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The Honourable Mark Eyking

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• (0850)

[English]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good morning, everybody.

This is our second information meeting. As you know, the other day the department did a really good job of putting forward a snapshot of where Canada and the world are on trade. Of course, the big one on our plate coming up is the TPP. That's why we have committed one full day for the TPP.

We're not going to use our whole two hours on TPP. We'll probably go, if everybody's in agreement, as we did on Tuesday. If we do a couple of rounds, and everybody feels sufficient with that, then we'll do a little bit of future business and we'll talk about where we'll be going on Tuesday.

We will start this meeting with Kirsten Hillman.

It's good to see you again. The floor is yours. There's no set time. It worked out well the other day. If it's 10 minutes or 15 minutes, take whatever time you need, and then away we'll go. Thank you for coming.

Ms. Kirsten Hillman (Acting Assistant Deputy Minister, Trade Agreements and Negotiations, Department of Foreign Affairs, Trade and Development): Thanks very much.

[Translation]

I am very happy to be here with you again today. I'm Kirsten Hillman, acting assistant deputy minister, Trade Agreements and Negotiations Branch at Global Affairs Canada. I am Canada's chief negotiator for the Trans-Pacific Partnership Agreement. I am here today to provide you with a technical briefing on the TPP Agreement and to answer your questions.

With me from Global Affairs Canada are Dany Carrière, director of the Trans-Pacific Partnership Division and deputy chief negotiator for the TPP; Alison O'Leary, director, Tariff and Goods Market Access Division; Loris Mirella, lead negotiator, Intellectual Property for the TPP. I also have with me several other experts. So if you have very technical questions, I hope we will be well-equipped to answer them.

My presentation this morning will include a brief history of the TPP, information on how the TPP Agreement is structured, and finally I will talk about the next steps for Canada, including the consultation process that is already underway. I will begin with the background.

The TPP builds on the Trans-Pacific Strategic Economic Partnership Agreement, also known as the P4, between Brunei Darussalam, Chile, New Zealand and Singapore, which entered into force in 2006. Beginning in January 2008, additional countries joined in the discussion. In March 2010, a new round of negotiations was launched when Australia, Peru, Singapore, Vietnam and the United States joined the partnership and renamed it the Trans-Pacific Partnership Agreement.

Later that year, the TPP membership grew to nine countries with the participation of Malaysia. Canada, along with Mexico, joined the negotiations on October 8, 2012, in time to participate in the 15th round of negotiations. And finally, Japan joined in July 2013.

After three TPP leaders' meetings, 10 meetings with TPP ministers and more than 20 negotiating meetings since Canada joined, the TPP negotiations concluded on October 5, 2015, in Atlanta. The official signing ceremony of the TPP Agreement took place on February 4 this year, a few weeks ago, in Auckland, New Zealand.

The TPP Agreement covers virtually all aspects of trade among TPP parties. It addresses a range of issues with the goal of facilitating trade within the region. The 12 TPP countries represent 800 million people, with a combined GDP of over CAN \$38.5 trillion, close to 40% of global GDP. It includes a diverse set of countries with differing levels of development.

[English]

Before I turn to the structure of the TPP agreement, let me take a moment to speak to the department's work on the economic impact analysis of the agreement.

We have a preliminary assessment of the impact of the TPP tariff reductions and market openings for trade in goods and services. However, we're dealing here with over 100,000 tariff lines and services obligations among 12 parties. So, finalizing this analysis takes some timing, and we are continuing to work on that.

We're also reviewing the economic analysis of academics and think tanks, and other organizations out there that are looking at the TPP.

Let me now briefly turn to the agreement and provide an overview of the structure of the agreement and the content. The TPP has 30 chapters, and along with its market access schedules, comprises over 6,000 pages. The agreement addresses both tariff and non-tariff barriers to trade in relation to goods. The foundation of all of our trade agreements is market access for goods, and the TPP follows Canada's traditional approach in this regard.

It has a national treatment and market access chapter that includes both standard and new provisions relative to Canada's previous FTAs. Standard provisions include tariff reductions, non-discrimination obligations, and the creation of a committee to discuss issues that arise as a means to solve problems and avoid disputes. The chapter also includes new provisions. For example, the TPP allows producers to seek preferential treatment for remanufactured goods. Remanufacturing is an industrial process that restores end-of-life goods to their original working condition.

There's a chapter on rules of origin and origin procedures that serves to determine when a good is eligible to be considered a TPP good and therefore benefit from the tariff treatment under the agreement. This chapter aims to reflect Canadian production realities, and includes procedures for making claims for preferential treatment that are clear, simple, and similar to those included in Canada's other agreements.

Also important to trade in goods are the chapters on customs administration and trade facilitation that will automate and streamline customs procedures by TPP customs authorities. The rules on sanitary and phytosanitary measures require TPP countries to regulate based on scientific principles, and the chapter on technical barriers to trade requires parties to create a fair and predictable regulatory system that does not create discriminatory barriers to trade. Both of these chapters build on the obligations that all TPP parties have at the World Trade Organization.

Now beyond goods, trade agreements, including the TPP, set out rules in relation to trade in services and investment. In the TPP, these include a cross-border trade in services chapter that opens markets in TPP countries in sectors such as professional services, environmental services, construction services, and research and development.

There's a financial services chapter that deals with banking and insurance services, and includes protections against expropriations and breaches of minimum standard of treatment. There's an investment chapter that sets out investment rules, including a requirement that Canadian investors be treated fairly, equitably, and in a non-discriminatory manner. It also preserves Canada's ability to review foreign investments pursuant to the Investment Canada Act. The chapter also includes an investor-state dispute settlement mechanism for investment disputes.

The temporary entry for business person chapter aims to facilitate the movement of specific high-skilled professional business people among TPP markets that have agreed to those same commitments towards Canada.

The electronic commerce chapter includes rules that are aimed at addressing impediments faced by consumers and businesses that trade in the electronic environment, such as the protection of personal information and consumers when they're trading online. This chapter reflects Canada's domestic regime.

There's also a telecommunications chapter, which includes obligations that are intended to ensure that service suppliers in the telecommunications sector are treated in a fair and objective manner when providing telecommunications services to another TPP country.

The TPP also includes rules on intellectual property, government procurement, competition, state-owned enterprises, labour, environment, and transparency and anti-corruption.

As with all of Canada's trade agreements, the TPP includes a dispute settlement mechanism that sets out a framework for resolving disputes.

The intellectual property chapter is the longest chapter in the TPP, and is divided into sections on co-operation, copyright, enforcement, geographical indications, industrial designs, patents, pharmaceutical patents, and agricultural chemicals. The chapter builds on existing trade agreements, namely the Paris Convention, and the World Trade Organization Doha Agreement on Trade-Related Aspects of Intellectual Property Rights.

● (0855)

The TPP also includes an expanded set of rules to ensure fair terms of competition when state-owned enterprises compete commercially with private companies. The labour chapter includes commitments to ensure that national laws and policies provide protection for fundamental principles and rights at work, including freedom of association, collective bargaining, and the elimination of child labour and forced labour. The environment chapter includes provisions to address global environmental challenges. The labour and environment chapters in the TPP are subject to enforcement using the dispute settlement mechanism of the agreement, a first for Canada.

[*Translation*]

In terms of next steps, according to the terms of the TPP Agreement, countries have two years to complete their domestic ratification process. For Canada, the government is committed to consulting with Canadians and to a full and open public debate in Parliament on the merits of the TPP.

Since November 4, the Government of Canada has held over 200 interactions with nearly 190 different domestic stakeholders—provinces and territories, industry, civil society, think tanks, academics. Global Affairs Canada has also received over 1,000 letters and emails through this consultation process since November 5.

Last month, Minister Freeland and Parliamentary Secretary Lametti visited seven cities across Canada—Edmonton, Vancouver, Montreal, Halifax, Regina, Winnipeg and Quebec City—and met with nearly 100 stakeholders to hear views on the outcomes of the agreement. They met with provincial representatives, women entrepreneurs, innovation firms, farmers, think tanks, representatives from Canada's forestry and wood products sector, unions and auto workers, port authorities, academics, and, of course, business leaders.

Different views have been expressed to date. Almost all stakeholders recognized the importance of signing the agreement, but signing is only a first step. It is not ratification—only ratification brings the agreement into force for Canada.

With regard to ratification, there are diverse views. Some stakeholders are pressing for ratification as soon as possible, while others say that Canada needs to walk away from the agreement. To be more specific, export-oriented Canadian business and industry associations support the agreement; they view the TPP as an opportunity to gain and increase access to priority markets; they also see the TPP as facilitating trade through, for example, the new rules on electronic commerce, state-owned enterprises, investment and intellectual property.

Canada's business sector is diverse however, and criticisms have arisen from Canada's auto sector. Diverse views have also been expressed regarding whether the TPP will have a positive or negative effect on innovation in Canada. These differences speak to the importance of ongoing consultation.

Civil society organizations and unions have raised concerns over the implications of the agreement for Canadian jobs and have raised concerns about the scope and application of the investor-state dispute settlement mechanism and the cost of pharmaceuticals.

Through these consultations, we have learned that Canadians still have a great number of questions remaining about the TPP Agreement. This is a complex agreement that requires time to consider it in its entirety. It is natural and encouraging that Canadians are pressing for more information about the applications of the agreement and how Canadians across all regions and sectors will be affected.

● (0900)

[English]

In conclusion, I'd just like to say that Minister Freeland has often said that signing the agreement was a first step that gave Canada its originating status. Our immediate next step is to continue to seek the views of all Canadians and to support the government's commitment to have an open and public debate, including a parliamentary debate.

Thank you for your attention. I look forward to your questions.

The Chair: Thank you for that overview, Ms. Hillman.

We're going to start the rounds of questioning now. We're going to start with the Conservatives.

Mr. Van Kesteren.

Mr. Dave Van Kesteren (Chatham-Kent—Leamington, CPC): Thank you, Chair.

Thank you again for being here. It's a delight to listen to you, and it certainly does instill confidence in Canadians to see the team that we have representing us at the table. However, as you stated, Ms. Hillman, there are definitely areas that cause concern for Canadians.

I want to speak specifically. The last time you were here, you gave us some examples of how the extraction industry would be advantaged to have this agreement. The area that I represent is in southwestern Ontario. We have a diverse economy there from industry as well as agriculture. Agriculture, at least in my riding, has

become the main industry, but we still have a large imprint at the auto industry. We have a diverse area of agriculture, but we also have the largest collection of greenhouses in North America.

I'm wondering, what can I tell my constituents? What message can I take them that this is a good agreement and that this will be beneficial to them, as well as to the country?

● (0905)

Ms. Kirsten Hillman: Maybe we can take it sector by sector. Or maybe I could start by taking a step back.

There are different things that a trade agreement does for Canadians, and Canadians who are interested in trading, but even in terms of job creation that is a product of Canadian companies and that trade.

The first is the meat and potatoes, if you will, of a trade agreement, which is tariff reduction. Tariff reduction is what we call the goods market access outcomes which allow Canadian products, goods, to be exported to TPP countries at lower rates or zero tariffs. That makes our products more competitive vis-à-vis our competitors in those regions.

Some of the biggest tariff outcomes in this agreement, the most economically valuable, will be in relation to Japan. Japan is an economy that has very high tariffs and has not reduced those tariffs in many years. Even in the context of bilateral FTAs that they're negotiating with other countries, they make very modest changes, in my view, in the areas of primary export to Canada.

In the TPP, however, we have achieved significant benefits into the Japanese market through full tariff elimination on many agricultural products, some phased in over periods of up to 10 years, some more immediate, depending on the sector. We have achieved full tariff elimination for fish and seafood, again in all of the areas that are of interest to Canadian exporters. That's just Japan. There is also the market access into Malaysia, into Vietnam, into these other fast-growing Asian markets that have a middle-class that is far outpacing ours in terms of growth.

The other thing I would say is that the TPP, as I explained in my opening statement, is an agreement that's grown over time during the course of the negotiation, and it is designed to continue to grow. There are many countries that are already very eager to join the agreement, even though it hasn't yet entered into force. What that means is, when those countries enter into the agreement, they too will be committing to tariff elimination. We will have the opportunity to request that of those countries.

Mr. Dave Van Kesteren: I want to go to Japan. That's very interesting. I've been to Japan. I think many of us have been there. It is an interesting country. I think there's 180 million people, so it's a huge market. Of course, we see watermelons being sold for \$12, and we see these little patches of ground where people make a living on an acre.

Let's switch gears here a little bit. What would the advantage be to Japan? They're experiencing some real difficulties at this point. They're having negative interest rates. Their GDP is stagnant. Why is Japan doing this? What guarantee do we have that they will release some of these strangleholds they have on their industries? Why would they do that?

Ms. Kirsten Hillman: Well, I think it comes back to Prime Minister Abe's economic plan, the plan that he ran on and the plan that he was elected on. He remains a strong leader in Japan. It's sort of commonly known as Abenomics, and it included monetary easing, some fiscal reforms, tax reforms, and opening its markets to trade.

What I think Japan has realized is that its neighbours and many of its like-minded countries, as we call them in international affairs, similar G7 countries, have been much more open to international trade, which has allowed their industries to become more competitive, to be more innovative; whereas in Japan and the agriculture sector perhaps in particular, but maybe other sectors.... And this is not my personal view; this is what his vision for the country is, as it has been expressed by Prime Minister Abe, that kind of modernization and openness, which would lead to innovation, is going to be important. The agriculture community, for example, is aging. The rice farmers' average age—and I'm not going to get the actual age right—is not young.

So they need to consider some domestic reforms, and this is part of the three arrows, as they call it, in his economic plan for modernizing and strengthening the Japanese economy.

● (0910)

Mr. Dave Van Kesteren: Is that possibly—

The Chair: Sorry, Mr. Van Kesteren, those were really good opening questions, but your time is up.

We'll have other times.

Now we're going to move over to the Liberals and Mr. Dhaliwal.

Mr. Sukh Dhaliwal (Surrey—Newton, Lib.): Thank you, Mr. Chair.

Thank you again to the panel members.

Ms. Hillman, you were very helpful. Last time I asked you, you said we can have balanced studies. We are fortunate enough to have no softwood lumber issue on the table, and I know Hillmans always make things happen because my original campaign manager was Hillman, and still my adviser and campaign manager is Hillman.

The Chair: You're using up your time there, Mr. Dhaliwal, on self-promotion.

Mr. Sukh Dhaliwal: Oh, sorry.

Getting back to here, Ms. Hillman, in the last two days I was talking to stakeholders about TPP, and all of a sudden this came out: why don't we study other issues side by side? CETA is one of the issues that was raised in the last two days. I would like to hear from you, because as you said, there are people who want to get the TPP ratified right now, others who want to throw it away all of a sudden, and others who probably want to wait.

How would you gauge this, if we have to do CETA and TPP side by side? What are your views on that? I would like to see how important it is.

Ms. Kirsten Hillman: I think the first answer to your question is that they are at different stages with respect to consideration.

The government has committed to finalizing and implementing, finalizing the legal scrub and the translation of the CETA and bringing it into force as soon as possible, and that's articulated in Minister Freeland's mandate letter, and that, as Mr. Verheul was saying the other day when we were here, is well under way and in train.

The TPP is in a different state, and that is because of the fact that it was much more recently concluded. It was concluded for Canada in an election period, and therefore, the government of today has not had a chance, first, to look at it carefully, and second, to hear directly the views of Canadians on it. It may be the case that during the negotiations, I and others have heard those views, but the government is looking to hear those views itself and assess the TPP.

So they're at different stages. I think that, by all means, all of this work can proceed at the same time. It's just different work.

Mr. Sukh Dhaliwal: The way I am hearing it, we still have time to do more consultations on the TPP, even though the minister and the parliamentary secretary were on the road having consultations with the stakeholders. When it comes to CETA, it is a priority for you and for the minister and for Canadians to finish that off. Is that true?

Ms. Kirsten Hillman: Yes, that's absolutely right.

Mr. Sukh Dhaliwal: Are you saying we can spend some time here on that particular agreement? Would you like to see us bringing that forward to the committee?

Ms. Kirsten Hillman: This is your committee. By all means—

Mr. Sukh Dhaliwal: What's your advice? You are an expert. I would like to know. Some of us are new on this committee.

Ms. Kirsten Hillman: I think something that will be important as the CETA is concluded and enters into force is for Canada to make sure we understand how our businesses can take advantage of it. We officials need to make sure we do all the work necessary in supporting all of you and the people you represent in going forward and taking full advantage of what has been negotiated. An agreement is just an agreement. A trade agreement is just an agreement. It sets out basic rules. It sets out some parameters for trade, but businesses need to get out there and use those advantages that have been provided. I think that is something important to consider, and it's something that's important for everyone to work at together.

● (0915)

Mr. Sukh Dhaliwal: When you talked about the TPP, you talked about intellectual property. When it comes to particularly the pharmaceutical industry, what would you like to see done? Will it protect our industry to compete and be more innovative?

Ms. Kirsten Hillman: The intellectual property provisions in the TPP or in the CETA are designed to set a common standard, and to ensure that in the area of pharmaceuticals, or any other area that's covered in that chapter. They're designed to set a common standard so that Canadian businesses that innovate can have confidence their innovations will be protected, and their rights will be enforced when they trade.

We heard the other day that Canadian companies are good at innovating, but they're not necessarily as good as they could be at commercializing those innovations, or trading in the commercialization of those innovations. Part of what trade agreements seek to do is to give innovators confidence when they're out there trading in the world that they're going to have some protections for their innovations. It's one part of a suite of tools that could be used, but it is the part that we are responsible for.

The Chair: You only have two seconds left.

Mr. Sukh Dhaliwal: Next time.

The Chair: Okay, next time. Thank you, Mr. Dhaliwal.

We're going to the NDP. Ms. Ramsey, for six minutes.

Ms. Tracey Ramsey (Essex, NDP): Thank you so much for presenting to us today. We appreciate it.

You mentioned the economic impact study. Canada's federal government sometimes publishes economic impact studies designed to provide information about the potential impact of trade agreements that are being negotiated. It did so, for example, in advance of its negotiations with the EU and Japan.

Will the federal government analyze the costs and benefits of a free trade agreement with the TPP countries collectively?

Ms. Kirsten Hillman: Yes, we are undertaking an assessment. We have an office of a chief economist at Global Affairs Canada. We're undertaking that assessment. It's not completed yet. We're working on it. We will keep you posted.

Ms. Tracey Ramsey: Thank you.

My second question is in regard to a Tufts University study which found that the TPP will lead to a net loss of 58,000 Canadian jobs and negligible economic growth, while deepening income inequality in Canada.

Has the department analyzed this study? Do you agree with its findings?

Ms. Kirsten Hillman: There are lots of studies coming out in the area of jobs, economic impacts on GDP, and impacts on various sectors. We're looking at all of them. As I was saying in my opening comments, we are doing internal assessments, but we are looking at all of the assessments that are out there, and that's one of them, for sure.

Ms. Tracey Ramsey: You mentioned the mandate letter. In accordance with the mandate letter, Canada's Minister of International Trade is expected to consult on Canada's potential participation in the Trans-Pacific Partnership. What happens with the emails that are submitted to the public consultation email address?

Ms. Kirsten Hillman: There are different kinds of emails that we get. We get many emails that ask very specific questions. I'm making this up, but this is an example. One email could say, "I am a fisher from Atlantic Canada, and I'd like to know when my snow crab will be duty-free into Japan", which is a big request in that region. We answer that question. We say, okay, under the tariff schedule, Alison and her team will go through the 100,000 lines and give them very precise information. There are a lot of those.

There are views expressed and opinions expressed, such as "we like this", or "we don't like that". If there are questions in them, we answer the questions. If there aren't questions in them, then we continue to advise the minister about the information that's coming in. We give her a weekly roll-up of the information that's coming in.

Ms. Tracey Ramsey: Okay.

I received an email from a gentleman in Windsor who, like many Canadians I think, submitted the feedback on the TPP through that mechanism. He suggested that as part of an open and transparent process, it would be helpful to know how many citizens were generally in favour of the TPP and how many were opposed. He asked what the general categories were of the concerns raised, how they ranked in terms of numbers, and who raised them.

I think this is a really reasonable suggestion. I'm curious to know if you would agree with that.

● (0920)

Ms. Kirsten Hillman: I think once these consultations have progressed some more, a sense of where Canadians are coming out....

Canadians who used this mailbox, the now close to 300 individuals, and the minister, Parliamentary Secretary Lametti, and a number of other ministers who've met—those have to go into the mix. I mean, there's a whole range. That's one tool we're using, but there are many tools.

In terms of a general sense of that, yes, I think that's precisely the purpose of the consultations, to get that overall sense of things.

Ms. Tracey Ramsey: Okay.

My next question has to do with the auto sector. Will the federal government provide financial assistance to manufacturers in the auto sector if the TPP enters into force?

Ms. Kirsten Hillman: That's not really a question I can answer. I'm here really to provide you with technical information on the TPP.

I think it's clear that, as part of these discussions, different sectors and individuals are giving their information and feedback to the government on what the TPP is and what they believe would be its positive effects, or perhaps not positive effects.

Ms. Tracey Ramsey: Just to be clear, the previous government had offered some funding availability, so we're curious as to whether or not that still exists. But thank you for your answer.

The other concern around auto is that it's clear to us that the U.S. has a better deal—the tariff phase-outs, the years that are involved. I wonder if you could speak to us on how it came about that the U.S. was able to broker a better deal in the TPP for auto than Canada.

Ms. Kirsten Hillman: I think the answer to your question is that everything in this agreement represents a balance or a bargain that was struck, a negotiated outcome. The outcomes that are there are the outcomes that were deemed to be the ones that would work for Canada overall. I think that's the only way I can answer that question for you.

An important thing to recognize with respect to the tariff difference, or the tariff, is that the Canadian automotive sector exports 85% of its production. So the tariff into Canada is relevant for competition for sales in Canada. We have, under the Canada-EU agreement, under the Canada-Korea agreement, also agreed to tariff elimination for automotive tariff. That's one fact. The other fact is that, as I say, we export 85% of our production. Almost all of that is to the United States, and we export duty-free into the United States. In some respects, the tariff that's on imports into the U.S. by our competitors is also important to us.

Ms. Tracey Ramsey: Okay.

Under the TPP, Canada would grant TPP countries additional market access through a phased-in quota to the Canadian market for supply-managed goods.

Does the federal government intend to implement the income guarantee program, the quota value guarantee program, the processor modernization program, and the market development initiative announced in the first half of October 2015?

The Chair: Ms. Ramsey, your time is up. She can answer the question, but you might want to save it for the next round, because it might be a long answer. If it's a short answer, we can take it. Do you want to wait for that?

Ms. Tracey Ramsey: It's up to you.

Ms. Kirsten Hillman: I'm happy to answer many times.

The government has made a clear commitment to the supply-managed sector. As to what that will be in terms of specifics, those decisions, as far as I know, have not been made. Again, that's partly my minister, Minister Freeland, but that's very much a whole-of-government conversation, I would assume, involving other ministers.

Ms. Tracey Ramsey: Thank you.

The Chair: Thank you.

We'll move back to the Liberals, to Madame Lapointe, for six minutes.

[*Translation*]

Ms. Linda Lapointe (Rivière-des-Mille-Îles, Lib.): Thank you, Mr. Chair.

Good morning, and I thank the witnesses very much for being here with us this morning.

Ms. Hillman, you said in your introduction that the agreement was signed during the election campaign in Canada. We all know that at this time the nomination races for the presidential election are taking place in the United States.

In your opinion, what is the impact of this electoral period in the United States?

• (0925)

Ms. Kirsten Hillman: I would like to begin by clarifying that the agreement was not signed, but concluded. In other words, myself, my counterparts and the Minister of International Trade at that time, Mr. Fast, as well as his counterparts, stated that the negotiations had

come to a close. This is what happened during the negotiations. The agreement was signed a few weeks ago.

As for the American elections, the Obama administration has made the TPP an economic priority. Since we began these negotiations, the United States has really seen this agreement as its key initiative in international trade and perhaps also in terms of business. Consequently, there is an enormous desire on the part of the American administration to have the TPP accepted before the president leaves his post. Will the Americans be able to do that? That is another matter. In order to achieve that, the TPP has to be accepted by Congress. However, there is a Republican majority in Congress, and not a Democratic one. Generally, there has been strong support for the TPP, but the closer we get to the electoral campaign, the more complicated things become, because the issues are more complicated in the political arena.

As to your question regarding whether this could complicate things, I would say that the answer is yes. Could this delay things? Yes. Is the administration really focused on the agreement? The answer is yes.

Ms. Linda Lapointe: So you feel that the current administration is very interested in having the accord signed, but the closer we get to autumn, the more difficult it will be to have the TPP accepted in the United States.

Do you feel that there is a good chance that the TPP will be accepted by the United State before the elections?

Ms. Kirsten Hillman: It is impossible to know that at this point.

Ms. Linda Lapointe: You said earlier that 12 countries had signed the agreement and that other countries may be interested in joining. What are those countries?

Ms. Kirsten Hillman: I am looking for my list. Some countries have made direct representations to Canada, including Korea, Taiwan and the Philippines. Sometime ago there was also Thailand, but now that country is experiencing some internal difficulties. There are also some Latin American countries such as Colombia and Costa Rica. They have not made representations to Canada, but to some of our TPP partners.

Ms. Linda Lapointe: Fine. Thank you.

A bit earlier, when you gave us a list, you referred to Canadian business and industry associations, and you said that the TPP agreement could facilitate trade in this era of electronic commerce.

I believe that there are many people in Canada who use electronic trade. There is often a taxation problem if people purchase goods abroad rather than in Canada. I would like to hear your opinion on that.

Ms. Kirsten Hillman: There are many different obligations under the TPP. I will review them.

First of all, regarding all electronic transactions, for instance involving musical products, books, and so on, there is an agreement according to which there will be no customs tariff. In addition, there is an obligation to not discriminate among the electronic products of one country or another. The rules for Canada have to be the same as for other TPP member countries. There is also a provision obliging countries to have rules that allow for the free circulation of data.

I am going to switch to English because it is a little easier for me.
 ●(0930)

That's fine.
 [English]

In our consultations with companies, one thing we learned during the course of the negotiations was that it's not only companies involved in electronic commerce that are selling electronic products, but all companies that seek to work internationally. It is very important for them to have the free flow of information between them and their customers, between them and their partners, between them and their subsidiaries.

In certain countries there are restrictions on data flow, so data flow was a primary objective in that chapter. We have obligations requiring free data flow, but there is also the flip side. We have no tariff duties on e-commerce products. We have no discrimination on e-commerce products. We have free flow of data. But on the other side, there are also rules around permissible controls for the protection of privacy, for the protection of any information held by the government regarding its citizens. That would cover health information, obviously, tax information and these kinds of things, and security purposes. There is a balancing in that chapter between important obligations for the conduct of business in today's global economy and the protection of important, sensitive information—personal, government, or security information.

The Chair: Thank you, Madame Lapointe. Your time is well over, but that is fine; it was a good question.

That's it for the first round. We will move into the second round.

For six minutes, we will go to the Liberals.

Mr. Fonseca, you are up.

Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.): Thank you, Chair.

Thank you very much, Ms. Hillman, for the broad overview of the TPP and how complex it is.

You spoke to just how diverse our market is here in Canada in all sectors. For many of those the jurisdiction is provincial.

I want to ask a number of questions, but one is with respect to IP.

Drug costs make up about 14% or 15% of the health care costs here in Ontario, and the health care budget is about 50% of the overall budget, so you're looking at about 7% of our budget here in Ontario. How would the increased costs because of the IP extension, the patent extensions, affect a province such as Ontario, or any other province across the country?

Ms. Kirsten Hillman: Precisely what the drug cost modifications would be is a tricky question. It's an unknown at this time, but maybe I can take a step back for the benefit of the committee.

As in the CETA, the TPP includes provisions that extend the term of protection for patents which can have the effect—not always, but it can have the effect—of delaying the entry into the market of generic drugs. When there is a conversation around whether drug costs will go up, just to bring it back to what the root of it is, there is a commitment, which Canada has made in the CETA and which is

also made in the TPP, to allow for an extension of patents for innovative drugs for up to two years, under certain conditions related to the time it takes to get the necessary regulatory permissions for marketing that drug. The comment therefore is that if it takes longer for generic drugs to hit the marketplace and generic drugs tend to be less expensive, that is going to raise the drug costs for Canadian provinces, for consumers, for insurance companies, etc.

When the CETA is implemented, there will, I think, be a study of that, and perhaps before; I'm not sure. The minister and her cabinet colleagues are looking into this. But in that assessment, there are many variables that will come in too.

To get to your question, which is what the increase in costs will be to provincial governments or others, such as consumers and insurance companies, there are many variables that go into it that will have to be assessed: what the drug is; how widely it is prescribed; whether there are other alternatives. There are so many things that go into understanding and being able to assess the impacts that this is not a question that can be answered in the abstract.

●(0935)

Mr. Peter Fonseca: May I ask if you've met with your provincial counterparts across the country to discuss the various sectors and how they will be impacted by the TPP?

Ms. Kirsten Hillman: During the negotiations, we worked hand in hand with the provinces. We had representatives from the provinces that we met with before and after every negotiating round and in between negotiating rounds. Many provinces attended negotiating rounds with us. They didn't sit at the negotiating table, because it was federal government to federal government negotiations.

Mr. Peter Fonseca: This is TPP, not CETA, right?

Ms. Kirsten Hillman: Right. It's TPP, but the same is true in CETA. They were fully involved. They had full access to everything that was being negotiated. They had full access to me and my team to make sure they understood the implications as the negotiations were progressing. So yes, it was completely in the tent, as they say.

Mr. Peter Fonseca: Let's focus in on the consumer. The Canadian consumer today is paying whatever they're paying for vehicles, merchandise, food. If the TPP came into force and you took a snapshot, what would be some of the savings? Would you see lower costs for the consumer in Canada?

Ms. Kirsten Hillman: Hopefully. That's exactly the goal. There are many goals, and that is one of them. It's lower costs for inputs into Canadian manufacturing and supply chains and value chains. It's increased competition in Canada and increased numbers of Canadians selling the services, and investment in goods abroad. Generally speaking, most commentators and those who study these things will tell you that trade improves innovation and ups our game. There's all of these. But yes, lower-priced products and services for consumers is absolutely one of the objectives.

Mr. Peter Fonseca: Can you single any out? Can you project into the future? If this were to happen, what would be a lower cost for a consumer? Where there's a high tariff, I guess, today.... Is there any one?

Ms. Kirsten Hillman: That's right. Many of the TPP countries have high tariffs in most manufactured products, electronic products, plastics, chemicals, and agricultural products. Those are a lot of the big examples. It's across all sectors; there's no one sector. Malaysia, Vietnam, and Japan have very high tariffs on many things, but even Australia and New Zealand in some areas have quite high tariffs with respect to some of the products that they export to us in different sectors, manufacturing sectors and others. It's across the board, I think.

The Chair: Thank you.

Mr. Peter Fonseca: Could I have one more question, Chair?

Just on off-shoring, does this affect off-shoring at all?

The Chair: No, your time is up, and I know you're fairly new at this.

Just so the committee knows, the way I roll things is like this. I think you would all agree that if the witness is on a roll and it's really good information, I really don't like cutting the witness off. But you have to understand that if you're over already by 30 seconds and you want to get another question, it's not on. It's not fair to the other side. That's just the way we do it.

We want the witnesses to be able to finish their thoughts. When it goes over, I can't start another question because it's not fair. The witness might need two minutes. There are other rounds and there might be another opportunity, so it's all good.

We're going to move over to the Conservatives. Mr. Hoback, for six minutes.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

Good try, Peter. I know I tried that the first time I was here too.

I want some background information on the negotiation process, what you went through as you started and worked your way through the process.

When you negotiated the TPP, was it any different from some of the other bilateral agreements you've done in the past? Was it any different from what we did in WTO in the negotiation process? Would you say it's fairly consistent and common?

• (0940)

Ms. Kirsten Hillman: I think every negotiation is different. I think a plurilateral negotiation—a negotiation with many parties—has a lot of additional complexities. A bilateral negotiation is fairly straightforward. You know what you're looking for from the partner; they know what they're looking for from you, and you have a one-on-one conversation.

In a plurilateral negotiation, there's a matrix of interests at play. For example, there are many things that were very important and interesting to Canada, but we were talking about Japan earlier. Good market access into Japan and reduction of tariffs into Japan were important negotiating objectives for Canada. Other countries had negotiating objectives into Canada, but they weren't necessarily

Japan. Some of the most difficult issues for us to negotiate were in the agriculture area, in relation to supply-managed products. I think everybody knows that. But it wasn't Japan that was interested in access to our dairy market; it was other countries.

You have a matrix of interests where you are looking to a partner for something, but someone else is looking to you. You may actually not have very many interests back into that country. So it's a complicated—

Mr. Randy Hoback: That's the benefit of multilateral negotiations. You use the strength of different areas to offset.

Ms. Kirsten Hillman: Absolutely, and we were very like-minded with certain countries in a number of areas and had very difficult issues to crunch with those same countries. We are very like-minded with the United States in certain areas around transparency and regulatory coherence, environment, and labour. We're very like-minded with them, but we had some of our toughest discussions with the United States as well.

Also, then, there's every other party around the table. That's what makes it quite complicated.

Mr. Randy Hoback: You have all these moving balls, and we get that, but then you also have some consistencies. If you look at some of the negotiations, some of the things that you did in previous negotiations would be brought into the existing negotiation, would they not?

Let me use an example: ISDS. ISDS is fairly controversial not only here, but in CETA. There are obviously benefits to Canadian companies having that there. If it weren't there, what would be the impact on our Canadian companies investing abroad if they didn't have that protection? Maybe you could give us some oversight into that, because that would be consistent from trade deal to trade deal. ISDS has been involved in many trade deals.

Can you give us some feedback there?

Ms. Kirsten Hillman: Right. I think your question also raises an interesting thing. The TPP negotiation is unlike a negotiation with the Europeans, say, or with Korea, in that there are very different levels of economic development in the countries around the table in the TPP. Also, there are very different legal and economic systems in some of the countries around the TPP.

Remember that around the TPP table we have the Latin American countries—Mexico, Chile, Peru—but we also have Vietnam, Brunei, and Singapore, and we have Australia and New Zealand. These are very different countries in terms of level of development. They have very different organizations in terms of their economic organization. They have very different regulatory and legal cultures and systems.

One of the objectives, as I was saying the other day about trade agreements, is setting these standards that are predictable for Canadians who want to have the confidence to trade internationally. Investment rules and the investor-state dispute mechanism to enforce those rules by our investors abroad are designed to assist investors in having the confidence to invest in some markets where they might feel that their ability to pursue their interests in domestic court are not what they'd like them to be. I think that's probably the right way to put that.

So when you think about that for Canadian investors, they may have a different perspective on that, depending on the country they're going to. There may be some countries in which they're comfortable going in and investing without the protection of an investment agreement or an investment chapter in an FTA and investor-state dispute settlement. There are other countries where they may feel less confident in doing that.

Mr. Randy Hoback: Having said that, you want to see consistency from trade agreement to trade agreement, because what you do in this trade agreement sets a precedent for the possibility of future trade agreements down the road. Is that not correct?

Ms. Kirsten Hillman: It does. It also sets expectations of our partners.

But we do change; we do change provisions. We do try to build on what we've learned in the past, and we do try to move issues forward. For example, we have a lot of new obligations in the TPP with respect to competition as it relates to state-owned enterprises. We haven't had that before, but based on experience in the trading environment for our companies and based on the feedback we have, we felt that this was something that would be important.

Even though we have precedents from the past in some of these areas, we do try, and I think it's very much our responsibility, to improve on those and move them forward in different ways, based on experience and feedback.

● (0945)

Mr. Randy Hoback: Why don't we just build off on the state trading enterprises, then? Let's just look at what you've done in this agreement versus what you've done in the past in providing protection for our Canadian companies that compete against the state trading enterprises.

Ms. Kirsten Hillman: Sure. We have had commitments with respect to state-owned enterprises in our agreements since the WTO, so that's for over 20 years.

Those obligations have done a few things. They have required a certain amount of transparency and openness with respect to how those enterprises are run, and they have put rules around the kind of government support that can be given to state trading enterprises. Also, they have required those enterprises, when they are competing in the commercial environment, to compete on commercial terms. If you're going to compete with commercial companies, you must behave as a commercial company. That's essentially the idea.

In the TPP, we took that further and put rules around the kinds of government support or subsidies that can be given to these entities, not only when they trade in goods but also when they trade in the services environment, because there is a growing recognition that

services trade is in fact some of the most important trade, especially in Canada, that our enterprises are in and are heading towards in the future. We expanded the rules around competition law, if you will.

These are all rules we have in Canada, right? All of these rules that we've put in the TPP are rules that our state-owned enterprises have to play by. All of our crown corporations have to play by these rules already. We have put them in the TPP in an effort to have other countries also have a similar standard.

Mr. Randy Hoback: It just feeds into what you are saying. It brings everyone up to the same standard.

The Chair: Mr. Hoback, your time is up. You did well.

We're going to move back over to the Liberals, and for six minutes we have Mr. Peterson.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

Thank you, Ms. Hillman and everyone from the department, for being here today.

We appreciate this briefing. It goes a long way to our having a foundation when we undertake the consultative process that we're about to undergo, so thank you very much for this.

I have a question about investor-state dispute settlement, ISDS. There has been some talk about it and I think some confusion. I want you to elaborate on that provision in the TPP. How does the mechanism actually work? What do you think some of the detriments, or perhaps even benefits of that process in this agreement might be?

Ms. Kirsten Hillman: Okay, with investment commitments in FTAs as well as in bilateral investment treaties, that area does two things. The first thing is it includes obligations on countries with respect to how they treat foreign investments in their jurisdiction. For example, it imposes an obligation not to expropriate a foreign investment without timely and fair compensation. It imposes an obligation not to treat foreign investments less favourably than you treat domestic investors.

The second thing it does is it provides a unique dispute settlement mechanism. The entire TPP, and all of our FTAs, have a dispute settlement mechanism where one of the parties, a country, can bring a claim saying that the other country is not abiding by its obligations. You bring that to court, to an international dispute settlement system or arbitration, and the inquiry is on whether or not the treaty is being respected.

That exists also for the investment chapter. However, there is an additional mechanism that allows the investor—the private company, individual—to directly challenge the country on whether or not they are abiding by those obligations in the chapter. It's not about abiding by anything else in the treaty, not abiding by domestic law, but whether they are abiding by these four or five principles that are set out in the chapter.

That is where I think a lot of the concern lies, if you look carefully at the public discourse around that. There is a view that this is giving foreign investors a right of action against governments that can influence the government's regulatory decision-making and potentially have a chilling effect, or that those cases can be brought and a government's regulation can be found to contravene the obligations and therefore the investor can be awarded damages. That's the controversy—or the debate; let's put it that way—around the chapter.

In the TPP, we have an investment chapter and an investment dispute settlement system. We have sought to build on some of the experience in the NAFTA. It doesn't look like the NAFTA. It doesn't look like some of our bilateral FTAs. It doesn't look exactly like the CETA either.

Again, there are 12 countries at the table, so it's not going to look exactly the same. We have included additional transparency commitments, for example, clarifications to the right to regulate, procedural clarifications, a code of conduct for arbitrators, things like that, which don't exist in some of our other FTAs and bilaterals. In addition, there are other changes as well. The scope of ISDS in TPP is different from the NAFTA. It allows for investment claims to be brought under investment agreements. So where the dispute arises out of a contractual dispute it explicitly covers that, which is also different.

Every chapter is different.

I don't know if I've answered your question.

• (0950)

Mr. Kyle Peterson: You have. It's a complex issue. It's hard to answer in a couple of minutes, but I think you've put some lucidity into it, at least from my perspective. Thank you for that.

I have another question.

I have a question about trade in services. In the absence of TPP or the status quo, what are the barriers that are preventing Canadian services from entering those markets right now?

Ms. Kirsten Hillman: There are a couple. Services trade is protected by some countries in sensitive sectors, and by Canada; for example, education and health services, we don't liberalize in the context of free trade agreements, but other services we do.

Canadians have a lot of interest in engineering services, environmental services, and anything related to energy. We have a lot to offer and a lot of customers, if you will, abroad. We have teaching services. Our education services provided abroad are also very marketable.

What we like to do in trade agreements is lock in that market access. One of the things that's very difficult for companies is when there's a demand for Canadian engineering services and they have a going concern and then for one reason or another a government says no, not any more, and it closes the border. When you lock it into a trade agreement, then you have that certainty for your service providers.

That's our objective. As I say, a lot of the areas that were highlighted to us as priorities in the TPP are engineering, environmental services, education services, IT services, a lot of the

high-tech services in support of the IT sector. I am sure there are others, but those are the ones that really come to mind.

The Chair: Thank you.

Folks, you are asking good questions. It seems as if everyone is asking different questions, which is really bringing out a good conversation.

We're going to go back over to the Conservatives.

Mr. Ritz, you have five minutes.

Hon. Gerry Ritz (Battlefords—Lloydminster, CPC): Thank you, Mr. Chair.

That was a great presentation. It's hard to get it all into two-minute answers.

I'm wondering if you can give us an example of this remanufacturing that restores end-of-life goods to their original working condition. I know Mark and I are very concerned that it covers old politicians.

• (0955)

Ms. Kirsten Hillman: I'm going to let my colleague, Alison O'Leary—

Hon. Gerry Ritz: Just give a quick example, just so we can understand it.

Ms. Alison O'Leary (Director, Tariff and Goods Market Access Division, Department of Foreign Affairs and International Trade): Absolutely. To be honest, this isn't a major interest for Canada. In some cases you have old goods—let's think of appliances, for example—that don't work very well anymore, so you remanufacture them, make them better, but they're still used goods, and then export them—

Hon. Gerry Ritz: It's part of the environmental standards that we look for, recycling.

Ms. Alison O'Leary: Yes, that's right.

Hon. Gerry Ritz: One thing that's very important in bilaterals or multilaterals is global supply chains, and certainly much more in a plurilateral agreement such as this. That's why I have a bit of a problem with some of the claims made by the auto sector unions that somehow this is going to decimate them. We heard the same thing from the wine industry with NAFTA, and of course it didn't happen.

Canada is an assembly country. As you rightly point out, Ms. Hillman, we export predominantly to the U.S. domestic consumption in the U.S. However, we are excellent at that assembly because there's a lot of little spinoffs, and David mentioned this about his riding, about a lot of the part components. These little businesses are popping up.

This is going to be excellent for them, because now they're part of global supply chains. That's the strength in this when it comes to the auto sector, those little parts manufacturers that can now supply starters to GM in Australia. They can supply into China, if it chooses to take part, and Japan and so forth.

When you did your assessment on the impacts, did you look at things like that?

Ms. Kirsten Hillman: The auto rules of origin in particular, as people who were following the negotiations will know, were a difficult part of the negotiation. They were very much crunched in the latter stages of this negotiation.

At that time, we were in heavy consultation with the auto parts industry, its association and individual companies as well. When we worked to the outcome that we have, which I recognize is not seen as what everybody would have wanted, we took very much into account the priorities of those parts manufacturers, the parts that they do manufacture and where they think their priorities lie.

Hon. Gerry Ritz: You also made a point in Tuesday's presentation that innovation is driven by trade, efficiencies and innovation. That leads to commercialization, because now you have a broader marketplace to develop that in. You're not supplying Canada or the United States; you're supplying everybody in the TPP.

I think that's excellent to continue to press on. Businesses themselves, when we've been talking to them, are talking about ratifying sooner rather later because they need the predictability as they tool up, as they gear up for this new availability. I'm hopeful that some of the cards and letters you're getting are from businesses asking when, so that they know who to hire, how to hire, and what they're going to need when it comes to innovation.

To that end, as a department, are you proactive with accuracy and information? There's a "myth-information", I call it, out there. Do you have a website that has frequently asked questions and comments, so that people can go to that rather than going through all the work of writing you a letter and waiting for the response, and so on? Are you starting to have a compilation? We're seeing certain themes here, concerns about ISDS, IP, and different things like that. Do you have a complete package on your website? I haven't seen anything like that yet. Is that something you might consider?

Ms. Kirsten Hillman: Yes. We have a website currently, a TPP website, that includes factual information about the outcomes of the TPP across sectors, across regions. We slice and dice it different ways.

Hon. Gerry Ritz: Yes.

Ms. Kirsten Hillman: You're talking about fact sheets on some of these issues, and that's something we're working on and thinking about. I think to date the exercise has been to gather up as many views as possible to get a feeling for where the questions are.

We're working in that direction, but I take your suggestion.

Hon. Gerry Ritz: Okay.

As I asked the other day and as some of my colleagues have mentioned around here, ISDS is not a new innovation when it comes to trade. Neither are the IP provisions and so on. They've been around. I've seen a lot of concerns about TPP, but with the same issues in CETA, there doesn't seem to be a problem at all. Maybe it's the American part of the formula, that we look at them as still being a little bit imperialistic, but at the end of the day, those same agreements are there so that our businesses have reciprocity and they're protected when they make investments abroad.

We're seeing right now TransCanada suing the American government over Keystone XL. Would that be an easier process

with the ISDS that's under TPP? They're doing it under NAFTA, so this is not a new process. Is it less cumbersome under TPP?

• (1000)

The Chair: You'll have to keep it short, Ms. Hillman. The time is well over.

Ms. Kirsten Hillman: I was explaining how the investment chapter has the obligations and the enforcement mechanism. The basic obligations in NAFTA are the same in the TPP. With respect to the United States, these investment obligations and the ISDS exist under NAFTA still, and will continue to exist under NAFTA.

In the TPP, some of the modifications that have been made are around clarifying, but a lot of it is clarifying issues that we have already clarified in the NAFTA. We've either clarified through the jurisprudence or ministers have gotten together under NAFTA and done joint statements saying, "Look, what we really mean is this: this is what we meant when we said x, y, and z." We have integrated those into the TPP.

The Chair: Thank you, Mr. Ritz.

We have three minutes for the NDP.

Ms. Ramsey.

Ms. Tracey Ramsey: Thank you.

I'd like to speak a little bit about the market access for goods. Specifically, a 2016 World Bank study indicates that the TPP is expected to increase the exports of each TPP country. To which countries would Canada's exports increase the most and the least, and in which countries would Canadian exporters likely increase their market share?

Ms. Kirsten Hillman: The first caveat around my answer is that, as I was saying earlier, our internal studies are ongoing. I would ask you to take this as a preliminary answer, but with that in mind, as a general principle, the countries where we will see the greatest benefits will be countries that have the highest tariffs. There are two factors: how high their tariff is and what kind of market we have in that country for our goods.

The highest tariffs in the TPP exist in Japan, Malaysia, and Vietnam. Other countries also have tariffs that are high in certain sectors, but across the board, looking at those three countries, they have the tariffs in a range of products. In the TPP markets, we are interested across the board in exports. Industrial products, plastics, chemicals, energy, fish, seafood, agriculture, manufactured goods, IT goods; we have market access interests across all of the sectors of our economy. Where we will get the biggest bang for our buck, however, is in those markets that have the highest tariff. Those are the three countries that I mentioned.

Was your second question on which sectors would benefit the most?

Ms. Tracey Ramsey: Yes, but the second part of that question was to which countries our exports would increase the least. Is there a neutral or not necessarily great gain? To which countries would Canadian exporters increase their market share?

Ms. Kirsten Hillman: I'll answer that one first. In terms of our market share, please take this as a general sense of mine and not empirically substantiated yet. Our market share theoretically should improve where we achieve in the TPP greater conditions of competition compared with our competitors. In a sector where Canada competes against a non-TPP country for an export, and we have achieved a tariff elimination....

If we compete against a European country into Japan, for example, and Europe and Japan don't have an FTA, and we get a 20% tariff reduced to zero but France doesn't, we will have a competitive advantage. That's a hypothetical example, but any scenario like that will give our exporters a competitive advantage.

Ms. Tracey Ramsey: Canada and Japan signed a side letter to the TPP agreement on Canadian exports of raw logs. According to that letter, on request, and following the procedures set out in Canada's Export and Import Permits Act, Canada would issue permits for the export of logs to Japan. The letter also indicates that Canada and Japan would create a committee on forest products to review the requirements for safeguard mechanisms in relation to forestry products.

Does this side letter change Canada's policy on the export of raw logs and does it grant Japan additional access to raw logs from Canada?

Ms. Kirsten Hillman: No, it doesn't.

The Chair: That was a short answer.

Thank you, Ms. Ramsey.

We have about 10 minutes or so left here with the officials. It worked well yesterday, so if the committee is willing, we'll do it again. I was just thinking we could maybe have three minutes from each party for whoever wants to ask a question. We'll start with the Conservatives, then the Liberals, then the NDP. Take three minutes roughly, and that'll tighten up. Then we'll hear from the parliamentary secretary who is going to be here for about 10 minutes. It won't be in camera for the parliamentary secretary. Then we're going to go in camera for the last 15 minutes, for future business.

We're going to start with the Conservatives. Are you guys ready for a three-minute question?

• (1005)

Mr. Dave Van Kesteren: Thank you, Chair.

As we discuss this, I personally think, and I think if we polled everybody here too, I think we could all agree, there's a feeling that we have people in charge who are really looking out for the interests of Canada. That's important, because we've all just gone through an election and we've heard some attacks and some really scary scenarios.

I'm going to throw you one, if I could, Ms. Hillman. I'm a free-market thinker. I understand all these concepts. You've reinforced all of my beliefs. What stops this whole process from...?

I remember the days—not to be critical—when we thought we did the right thing when Mr. Chrétien paraded off all the Canadians to

China. The end result was that a lot of these industrialists took their shops and put them in China.

What is stopping that kind of movement from happening? I think that's probably the NDP's greatest fear. I'm looking at the industry in Canada. What's to stop us from saying after five years, "My God, what have we done? We've lost all our industry"?

Can you help me, as a free-market thinker, get around that and settle my mind on that?

The Chair: In 30 seconds or less.

Voices: Oh, oh!

Ms. Kirsten Hillman: Okay.

Canadians operate in the Canadian economy and succeed in the Canadian economy because of a variety of factors. We invest here. We work here. We get ourselves educated here. We do business here. There are a variety of factors that have a lot to do with this being a country in which we want to live, grow and invest, and which we want to develop economically and support. I don't think there's anything in a trade agreement that's ever going to change that. It's not going to make Canadians all of a sudden want to move to Vietnam, China, the United States, or anywhere else.

Trade agreements are a tool that is designed to respond to the concrete needs, requests, and input that we get from Canadian businesses around what it is that makes it more difficult, more expensive, more unpredictable for them to go out into the world and do internationally what they do very well here.

It's not designed to change what they do, and it's not a request from them to provide an environment where they would get up and leave Canada. It's quite the contrary. It's saying, "Look, we're doing things well here. We have a highly educated, highly motivated, highly sophisticated society that's doing really well. We just want to do more and we want to open ourselves to the global economy." That's the purpose.

I think one always has to remember that we're not doing this in a vacuum. We are doing this in response to specific input that we get from those Canadians we are trying to help. As Ms. Bincoletto was saying the other day, fundamentally, her job is to try and get them out there taking advantage of these opportunities. We listen to what it is they say isn't working that well for them and we try and respond to that.

As I said, it's very much a first baby step. It's just setting the foundations. There's so much more that has to be done to enable our businesses to really take advantage of these....

The Chair: Thank you, Ms. Hillman, and thank you, Mr. Van Kesteren.

Ms. Ludwig, go ahead for three minutes or so, or whatever you need.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you, Mr. Chair.

Thank you for your excellent presentation. I have about 15 questions, and so I have to narrow this down.

One of the things I hear about often in my riding is the protection of sovereignty on the export of Canadian water. Is that a component, or has that been discussed in terms of the TPP?

• (1010)

Ms. Kirsten Hillman: I have a quick answer for you.

It was not discussed in TPP. Water is not a good under a trade agreement. The only time water becomes a good is if you put it in a bottle, put a fancy label on it, and charge \$5. Then water is a good. Bulk water is not considered a good under a trade agreement, and so it is not susceptible to these rules.

Ms. Karen Ludwig: Thank you for that answer.

I have another quick question.

What are the opportunities or projections in terms of not only the mobility of labour, but also wages?

Ms. Kirsten Hillman: For the projections in terms of the benefits for Canadian wage earners, I have to defer to some internal work that has been done. I can't answer your question.

In terms of labour mobility, what is your question exactly?

Ms. Karen Ludwig: It is in terms of the opportunity.

For example, for about seven years I worked back and forth with Cuba. Yes, there was an embargo with the United States, but under the area of education professors were allowed to go back and forth, as well as journalists.

Ms. Kirsten Hillman: There is a chapter and commitments on what's called temporary entry for business people in the TPP. This is what we have in most of our FTAs.

For the benefit of the committee, as we increase our desire to provide and trade in services internationally, or to invest internationally, there is a strong desire—for the reasons you obviously know well—to allow the people who are required to go and deliver those services in those markets a bit of an easier time getting there. We make commitments with respect to specific high-skilled professionals on a reciprocal basis with TPP countries.

For example, if there is a desire for teachers, and we have some opportunities in Japan or wherever, then they would like you to go and negotiate with them to have easier terms of access. We do that on the condition they provide that access back to us, and the TPP includes it.

We can answer any questions you have with respect to specific professionals, but we have different obligations per country, depending on what the market access interests were expressed to us by Canadian service providers and investors. If you have any specifics, it's probably the best way to go about it.

The thing I would like to say to the committee—and I think this is important based on some of the conversations that are happening around TPP—is that we proceed carefully in this area. We always work to ensure the labour market in Canada is taken into account. What that means is that for any of these commitments we make there is a requirement to have a pre-existing contract, like an offer of employment, and a certain education standard. The wage being offered in terms of incoming has to be the prevailing wage in that region.

There are a number of safeguards to make sure that this is a commitment, and that this commitment will be used in the way it's designed, which is to facilitate for Canadians the provision of services or the servicing of investments abroad, and likewise for those people coming into Canada.

The Chair: Thank you. Your time is up.

Do you have a short question, Ms. Ramsey?

Ms. Tracey Ramsey: I would like to speak a bit about temporary foreign workers.

The provisions in chapter 12 of the TPP will make it easier for companies to bring in temporary foreign workers to Canada, and in some cases lift requirements to pay these workers a fair wage. Not all TPP countries listed in the annex to chapter 12 are included, for example, the United States. Why is this?

Ms. Kirsten Hillman: To the first part of your question, or the premise of your question, as I was saying just a minute ago, there are specific high-skilled professionals that are listed in the TPP, such as investors and professionals with certain education requirements such as post-secondary education requirements. These have to have a pre-arranged contract. They have to be under one of these specialized professions. They have to meet the education requirements. They have to meet certain experience requirements. They must receive a salary that meets the prevailing salary for that level of professional with that level of experience in the Canadian marketplace, in that region, whether it's Alberta, Toronto, or Victoria. That's the way in which it's calculated.

Ms. Tracey Ramsey: I'm speaking about non-professionals. I'm talking about temporary foreign workers that come in.

Ms. Kirsten Hillman: There are no specific commitments in the TPP—

• (1015)

Ms. Tracey Ramsey: To lift the wage requirement.... Okay.

I have another question. What is the expected impact of increased labour mobility on the wages of Canadian workers?

Ms. Kirsten Hillman: That's precisely why the safeguard is there, isn't it? Again, perhaps we can take it back to the policy intent of these kinds of commitments. Foreign service provision for Canadians abroad is a good thing and it contributes to our economy. Investment into Canada, or service providers coming into Canada, is also something that we seek in order to create jobs and in order to provide economic benefit. It's very difficult sometimes to attract that investment or those service providers if we don't let them send their managers or their professionals who are going to make some contacts, on a temporary basis, for a short period of time, and get that investment up and running. That's the purpose of it. Right?

Ms. Tracey Ramsey: I think we're speaking about different things. You're speaking about a skilled technical workforce. I'm talking about unskilled labour.

Ms. Kirsten Hillman: We don't have any—

Ms. Tracey Ramsey: There's nothing in there that addresses workers coming into minimum wage types of jobs or any type of employment through the temporary foreign workers.

Ms. Kirsten Hillman: Correct.

The Chair: Okay. I just have a minute left. Mr. Fonseca, do you have a quick question that would only take a minute or so? I know you were cut off, or do you want to let it go?

Mr. Peter Fonseca: Chair, you are so kind. It is a very short one.

I don't know if this is actually captured in the TPP, but it's around off-shoring. Is that something that was discussed?

Ms. Kirsten Hillman: Do you mean sending Canadian workers abroad? Is that what you mean?

Mr. Peter Fonseca: I mean sending Canadian workers abroad or even having our services being done through some of the other countries.

Ms. Kirsten Hillman: Well, no. The worker issue is in the context that I've just been discussing.

The Chair: Thank you.

It was a very good meeting with a lot of information. Of course, committee members, if you need any more information, they're always willing to give you more. They're accessible.

Mr. Sukh Dhaliwal: Is there more time?

The Chair: That's it for the panel, but we're going to stay public with this meeting and we're going to go to Mr. Lametti.

• (1015) _____ (Pause) _____

• (1020)

The Chair: Okay, as we discussed before, we're going to have 10 minutes with the parliamentary secretary to give us a little snapshot of where ministers are travelling, and we're also going to make sure there's a lot of time for questions.

The floor is yours, Mr. Lametti.

Mr. David Lametti (Parliamentary Secretary to the Minister of International Trade): It's a pleasure to be here in this role, so thank you very much.

[Translation]

I would like to give you a brief overview of what we have done until now with the minister in these consultations. Some people have asked which persons and which groups have been consulted, and so on. As parliamentary secretary, I am here precisely to answer your questions. As for the process that has taken place to date and which we will be pursuing, the information I am going to share with you could help to guide your deliberations and consultations.

[English]

After we were elected in October, the minister began, immediately after she was appointed, to consult with people. A number came to her, but also we set out to do our best to go across the country and to begin to consult a variety of people in different sectors. When I was appointed at the beginning of December, I joined in on the process, and I can certainly speak to the people whom I have consulted with, just from my own notes.

There was industry. We have tried to touch base with: the agricultural industries, agrifood as well as animals; the seafood industries; manufacturing; both North American auto makers and Japanese auto makers who are in Ontario; the auto parts industry; the financial services industry through the chambers of commerce; the chamber of commerce itself; and other commercial participants in the economy. We've done our best to meet with trade unions and will continue to meet unionized labour, big and small. We've met with most of the major labour unions across the country. The minister has indeed been on the shop floor in a Ford plant in Oakville to discuss concerns with the actual membership. I met with port authorities across the country—I met with the Halifax Port Authority, for example. There's the pharmaceutical industry and also think tanks.

We'll eventually get a list out of what we've done so far. We have actively engaged in particular with universities and think tanks, a number of whom are very critical of the agreement in areas such as ISDS and intellectual property. If you consider the actual depth of consultation, in that regard in many ways it's much deeper. We had a full-day conference at the Munk School, organized by professors Dan Breznitz and Ariel Katz of the University of Toronto and the Munk School. It included Canada's leading critic on ISDS, Professor Gus Van Harten from Osgoode Hall Law School, and Michael Geist, one of the leading critics. Michael has been consulted a number of times in depth on various aspects of the TPP.

We've been out seeing everybody. We have heard opinions for and against. We've consulted with governments and with NGOs such as Médecins Sans Frontières. We have been hearing varied opinions for and against. We'll continue to do so as you deliberate as well, and you may want to hear some of the very same people we have consulted with—that's your prerogative—as you should. You need to illuminate every corner of the agreement that you feel needs illumination. We'll continue to do this as well. At the end of the day, we want to have the best information in front of us before we make a decision on ratification.

Again, there are strong opinions for and strong opinions against. We have seen very passionate pleas, if you will, to be included in the agreement, in particular stressing the downside of not being included in an agreement that goes forward without Canada. We've seen some very passionate critiques of various aspects of the agreement as well.

• (1025)

That's where we are. By all means, I am happy to answer questions.

The Chair: Thank you, Parliamentary Secretary.

We have time for a few quick questions, maybe one from each party, if that suffices. Let's have quick questions and quick answers, without getting into too much debate.

Ms. Ramsey, do you have a question?

Ms. Tracey Ramsey: You mentioned a list. Is that something the committee will be provided, a list of those you've met with and ultimately a conclusion concerning where those groups stand, in terms of whether they are in favour or against?

Mr. David Lametti: I think we could do that.

Ms. Tracey Ramsey: Since you've already done the consultations, it would save us time to know where they stand.

Mr. David Lametti: I think looking at the list you'll be able to predict pretty quickly whether they are for or against.

Some of the academic papers, by the way, are available online even as we speak.

Ms. Tracey Ramsey: Okay, that list will be helpful.

Also, what are your concerns? Clearly, there is a wide range of opinions on this. As you said, it can be very polarizing. Coming out of these, I think all of us in this room share a lot of concerns. That's why we're going to spend so much time studying it.

I wonder, then, after those consultations, what your concerns are about the agreement for Canada.

Mr. David Lametti: I share the concerns of the people who have raised concerns, and I understand the benefits of the people who have promoted benefits.

Did I hear anything in my own personal consultations that I didn't already know about? Yes, a few things, but they're the ones you've heard. The questions you've been raising are the kinds of concerns that people have. ISDS is a concern, as is the IP stuff. I was an IP professor for 20 years. I understand the IP provisions, and they are concerns.

On the other hand, I see the benefits. Speak to Saskatchewan farmers and they'll make it pretty clear where they stand, not just in agrifood but in the subsequent secondary manufacturing industries that surround it. It's not just big industry that can really see the benefit of this agreement, but small industry can as well.

At the end of the day, it's a sectoral trade agreement. There will be some areas of the economy that will benefit greatly and perhaps some that won't benefit. At the end of the day, we as a government have to make a decision to compare apples and oranges and say that we will be better off in or out, knowing that we're going to displease as many as we please, or whatever. But you have to try to weigh these things at the end of the day.

The Chair: Mr. Hoback.

Mr. Randy Hoback: Thank you for doing this. This has helped us.

What are you going to do with the previous consultations that have been done by committees and the department beforehand? There have been consultations during the negotiations. There was a pre-study done by this committee in the last sitting of Parliament. Where is that data going and are you considering it?

Mr. David Lametti: That's part of the mass. I think it's fair to say that you can have access to it if you want.

Mr. Randy Hoback: What are you doing with it? Everybody in this room has access to it.

Mr. David Lametti: We'll look at it.

Mr. Randy Hoback: Have you been looking at it?

Mr. David Lametti: I haven't personally. I've just come—

Mr. Randy Hoback: That's fair. Give yourself some time.

One of the concerns we have is time frames, as well as predictability and bankability for our industries so they can make their future plans. With us in a constant phase of consulting, it creates doubt. It makes it look like we're changing our mind on this deal and going backwards on it. There's a danger in that.

There's a strong danger in the investment climate here in Canada for people who look out over two-year, five-year, or ten-year cycles when they look at new product lines and start looking at tooling their manufacturing facilities. Those plans aren't done over six months or a year. They're done over a period of time.

My concern is, what is our timeline to get this legislation into the House so we can ratify it? We see that Japan is going to do it in June. The U.S. is probably going to do it this spring. When are we going to do it? When are we going to show some leadership on it? What's the game plan there?

• (1030)

Mr. David Lametti: Again, this wasn't our agreement or the government's, so we're going to make sure we get to the right answer before we agree—

Mr. Randy Hoback: It doesn't matter. You can't renegotiate this agreement. You've already signed it as is.

Now, it's fair to consult, and that's great. I have no issue with that. What I do have an issue with is people dragging their feet or using consulting as a way to not make a decision. The data is there. The data's been gathered over a period of time, ever since they started these negotiations, and our stalling is creating problems within our business sector. *The Globe and Mail* highlighted it today in regard to investors leaving Canada. I am concerned on that end of it that we're stalling too much.

Mr. David Lametti: I don't think we're stalling. There are a lot of corners of this agreement that haven't been studied properly. Quite frankly, that comes up clearly when you begin to consult.

We're not stalling. We understand the importance of moving as quickly as we can, but we also understand the importance of getting the agreement right.

We're not stalling. We're moving as quickly as we can.

Mr. Randy Hoback: I have one last question. The extractive sector hasn't been mentioned at all. You guys have not mentioned consulting—

Mr. David Lametti: We have consulted with forestry and with mining. We have, and we will continue to do so, and by all means, you should invite...

The Chair: Thank you.

We have a question from Mr. Peterson.

Mr. Kyle Peterson: Thank you, Mr. Chair.

I have a quick question about the sort of process that's going on. I know that the ministry has done a lot of consultation. There was some done last year, which I know is going to be part of the body of knowledge that's reviewed.

How do you see this role going forward and perhaps dovetailing with the work of this committee? This committee is obviously going to do some consulting and hear from other witnesses as we go along. How do you see the ministry and the committee working together?

At the end of the day, this committee is going to have to write a report to Parliament. How are we going to get the information that is the result of your consultations into our report? How do you see that taking place?

Mr. David Lametti: We're here to work with you, obviously, but ultimately you are 10 different MPs from 10 different parts of the country. You have your constituencies and your concerns and you

have to be raising them in front of the other nine, and you have to draft a report collectively.

I think that as a government, as a ministry, we will deliberate as well, obviously, and we're consulting as well, obviously, but I think it's fair to say there's a sort of macro level to what we're doing, and hopefully there will be dovetailing there as we go along.

The Chair: Thank you.

I think we'll probably have some time with the minister somewhere down the road to talk further.

Thank you, Parliamentary Secretary.

We're going to go in camera now, folks.

[Proceedings continue in camera]

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