, apparently by the federal government, to help poise our industry to capitalize on this trade deal, and DFO, the department that's responsible for this, doesn't know anything about where the \$280 million is being spent. Again, I have to ask, isn't that unusual?

**Mr. David Bevan:** It's not being spent on managing the fishery; it's being spent on a provincial jurisdiction. That's why we are not involved in it. That was done between the federal government and the province. Again, if you wanted to call a provincial witness, they might have that information.

**Mr. Ryan Cleary:** I'm sorry to interrupt, Mr. Bevan.

Mr. Chair, I'd like to read my notice of motion that I mentioned a couple of meetings ago.

The motion is:

That the Standing Committee on Fisheries and Oceans undertake a study on the impacts of the elimination of Minimum Processing Requirements in Newfoundland and Labrador as a condition of the Comprehensive Economic and Trade Agreement, CETA, and that the Committee report to the House on its findings.

**The Chair:** Are you moving that motion, Mr. Cleary?

**Mr. Ryan Cleary:** I'd like to move that.

**The Chair:** Thank you.

It's been moved by Mr. Cleary:

That the Standing Committee on Fisheries and Oceans undertake a study on the impacts of the elimination of Minimum Processing Requirements in Newfoundland and Labrador as a condition of the Comprehensive Economic and Trade Agreement, CETA, and that the Committee report to the House on its findings.

On the motion, Mr. Cleary.

• (1645)

**Mr. Ryan Cleary:** I'll speak to the motion for a moment.

As I noted in my questions to Mr. Bevan and the delegation from the federal Department of Fisheries and Oceans, all sides at home in Newfoundland and Labrador, from the processors, the fish plant operator, the Fish, Food and Allied Workers union to the Province of Newfoundland and Labrador have come out and said that they are in agreement with this deal.

There are definite positives and they're undeniable. The fact that these tariffs are being lifted is something which the industry has called for, for decades. The positives are undeniable. but the negatives are also there, especially when you hear the media play, again out of the European Union, where they're lauding this deal, saying that it's going to give EU countries and processors access to Canadian fish. When we hear that kind of media play coming out of the EU, that causes real concern. It also causes us concern, as I asked you a few moments ago, in terms of the \$280 million, and the fact that the federal department responsible for the harvesting, for our fishing industry, is not aware of what the \$280 million will be spent on. I find that unusual.

There's no doubt that the lifting of minimum processing requirements has been in place—again, it's provincial legislation—in Newfoundland and Labrador for years. The lifting of those minimum processing requirements will have an impact on the processing sector, but what's not clear is what the impact will be. How many jobs will be lost? Will processing jobs be lost? The answer to that seems to be yes. The number of jobs is not known and nobody seems to be able to answer that.

The point has been made that the processing sector falls within provincial jurisdiction, and it does, but the lifting of minimum processing requirements is a result of this federal trade deal. From my perspective, this may be provincial jurisdiction, but again, the federal government has a role in this.

I'm speaking from the perspective of someone who's been involved in covering the fishing industry for the better part of 20 years. It's been 21 years now since we had a moratorium on northern cod. For the first time in 500 years, back in 1992, we saw the shutdown of our fishing industry. It's now 21 years after—

**Mrs. Patricia Davidson (Sarnia—Lambton, CPC):** On a point of order and a point of clarification, are we discussing the motion that's on the table, or are we still questioning the witnesses?

**The Chair:** We're discussing the motion that's on the table.

**Mrs. Patricia Davidson:** It appears to me as though the questions are being put to the witnesses.

**The Chair:** They're not going to answer the questions that are being put to them, Ms. Davidson. I would assume Mr. Cleary has put them in a rhetorical sense to make his point. I assure you, they're not going to answer the questions that are put. This is a debate now on the motion that's before this committee.

Ms. Davidson.

**Mrs. Patricia Davidson:** Do I have the floor?

**The Chair:** No, Mr. Cleary has the floor. Your point of order is over.

Mr. Cleary, the floor is still yours.

**Mr. Ryan Cleary:** Mr. Chair, to sum up, it's been 21 years since the first of our groundfish fisheries was shut down with a commercial moratorium, and there is no recovery plan. What's missing from our industry is any kind of long-term vision for the groundfish fishery of Newfoundland and Labrador.

Now we're lifting minimum processing requirements, which is one piece of the puzzle. What astounds me and what I can't figure out is that for a lot of people at home, the question that's been raised is how this one piece of the puzzle will fit into the big picture. We have an absence of a long-term vision. We have no recovery plan, and now we're lifting minimum processing requirements. People don't see how this is going to shake out in terms of the future of our fishery.

In that light, I ask that we undertake the study.

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

Mr. Kamp.

**Mr. Randy Kamp:** Mr. Chair, I do have some things to say about the motion, but now that I have the floor, even though this is a very positive issue for the Government of Canada, I think that in fairness we should follow our usual practice when we're talking about future committee business, and we should go in camera.

I so move.

● (1650)

**The Chair:** It's been moved by Mr. Kamp that the committee go in camera.

**Mr. Philip Toone:** I would ask for a recorded vote.

**The Chair:** We will have a recorded vote.

(Motion agreed to: yeas 6; nays 5)

**The Chair:** We will suspend while we go in camera.

We thank the officials for being here today. We really do appreciate it. Thank you.

*[Proceedings continue in camera]*









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